



OCOEE UTILITY DISTRICT – SCORES UPGRADED CREDIT RATING

For Immediate Release

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In a world of seemingly endless streams of bad financial news – The Ocoee Utility District of Bradley and Polk Counties is bucking national trends. Standard & Poor’s Corporation -- the pre-eminent global provider of independent investment and financial data -- has announced an upgrade to the credit rating of the Ocoee Utility District. The Ocoee Utility District is now one of the highest rated utility districts in Tennessee with a customer base of less than 10,000 with an assigned underlying rating of “AA- Stable”.

Standard and Poor’s assesses the credit strength of most issuers of municipal and corporate bonds worldwide. Underlying credit ratings provide a valuable indication to potential securities investors of an issuer’s operational soundness, financial stability, and capability to make timely payment of debt service requirements. As credit ratings increase – interest rates decrease – and customers save.

Standard & Poor’s raised its underlying rating for the District based upon the District’s commitment to financial stabilization through prudent adjustment of rates, continued levels of good debt service coverage, and creation of a rate stabilization fund. The rating reflects the economies of a strong and growing service area which is a part of the employment anchor of an eight county area of eastern Tennessee. The upgrade in credit rating was released in connection with the issuance of \$7.22 million of waterworks revenue refunding and improvement bonds.

In the view of Standard & Poor’s, the District’s financial operations have produced a solid position. Current system rates are average and future rate increases are projected at roughly the rate of inflation. Over the last four years, average daily use has remained close to 2 million gallons per day (mgd). With the planned expansion of water storage facilities, the District has sufficient water supply and treatment capacity to handle additional near term growth. It is expected that additional system capacity upgrades will be needed within the next few years subject to rates of residential development. Expected upgrades and improvements should allow for the District to sufficiently accommodate growth for the next 10 years.

Larry Swafford, Chairman of the Board of Commissioners of the Ocoee Utility District stated “Our Board of Commissioners is striving to establish new standards of excellence for our customers. We examine, analyze, test, model, benchmark, establish policy, and implement strategic planning initiatives to enhance total system efficiency. We employ the absolute best management team and staff available who work long hours to achieve established objectives. We are pleased that the world’s largest credit rating organization has recognized our commitment to our customers and are thrilled that this recognition will translate directly into customer savings.”

Tim Lawson, General Manager of the Ocoee Utility District stated “We recognize an absolute responsibility to conduct our business in an extraordinary manner. We are aggressively pursuing all opportunities to reduce operational and capital costs. We are proud of the assignment of our new credit rating, but are more enthusiastic about reducing our debt costs and the successes we are experiencing in reducing other operating costs. As one of the highest rated utility districts operating in Tennessee, we now experience lower rates of interest in association with our debt which will allow for greater rate payer efficiencies in the future. We will continue to focus on new opportunities to improve operational efficiency, enhance customer service levels, and work toward future credit rating upgrades”.

Kidwell & Company of Brentwood, Tennessee provides municipal investment banking services for the District and was instrumental in working with the District, and Standard and Poor’s representatives, in the achievement of recently released credit rating. Larry Kidwell, President of Kidwell & Company stated “The Ocoee Utility District

becomes one of only a handful of water providers across the Tennessee to have achieved “AA” level credit status. The District’s targeted operational, financial, and strategic initiatives are providing a foundation for success and creating impressive levels of achievement. The credit rating upgrade will allow the District to garner continued capital savings for its customers for years to come and provides the basis for additional credit rating upgrades in future years. The significance of this very positive accomplishment is altogether impressive when considered against the backdrop of declining worldwide economic trends and the worst financial crisis America has experienced since the 1930’s. The management and governing board of the District are achieving absolutely extraordinary results for their customers and provide an excellent example of how an efficient and effective business should operate.”

The highest-quality credit rating is triple-A. The rating levels descend to triple-C as the possibility of default increases and finally to D, when default occurs. Bonds considered to carry minimal likelihood of default are assigned "investment grade" credit ratings.

BACKGROUND DATA:

CREDIT RATINGS				
Credit Risk	Moody's*	Standard & Poor's*	Fitch IBCA**	Duff & Phelps**
INVESTMENT GRADE				
Highest quality	Aaa	AAA	AAA	AAA
High quality (very strong)	Aa	AA	AA	AA
Upper medium grade (strong)	A	A	A	A
Medium grade	Baa	BBB	BBB	BBB
NON-INVESTMENT GRADE				
Lower medium grade (somewhat speculative)	Ba	BB	BB	BB
Low grade (speculative)	B	B	B	B
Poor quality (may default)	Caa	CCC	CCC	CCC
Most speculative	Ca	CC	CC	CC
No interest being paid or bankruptcy petition filed	C	C	C	C
In default	C	D	D	D

The ratings from Aa to Ca by Moody's may be modified by the addition of a 1, 2 or 3 to show relative standing within the category. The ratings from AA to CC by Standard & Poor's, Fitch IBCA and Duff & Phelps may be modified by the addition of a plus or minus sign to show relative standing within the category. To entice investors and to compensate them for the attendant risks, issuers with lower-rated credits must pay higher rates of interest than issuers whose bonds are given an investment-grade rating. This in turn generates a higher "yield" for investors and higher “rates” for borrowers.

ADDITIONAL INFORMATION:

Additional Information regarding the Ocoee Utility District, Standard & Poor’s Corporation, and assigned credit ratings may be obtained by contacting Kidwell & Company at 615-373-3325.