

Comal Independent School District

NEWS RELEASE

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Comal ISD sells \$55.85 million in bonds, receives upgrade in Fitch credit rating

In May 2008, Comal ISD voters approved a nearly \$206 million bond issue allowing the district to expand schools and build new ones to meet the district's fast growth needs as well as improve technology districtwide.

To move forward with the expansions and renovations for Spring Branch, Smithson Valley and Church Hill middle schools, the board approved the sale of the remaining \$55.85 million bonds from the 2008 bond issue at the October board meeting. The expansions of these campuses will bring each of them to a student capacity of 1,150.

"As we told the voters during the election, a tax rate increase will not be needed to cover the 2008 bond issue," said Comal ISD Superintendent Dr. Marc Walker. "We held true to that again this school year, as our board voted to keep our debt service tax rate at 27 cents. We used about \$7 million from our debt service fund balance to help keep the debt service tax rate the same. But we may have to increase the tax rate in the next few years if we do not see a significant increase in property values or new construction."

The bonds sold at an interest rate of 5.197 percent. Comal ISD received this favorable interest rate due to the sound credit ratings from Fitch Ratings and Moody's Investors Service. This year, Fitch upgraded Comal ISD's credit rating from A+ to AA-, and Moody's upgraded the district in 2008 from a credit rating of A1 to Aa3.

The credit ratings issued by these sources measure district financial health and stability. Higher credit ratings allow the district to sell bonds more easily and at lower interest rates, which means taxpayers will spend less to pay back the bonds, which are used to fund new schools, renovations and technology.

The improved Fitch credit rating was based on the district's ability to build up and maintain solid general fund reserve levels despite the challenges of a growing enrollment base and implementation of a new state funding formula. The upgraded rating was also given due to the district's conservative fiscal management, and favorable and consistent operating trends.

"We would not continue to see improved credit ratings for our district if it were not for our school board members and business services employees who are all diligent stewards of the district's finances," Walker said. "We appreciate them so much for the decisions they make and the work they do every day on behalf of our taxpayers to ensure that Comal ISD is financially sound."

For additional fiscal information, please visit www.comalisd.org/Fiscal_Information/Default.asp. For more information on Bond 2008 projects, please visit http://www.comalisd.org/Bond_Information/Bond_2008.asp.

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