

NEWS RELEASE

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CITY OF SUFFOLK CREDIT RATINGS REAFFIRMED

SUFFOLK, VA (July 18, 2013) All three rating agencies have reaffirmed the City of Suffolk's credit ratings following their meetings with City officials regarding the state of the City's financial standing. Standard & Poor's AA+, Fitch AA+, and Moody's Ratings Aa2 all put the City of Suffolk firmly in the "Very Strong" second tier section of the credit rating scale. This marks the sixth straight year for Suffolk to demonstrate positive rating results. The ratings reflect the City's positive annual financial results, experienced and stable management team, strengthening and expanding local economy, and compliance with financial policy guidelines.

For Standard & Poors, the AA+ stable rating factored the City of Suffolk's continued growth and diversification in an area that participates in the broader Hampton Roads regional economy; historically strong and consistent property tax base growth, primarily from the nonresidential sectors, which has moderated in recent years from the recession but should grow modestly in the near term as the city continues to develop land; continued improvement in its financial position with increasing reserves and bolstered by formal and conservative fiscal management policies; commitment

and ability to restore fiscal stability to its historically strong financial position in a timely manner and replenish reserves and moderate debt burden with a sizable, yet manageable, capital improvement plan.

For Fitch Ratings, the AA+ stable rating reflects the City of Suffolk's sound financial position, affordable debt profile, and expanding employment base. The agency noted that the City continues to operate with a structurally balanced budget and reserve levels have been consistently maintained at a high level.

For Moody's, the Aa2 rating was based on the City's sizable tax base with average wealth levels, sound financial position supported by ample reserves and strong liquidity, positive enterprise operations, as well as an above-average debt profile that incorporates reasonable future borrowing for capital needs.

The City of Suffolk is expecting to close on the sale of \$73,000,000 in general obligation and refunding bonds during the week of July 15, 2013. This is expected to result in the net present value savings of over \$678,000 with no extension of maturity of the bonds. Approximately \$52,000,000 of the issue will fund various capital improvements including the new E911 Call Center, Pioneer Elementary School and utility upgrades.

Suffolk currently has \$340.4 million in outstanding general obligation bonds which are secured by the City's unlimited general obligation pledge.

When asked about the reaffirmation of the City's credit rating, Mayor Linda T. Johnson stated, "The City's trend of increasing credit ratings since 2008 has been estimated to save the City over \$20 million in debt service costs over the life of loans through lower borrowing costs on new money plus refinancing for savings. Once we reach that AAA status, the savings will be even greater."

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