CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

June 7, 1985

FOR IMMEDIATE RELEASE

Cambridge City Manager Robert W. Healy today announced that the nation's two leading credit rating agencies, Standard and Poor's Corporation, and Moody's Investors Service, both of New York City, have granted a credit rating increase to the City of Cambridge.

Standard and Poor's Corporation raised the City's bond rating from A- to A. The Standard and Poor's increase represents the second consecutive year that this agency increased the City's credit rating.

Moody's Investors Service raised its credit rating of the City to Baa1 from Baa. In March, 1981, Moody's had suspended the City's rating due to the uncertainties caused by the passage of Proposition 2-1/2. In July, 1981, when Moody's reinstated the City's bond rating, it was downgraded to Baa. Since 1981 the City Manager and the City's Fiscal and Community Development heads have been working with Moody's in an effort to have the City's rating upgraded. Of the 37 communities whose ratings were suspended in 1981 by Moody's, Cambridge is the first community to have its Moody's rating upgraded to this level.

In obtaining a credit rating increase for a second consecutive year, Cambridge is bucking strong national trends which are running in the opposite direction. For example, in 1984, Moody's Investor Service issued 4,068 municipal bond ratings, of which only 101 were increases, while 350 were rating decreases. The balance (3,617) remained the same.

The ratings were issued in conjunction with $11,405,000 in bonds to be sold by the City on June 11, 1985. The proceeds will be used by the City for renovations to the Cambridge Hospital and various school buildings, and public improvements in the East Cambridge Riverfront area.

Mr. Healy, James Maloney, Finance Director, Kathy Spiegelman, Community Development Director, and Richard Rossi, Deputy City Manager, and the City's fiscal adviser, Government Finance Research Center of Washington, DC,presented the City's financial and economic condition to the rating agencies in New York City during the week of May 20th. The upgrades, as a result of these presentations, represent the culmination of four years of effort by the City to improve and stabilize its financial condition in the post 2-1/2 era.

The City Manager stated that he was extremely pleased by the recognition of the financial community that Cambridge has successfully addressed its financial problems and can now look confidently to the future. Healy also stated that the credit for the ratings increases, which are projected to save the City over $250,000 on the June bond sale, should go in several directions. First, credit must go to the citizens of the City of Cambridge, who in 1982 voted by a 68% margin a one-year override of Proposition 2-1/2, the only City in the Commonwealth to do so. This one-year reprieve permitted the City to successfully comply with the requirements of Proposition 2-1/2 without decimating City services; secondly, to the City Council which has set and followed a sound financial management course; third, to Governor Dukakis and the State Legislature for providing the City with sufficient levels of State aid; fourth, to the business and development community which is responsible for the unprecedented commercial real estate boom in the City; finally, to the City's staff which has managed the City through the more difficult financial times.

Healy concluded by stating that the City's financial success is a good example of what can happen when the public, the City, the State, and the business community work cooperatively with each other to improve the City.

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CITY OF CAMBRIDGE

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EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

June 10, 1985

To the Honorable, the City Council:

Enclosed please find copy of a press release relative to the credit rating increase granted to the City of Cambridge by the nation's two leading credit rating agencies: Standard and Poor's Corporation and Moody's Investors Service, both of New York City.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Enc.

Agenda Item No. 4

F-217

Re: enclosed copy of a press release regarding the credit rating increase granted to the City of Cambridge.

In City Council,

June 10, 1985

6/10/85

Placed on File -