

## News Release

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### **City of Fredericksburg Maintains High Grade Bond Ratings with New Bond Issue:** *Moody's, Fitch and S&P unanimous in affirming Fredericksburg's Fiscal Stewardship*

**Fredericksburg, VA:** The City of Fredericksburg met last month with rating agencies *Moody's*, *Fitch*, and *Standard & Poor's (S&P)* to update them on the City's fiscal standing in preparations for an historic borrow of funds to advance major capital projects. The City intends to borrow roughly \$75 million to fund a new middle school, storm water and sanitary sewer infrastructure upgrades, and to advance work on a new fire station.

Moody's rated the City Aa2 (Aa1 enhanced), Fitch rated the City AA+ and S&P rated the City at AA+. These ratings are just one level below the highest grade of AAA, which less than 5% of localities nationwide achieve. These ratings are consistent with the City of Fredericksburg's ratings over the past decade, and demonstrate a long history of strong fiscal management. Moody's specifically noted "fund balance and liquidity are strong, supported by management's conservative budgeting and adherence to formal policies." Fitch notes, "General fund reserves are consistently maintained above the city's conservative fund balance policy and provide exceptional gap closing capacity." Lastly, Standard and Poor states, "Fredericksburg demonstrated financial resilience through the pandemic as a result of its economic stability and management practices, which continue to support the rating."

Should the City Council approve the ordinance issuing the bonds on second reading November 8<sup>th</sup>, the bonds should sell mid-November. Proceeds would become available by the end of calendar year 2022. With this borrow, the City's general obligation debt issuance will grow to roughly 2.75% of total real estate value, well below the City debt policy threshold of 4.8% - and substantially below Virginia statutory debt limit of 10% of taxable real estate for localities.

These funds will advance generational projects needed for our growing community. New debt service and operational expenses will continue to challenge our community and its taxpayers, so the City is doubling down in pursuit of state and federal aid in an effort to offset these major community investments. Just last year, City Council was successful in pursuing and obtaining \$27 million in state monies for our planned sanitary sewer infrastructure upgrades. Pursuit continues this year with strong efforts being made to seek school construction, and other monies from Virginia and the new federal infrastructure legislation.

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