



NEWS RELEASE

For Immediate Release

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City of Tomball Receives Rating Upgrade from Standard & Poor's for City's Water and Sewer Revenue Bonds

In a report released on December 19, 2008 by Standard & Poor's Rating Service, the City of Tomball was notified that the credit rating on the City's Water and Sewer System Revenue Bonds was increased from an "A" to an "A+" and the outlook on the City's revenue bond system was changed from negative to stable. This increase represents a two step increase in the City's credit rating.

Contributing factors to the upgrade included: 1) strong financial metrics, including debt service coverage and cash reserves; 2) good economic fundamentals able to handle pressures such as housing market vulnerability, employment softness, or cost of service inflation; and 3) solid management, which included a demonstrated willingness to adjust rates, long term planning to fund key service components like water supply or regulatory-driven capital expenditures, and the ability to serve the needs of a growing community.

"This is just about the highest bond rating a City of Tomball's size can get," said Joe Morrow of First Southwest, the City's financial advisor. "The City should be very proud of this rating," he went on to say. Although it would not be impossible for the City to climb into the 'double A' category, it would be very rare."

What does a higher bond rating mean for the citizens of Tomball? Cost savings! Higher credit ratings result in lower interest rates paid by the City to purchasers of the City's bonds. Water and sewer system revenue bonds are repaid through utility rates. Lower interest rates mean the City does not have to increase utility rates as much to repay bond debt issued to design and construct utility related capital improvements.

Mayor Gretchen Fagan commented, "The citizens of Tomball should feel very proud of the City's financial stability. Other parts of the world economy seem so unstable, but we can feel confident in our City Council and staff's financial management strategies. In Tomball, it's a wonderful life."

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