

**From:** Office of Mayor Pedro E. Segarra  
**Sent:** Thursday, October 02, 2014 3:21 PM  
**To:** Office of Mayor Pedro E. Segarra  
**Subject:** MOODY'S DOWNGRADES CITY OF HARTFORD'S BOND RATING BY ONE NOTCH



**PEDRO E. SEGARRA**  
MAYOR

## MOODY'S DOWNGRADES CITY OF HARTFORD'S BOND RATING BY ONE NOTCH

*New A2 Rating Based Largely on Declining Fund Balance and Stagnant Property Values*

### --- NEWS AND COMMUNITY STATEMENT---

**(October 2, 2014)** –Today, Moody's downgraded the City of Hartford's A1 Rating to an A2 Rating citing a declining Fund Balance, stagnant property values and one-time revenue sources. Since 2010, the City of Hartford has held an A1 Bond Rating. The A2 rating is a strong investment grade rating allowing the City to continue to raise capital at lower interest rates.

"It is tough to hear but we have to keep everything in perspective," said Mayor Pedro E. Segarra. "In the last four years tax revenues declined, our Rainy Day Fund increased, our pension was fully funded all the while our expenditures grew significantly due to contractual obligations. The City of Hartford has held the line on spending by operating with minimal staff, despite the fact that the need for city services continues to grow. As far as cities go, we are doing better than most. This is precisely why we need to expedite economic development in our capital city, and why public/private partnerships are a better option than bonding."

"While disappointed with today's actions by the rating agency," stated Hartford City Treasurer Adam Cloud, "The Treasurer's Office remains committed to working with the Mayor and his Administration to address the rating agency's concerns in the budgeting forecast for upcoming fiscal years. Specifically, we'll work together on addressing the Fund Balance, projected deficits and eliminating one-time revenue sources."

"Every year during the budget season, the City Council faces the reality of shrinking revenues and increasing expenses," said City Council President Shawn Wooden. "It's very challenging and yet we have seen tremendous growth in our City over the last few years. The bottom line is that we need new revenue sources to put Hartford on a path of fiscal stability and new development that will increase property values and not place any further burden on our taxpayers."

Moody's rationale for the downgrade was also influenced by unemployment, lack of financial flexibility due to contractual obligations and limited revenue sources. The report went on to say that the negative outlook is impacted by the possibility of a further downgrade should the Fund Balance not augment in the near future. Several strengths were cited including strong pension fund practices, and the city's status as a regional economic center.

###

For Immediate Release: October 2, 2014

Contact: Maribel La Luz

p. [860-757-9731](tel:860-757-9731)

c. [860-539-5485](tel:860-539-5485)

e. [laluz@hartford.gov](mailto:laluz@hartford.gov)