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## NEWS RELEASE

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**Date:** June 8, 2017  
**TDD:** 791-2639

### **RATINGS AGENCIES REPORT CITY IS A SOLID INVESTMENT**

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.

Citing the city's ability to reduce expenses in the face of rising costs, Moody's Investor Service has maintained the credit rating and improved the city's outlook from "negative" to "stable."

"The change in outlook from negative to stable reflects the city's demonstrated willingness and ability to make appropriate financial and operational adjustments to address rising costs associated with rising pension liabilities," Moody's report states. "To manage this growing cost, the city made substantial cuts to headcount. Since 2009, full-time equivalent (FTE) fell by 24.9%."

Standard & Poor's and Fitch affirmed the city's high ratings for all three types of debt and maintained the current outlook of stable. All three ratings agencies positively remarked on the passage of Proposition 101 and the projected \$250 million in increased revenue that it generates for road repairs and public safety facilities and equipment.

"The rating agencies are confirming what we know to be the case, that Tucson city government is on the right track and that its management team is focused on making sure the city's fiscal practices are sound," said Tucson Mayor Jonathan Rothschild.

The city may see ratings improve further thanks to recent actions at the state level. The 2017 amendments to HB 2452 passed by the Arizona legislature provide additional recovery protections for bondholders of local GO bonds. The legislative action is expected to have a positive impact on the city's GO bond ratings. Fitch announced that it will consider appropriate positive rating action when HB 2452 takes effect on Aug. 9, 2017.

The below chart lists the city's 2017 credit rating by agency:



# CITY OF TUCSON

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### 2017 City of Tucson Credit Ratings

|                               | Fitch  |         | Standard & Poor's |         | Moody's |         |
|-------------------------------|--------|---------|-------------------|---------|---------|---------|
|                               | Rating | Outlook | Rating            | Outlook | Rating  | Outlook |
| General Obligation Bonds      | AA-    | Stable  | AA-               | Stable  | Aa3     | Stable  |
| Certificates of Participation | A+     | Stable  | A+                | Stable  | A1      | Stable  |
| Water Revenue Obligations     | AA     | Stable  | AA                | Stable  | Aa2     | Stable  |
|                               |        |         |                   |         |         |         |

Copies of the full reports can be found at [www.tucsonaz.gov](http://www.tucsonaz.gov).

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