

Research Update:

Corpus Christi, TX Various Series 2025 Debt Rated 'AA'; Outlook Is Stable

August 5, 2025

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to [Corpus Christi](#), Texas' proposed \$29.34 million series 2025 general improvement bonds.
- At the same time, we assigned our 'AA' long-term rating to the city's \$37.825 million series 2025A and \$4.585 million series 2025B combination tax and limited pledge revenue certificates of obligation.
- In addition, we assigned our 'AA' long-term rating to the city's \$10.755 million series 2025 limited-tax notes.
- The outlook is stable.

Rationale

Security

The general improvement bonds, certificates of obligation, and tax notes are direct obligations of the city, payable from a continuing ad valorem tax levied within the limits prescribed by law on all taxable property in its boundaries. State law limits the city's total tax rate to \$2.50 per \$100 of assessed value, with up to \$1.50 dedicated for debt service. A limited pledge, not to exceed \$1,000 of surplus net revenue of the solid waste system, secures the certificates of obligation. Due to the de minimus nature of the revenue pledge, we rate the certificates based on the city's ad valorem pledge. Ad valorem taxes are not levied on a narrower or distinctly different taxing base, and there are no limitations on the fungibility of resources available for debt-service payments. Therefore, we view the limited-tax GO pledge to be on par with the city's general creditworthiness.

Bond, certificate, and note proceeds will finance street projects, storm water infrastructure, parks, animal care facility design, and capital improvements to the landfill.

Primary contact

Lauren Levy
Englewood
1303-721-4956
lauren.levy
@spglobal.com

Secondary contact

Alex Louie
Englewood
1-303-721-4559
alex.louie
@spglobal.com

Credit highlights

The rating reflects our view of Corpus Christi's robust local economy centered on petrochemical refining and maritime trade with stable financial performance, substantial reserves and liquidity, and comprehensive financial policies and practices. Somewhat offsetting these strengths, in our view, is the city's elevated debt and liabilities profile, including a poorly funded single-payer pension plan and \$75 million of additional debt issuance plans within the next year.

Petrochemical refining and maritime trade via the Port of Corpus Christi anchor the local economy; the port is among the nation's largest ports by total tonnage and the leading exporter of crude oil. While income and economic output metrics are below average relative to national levels, ongoing development, including residential construction and the expansion of commercial and industrial operations, has contributed to strong growth in the taxing and employment bases, as well as consistently positive financial performance. There are several single- and multi-family residential developments in various stages of planning and construction, as well as industrial expansions, which are expected to create up to 200 high-paying, permanent jobs.

In line with the strategy to maintain general fund reserves closer to the formal policy level of 20% of recurring expenditures, the city transferred approximately \$45 million to various capital-projects funds in fiscal 2023. The city continued planned drawdowns in fiscal 2024 with a transfer of \$61.6 million to capital funds, bringing available general fund balance closer to the formal policy level. We expect continued revenue growth, conservative assumptions, and strong internal controls will effectively manage the fund balance reduction and maintain reserves in line with the formal policy level.

Voters approved \$175 million of additional GO debt in the November 2024 election, but we do not expect additional near-term debt issuances will materially worsen our view of the debt profile because principal payments are frontloaded, resulting in faster-than-average amortization that allows the city to layer in additional debt without significant increases to current costs or per capita debt metrics. The city has several privately placed debt series that we do not consider to be contingent liabilities or risks to liquidity because the authorizing resolutions do not include nonstandard events of default or permissive remedies. We also do not consider pension and other postemployment benefits (OPEB) contributions or liabilities to be an immediate credit pressure, although we note the weak funding status of the city's single-payer Fireman's Relief & Retirement System (FR&R) pension plan. In fiscal 2024, the city increased its contribution to the FR&R plan for the fifth consecutive year with the goal of bringing the funded ratio in line with the city's Texas Municipal Retirement System (TMRS) plan. However, we expect progress in reducing the unfunded liability to be slow due to the plan's aggressive discount rate of 7.2% and statutorily defined contributions, which frequently fall short of our minimum funding progress metric.

The rating reflects our view of the city's:

- Large, growing property tax base, anchored by the petrochemical and shipping industries--We also view the presence of several military bases, which are among the leading employers, and the large amount of economic activity occurring in the city's industrial districts, but not included in the taxing base, as having a downward influence on income and gross county product metrics, but these institutions also have a stabilizing effect on the local economy.
- Comprehensive financial policies and practices, including its conservative budgeting, with quarterly budget-to-actual and investment-management reports to the city council, annually updated, long-term financial projections for the general and enterprise funds, and comprehensive short- and long-term capital planning with formal debt- and investment-management and reserve policies. We note the city's cyber-security policies and practices are in line with those of peers.

