



NEWS RELEASE

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WATER FUND'S CREDIT UPGRADED TO AA2

LAKE OSWEGO – This week, Moody's Investors Service issued an upgrade from Aa3 to Aa2 to Lake Oswego's Water Fund debt to the 2nd best debt rating for an Oregon municipality, next to the City of Portland. Moody's cites as reasons for the upgrade: very good coverage, modest three percent rate increases for the next two years already approved, low debt burden, and excellent financial management. While Lake Oswego's water system is relatively small, these positives allowed support of a debt rating upgrade.

This upgrade was issued in anticipation of next month's \$5 million Water Revenue bond sale that will be used for improvements to the Clackamas River intake and Water Treatment Plant facilities, and the refinancing of the existing \$5 million of outstanding Water revenue bonds from the 1999 bond sale. This refinancing portion is anticipated to save \$150,000 on future interest costs.

Also this week, Moody's assigned the City's Sewer Fund the highest rating available for next month's bond issue of \$12 million. This is a short-term issue that is anticipated to be refinanced next fall by the larger bond issue needed to start construction on the interceptor project. Short-term notes such as this one are assigned a MIG rating scale of one, two, or three, with one being the highest and best rating. This issue received the rating of MIG-1. According to the Moody's Rating Update Report, "The city's financial operations continue to be characterized by high reserve levels, strong fiscal policies, and practice of multi-year financial planning."

For more information, please contact Richard Seals, Finance Director for the City of Lake Oswego at 503-675-3746.

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