



NEWS RELEASE

Contact: Andy Squire
PIO City Manager's Office
(520) 306-0080
Andrew.squire@tucsonaz.gov

Nate Sigal
Office of Mayor Regina Romero
(520) 444-3007
Nathaniel.Sigal@tucsonaz.gov

Date: Dec.11, 2019
TDD: 791-2639

CITY BOND RATINGS UPGRADED AND OUTLOOK REVISED TO 'POSITIVE' FROM 'STABLE'

The City of Tucson has received this year's bond ratings reports from Fitch Ratings and Standard & Poor's Global Ratings. Both agencies upgraded the City's financial credit profile with Fitch upgrading the Rating Outlook from "Stable" to "Positive" and Standard & Poor's upgrading all evaluated categories of General Obligation Bonds (GO Bonds) and Certificates of Participation (COPs). The upgraded ratings and Rating Outlook are an important indicator of the City's financial health and an affirmation of the work done by the Mayor and Council and City Manager over the past five years to structurally balance the City budget and grow Tucson's economy.

High ratings allow the organization to secure the lowest possible interest rates when issuing and selling bonds. Bonds and Certificates of Participation are how the City finances the majority of capital improvements, like those approved by voters when they passed Tucson Delivers Prop 407 Parks + Connections. Low interest rates help to ensure that current and future taxpayers will pay as little as possible for debt incurred to finance long-term improvements and that the debt service required will not damage the organization's ability to provide the essential city services expected by the community.

"These new ratings are a testament to the hard work of Mayor & Council alongside City staff to foster a resilient local economy and ensure our budget is financially healthy and stable," *said Tucson Mayor Regina Romero*. "The timing could not be better for our community as we begin issuing bonds to deliver the first phase of the voter approved Prop 407 Parks + Connections improvements in 2020. The rating upgrade will help us keep rates low, saving our residents their hard-earned tax dollars and maximizing our community's investment in our parks and connectivity, as well as any future bond initiatives."

Fitch Ratings states that "Improved revenue growth prospects and strengthened financial resilience are the primary contributors to the Outlook revision to Positive from Stable. Healthy gains in economically sensitive revenues, as well as recent and proposed commercial developments and employment increases are evidence of Tucson's currently positive economic landscape."

Standard & Poor's identifies and defines "very strong management, strong budgetary performance, very strong budgetary flexibility, and very strong liquidity" as four of the seven criteria used in its rationale for the upgraded ratings.



NEWS RELEASE

Read the full reports at the links here: [Fitch Report](#) [S&P Report](#)

The charts below list the City's 2019 credit rating by agency and a key explaining the meaning of the ratings:

Fitch Ratings 2019		S&P Global Ratings 2019		
Tucson GO Bonds	AA+	Tucson GO Bonds <i>Long Term Rating</i>	AA / Stable	Upgraded
COPs	A+	Tucson Refunding Certificates of Participation(<i>Unenhanced Rating</i>)	AA- / Stable	Upgraded
IDR (Issuer Default Rating)	Positive	Tucson GO Bonds (<i>Unenhanced Rating</i>)	AA / Stable	Upgraded
Highway User Revenue Bonds	AA	All other COP's and GO Bonds	AA- / Stable	Upgraded

	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
Baa3	BBB-	BBB-		
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	
			CC-	In Default
	D	D	DDD	

###