

NEWS RELEASE

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Media Contact: Celso Martinez, 972-623-8836

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Prosper sees yet another hefty credit ratings upgrade *Moody's Investor Service ups the Town's stance*

PROSPER (February 12, 2014) Fresh on the heels of significant upgrade in the Town of Prosper's ratings by Standard & Poor's in January, a second major ratings service has sent word that the Town will see an upgrade in its general obligation funds as well, according to Town Manager Harlan Jefferson.

"We're extremely delighted to see that two major rating houses have determined that Prosper is a good investment," he said. "The upgrades are right in line with what the Council and staff have been working on – a strong fiscal stance with conservative budgetary practices."

Moody's Investor Service, arguably the nation's most respected rating service, has elevated Prosper's most recent general obligation and certificates of obligation bonds to Aa2 from Aa3. Moody's highest rating is Aaa, and the Prosper bonds need only to surpass Aa1 to reach that level.

Municipalities with Aa2 are described as having "very strong capacity to meet their financial commitments. The rating differs from the highest rated entities only in small degree."

"The Town Council, under the leadership of Mayor (Ray) Smith, has shown a fiscal discipline that translates into these kinds of results," added Jefferson. "Their thorough and thoughtful approach to budgeting restraint shows that a municipality can grow and can expand and still maintain a strong sense of fiduciary responsibility."

In their assessment, Moody's stated, "We believe the town will maintain its strong and stable financial position given the strong management of the town, represented by formal reserve policies and historically conservative budgeting practices."

While Prosper's Town Charter requires a reserve fund of 20 percent of annual expenditures, the Council has put a policy in place that maintains an additional 25 percent of operating expenditures in reserve. Moreover, over the last five years, the Town has maintained and increased its strong financial position through yearly operating surpluses.

For example, at the close of the 2012 fiscal year, Prosper posted a \$1.5 million surplus, partly as a result of higher than expected sales tax collections and building permit fees.

"While revenue has been extremely favorable because of our growth, the Council has been unequivocal in ensuring that our expenditures are based on sound policies," said Jefferson.

Standard & Poor's upgraded the Town's rating from A to AA. This is the second highest category that the rating agency assigns, and means they feel that Prosper has a very strong capacity to meet its financial commitments.

Currently, Prosper is in the midst of shoring up its infrastructure with a number of capital improvement projects on the books, including street construction and reconstruction, water and sewer line replacement and enhancement, acquisition and development of park facilities and other quality of life additions.

Several large investment and development companies are in the early stages of major improvements, construction or expansion of single family subdivisions and large-scale commercial developments.

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ABOUT THE TOWN OF PROSPER – The Town of Prosper is a fast-growing suburb with small town charm, located 30 miles north of Dallas at the crossroads of U.S. 380, Preston Road and the Dallas North Tollway in Collin and Denton Counties. Prosper sits on 27 square miles and is home to more than 13,000 people. A home-rule municipality, governed by a council-manager form of government, the town has full-time fire and police departments, including its own dispatch service. As the Town grows to its projected build-out population of 70,000 residents, Prosper's vision is to remain a "Place Where Everyone Matters."