



## CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139  
Tel. 498-9011

EXECUTIVE DEPARTMENT  
ROBERT W. HEALY  
City Manager

February 6, 1984

To the Honorable, the City Council:

I am pleased to report that as a result of the City's recent application for an improved credit rating, Standard and Poors Corporation of New York has raised the City's credit rating to A- from BBB+. Moody's Investor Service chose not to raise the City's credit rating at this time, preferring instead to wait for one more positive financial operating year from the City.

As a result of several factors, not the least of which was a recognition by a major New York rating firm that the City's financial condition has improved, the City was able to market \$5,315,000 in long term debt on Thursday, February 2, 1984, at a net interest of 7.1887 percent. This rate is approximately .8 percent lower than was originally projected. The lower interest rate translates into a savings for Cambridge of \$160,000 over the life of the bonds. The interest rate for Cambridge can be favorably compared with a recent sale of a suburban Boston town, rated AA, which sold for 7.05 percent. I would also like to point out that in December of 1982, when Cambridge sold \$5,000,000 in long term debt, there were only two bids. This recent sale had five bids, with several additional inquiries.

The City's improved credit rating and ability to market our bonds is a direct result of the positive actions approved by the City Council in the last 24 months.

Very truly yours,

Robert W. Healy  
City Manager

RWH/mbf

Agenda Item Number Six

Re: the City's improved credit rating. *F 32*

In City Council,

February 6, 1984

*2/6/1984*

*Placed on File*