



CITY OF ANN ARBOR, MICHIGAN

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CITY OF ANN ARBOR'S STRONG FINANCIAL MANAGEMENT RESULTS IN IMPROVED CREDIT RATING

ANN ARBOR, Mich. – April 17, 2008 – City of Ann Arbor officials received good news this week regarding the city's credit standing and its effect on future borrowing costs. Recently, city staff from the Finance and Public Services Area held discussions with credit rating analysts from Chicago and effectively made the case for better credit ratings. The city impressed upon the analysts the continued strong financial performance of the city's utility systems and its sound financial management practices.

City of Ann Arbor's Chief Financial Officer, Tom Crawford, reported that the credit review resulted in Standard & Poor's raising the city's credit rating on its water system bonds from "A" to "AA-" and on the sewer system from "AA" to "AA+." Moody's Investor's Service raised the credit ratings on both the water and sewer systems from "A1" to "Aa3."

Public Services Area Administrator, Sue McCormick, noted that the credit ratings were upgraded based on the healthy financial position of the utility systems, a demonstrated record of prudent management, a manageable debt position and a stable and diverse service base. "City Council exercises careful oversight over the utility systems and has made the appropriate policy decisions to make sure the systems operate as effectively as possible," she said.

Savings from the improved credit rating are already being realized. The city received bids on April 15, on \$48 million of bonds to fund improvements to the water and wastewater treatment plants and additional work in the water supply and sewage collection systems.

Tom Crawford reported that eight bids were received to purchase the 25-year sewer bonds with the lowest interest rate at 4.44 percent and six bids were received for the 20-year water bonds at a rate of 4.27 percent. The city's financial advisor from Stauder, Barch & Associates, complimented city staff on the bond sale. "The number of bids received from across the country and the very low interest rates indicate the bond market has great confidence in the City of Ann Arbor."

City staff are pleased with the bond sale and are confident that improved credit ratings will result in interest cost savings on future borrowings as well.

Ann Arbor has 114,000 residents, spans 27.7 square miles, and was named one of the top 25 U.S. cities to live in by CNN/Money Magazine in 2006 as well as the fourth smartest city in the U.S. by Forbes Magazine. The City's mission statement reads: The city of Ann Arbor is committed to providing excellent municipal services that enhance the quality of life for all through the intelligent use of resources while valuing an open environment that fosters, fair, sensitive and respectful treatment of all employees and the community we serve.

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