

**HISD maintains its high bond rating by two agencies**

*May 29, 2018* – The Houston Independent School District maintains its high bond ratings by Moody’s Investor Services and Standard & Poor’s Financial Services for rating reviews just completed.

Moody’s assigned a Aaa with a stable outlook, its highest rating, to both the district’s $100 million Limited Tax Schoolhouse Bonds and the $200 million Maintenance Tax Note.

“The Aaa ratings are anchored by a large and nationally important economy, anchored by the City of Houston (Aa3 stable) as well as the district’s sophisticated management team, which repeatedly displays highly conservative budgeting practices leading to strong liquidity and reserves,” Moody’s said in its rating report.

Standard & Poor’s assigned a AA+ rating with a stable outlook. The rating reflects S&P’s assessment of the district’s general creditworthiness, including its:

•             “large and diverse property tax base, with continued growth despite a slowdown in the energy industry”

•             “Maintenance of strong general fund reserves…”

•             “Strong financial management policies”

“We consider the district’s management practices strong… indicating financial practices are strong, well embedded, and likely sustainable,” the rating report said.

According to the district’s financial advisor, there are only 17 other Texas school districts who have a AA+ rating from S&P, and only six others with a Aaa rating from Moody’s.

“The high bond ratings HISD received from both S&P Global Ratings and Moody’s Investor Services is a testament to the strong financial position of HISD, even in the wake of Hurricane Harvey,” HISD Chief Financial Officer Rene Barajas said.

Credit ratings, provided by independent third parties, serve as an indicator of an organization's financial stability—as well as the safety and security of the debt sold by that organization. Investors often use these ratings to help make decisions on which bonds to purchase.

In general, higher credit ratings attract a wider market of buyers and often result in lower borrowing costs.

HISD is required to seek a rating from two bond rating agencies prior to selling debt. Those agencies look at the district’s retrospective finances, current finances, and future to determine how it will be able to repay the debt.

The latest ratings, which are unchanged from the district’s 2017 ratings, are in advance of HISD selling $100 million of Limited Tax Schoolhouse bonds, which represents the remaining authorization from the 2012 bond program. In addition, the district is selling $200 million of maintenance tax notes to supplement the 2012 bond program.