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- Stable budgetary performance, supported by consistent revenue growth and robust financial policies and practices, with planned drawdowns within the next few years to finance capital projects and bring reserves closer to the formal policy.
- Weak debt profile, reflecting significant capital needs to finance infrastructure upgrades while additional issuance plans are not expected to weaken debt metrics materially since the city frontloads principal amortization. We note the city has a single-payer firefighters pension plan, which is poorly funded; annual contributions account for a small percent of total expenditures, and the city consistently makes its full required contribution. (For more information on Texas' pension landscape, see "[Pension Spotlight: Texas](#)," April 4, 2023, on RatingsDirect.)
- For more information on our institutional framework assessment for Texas municipalities, see "[Institutional Framework Assessment: Texas Local Governments](#)," Sept. 9, 2024.

Environmental, social, and governance

Given its location along the Gulf of Mexico, and the absence of nearby rivers or lakes, Corpus Christi has elevated exposure to hurricanes, inland flooding, and water stress relative to peers nationally, which could result in significant property damage, acute remediation costs, and loss in taxable value. However, we believe the city has the financial and management resources to address unexpected costs or short-term revenue disruptions resulting from severe weather events. In addition, we view management's robust infrastructure planning and hardening, including construction of a desalinization plant, and citywide improvements to drainage infrastructure as mitigants of this risk. However, we recognize that the increasing frequency of severe weather events presents a long-term challenge for cities exposed to these risks.

Also, the local economy's dependence on oil-and-gas production contributes to elevated energy transition risks, as the transition to renewable energy could adversely affect the oil-and-gas sector, which could, in turn, pressure the local economy and revenue performance. We view social and governance factors as neutral in our credit analysis.

Outlook

The stable outlook reflects our expectation that the city will likely maintain stable budgetary performance and very strong reserves, supported by ongoing economic expansion, despite planned drawdowns for capital expenditures. We also expect the debt and liabilities profile will remain elevated during the outlook period.

Downside scenario

We could lower the rating if a trend of operating deficits or transfers into capital funds result in the maintenance of available reserves below the city's formal policy level, with no credible plan to restore them.

Upside scenario

We could raise the rating if economic expansion results in sustained improvement in income and economic output metrics to levels that we view as comparable with those of higher-rated peers, coupled with progress in reducing unfunded pension liabilities, particularly for the FR&R plan.

Corpus Christi, Texas--credit summary

Institutional framework (IF)

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Corpus Christi, Texas--credit summary

Individual credit profile (ICP)	2.21
Economy	3.0
Financial performance	2
Reserves and liquidity	1
Management	1.30
Debt and liabilities	3.75

Corpus Christi, Texas--key credit metrics

	Most recent	2024	2023	2022
Economy				
Real GCP per capita % of U.S.	86	--	86	82
County PCPI % of U.S.	82	--	82	81
Market value (\$000s)	26,343,143	26,904,679	24,507,105	24,046,097
Market value per capita (\$)	82,636	84,397	76,876	73,121
Top 10 taxpayers % of taxable value	4.2	3.8	3.9	3.5
County unemployment rate (%)	4.2	4.2	4.2	4.7
Local median household EBI % of U.S.	88	--	88	88
Local per capita EBI % of U.S.	81	--	81	81
Local population	318,787	--	318,787	328,853
Financial performance				
Operating fund revenues (\$000s)	--	304,296	309,920	288,815
Operating fund expenditures (\$000s)	--	284,290	308,603	280,127
Net transfers and other adjustments (\$000s)	--	(35,511)	6,026	13,450
Operating result (\$000s)	--	(15,505)	7,343	22,138
Operating result % of revenues	--	(5.1)	2.4	7.7
Operating result three-year average %	--	1.6	5.5	6.3
Reserves and liquidity				
Available reserves % of operating revenues	--	31.6	36.0	39.0
Available reserves (\$000s)	--	96,044	111,575	112,621
Debt and liabilities				
Debt service cost % of revenues	--	13.3	13.7	13.7
Net direct debt per capita (\$)	1,957	1,868	1,720	1,632
Net direct debt (\$000s)	623,722	595,538	548,256	536,701
Direct debt 10-year amortization (%)	63	70	--	--
Pension and OPEB cost % of revenues	--	8.0	8.0	8.0
NPLs per capita (\$)	--	813	975	429
Combined NPLs (\$000s)	--	259,061	310,921	141,068

Financial data might reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

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Ratings List

New Issue Ratings

US\$10.755 mil ltd tax nts ser 2025 dtd 08/20/2025 due 03/01/2032

Long Term Rating AA/Stable

US\$29.34 mil gen imp bn ds ser 2025 dtd 08/20/2025 due 03/01/2045

Long Term Rating AA/Stable

US\$37.825 mil comb tax and ltd pledge rev certs of oblig ser 2025A dtd 08/20/2025 due 03/01/2045

Long Term Rating AA/Stable

US\$4.585 mil comb tax and ltd pledge rev certs of oblig ser 2025B dtd 08/20/2025 due 03/01/2045

Long Term Rating AA/Stable

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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