



The Office Of State Treasurer
Denise L. Nappier

Statement

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STATEMENT BY STATE TREASURER DENISE L. NAPPIER ON STATE ASSISTANCE TO, AND OVERSIGHT OF, THE CITY OF HARTFORD

HARTFORD, CT – State Treasurer Denise L. Nappier, co-chair of the Municipal Accountability Review Board¹, which is overseeing Hartford’s efforts to regain financial sustainability, today signed a contract assistance plan for the City of Hartford. The plan was developed by the State Treasurer’s Office, the State Office of Policy and Management, and the City of Hartford and also has been signed by OPM Secretary Ben Barnes. She issued the following statement:

“This plan, consistent with the State’s bipartisan budget adopted last fall, will help our Capital City gain a path toward fiscal sustainability while giving the State strong oversight capabilities to protect its investment.

Stabilizing the City of Hartford’s finances is in the best interest of our State and its citizens and businesses. A strong, vibrant Capital City is essential to the health and well-being of the region and the State. To that end, the State of Connecticut is working with the City to help it improve its fiscal footing and get back on course. That assistance, however, is not without strings attached. It requires that the City keeps its end of the bargain to manage itself going forward in a fiscally responsible manner and allows the State to impose even stronger oversight if future events warrant.

Declining to help Connecticut’s Capital City could have adversely affected the financial health and vibrancy of surrounding towns, while helping Hartford actually might make a potential slippery slope of additional towns seeking relief less likely. The State will consider all applications from other municipalities on their merits with no ‘one size fits all’ mentality.

We conducted extensive due diligence on how best to protect the State’s vested interest and strengthen its oversight, scrutiny and, if necessary, control of Hartford’s financial affairs. The strict

¹ The Municipal Accountability Review Board (MARB) was established by Section 367 of Public Act 17-2 for the purpose of providing technical, financial and other assistance and related accountability for municipalities experiencing various levels of fiscal distress. MARB has 11 members, including the State Treasurer and the Secretary of OPM as co-chairs. Others are appointed by the Governor and legislative leaders. The eleven-member group will serve as a municipal review board that is responsible for working with cities and towns in order to provide early intervention and technical assistance if needed, and to help financially distressed municipalities in exchange for greater accountability.

conditions placed on Hartford that limit its home rule should, among other things, mitigate the potential for other cities with no relevant causal factors seeking similar additional monetary assistance above and beyond the State's annual budget appropriation. They would know there is a quid pro quo of additional financial scrutiny as well.

The contract assistance agreement commits the State to pay the City's debt service on its outstanding General Obligation bonds, while retaining the State's flexibility, both now and in the future, to find the best balance between long-term costs and annual budget needs. It also includes strong protective measures, in consideration of the significant long-term commitment the State is making, including but not limited to approving and imposing related controls of Hartford's annual operating budget and any new bonding. Should Hartford's finances worsen, the State would have further control over the City's finances, as outlined in the legislation creating the Municipal Accountability Review Board.

While Hartford is the principal beneficiary of this intervention, we also are sending a clear message to the bond market that the State will not turn its back on any of its municipalities that are in financial crisis. Nor will it tolerate fiscal mismanagement or allow structural problems to worsen when it intervenes to provide financial and technical assistance and prevent a city or town from having to file for bankruptcy and place in potential danger the health and safety of people who live, work, play, eat and shop there. The benefits of that message will accrue to all of Connecticut's cities and towns, just as a default could potentially cast a pall over Connecticut's state and local governments.

Ultimately, in Connecticut we must strengthen our assessment and early warning signals to spot financially distressed urban areas and any other communities as fueled by structural issues and/or fiscal mismanagement. Only then can proactive steps be taken, which hold the best promise for reaching a viable solution while placing minimal strain on our state government's own fiscal challenges. The newly established Municipal Accountability Review Board has that very mission," said Connecticut State Treasurer Denise L. Nappier.

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