

State of Connecticut

DENISE L. NAPPIER
TREASURER



Hartford

March 31, 2018

The Honorable Len Fasano
Senate Republican President *Pro Tempore*

The Honorable Themis Klarides
House Republican Leader

Legislative Office Building, Room 3400
Hartford, CT 06106

Re: *Contract Assistance for the City of Hartford*

Dear President Fasano and Republican Leader Klarides,

I am writing in response to your letter of March 28th regarding the contract assistance agreement for the City of Hartford, which I had signed prior to receiving your letter.

Section 376 of P.A. 17-2 (June Special Session) is clear. The legislation, enacted just last October, gave the Secretary of OPM and me the authority to commit the State to pay all of a distressed municipality's¹ outstanding debt. The contract assistance agreement executed by us does just that.

The legislation recognized that contract assistance could cover debt payments that would extend beyond the biennium, and provided that the "appropriation of all amounts necessary to timely meet the terms of such contractual obligation is hereby made and the State Treasurer shall pay such amounts as the same become due to such municipality, trustee, paying agent or holder, as applicable."

It is our intent to keep the amounts paid for Hartford's debt service within the \$40 million per year for both FY 2018 and FY 2019 already provided in the budget.

As State Treasurer, acting in the interest of the State and its taxpayers, my approval of the contract assistance agreement was conditioned upon Hartford's acceptance of fiscal oversight and restrictions on home rule, some of which are stricter than those set forth in the Act. The agreement followed extensive due

¹ A designated tier III or tier IV municipality under the Municipal Accountability Review Board established by the Act.

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diligence on how best to protect the State's vested interest, and allows the State to impose even stronger scrutiny and financial controls if future events so warrant.

In taking charge of Hartford's fiscal situation, the State is sending a clear message to the bond market that we will not turn our back on any municipality that is in financial crisis. The benefits of that message will accrue to all of Connecticut's cities and towns. Early signs indicate that credit rating agencies will view this action as a "credit positive."

I am available to discuss this matter further with you, as well as how the State may best proactively assist those municipalities that may be headed toward fiscal distress.

Sincerely,



Denise L. Nappier  
State Treasurer

cc: Benjamin Barnes, Secretary  
Office of Policy & Management