

**Rating Action: Moody's upgrades the City of Richmond, VA's General Obligation Bonds to Aa1; outlook stable**

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13 Feb 2020

New York, February 13, 2020 -- Moody's Investors Service has upgraded to Aa1 from Aa2 the rating on the City of Richmond, VA's outstanding general obligation debt. The outlook has been revised to stable from positive.

**RATINGS RATIONALE**

The upgrade to Aa1 reflects the continued growth and diversification of the city's sizeable and regionally significant tax base, improved and solidified reserve position supported by formal fiscal policies and conservative budget assumptions, and improved pension and OPEB funding levels. The rating also incorporates below-average resident income levels and above-average, yet manageable, debt and pension burdens.

**RATING OUTLOOK**

The stable outlook reflects the likelihood that the city's tax base and resident income levels will continue to improve and that reserves and liquidity will remain stable due to management's conservative budget assumptions and formal fiscal policies.

**FACTORS THAT COULD LEAD TO AN UPGRADE**

- Significant and sustained growth of reserves and liquidity
- Reduction in debt and pension burdens
- Material improvement in resident income levels

**FACTORS THAT COULD LEAD TO A DOWNGRADE**

- Reduction in operating flexibility and reserve levels
- Substantial increase in debt burden
- Material contraction in tax base and weakened income levels

**LEGAL SECURITY**

The city's outstanding general obligation bonds are secured by the city's unlimited property tax pledge.

**USE OF PROCEEDS**

Not applicable.

**PROFILE**

Richmond, VA is the capital of the Commonwealth of Virginia (Aaa stable), encompassing just under 63 square miles, and is home to stabilizing government and higher education institutions. The city is governed by a City Council comprised of nine council members who are elected to four-year terms. The Mayor is elected every four years by the citizens of the city. The city's population totaled 220,892 in 2017 according to the most recent U.S. Census American Community Survey, which represents an 8.7% increase since 2011.

**METHODOLOGY**

The principal methodology used in these ratings was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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