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## NEWS RELEASE

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**Date:** June 8, 2016  
**TDD:** 791-2639

### CITY IMPROVES CREDIT RATING

The City of Tucson has been awarded high ratings from leading credit rating agencies after a recently requested review of the City's credit related to the issuance of General Obligation Bonds, Water Revenue Obligations, and existing Certificates of Participation. The high ratings assigned to the City will allow the organization to secure low interest rates associated with the sale of bonds, including the voter-approved General Obligation Bonds to repair and resurface city streets.

Citing the City of Tucson's solid control over spending and moderate liability burden, Fitch has maintained the credit rating and improved the City's outlook from "negative" to "stable."

"The proposed (now adopted) fiscal 2017 budget is structurally balanced, as management has successfully addressed a chronic imbalance between recurring revenues and expenses," Fitch's report states. "Public and private investment in downtown Tucson continues, due in part to a streetcar rail system that extends from downtown to the university campus."

Standard & Poor's and Moody's affirmed the City's high ratings for all three types of debt and maintained the current outlook. Citing Caterpillars pending move to Tucson, Moody's draft report states, "The city has added approximately 10,000 jobs over the past year, and unemployment has reached a post-recession low of 5%, according to recent data from the Bureau of Labor Statistics."

"The Mayor and Council have taken significant action to align expenditures with revenues and attract major corporations to the area," said City Manager Michael Ortega. "I am confident that we are putting the City on solid financial footing and that ratings agencies will continue to view the City of Tucson as a solid investment."

Ratings agencies did express concerns over increases to both state-run public safety pensions and the City's limited ability to raise revenue due to a self-imposed property tax cap under a City Charter provision. Additionally, any increase to local sales tax requires voter approval.

The below chart lists the City's credit rating by agency:



# CITY OF TUCSON

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<b>City of Tucson Credit Ratings</b>						
	<b>Fitch</b>		<b>Standard &amp; Poor's</b>		<b>Moody's</b>	
	<b>Rating</b>	<b>Outlook</b>	<b>Rating</b>	<b>Outlook</b>	<b>Rating</b>	<b>Outlook</b>
General Obligation Bonds	AA-	Stable	AA-	Stable	Aa3	Negative
Certificates of Participation	A+	Stable	A+	Stable	A1	Negative
Water Revenue Obligations	AA	Stable	AA	Stable	Aa2	Stable

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