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## City of Bridgeport, Connecticut

Final Pricing Book: General Obligation Bonds (Federally Taxable), 2020 Series B

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June 2, 2020



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## Financing Team Participants

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Distribution List

## City of Bridgeport, Connecticut

**General Obligation Bonds (Tax-Exempt), 2010 Series A**  
**General Obligation Refunding Bonds (Federally Taxable), 2020 Series B**

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## Offering Documents

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**NEW ISSUE**

See "RATINGS" herein

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds (as defined below) is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, interest on the Series B Bonds (as defined below) is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "THE BONDS – Tax Status of the Bonds" herein.)*

**CITY OF BRIDGEPORT, CONNECTICUT**

**\$38,775,000\***

**GENERAL OBLIGATION BONDS (TAX-EXEMPT), 2020 SERIES A**

**and**

**\$12,335,000\***

**GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE), 2020 SERIES B**

**Dated Date: Date of Delivery**

**Due: As shown on inside cover**

The \$38,775,000\* General Obligation Bonds (Tax-Exempt), 2020 Series A (the "Series A Bonds") and \$12,335,000\* General Obligation Bonds (Federally Taxable), 2020 Series B (the "Series B Bonds") (collectively, the "Bonds") will be general obligations of the City of Bridgeport, Connecticut (the "City"), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund (see "THE BONDS– Security for the Bonds" herein).

The Bonds are subject to redemption prior to their stated maturity as more fully described herein. (See "THE BONDS – Optional Redemption" and "Mandatory Sinking Fund Redemption" herein).

Interest on the Series A Bonds will be payable on December 1, 2020 and semiannually thereafter on each June 1 and December 1 until maturity or redemption prior to maturity. Interest on the Series B Bonds will be payable on January 1, 2021 and semiannually thereafter on each July 1 and January 1 until maturity or redemption prior to maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the "DTC"), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by U.S. Bank National Association, Hartford, Connecticut to DTC or its nominee as registered owner of the Bonds. (See "THE BONDS – Book-Entry-Only System"). Ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

The Bonds will bear interest at the rates per annum and will mature in the amounts and on such dates as set forth in the table on the inside cover of this Official Statement.

The scheduled payment of principal and interest on the Series B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series B Bonds by Build America Mutual Assurance Company. (See "BOND INSURANCE" and Appendix F – "Specimen Municipal Bond Insurance Policy" herein).



The Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut. PFM Financial Advisors LLC, Boston, Massachusetts, and Phoenix Advisors, LLC, Milford, Connecticut have served as Municipal Advisors in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about [ ], 2020.

**General Obligation Bonds, 2020 Series A**

**Siebert Williams Shank & Co., LLC**

**Oppenheimer & Co.**

**Piper Sandler & Co.**

**Raymond James**

**General Obligation Bonds, 2020 Series B**

**Raymond James**

**J.P. Morgan**

**M&T Securities, Inc.**

**Mesirow Financial, Inc.**

\* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment in a Final Official Statement. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the applicable securities laws of any such jurisdiction. Final written confirmation of the sale shall not be conclusive unless the Final Official Statement is delivered to the purchaser.

*In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the City with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law, interest on the Series A Bonds (as defined below) is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code. In the opinion of Bond Counsel, interest on the Series B Bonds (as defined below) is included in gross income for federal income tax purposes pursuant to the Code. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds (as defined below) is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. (See "THE BONDS – Tax Status of the Bonds" herein.)*

**CITY OF BRIDGEPORT, CONNECTICUT**



**\$37,615,000**

**GENERAL OBLIGATION BONDS (TAX-EXEMPT), 2020 SERIES A**

**and**

**\$13,095,000**

**GENERAL OBLIGATION BONDS (FEDERALLY TAXABLE), 2020 SERIES B**

**Dated Date: Date of Delivery**

**Due: As shown on inside cover**

The \$37,615,000 General Obligation Bonds (Tax-Exempt), 2020 Series A (the "Series A Bonds") and \$13,095,000 General Obligation Bonds (Federally Taxable), 2020 Series B (the "Series B Bonds") (collectively, the "Bonds") will be general obligations of the City of Bridgeport, Connecticut (the "City"), and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Payment in respect of the Bonds will also be supported by a property tax intercept fund (see "THE BONDS– Security for the Bonds" herein).

The Bonds are subject to redemption prior to their stated maturity as more fully described herein. (See "THE BONDS – Optional Redemption" and "Mandatory Sinking Fund Redemption" herein).

Interest on the Series A Bonds will be payable on December 1, 2020 and semiannually thereafter on each June 1 and December 1 until maturity or redemption prior to maturity. Interest on the Series B Bonds will be payable on January 1, 2021 and semiannually thereafter on each July 1 and January 1 until maturity or redemption prior to maturity. The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (the "DTC"), New York, New York. The beneficial owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium, if any, and interest on the Bonds will be payable by U.S. Bank National Association, Hartford, Connecticut to DTC or its nominee as registered owner of the Bonds. (See "THE BONDS – Book-Entry-Only System"). Ownership of the Bonds shall be in principal amounts of \$5,000 or integral multiples thereof.

The Bonds will bear interest at the rates per annum and will mature in the amounts and on such dates as set forth in the table on the inside cover of this Official Statement.

The scheduled payment of principal and interest on the Series B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series B Bonds by Build America Mutual Assurance Company. (See "BOND INSURANCE" and Appendix F – "Specimen Municipal Bond Insurance Policy" herein).



