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Standard & Poor's Rating Services Upgrades The Town of Bluffton's Bond Rating to AA+; the Second-Highest Rating For A Municipality

Standard & Poor's Rating Service recently upgraded the Town of Bluffton bond rating to AA+, the second-highest rating for a municipality.

"It is rewarding to have a credit-rating agency affirm the Town's financial house is in order and award the Town with the second-highest rating for creditworthiness," Mayor Lisa Sulka said.

A town, city or county usually issues a general obligation bond to underwrite the funds for capital projects. Bluffton's \$6.5 million bond, issued July 8, 2010, mainly funded the design, construction and equipment for the Bluffton Law Enforcement Center. The bonds have a term of 25 years and a net interest rate of 3.57%.

"This municipal rating is comparable to your personal credit score; the better the score, the better interest rate you get. The Town is very proud to receive this rating upgrade for it reassures our creditors and our residents that the Town is a vigilant steward of its tax dollars," Sulka said.

Town Finance Director Shirley Freeman said the Town entered the market for the first time in 2010. Just four years later, on June 26<sup>th</sup>, 2014, Standard & Poor's upgraded the Town's rating. Freeman said this is a welcome occurrence especially since many ratings of larger municipalities have been recently downgraded due to consequences of many factors including the outcomes of the recession and post-recession.

"To receive this rating upgrade during our current post-recession period is a testament to the Town's financial management," Freeman said.

Standard & Poor's Rating Services bases its bond rating on several factors including: institutional framework, local economy, management, budgetary flexibility, budgetary performance, liquidity, debt and other liabilities.

Rating agencies also take into account the local economic characteristics such as: median income, diversity of employers/industries, tax base diversity, population growth, demographics and the level of affluence of the area.

Town Manager Anthony Barrett said this new bond rating is an affirmation to the many projects, policies and procedures the Town has set into motion and how they are working together for the overall good of the Town.

“When you look at the totality of the Town’s economic picture, we are proud of where we are. Together with economic development initiatives, the Don Ryan Center for Innovation, our award-winning Finance Department and Town Council’s dedication to a diverse economy, Bluffton is progressing towards a self-directed and self-sustaining economy,” Barrett said.

Standard & Poor’s Rating Chart:

- **AAA:** An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.
- **AA:** An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.  
Includes:
  - **AA+:** equivalent to [Moody's](#) Aa1 (high quality, with very low credit risk, but susceptibility to long-term risks appears somewhat greater)
  - **AA:** equivalent to Aa2
  - **AA-:** equivalent to Aa3
- **A:** An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
  - **A+:** equivalent to A1
  - **A:** equivalent to A2
- **BBB:** An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.