

By ART PARKER

Millbrook Mayor Al Kelley didn't know what to expect when he stepped out of a cab on Wall Street in New York City one day earlier this month. Two days later he still didn't know what to expect after attending meetings in the world's financial capital. As it turns out the trip was a good idea. "It was well worth it. When I got the phone call the other day and learned that our city's credit rating escalated it made the trip well worth it," Kelley said.

The mayor has good reason to be proud. The City of Millbrook already held a solid credit rating for the purposes of issuing bonds, an exercise critical to growing cities that need to borrow money. In terms of credit worthiness, the City jumped upward of a couple of notches. "This means so much to us and to have our credit rating jump up even more than we hoped for is tremendous," Kelley said.

The City of Millbrook had an "A" rating. Which is very good for a municipality and much, much better than most. But the city's rating didn't jump from an A to an A+, it actually escalated to an "AA-," an even higher rating. "This is pretty much unheard of in the municipal market," Ken Funderburke said. "You just don't see a city's rating jump this high in a single evaluation. It's very unusual. Millbrook is a young city and that is another factor that makes this such a great achievement." Funderburke is with Merchant's Capital, the firm that handles the City of Millbrook bond issues. Funderburke accompanied Kelley and City of Millbrook Treasurer, Mac Champion, to New York.

The trio had two days of meetings on Wall Street with Standard & Poor's, the old, influential firm that actually issues ratings for institutions offering debt issues (bonds, etc). The rating by Standard & Poor's means virtually everything when it comes to selling bonds, which is a preferred way of borrowing money on an institutional basis.

"It was a little intimidating and the entire idea of doing business in New York is nerve racking to a small town southern mayor like me," Kelley told The Independent. "Our job was to sell our city and not just from a numbers standpoint. When we concluded our meetings I felt very good, but I had no idea we would come out of this with such a high rating," Kelley explained.

City of Millbrook financial position grows stronger

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So, what does this mean to our city and the taxpayers that foot the bills? Kelley said the rating should be worth about \$300,000 to the bottom line of the city once new bonds are sold to replace the others at the same principal amount. In terms of governmental accounting that means budget surplus. The mayor said we would be able to see the impact in Fiscal Year 2014 (FY 14), which ends September 30, 2014. FY 15 begins October 1, 2014. The surplus will actually come from a reduction in debt service paid and a reduction in the cost of insuring city bonds.

"We not only will save money because of less debt service but we will significantly reduce our cost of insuring our bonds, and that is a lot of money," Kelley said. "We have worked hard for a long time to do the right things. We have overcome a rough economy, some litigation, and some other problems. We kept sticking to the plan. I can't give enough praise to all the people who served on the council for the last twenty years. I can't praise the city employees enough. They have helped by being frugal and keeping expenses down when possible. And I certainly want to thank our citizens that have continued to spend their money in Millbrook, buy their gas in Millbrook and have done all the things to help our city. This has been a great team effort," Kelley stated.

The high credit rating for municipalities is often a reflection of properly managed tax revenues, guarding against excessive expenditures, proper management of debt service and resisting the urge to throw money around for business incentives. "I think Standard & Poor's was impressed with the way we handle new businesses. I know the way we handled the Wal-Mart deal, especially with the city recovering its money well ahead of schedule, impressed the people we talked to," Kelley explained.