



**FOR IMMEDIATE RELEASE**  
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## **Moody's Upgrades the City of Elgin's Bond Rating to A2**

Moody's Investors Service announced today that they have upgraded the City of Elgin's issuer and general obligation limited tax ratings **to A2 from Baa1**.

The upgrade to A2 (which represents advancement of **2 steps** on the Rating Chart) primarily reflects the city's recently improved general fund reserves and growing tax base in the Austin metropolitan area. The rating also incorporates the city's somewhat elevated debt burden supported by utility revenue and manageable pension burden.

"This is a very important achievement and further evidence that the City's overall financial stability is at an all-time high," said City Manager Tom Mattis. "This upgrade was achieved through the combined efforts of Mayors, Councilmembers, city staff, and our financial advisors effectively and progressively managing city resources."

The bond rating is an independent, forward-looking opinion on the creditworthiness of the City of Elgin. Ratings are for bonds and bond issuers what credit scores are for individuals. Just as credit bureaus evaluate personal assets and liabilities, such as income and debt, Moody's Investors Service has reviewed the City's balance sheet and other information to determine its ability to repay its obligations on time and in full.

And just like credit scores are intended to communicate creditworthiness to potential creditors, bond ratings are intended to communicate the creditworthiness of issuers to potential creditors and investors.

Bond investors rely on rating agencies like Moody's to help them decide where to invest their money and whether the risk involved in buying a debt security is worth the promised

MOODY'S BOND RATINGS CHART		
	Rating	Meaning
Investment Grade	Aaa	High quality; minimal risk of default
	Aa1	High quality; very low credit risk
	Aa2	
	Aa3	
	A1	
	<b>A2</b>	Upper-medium grade; low credit risk but somewhat specific susceptible to adverse factors
	A3	
	Baa1	
	Baa2	Medium grade; moderate credit risk; may have some speculative qualities
Baa3		
Non-Investment Grade	Ba1	Highest speculative-grade; less vulnerable in near-term but with substantial credit risk in long-term
	Ba2	
	Ba3	
	B1	High credit risk; can meet current obligations but future uncertain
	B2	
	B3	
	Caa1	Very high credit risk; judged to be of poor standing; currently vulnerable to default
	Caa2	
	Caa3	
	Ca	Highly speculative; Default expected imminently but with some prospect of recovery of principal and interest
	C	Typically in default with little prospect of recovering principal and interest

interest rate. There are three main bond rating agencies in the United States: Fitch, Standard & Poor's, and Moody's Investors Service. Founded in 1909, Moody's handles 32% of the bond rating market share; and the majority of its ratings are for government securities.

City of Elgin Recent Bond Rating History	
<b>A1</b>	.....2015 Bond Rating "A1"
<b>Baa1</b>	.....2016 Bond Rating <u>Downgrade</u> to "Baa1 with <b>Negative Outlook</b> "
<b>Baa1</b>	.....2017 Bond Rating "Baa1 Affirmed - <b>Removed Negative Outlook</b> "
<b>Baa1</b>	.....2021 Bond Rating "Baa1 Affirmed - <b>with Positive Outlook</b> "
<b>A2</b>	.....2022 Bond Rating <u>Upgrade</u> to "A2"

"This is fantastic news for the City and something to be very proud of as a

community. It is a direct reflection of the City's continued growth and financial management" said City Financial Advisor Chris Allen from RBC Capital Markets. "Maintaining a higher credit rating is increasingly important given the current rising rate environment allowing the City to lower its overall cost of borrowing."

Moody's analysis also states that the City's "general obligation limited tax A2 rating incorporates Elgin's long term rating credit characteristics, and the city's ample taxing headroom to generate sufficient property taxes sufficient to pay debt service, which offsets the property tax rate limitation established by state law, lack of full faith and credit pledge and inability to easily override the tax limitation."

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**About Elgin**

The City of Elgin is a historic, full-service city that is currently home to approximately 10,000 residents located in northern Bastrop and eastern Travis Counties. Elgin has been designated by the Texas Legislature as "The Sausage Capital of Texas" and is an important stop on the US Hwy290 corridor between Austin and Houston. For more information about Elgin, please visit [www.ci.elgin.tx.us](http://www.ci.elgin.tx.us).