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Derby, CT GO Bond Rating Raised To 'AA-'; Outlook Stable

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NEW YORK (Standard & Poor's) May 27, 2009--Standard & Poor's Ratings Services has raised its rating on the city of Derby, Conn.'s general obligation (GO) bonds to 'AA-' from 'A+' due to a continued strong financial position, a growing tax base, and good management practices. The outlook is stable.

At the same time, the rating service assigned its 'AA-' long-term rating to the city's \$2.6 million series 2009 GO bonds and its 'SP-1+' short-term rating to the city's \$10 million bond anticipation notes (BANs).

The upgrade reflects Standard & Poor's assessment of the city's stable local economy that continues to attract new businesses into the area, diverse tax base supported by extremely strong market value per capita, strong financial position despite a recent drawdown on reserves, and moderate overall debt per capita with pay-as-you-go capital funding.

"The stable outlook reflects our view of the city's diverse tax base, which we expect to continue to provide a stable source of property taxes--the city's primary general fund revenue source. We expect debt levels to remain moderate, as the large redevelopment projects planned in the city are not expected to require any long-term capital financing," said Standard & Poor's credit analyst Marilyn Cruz.

Derby (population 12,416) is in southern Connecticut, nine miles west of New Haven and 10 miles north of Bridgeport, with convenient access to interstates 91 and 95.

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--USPF Criteria: "GO Debt," Oct. 12, 2006

--USPF Criteria: "Short-Term Debt," June 15, 2007

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