

# Bond Case Briefs

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## Hartford Says It Needs Debt Relief as Credit is Downgraded.

Matt Fabian of Municipal Market Analytics considers Hartford's bonds impaired since the city has indicated it can't handle all its debts.

The city of Hartford in Connecticut is still paying interest on its debt, but it notified bondholders this week that it won't be able to do so forever — even if it gets the state aid its waiting for.

It has hired bankruptcy attorneys who plan to meet with creditors later this month to discuss restructuring.

**Matt Fabian of Municipal Market Analytics** says Hartford's bonds are already impaired. He wrote to clients Friday afternoon:

With a notice to bondholders that the city requires relief from its bonded indebtedness regardless of whether or not the state provides incremental aid, the city of Hartford CT has been added to the MMA database of defaulted and impaired municipal bonds. Hartford is in the Other category, which is for issuers still paying debt service in the normal way but where covenant violations, technical defaults, or other threats to repayment have arisen.

Credit rating agencies lowered the city's ratings multiple notches in the past week. Moody's lowered it to the triple-C level — to Caa1 on its ratings scale from B2. S&P lowered it to B-minus from double-B.

**S&P credit analyst Victor Medeiros** comments:

The downgrade to 'B-' reflects our opinion that Hartford has capacity to pay on its obligations, but due to the current local and Connecticut political, economic, and financial environment, the city is more vulnerable to payment interruptions.

**Barron's**

By Amey Stone

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