Strong Financial Standing
Outside financial firm verifies and highlights the City’s strong financial standing during bids for debt issuance

If there was ever any doubt of the financial standing of Brenham, there should be little to question today. “We take the money entrusted to the City seriously. We value and respect our community and its’ citizens. They matter. Displaying continued transparency and responsibility is a top priority,” says Carolyn Miller, Assistant City Manager - Chief Financial Officer for the City of Brenham.

Strong Bond Rating for the City

The City was assigned an impressive AA- long-term bond rating. Garry Kimball of Specialized Public Finance, the City’s financial advisor on the recent debt issuance stated this rating displays the City’s “strong management and good financial policies and practices.”
Standard & Poor’s (S&P) noted in its February 2019 report to the City:

The AA- rating reflects Brenham’s history of stable budgetary performance that has contributed to the growth of very strong reserves and has historically maintained very strong budgetary flexibility with reserves in excess of 20% of operations.

Looking back at how far the City has progressed, in June 2008, S&P upgraded the City’s rating two notches from an A- to an A+. Again, in December 2008, the City received another upgrade to AA-, affirming a stable economic outlook. Despite some economic downturns in our local economy, conservative fiscal management and budgeting has allowed the City to maintain its strong bond rating over the last eleven years.

On February 21, 2019, Council accepted a bid from FTN Financial Capital Markets for $3 million debt issuance to fund street and drainage improvements, heavily damaged by flooding in 2016, and water line replacements. Eight companies bid for the certificates of obligation, further proving the City’s appeal to investors because of its solid financial position. Kimball said, “The low-interest rate offered by FTN Financial Capital Markets is an indication of Brenham’s strong financial condition. We are pleased with the response. A 2.9 percent fixed-rate over a 20-year period is extremely attractive.”
Will this debt raise the tax rate?

No. City Manager, James Fisher said the debt issuance will not affect the overall tax rate. Kimball said this is possible because the city will pay off a total of $5 million in debt this year. The City is not borrowing as much as it’s paying off.

Transparency Matters

Transparency matters. Financial stability matters. And, it matters to the City of Brenham. Implementing strong and strategic financial principles have paved the way for success and significant positive results. “This is just one of the City’s priorities a driving force of our commitment to the community and its’ citizens,” said Miller. The here and now shows a trend of a keen eye on expenses, meeting and exceeding the fiscal budgetary goals, setting and maintaining a structurally sound budget, reducing debt and increasing cash reserves, and focusing on high-quality services.