



City of Bixby MEDIA RELEASE

For Immediate Release

October 23, 2013

For more information, contact:
City Manager Doug Enevoldsen (918) 366-4430

Standard & Poor's Upgrades City of Bixby's Credit Rating from "AA" to "AA+" ... Only Oklahoma City has a higher credit rating

(Bixby, OK) Calling it "tremendous news for our community", Bixby City Manager Doug Enevoldsen on Friday morning informed members of the Bixby City Council in a special meeting the national bond rating firm of Standard & Poor's had just upgraded the City of Bixby's credit rating from "AA" to "AA+", and is projecting a stable outlook for Bixby. Enevoldsen said this achievement placed the City of Bixby in a rather enviable position among the state's various municipalities, noting that only Oklahoma City held a higher credit rating, that being "AAA".

Bixby Mayor Ray Bowen agreed. "Receiving such an upgrade in our already great credit rating, from such a prestigious, outside party is a tremendous commendation for this City Council and City administration's fiscal practices and fiscal management of our city, since S&P last evaluated our credit worthiness two years ago," Bowen said. "Given that it's basically the financial world's 'Good Housekeeping Seal of Approval', it's something Bixby citizens can take both pride and comfort in, as evidence their city leaders are being good stewards of the taxpayers' money and are managing their community well".

Basis for the Highly Favorable "AA+" Rating

Standard & Poor's Ratings Services provided the City of Bixby a written summary of its evaluation, providing a listing of its rationale for assigning its highly favorable "AA+" rating, as follows below. A copy of the S&P rating summary can be found on the City of Bixby's website: www.bixbyOK.gov. The factors cited include:

- Strong economy, which benefits from participation in the broad and diverse Tulsa economy.
- Very strong budgetary flexibility, due to the city's well-established practice of maintaining reserves sufficient to counterbalance its heavy dependence on its

local sales tax, an inherently volatile revenue source.

- Very strong budgetary performance, which, again takes into account the city's strong dependence on the volatile sales tax.
- Very strong liquidity, making it able to readily satisfy current obligations.
- Adequate management conditions, with standard financial practices combined with consistent ability to maintain balanced budgets. The City responded quickly in the last downturn to reduce its spending when revenues decreased.
- Strong debt and contingent liability profile, having an extremely rapid amortization of debt and overall net debt is low.
- Strong institutional framework.

“Stable” Outlook Assigned

As further explained in the S&P report, the rating firm assigned Bixby a “stable” outlook, this based on its view of Bixby’s consistent financial performance and the strong economy. As the city develops more formal long-term capital planning and reserve policies, as is currently planned, S&P is likely to raise its rating. Otherwise, noted the report, the firm does not expect to change Bixby’s rating for the next two years, because it believes the city will continue to maintain very strong reserves and participate in strong and diverse regional economy.

Bixby Mayor Bowen welcomed the news that the S&P analysts are projecting a stable outlook for Bixby. “We work tirelessly to promote our community as a great place in which to raise a family and grow a business. And this rating and outlook can help us in that regard. That’s because many businesses looking to make long term investment decisions involving locating or expanding a business place a premium on being in a community which has a good credit rating and is considered financially stable,” Bowen said.

Other Benefits to the Higher Rating

Noting Bixby’s status as one of the fastest growing cities in Oklahoma, Enevoldsen explained that, “As a rapidly growing community, it’s essential we regularly obtain the capital required to reinvest in our city’s infrastructure and other fixed assets needed to provide the quality local government services on which our citizens and businesses rely. Having a great credit rating like this reduces our financing costs and enables us to accomplish things less expensively than a city having a lower credit rating.”

Timing of this Rating, Purpose of the Related Bond Obligation Explained

The latest review by S&P was conducted as part of the City of Bixby's efforts to refinance \$1.28 million in outstanding General Obligation bond obligations, part of a \$4.1 million bond originally issued in 1999, to help finance construction of the City’s Fry Creek storm water drainage improvement project.

Bixby City Engineer Jared Cottle explained the benefits of that project. “The Fry Creek Channel project has been very important to our city’s development, and will continue to pay dividends for decades to come,” he said. “First of all, it made possible the development of significant stretches of land along the Memorial Corridor by removing it from the 100-year floodplain. Second, it provided an environmentally friendly storm water management system that allows for discharge of storm water without need for on-site storm water detention facilities, thereby allowing for greater land utilization and development flexibility. Finally, the Fry Creek channel system has provided a natural setting for trail extensions and connections that serve our entire community, enhancing our overall quality of life.”

Enevoldsen called the refinancing action a matter of prudent financial management. He credited City Treasurer Betty Koehn and the city’s financial advisors, Municipal Finance Services, with developing the plan as a means of lowering the existing 5.4% interest rate on the City’s outstanding bond to something closer to 1.6%, based on rates currently available in the financial markets. The City plans to use any associated savings to reduce other long term financial obligations of the city. “It’s a great move, and I appreciate our City Council’s support for our implementing it,” he concluded.