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**MOODY'S INVESTORS SERVICE AND FITCH CONFIRM CITY'S  
Aa2 and AA BOND RATINGS**

PEARLAND, TEXAS – May 5, 2016 – The City of Pearland received positive financial news for residents and business members in conjunction with the City's sale of Series 2016A Refunding and Permanent Improvement Bonds. Pearland's bond rating was confirmed by both Moody's Investors Service and Fitch Ratings at Aa2 and AA, respectively, with both rating agencies giving the city a stable outlook.

"Our latest bond rating affirms the City of Pearland is making sound financial decisions," said Pearland Mayor Tom Reid. "This is one objective measure of how the City is managing taxpayer dollars and a testament to the sound financial practices which serve as a hallmark and foundation to all we do."

The credit rating reflects the City's sound financial management practices and decisions and is an indication to the taxpayer of the City's commitment in ensuring the long-term financial health of the City. A bond rating, similar to a person's credit score, represents the credit worthiness of the city's bonds to potential investors based on economic base, financial indicators, outstanding debt and financial management policies and practices.

Moody's rating of Aa2 reflects the "city's sizable and growing tax base and favorable socioeconomic profile."

Pearland's tax base continues to grow with the City's continued residential development and commercial, retail and healthcare companies being attracted to Pearland, resulting in a \$8.3 billion property tax base. The tax rate for debt service is applied on that tax base to repay debt obligations over time. Moody's notes that "the stable outlook reflects our expectation that the city will continue to experience assessed valuation growth and maintain adequate reserves. The outlook also incorporates that debt burdens will remain elevated due to future debt issuance plans, but remain manageable given assessed valuation growth expectations." The City's unemployment rate of 3.4 percent remains below the state (4.2 percent) and nation (5.0 percent).

The confirmation goes on to state that: "the city will maintain healthy financial flexibility throughout the economic cycle due to its strong revenue raising ability and ample fiscal cushion despite a relatively high fixed cost burden."

Due to the implementation of the 2007 voter approved bonds, both rating agencies acknowledge and expect that the city's debt levels will remain high given the growth mode requiring related infrastructure (roads, parks, facilities) needs of the community. The City is also managing vulnerabilities that rely on sales tax revenue, which fluctuates with economic conditions. In conjunction with the credit rating, the City refunded \$17.8 million in existing debt to take advantage of lower interest costs, similar to refinancing a home and sold \$16,870,000 in new debt for parks and street improvements. The refunding was initially estimated to save the City \$1.3 million in future interest costs, however, due to the significant investment demands in the City's favor, the City actually realized \$2.6 million in future interest savings.

For more information on Pearland's finances, visit the City's website at [pearlandtx.gov/financialtransparency](http://pearlandtx.gov/financialtransparency).

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