



Brian U. Stratton
Mayor

OFFICE OF THE MAYOR
CITY OF SCHENECTADY
NEW YORK

105 Jay St., City Hall, Room 111
Schenectady, NY 12305-1938
(518) 382 - 5000
Fax : (518) 382-5272
mayor@nycap.rr.com

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CONTACT: Mayor's Office
382-5000

SCHENECTADY'S NEW CREDIT RATING SAVINGS TAXPAYERS \$300,000

Cost of long-term borrowing goes down and City's credit rating goes up

SCHENECTADY -- Mayor Brian U. Stratton today announced that as a direct result of Schenectady's recently improved credit rating, the city will immediately save \$295,419 in finance charges and broker fees this year.

Following the May 1 announcement by Moody's Investors Service to elevate Schenectady's investment-grade credit rating from Baa 3 to Baa 2, the city's finance charges paid on the annual issuance of Bond Anticipation Notes (BANs) dropped a quarter of a percentage point. Because the cost of long-term borrowing for capital projects has been reduced from 4 percent paid last year to an annual rate of 3.74 percent for 2007, taxpayers will immediately save \$159,650.

In addition, the improved credit rating means Schenectady is no longer required to pay costly broker fees and letter of credit fees that were previously required of the city in order to secure qualified lenders, thus saving taxpayers an additional \$135,769 this year.

"Schenectady's continued financial improvement, and this administration's commitment to professional financial management and sound budgeting, has enabled us to save taxpayers an additional \$300,000 this year in reduced interest rates and lower cost of issuance for required long-term borrowing," Mayor Stratton said.

The Mayor said the additional savings -- which come on top of the city's previously announced \$8.1 million surplus in the general fund -- will help to ensure a second consecutive tax cut for taxpayers in 2008.

"This means we will have \$300,000 more to work with in formulating our 2008 budget, and an even greater opportunity to reduce property taxes next year." The Mayor's budget for 2007 reduced property taxes by one percent, and Mayor Stratton has already pledged to seek another property tax cut when he presents his proposed 2008 budget to the City Council in September.

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Schenectady's 2007 credit rating upgrade was the fourth consecutive credit rating improvement issued by Moody's since Mayor Stratton took office in 2004. Under the Stratton administration, the city has eliminated a projected \$10.2 million deficit in 2004, finished both the 2005 and 2006 fiscal periods with a surplus in each of the city's four fund divisions, and elevated Schenectady's credit rating from the worst in the state to investment grade.

"Taxpayers need to know that the more our credit rating improves, the better opportunity we have to stabilize or even reduce their property taxes. So, I am proud to say that today's news is really more great news for Schenectady taxpayers," Mayor Stratton said.