



NEWS RELEASE

FOR IMMEDIATE RELEASE:
Thursday, September 17, 2020

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FITCH UPGRADES CITY BONDS WITH STABLE OUTLOOK

STOCKTON, Calif. – Fitch Ratings upgraded the rating on \$145.2 million in city water bonds by “four notches” last week, improving the rating on the Stockton Public Financing Authority, California, Water Revenue Refunding Bonds, Series 2018A (“2018 Bonds”) from “BBB plus” to “AA minus”, and assigning an outlook of “stable.” The 2018 Bonds refinanced bonds originally issued in 2002, 2005 and 2009 to finance various capital projects throughout the city’s water system, including the Delta Water Supply Project.

The September 16, 2020, Fitch credit profile report cited the water utility’s healthy cash position, low operating cost burden, low debt burden, and stable revenues as the main drivers behind the upgrade. A four-notch upgrade is unusually large and reflects the fiscal health of the water utility.

Chief Financial Officer Matt Paulin shared how improved ratings benefit the city and ratepayers. “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 continued commitment to fiscal sustainability”.

The City’s bonds are periodically reviewed by the rating agencies to determine their creditworthiness. There must be a marked difference in the performance of the organization

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to receive or retain a higher rating. Fitch upgraded the city’s wastewater bonds from “A-minus” to “A plus” in July of this year.

For more information about the fiscal condition of the City of Stockton, please visit the Administrative Services Department website: www.stocktonca.gov/budget to review the Annual Budget and other financial reports.

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