

**Rating Action: Moody's upgrades Fuquay-Varina, NC's GO rating to Aa1**

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Global Credit Research - 16 Jul 2015

**Aa1 applies to \$14.6M GO debt**

New York, July 16, 2015 -- Moody's Investors Service has upgraded to Aa1 from Aa2 the rating on the Town of Fuquay-Varina, NC's \$14.6 million of general obligation (GO) debt outstanding.

SUMMARY RATING RATIONALE

The upgrade to Aa1 reflects the town's consistently strong fiscal management resulting in ten consecutive years of operating surpluses and growth in reserves. The Aa1 rating also incorporates the town's moderately-sized and growing tax base that benefits from its proximity to employment opportunities in Raleigh (Aaa stable) and the Research Triangle Park, slightly above average resident wealth levels, and modest debt and pension burdens.

OUTLOOK

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

WHAT COULD MAKE THE RATING GO UP

- Substantial tax base growth commensurate with higher rating category
- Significant enhancement of socioeconomic indices

WHAT COULD MAKE THE RATING GO DOWN

- Material decline in reserves and liquidity
- Deterioration of tax base and socioeconomic profile
- Inability to maintain financial stability due to needs of growing population

OBLIGOR PROFILE

The Town of Fuquay-Varina has a population of approximately 21,400 located in southwestern Wake County.

LEGAL SECURITY

The bonds are secured by the town's general obligation, unlimited property tax pledge.

USE OF PROCEEDS

Not applicable.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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