



PRESS RELEASE
FOR IMMEDIATE RELEASE

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City of Erie Bond Rating Upgrade

This week, Standard & Poor's Rating Services, the nation's most widely recognized bond rating agency, completed their review of the City of Erie's bond rating and financial stability and, once again, upgraded the City's bond rating to "A Stable" designation. This is an upgrade from the City's previous "A- Stable" rating.

This upgrade reflects the Agency's increased confidence in the City's creditworthiness, citing strong financial management practices, sound operations that have resulted in improving general fund balances, as well as the administration's on-going efforts toward creating long-term fiscal stability for the City. The "Stable" outlook designation also indicates that the agency feels that Erie's finances are well managed and our financial future is positive.

The Agency recognized the current administration's success in eliminating annual operating deficits and restoring the general fund to a positive balance since taking office in 2006. They cite conservative budget practices, control over expenditures, staff reductions and periodic tax rate increases as the mechanism for achieving consecutive operating surpluses that have led to the enhanced fiscal stability. Further, the City has paid down 45% of its aggregate debt during the Sinnott administration, going from a principal debt of 92 million dollars in 2006 to 50 million in 2014.

This is the fourth bond rating upgrade since Mayor Sinnott took office in January 2006, when the City had a non-investment grade "Junk bond" status. In May of 2009, the rating was restored to investment grade with a "BBB" rating. In July of 2011, the rating was upgraded to "BBB Positive" and in February 2012 it was upgraded to A range rating with an "A- Stable" designation. Today's upgrade brings us into the full "A Stable" designation.

An "A Stable" rating is a solid investment grade designation. It will allow the City and the associated authorities whose debt the City guarantees to fund capital projects and infrastructure needs at a lower interest rate and lower costs of credit enhancement such as bond insurance. This results in a large scale savings for the taxpayers.

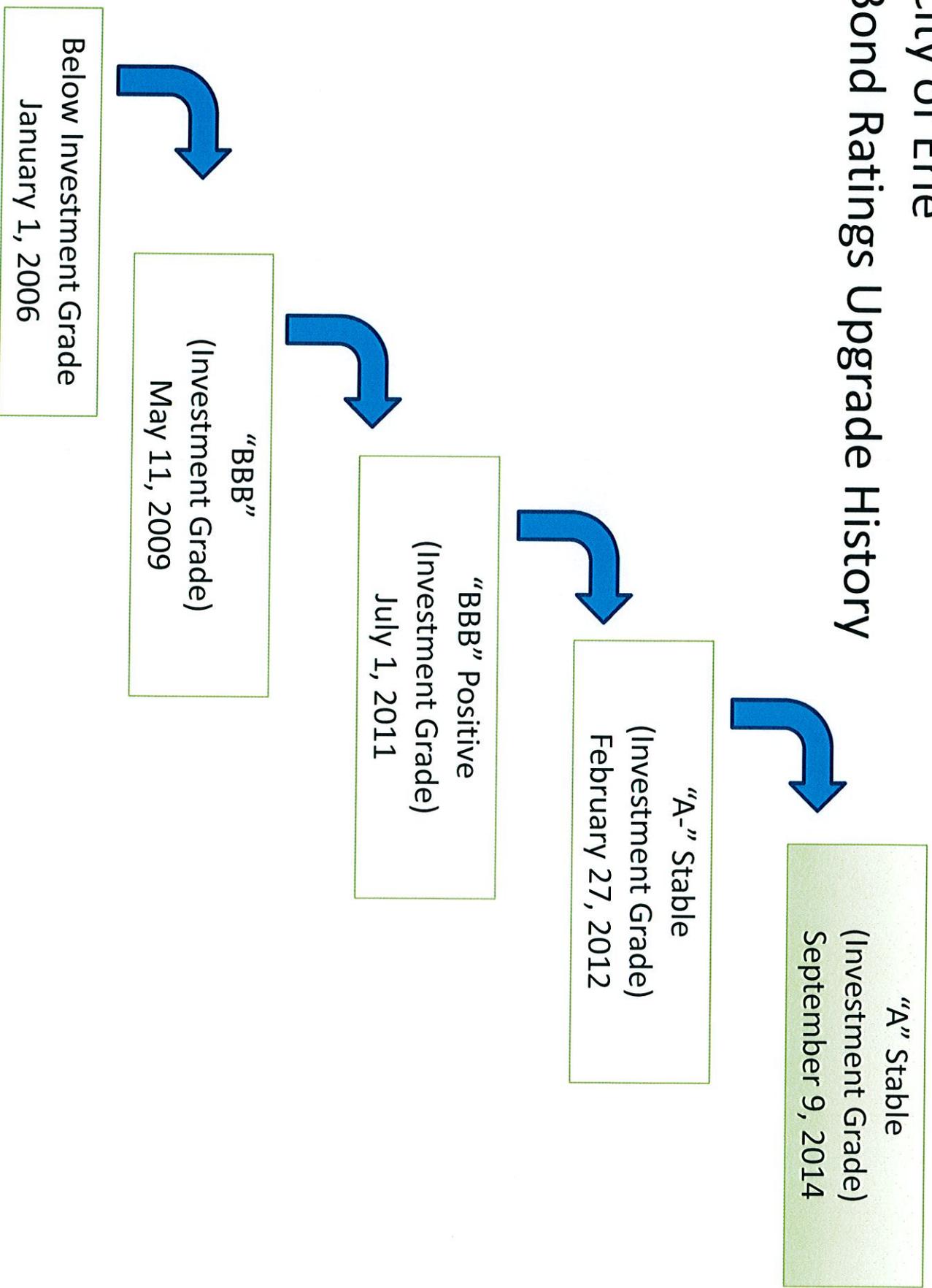
"This is a very important step in the City's overall financial well-being. It wasn't an easy road to get here, but it was one that we felt was critical to the City's financial recovery. Erie has become known by the credit-rating agencies as a unique story of a community that was able to fashion its own remedies and do things that other communities weren't able to do," Sinnott said.

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September 11, 2014

City of Erie

Bond Ratings Upgrade History



City of Erie General Obligation Bonds – Significant Reduction Since 2005

The City has reduced overall debt levels significantly since 2005 through a combination of rapid amortization and careful timing of capital borrowings.

Since 2005, the City has reduced net principal by \$42 million, which represents a 45% reduction in total principal outstanding

