

State of Connecticut

DENISE L. NAPIER
TREASURER



Hartford

April 20, 2018

The Honorable Michael A. McLachlan
The Honorable Scott L. Frantz
Legislative Office Building
300 Capitol Avenue, Room 3400
Hartford, CT 06106

Re: Contract Assistance for the City of Hartford

Dear Senators McLachlan and Frantz,

I am writing in response to your letter of April 13th regarding the contract assistance agreement for the City of Hartford.

In recent weeks, after the agreement was signed, three credit rating agencies have offered commentary on the State's General Obligation credit.

Moody's Investors Service affirmed its bond rating for the State's GO bonds at A1, saying "Connecticut's outlook is stable, reflecting the pending replenishment of the state's rainy day fund and the state's strong provisions to promote fiscal discipline...."

Fitch Ratings issued positive commentary about the overall strength of Connecticut's GO credit and said it did not expect that the contract agreement with Hartford would affect the State's rating. Fitch currently rates the State's bonds at A+.

One rating agency, S&P Global Ratings, downgraded the State to A from A+. Although Hartford was not the principal reason for the rating action, S&P stated "While we view Hartford as a unique situation and the city's debt as relatively small in relation to overall state resources, the assumption of debt, combined with other trends, leads us to conclude that Connecticut's debt burden is not likely to shrink in the near term."

I am attaching a news release on the recent statements of the credit rating agencies, which provides additional context, and the three rating agency reports.

I am available to discuss this matter further with you.

Sincerely,

A handwritten signature in blue ink that reads "Denise".

Denise L. Nappier
State Treasurer