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**County of Orange Returns
To Investment Grade Rating**

(SANTA ANA) – Moody's Investor Service, a leading New York bond rating agency, announced this morning that it has returned the County of Orange to an investment grade rating. The County lost its investment grade rating with the 1994 bankruptcy and has been working toward this milestone since last year's emergence from bankruptcy.

"What great news to have as I end my term as chairman of the Board," said William G. Steiner, Fourth District Supervisor. "This rating shows restored trust from the financial community. It also is evidence of the success of our restructuring and long-range planning. This is a terrific way to start the holiday season."

Chief Executive Officer Jan Mittermeier said that rating agencies study many aspects of an organization in determining bond ratings. "From bankruptcy to an investment grade rating is a long road," said Mittermeier. "The Board of Supervisors has called for many changes to be implemented so that we could make this progress."

After exiting bankruptcy in only 18 months, the Board established policies to guide the County Treasurer's investment pool. Oversight committees were established, and an internal auditor was appointed who would report directly to the Supervisors. The County restructured to become more efficient and eliminate duplication. For the first time, Supervisors and County staff worked together in long-range strategic and financial planning, and the Board identified priorities to guide budget building.

"When you look at the \$50 million the Board has set aside for early pay-off of bankruptcy debt and you see that we've built up our reserves again, you can see just how far we've come," said Steiner. "Moody's upgrading is a recognition of all this."

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"We want to thank Moody's for taking the time to look thoroughly at all we've been doing," said Mittermeier. "This makes all the hard work worthwhile."

Gary Burton, the County's Chief Financial Officer, explained that Moody's issued ratings today in three separate areas. The certificates of participation issued to finance bankruptcy debt received a Baa2. The County's pension obligation bonds and most other debt received a Baa3. A small tax exempt equipment lease, which will be paid off in three years, received a Ba1. Burton explained that Baa3 begins the investment grade level which leads to the highest rating of Aaa.

"The ratings given a company by these investment firms is a lot like your personal credit rating," said Burton. "When your credit is good, banks are more likely to lend you money, and your interest rate might even be lower. Not only does Moody's announcement indicate the financial community's restored faith in us, but it also will enable us to borrow when necessary on the open market at a reasonable rate. An investment grade rating is a rating agency's way of affirming a company's capacity to pay interest and repay principal on its debt"

With non-investment grade, or speculative, ratings as the County has carried since bankruptcy, companies generally incur an extra expense for insurance on their bond offerings to reassure potential lenders. Interest rates are lower for companies with higher ratings.

Mittermeier said that the County does not anticipate incurring any new debt in the near future.

(Separate release arriving from Moody's.)