

NEWS RELEASE

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Town sees rating upgrades from Moody's and S&P

PROSPER (June 28, 2017) Both Moody's and Standard & Poor, the two major credit rating houses that provide in-depth reviews, analyses and ratings for municipalities, have each upgraded Prosper to their second highest level.

"In much the same way consumers look at their credit scores as a barometer on their credit worthiness, cities and towns look to Moody's and S&P for their ratings," says Kelly Neal, Prosper's Director of Finance. "Consumers, of course, want a higher score because it ensures the best interest rates on loans. In a similar way, cities and towns are more attractive to investors and thus get better interest rates on debt when the ratings are higher. These two upgrades put us in a very enviable position."

Moody's has upgraded the Town of Prosper from Aa to Aa1, one level below the credit house's highest rating. At the same time, S&P has upgraded the Town from AA to AA+, again, one level below that agency's highest designation.

"The Town is in very good financial health for several reasons, and the rating upgrades reflect that," said Neal. "Managing budgets in a conservative, well-planned, disciplined manner pays off in higher ratings, which in turn, translate into better interest rates on our general obligation debt as well as certificates of obligation."

Certificates of obligation, or COs, are the common way for municipalities to fund large scale projects on a long-term amortization schedule. The Town is using the CO process to fund the construction of Town Hall and Multi-Purpose Building, the expansion of parks and recreation facilities, trails, fields and other amenities, and critical storm drainage improvement projects.

In announcing the upgrade, Moody's analysts said, "The stable outlook reflects the expectation that ongoing development and solid management practices will support a healthy financial profile and an ability to manage debt and capital needs."

The Moody's report also highlighted the Town's practice of maintaining above-normal financial reserves. It said, "Given the town's history of conservative budgeting and solid performance, the town will maintain healthy reserves." And, "Current reserve levels not only compare favorably with peers but also exceed the town's own policies. The town's reserve levels will likely remain healthy supported by conservative budgeting and continued revenue growth."

In a comparable manner, the S&P report cited, "The rating action also reflects the town's consistently strong financial performance and very strong flexibility position, afforded through the expanding tax base and the town's strong financial management practices."

Prosper's financial advisor, David Medanich of FirstSouthwest, says the Town's financial approach is definitely on track. "Prosper is doing a lot of things right. An upgraded bond rating of this magnitude is pretty spectacular for a municipality this size."

The new ratings will render savings to the Town, and its residents, over the long haul as debt service payments on the affected COs will be lower. Lower debt service payments give Town officials a greater level of financial flexibility.

"This is great news on many fronts, but mostly for residents," said Neal. "Just like a consumer who gets a better rate on a loan can either save the extra funds or pay down other bills, so can the Town decide to save the money, pay down debt or use it for other purposes. It's the true meaning of win-win."

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ABOUT THE TOWN OF PROSPER – The Town of Prosper is a fast-growing suburb with small town charm, located 30 miles north of Dallas at the crossroads of U.S. 380, Preston Road and the Dallas North Tollway in Collin and Denton Counties. Prosper sits on 27 square miles and is home to more than 20,000 people. A home-rule municipality, governed by a council-manager form of government, the town has full-time fire and police departments, including its own dispatch service. As the Town grows to its projected build-out population of 70,000 residents, Prosper's vision is to remain a "Place Where Everyone Matters."