

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings assigns Aaa to Fairfield, CT's GO bonds and MIG 1 to its Bond Anticipation Notes**

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13 Jun 2024

New York, June 13, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the Town of Fairfield's General Obligation Bonds, Issue of 2024. The bonds have an expected par value of approximately \$33.8 million. Moody's has also assigned a MIG 1 rating to the town's General Obligation Bond Anticipation Notes (BAN) that have an expected par value of \$8.8 million. Moody's also maintains a Aaa rating on the town's outstanding general obligation bonds and its Aaa issuer rating. The town's currently outstanding BANs are also rated MIG 1. The town will have approximately \$238 million in outstanding debt post-sale.

#### RATINGS RATIONALE

The Aaa rating assignment reflects the continuation of the town's credit strengths. This includes very strong 200% resident income and well above-average full value per capita amid a stable and primarily residential economy. The town also benefits from a modest leverage profile with below average annual fixed costs and long-term liabilities ratios. The town's financial position will remain stable though cash and reserves remain well below the median for the rating category, which is a condition typical of many Aaa-rated Connecticut cities. This weakness is offset by the town's ability to raise revenues through property taxes levied against a wealthy and resilient tax base and low leverage. Fairfield's financial profile further benefits from management's long track record of consistent and stable operations that we anticipate will continue through the current and upcoming fiscal year.

The Aaa on the GO bonds is the same as the issuer rating, which reflects the GOULT bonds being full faith and credit obligations of the town.

The MIG 1 rating incorporates the town's strong long-term fundamental credit profile, healthy projected internal liquidity at the time of note maturity, and regular issuance of bonds and notes.

## RATING OUTLOOK

Outlooks are not assigned to credits with this amount of debt outstanding.

## FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- N/A

## FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant deterioration of resident income below 120%
- Material deterioration of cash and reserves below 30% and 25% respectively
- Heightened long-term liabilities ratio above 200% or annual fixed costs above 15%

## LEGAL SECURITY

The town's bonds and notes are unlimited general obligations of the town, which pledges its full faith and credit to the payment of principal of and interest on the bonds and notes when due.

## USE OF PROCEEDS

Proceeds of the bonds will be used to will be used to finance and refinance general purpose, school and sewer projects. Proceeds of the notes will be used to refund a portion of bond anticipation notes maturing on July 5, 2024 that initially were issued for various school and general purpose projects and (ii) to finance various new general purpose and sewer projects.

## PROFILE

The Town of Fairfield encompasses 30 square miles in southwestern Connecticut (Aa3 positive) approximately 50 miles northeast of New York City (Aa2 stable). Fairfield is primarily residential and includes Fairfield University (A2 stable) and Sacred Heart University (A3 stable).

## METHODOLOGY

The principal methodology used in the long-term rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. The principal methodology used in the short-term rating was US Municipal Short-term Debt Methodology published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/398329>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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