



Texas Southmost College

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FITCH RATINGS AFFIRMS TSC'S BONDS AND NOTES AT 'AA-'

Balanced and Stable Financial Operations Underpins Revised Outlook

(BROWNSVILLE, TX) August 1, 2014 – Texas Southmost College (TSC) has received another positive appraisal of its financial stability and strength, affirming the continued progress that has been made by the TSC Board of Trustees and the administrative leadership team.

Fitch Ratings, one of the world's leading credit rating agencies, has revised its Outlook rating to Stable from Negative. As noted in their report, moderate debt levels, a sizeable reserve at year-end and a growing, diverse and stable tax base are key factors in their improved rating.

According to Fitch, the 'AA-' rating reflects its expectation that TSC will continue to grow, and therefore experience pressures related to its growth. However, Fitch also noted that the Stable Outlook stems from its belief that it is unlikely TSC will experience a significant shift in its financial position. Additionally, the revision to a Stable Outlook reflects Fitch's viewpoint that TSC is presently well-positioned to "...maintain satisfactory finances while becoming a stand-alone institution." The report also states that TSC's financial performance in 2013 resulted in "...solidly positive operations compared to the prior year."

The 'AA-' rating denotes a "very high credit quality with a slight risk." This signifies that the risk of default on the bonds is very low because TSC has a very strong capacity for payment of financial commitments. The ratings, which include Rating Watches and Outlooks, are relative measures of risk, and provide an opinion on the ability of an entity to meet financial commitments.

“Receiving this Outlook Rating from Fitch is a strong testament of the determination of the Board of Trustees and the College’s faculty and staff to strengthen TSC’s financial and operational position,” said TSC President, Dr. Lily F. Tercero.

Fitch Ratings also cites TSC’s sensible expansion of its operations and spending aligned with revenue trends, as primary reasons for its optimistic expectation that TSC will continue its advancement towards becoming an independent institution with a strong financial position.

About Texas Southmost College

Originally established in 1926, Texas Southmost College currently offers the first two years toward a bachelor’s degree, along with career and technical education leading to certificates and associate degrees, college preparatory studies to prepare students for college-level work, workforce training, and continuing education. TSC became independently operational in the fall of 2013, after engaging in a 20-year contractual arrangement with a public university.

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