

AGENDA ITEM DETAILS

Subject: *Educational Presentation – Overview of Credit Rating Agency Metrics, Methodologies and Impact on State Ratings

Background:

Moody's Investors Service performs both public and private financial research, reports and analysis on the fiscal stability and soundness of commercial and government entities and operations. One of the company's core products is the evaluation of the creditworthiness of borrowers, including government, municipal and corporate bond issuers, through a standardized ratings scale used by market participants to determine the risk level of the investment.

Representatives from Moody's will provide an educational presentation to the ERS Board of Trustees and Investment Advisory Committee on their process of rating state government bond issuances and the role of public pension fund liabilities in calculating those ratings. Additionally, the presenters will review the types of metrics and methodologies used in their evaluation process to determine a state's credit rating.

ERS staff would like to thank the Texas Comptroller of Public Accounts for his office's collaboration and assistance in making these resources available to the ERS Board.

This agenda item is presented for informational purposes only. No action is necessary.

**ERS is accredited by the State Pension Review Board (PRB) as a Minimum Educational Training (MET) sponsor for Texas public retirement systems. This accreditation does not constitute an endorsement by the PRB as to the quality of our MET program. This agenda item may be considered in-house training provided by ERS to board trustees and the system administrator for purposes of fulfilling the MET program requirements. ERS is an accredited sponsor of MET for its system administrator and trustees for continuing education.*

ATTACHMENTS:

1. Slides – Educational Presentation on Credit Rating Agency Metrics, Methodologies and Impact on State Ratings