

OKC holds onto triple-A credit rating

by Brian Brus

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OKLAHOMA CITY – Despite the economic downturn, Oklahoma City's municipal government gets to keep its triple-A credit rating for general obligation debt, Standard & Poor's announced recently.

The rating allows the city to hold its position among an elite group of the best municipal credits in the nation, officials said. Other cities of the same size or larger with the same triple-A rating include Charlotte, N.C.; Austin and San Antonio, Texas; Denver; Phoenix; Indianapolis; and Seattle

The financial ratings service said factors that contributed to Oklahoma City's high rating included the city's expanding regional economic base that serves as the state's economic engine, its ongoing downtown redevelopment, and a consistently strong financial performance based on strategic business planning, multi-year forecasts and balanced budgets.

The city also benefits from conservative financial management practices, low debt, political stability and an affordable capital improvement program, S&P said.

"We're very pleased to have gotten the rating," City Manager Jim Couch said. "They were very complimentary of our city and our management practices. And during this tough budget and economic climate, retaining a triple-A rating is, I think, fairly significant."

Bond ratings are issued before a public body such as a city or state government can issue bonds to finance major capital projects such as streets, bridges, mass transit, sidewalks and park improvements. The high ratings mean lower interest rates, which means more funds are available to spend on the projects. The rating also implies confidence in the city's investment climate, Couch said.

Moody's Investor Service also recently affirmed its rating of Aa1 for the city's general obligation bonds.

Oklahoma City plans to sell \$64.4 million in general obligation (GO) bonds on Feb. 2.

Two years ago, S&P raised the city's rating to double-A-plus, just one step below the triple-A level. At the time, Couch said it was unlikely that Oklahoma City could reach that level because of the city's reliance on sales tax revenues.

Couch said keeping the top rating will be a challenge, especially in the current recession climate.

"We weren't sure we would be able to keep it this year," Couch said. "But we're weathering the economy as well as anyone is. And I think because of that we do have a good chance of keeping it. But there's obviously no guarantees."

The city faces massive budget cuts of about 12 percent in the next fiscal year. City council and staff recently began the five-month process of bringing expenditures and revenues into balance.

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