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Notable Municipal Bankruptcy Lawyer Talks Shop to Hartford Taxpayers.

HARTFORD — The lawyer who took Detroit, Michigan, through the largest Chapter 9 municipal bankruptcy in U.S. history brought his message to a new crowd on Thursday: residents of Hartford, Connecticut's cash-strapped capital city.

Kevyn Orr, a partner the law firm Jones Day, and a panel of experts tried to fend off residents' fears about whether city service might be cut (no), taxes might rise (maybe) or people might later get priced out of homes (it is complicated) if the city files for a court debt restructuring.

"Nobody wants to enter bankruptcy. I'm sort of like an undertaker that shows up at the door," Orr told attendees at a usactHartford Public High School evening event.

But it is a long-term tool that helped both Detroit and Central Falls, Rhode Island, whose mayor was also on the panel, improve in the long run, Orr said.

Hartford Mayor Luke Bronin has said for months that the capital city of one of the wealthiest states may have to file for bankruptcy.

It is facing a \$50 million budget gap as it waits for aid from the state budget, now over three months late.

Moody's Investors Service said earlier Thursday that Hartford will likely default as early as November and projected operating deficits of up to \$80 million annually for nearly the next 20 years.

"Moody's report highlights... why we have talked so transparently about the need for structural change," Bronin said in a statement.

Hartford's next debt payment is a big one – about \$20 million – due Oct. 31, and "we do expect to pay it," said Bronin's assistant Vasishth Srivastava.

Plenty of U.S. cities have improved their finances without bankruptcy, including Atlantic City in New Jersey and Harrisburg, Pennsylvania.

The panel's "choice to focus on the supposed 'benefits' of bankruptcy overlooks successful turnarounds" elsewhere, said Build America Mutual (BAM) Chief Credit Officer Suzanne Finnegan in a statement.

Assured Guaranty Ltd and BAM together insure at least \$414 million of the city's more than \$530 million of debt.

Marcus Spinner, a lifelong state resident and University of Connecticut graduate student, said panelists glossed over "what bankruptcy looks like for the residents."

Yet some in the crowd were reassured by the discussion.

"I love my city and I know that we can do better, if there's an honest dialogue with the citizens," said Ula Dodson, 69, who worked for the city parks department for 32 years.

By REUTERS

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(Reporting by Hilary Russ in Hartford; editing by Grant McCool)

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