



# NEWS RELEASE

**FOR IMMEDIATE RELEASE:**  
Tuesday, August 28, 2018

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## **S&P UPGRADES CITY BONDS WITH POSITIVE OUTLOOK**

STOCKTON, Calif. – Standard & Poor’s (S&P Global Ratings) recently upgraded ratings on Stockton’s General Fund bonds “four notches.” City bonds backed by \$9.4 million General Fund were upgraded, improving the rating on the Stockton Public Financing Authority, California, 2006A lease revenue bonds from B-minus to BB, and assigning an outlook of “positive.” The bonds were originally issued in 1999 to finance the building and parking structure at 22 E. Weber, also known as the Stewart-Eberhardt Building, which is occupied by sections of the Stockton Police Department and Public Works Department. The 1999 Bonds were refinanced in 2006.

The August 17, 2018, S&P credit profile report states, “The rating action reflects our view of the city’s sustained strong-to-very strong financial performance, sustained very strong budgetary flexibility, and institutionalized integration of a revised reserve policy into its last three budget cycles.”

Chief Financial Officer Matt Paulin shared how improved ratings benefit the city and taxpayers. “Bond ratings are extremely important, as it shows the market has faith in your ability and commitment to do what you say you are going to do. An improved rating allows the city better access to the market at lower interest rates. This upgrade validates the city’s commitment to fiscal sustainability.”

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The city's bonds are periodically reviewed to determine creditworthiness. There must be a marked difference in the performance of the organization to receive or retain a higher rating. The last upgrade to city General Fund bonds was in November 2014 when multiple bond issues were upgraded to B- from CCC. The city had received a CCC rating as it emerged from bankruptcy. A four-notch upgrade is unusually large and demonstrates the City's continued fiscal discipline and improvement.

In December 2016, S&P upgraded city sewer bonds to A from A-minus, with an outlook of "stable," and retained the city's water bond rating at A/A-minus.

The S&P credit profile also cited the city's "...good financial policies and practices ...strong budgetary performance...and financial forecast that extends for two decades and is integrated into the City's budget document..." as reasons for upgrading the ratings. These are all a result of Council's commitment to financial decisions that are guided by the Long-Range Financial Plan, which demonstrates the city's financial sustainability over a 20-year period. The plan is updated to address economic conditions and is useful for making financial decisions, allowing the city to take a long-term view that is forward-focused and providing the framework for fiscally conservative budgeting.

For more information about the fiscal condition of the City of Stockton and a copy of the S&P Global Ratings report, please visit [www.stocktonca.gov/budget](http://www.stocktonca.gov/budget) to review the Annual Budget and other financial reports.

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