



FOR IMMEDIATE RELEASE

December 12, 2008

FACT SHEET

Fitch, Moody's Upgrade San Diego's Credit Ratings

The city of San Diego's financial position has been given yet another vote of confidence with the announcement yesterday by both Fitch Ratings and Moody's Investors Service that they have raised the city's credit ratings.

"These upgrades not only validate the City's strong financial management, but they will lessen our costs to borrow money because the interest rate we pay will be lower than it would have been otherwise," said San Diego Mayor Jerry Sanders, who has made restoring the city's financial health one of his top priorities. "The end result is that the money we save from decreased borrowing costs can be used for services to the public."

Specifically, Fitch has raised the city's rating on its General Obligation Bonds from BBB+ to A+. In addition, Fitch upgraded other city general fund-backed bonds and water system bonds. Also, Moody's has upgraded the city's water revenue bonds to A1 from a lower A2 rating and lifted the negative outlook to stable.

In assigning its upgrades, Fitch made several observations in a report it issued today. "The upgrades reflect Fitch's recognition of the City's significant management structural and procedural changes," according to the report. "The frequent budget monitoring that led to timely notice of the projected budget gap and effective action are evidence of good management practices."

The upgrades by Fitch and Moody's are the latest in a string of credit rating boosts and outlook improvements earned this year by the city of San Diego. Earlier this year, Fitch and Standard and Poor's updated the City's financial outlook to positive, and in S&P's case, it restored the city's once-suspended credit rating.

-more-

Then in August, Moody's upgraded the city's various credit ratings and raised its financial outlook from negative to stable. Specifically, Moody's upgraded the rating on the city's General Obligation Bonds, and also raised the ratings on various general fund lease-supported obligations.

This latest round of credit upgrades once again demonstrates that the city of San Diego is making significant progress in rebuilding its reputation with investors.

Among the reforms initiated by Mayor Sanders:

- Appointed the city's first-ever Chief Financial Officer and appointed a new Internal Auditor.
- Issued five sets of audited financial statements for FY03-FY07 over the last 18 months. The City is also on track to issue the FY08 financial statement during the first quarter of next year.
- Established a Five-Year Financial Outlook that funds long-term obligations including deferred maintenance. Over the next six years, the city is projected to dedicate \$781 million to deferred maintenance and capital improvements, including street repairs.
- Established a new Retirement Plan for future non-public safety employees and have held the line on salary and benefit increases for employee groups.
- Instituted tough new financial controls. As of today, most of the internal financial control recommendations made in the Kroll Report have been implemented or are substantially complete.

###