



Rating Action: Moody's assigns Aaa to Virginia Beach's (VA) GO Public Improvement Bonds Series 2018A

Global Credit Research - 20 Feb 2018

\$73.6* Million of debt affected; not to exceed \$76 million

New York, February 20, 2018 -- Moody's Investors Service has assigned Aaa rating to the City of Virginia Beach's (VA) maximum \$76 million General Obligation Public Improvement Bonds, Series 2018A. Moody's maintains the Aaa rating on the city's \$571 million of General Obligation debt outstanding.

RATINGS RATIONALE

The Aaa rating incorporates Virginia Beach's sizeable and regionally important local economy, average socioeconomic profile incorporating the city's significant military presence, conservative management approach, satisfactory financial position with comprehensive policies and manageable debt burden.

RATING OUTLOOK

The stable outlook reflects our expectation that financial operations will remain sound in the near term. The outlook also reflects expected stability in the local economy.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Downgrade of the US Government rating
- Substantial declines in reserves
- Increasing reliance on fund balance appropriations
- Deterioration of tax base or significant underperformance of economically sensitive revenues

LEGAL SECURITY

Debt service on the 2018A General Obligation bonds is secured by the city's, unlimited tax pledge.

USE OF PROCEEDS

Proceeds from the 2018A issuance will reimburse the city for various capital projects including: roadways, school renovations, IT projects and buildings purchased for city purposes such as recreational centers and a housing resources center for the homeless.

PROFILE

Virginia Beach is the largest city in Virginia with a total population of 454,448. The city benefits from its dynamic local economy anchored by tourism and strong military presence .

RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain

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