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SCHENECTADY CREDIT RATING
UPGRADED AGAIN

Moody's Investors Service, Standard & Poor's Improve Ratings for Sch'dy

Credit Upgrades Follow Results of City's '07 Audit and \$10.4 M Surplus

SCHENECTADY – Mayor Brian U. Stratton today announced that the City of Schenectady's credit rating has been upgraded today by both Moody's Investors Service and Standard & Poor's Rating Agency.

Moody's Investors has upgraded the city's credit rating from Baa2 to **Baa1 – stable outlook**, the sixth consecutive time since 2004 that Moody's has improved the city's credit outlook or elevated its credit rating. It is the third consecutive upgrade for Schenectady by Moody's in the investment-grade range since 2006.

Standard & Poor's Rating Agency has established an **A- minus stable outlook credit rating** for the City of Schenectady, the first time that S&P has officially rated the city's credit worthiness. The S&P rating for Schenectady is approximately one step higher than an equivalent rating by Moody's.

“We are delighted that, for the sixth consecutive time under this administration, Schenectady's credit rating has been improved, with the last three credit upgrades occurring within the investment-grade range,” Mayor Stratton said.

“Schenectady's credit rating has not been this strong for nearly nine years,” the Mayor said. “Our vastly improved fiscal condition reflects the hard work between our administration and the City Council, and in cooperation with our city employees, our government partners, the private sector and every citizen of Schenectady,” he added.

- more -

May 12, 2008

Page 2

In its rating report issued today, Standard and Poor's said its decision to give Schenectady an A minus – Stable Outlook rating was based on the city's demonstrated financial accomplishments and a cumulative unreserved fund balance of \$10.4 million.

“The city’s financial position has demonstrated a significant positive change over the past three fiscal years (2005 – 2007) after several years of poor financial management that led to negative ending fund balances in all funds. As a result of several key factors, including a new mayor and administrative staff, increased state aid revenues, additional revenues (primarily through tax lien sales and the implementation of a residential waste disposal fee), and expenditure cuts, fiscal stability has begin to be restored.”

Standard & Poor's

The new ratings released today by Moody's and S&P follows the results of the city's 2007 audit that were released last week. The 2007 audit by Cusack and Company showed that, for the third consecutive year, the City of Schenectady finished with a surplus in each of its four fund divisions, and now has a cumulative unreserved fund balance – or surplus -- of \$10.4 million.

Just four years ago, Schenectady had a projected deficit of \$10.2 million and the absolute lowest junk bond credit rating by Moody's of any municipality in the state -- a more than \$20 million swing upward. It is the first time since May of 1999 that the City of Schenectady was rated at Baa1 – stable outlook by Moody's.

Mayor Stratton said an improved credit rating helps to further solidify the city's financial condition and reduce the cost of borrowing for capital projects or other purposes.

To read the individual rating reports posted by each rating agency today, log on to www.standardandpoors.com and www.moodys.com .

- 30 -

SEE ATTACHED CHART