The Bonds are offered subject to the final approving opinions of Pullman & Comley, LLC, Bridgeport, Connecticut, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Updike, Kelly & Spellacy, P.C., Hartford, Connecticut. PFM Financial Advisors LLC, Boston, Massachusetts, and Phoenix Advisors, LLC, Milford, Connecticut have served as Municipal Advisors in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 2, 2020.

*General Obligation Bonds, 2020 Series A*

**Siebert Williams Shank & Co., LLC**

**Oppenheimer & Co.**

**Piper Sandler & Co.**

**Raymond James**

*General Obligation Bonds, 2020 Series B*

**Raymond James**

**J.P. Morgan**

**M&T Securities, Inc.**

**Mesirow Financial, Inc.**



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## Cash Flows

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**City of Bridgeport, Connecticut  
General Obligation Bonds - Series B (Federally Taxable)  
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May 20, 2020**

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## SOURCES AND USES OF FUNDS

**City of Bridgeport, Connecticut**  
**General Obligation Bonds - Series B (Federally Taxable)**  
**Final Pricing Numbers - Revised Par Amounts**  
**May 20, 2020**

**Sources:**

Bond Proceeds:	
Par Amount	13,095,000.00
Premium	123,460.75
<div style="text-align: right;">13,218,460.75</div>	
<div style="text-align: right;">13,218,460.75</div>	

**Uses:**

Project Fund Deposits:	
TX Project Fund - 20 Year	12,800,000.00
Delivery Date Expenses:	
Cost of Issuance	74,000.00
Underwriter's Discount	81,987.50
Bond Insurance	261,900.00
	417,887.50
Other Uses of Funds:	
Additional Proceeds	573.25
<div style="text-align: right;">13,218,460.75</div>	
<div style="text-align: right;">13,218,460.75</div>	

**BOND SUMMARY STATISTICS**

**City of Bridgeport, Connecticut**  
**General Obligation Bonds - Series B (Federally Taxable)**  
**Final Pricing Numbers - Revised Par Amounts**  
**May 20, 2020**

Dated Date	06/02/2020
Delivery Date	06/02/2020
Last Maturity	07/01/2039
Arbitrage Yield	3.730181%
True Interest Cost (TIC)	3.578349%
Net Interest Cost (NIC)	3.629013%
All-In TIC	3.864208%
Average Coupon	3.656651%
Average Life (years)	11.459
Duration of Issue (years)	9.270
Par Amount	13,095,000.00
Bond Proceeds	13,218,460.75
Total Interest	5,487,165.34
Net Interest	5,445,692.09
Total Debt Service	18,582,165.34
Maximum Annual Debt Service	996,405.00
Average Annual Debt Service	973,879.68
Underwriter's Fees (per \$1000)	
Average Takedown	4.466399
Other Fee	1.794578
Total Underwriter's Discount	6.260977
Bid Price	100.316711

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Series B Taxable Serial Bonds	5,590,000.00	100.000	2.697%	6.249
Series B Taxable Term Bonds	3,840,000.00	101.647	3.625%	13.152
Series B Taxable Term Bond 2	3,665,000.00	101.643	4.200%	17.633
	13,095,000.00			11.459

	TIC	All-In TIC	Arbitrage Yield
Par Value	13,095,000.00	13,095,000.00	13,095,000.00
+ Accrued Interest			
+ Premium (Discount)	123,460.75	123,460.75	123,460.75
- Underwriter's Discount	-81,987.50	-81,987.50	
- Cost of Issuance Expense		-74,000.00	
- Other Amounts		-261,900.00	-261,900.00
Target Value	13,136,473.25	12,800,573.25	12,956,560.75
Target Date	06/02/2020	06/02/2020	06/02/2020
Yield	3.578349%	3.864208%	3.730181%

## BOND PRICING

### City of Bridgeport, Connecticut General Obligation Bonds - Series B (Federally Taxable) Final Pricing Numbers - Revised Par Amounts May 20, 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Series B Taxable Serial Bonds:										
	07/01/2022	565,000	1.900%	1.900%	100.000					3.750
	07/01/2023	575,000	2.050%	2.050%	100.000					3.750
	07/01/2024	590,000	2.300%	2.300%	100.000					3.750
	07/01/2025	600,000	2.450%	2.450%	100.000					3.750
	07/01/2026	615,000	2.600%	2.600%	100.000					3.750
	07/01/2027	635,000	2.700%	2.700%	100.000					3.750
	07/01/2028	650,000	2.850%	2.850%	100.000					3.750
	07/01/2029	670,000	2.900%	2.900%	100.000					3.750
	07/01/2030	690,000	3.000%	3.000%	100.000					3.750
		<u>5,590,000</u>								
Series B Taxable Term Bonds:										
	07/01/2031	715,000	3.625%	3.430%	101.647 C	3.483%	07/01/2030	100.000	11,776.05	5.000
	07/01/2032	740,000	3.625%	3.430%	101.647 C	3.483%	07/01/2030	100.000	12,187.80	5.000
	07/01/2033	765,000	3.625%	3.430%	101.647 C	3.483%	07/01/2030	100.000	12,599.55	5.000
	07/01/2034	795,000	3.625%	3.430%	101.647 C	3.483%	07/01/2030	100.000	13,093.65	5.000
	07/01/2035	825,000	3.625%	3.430%	101.647 C	3.483%	07/01/2030	100.000	13,587.75	5.000
		<u>3,840,000</u>							63,244.80	
Series B Taxable Term Bond 2:										
	07/01/2036	860,000	4.200%	4.000%	101.643 C	4.075%	07/01/2030	100.000	14,129.80	5.000
	07/01/2037	895,000	4.200%	4.000%	101.643 C	4.075%	07/01/2030	100.000	14,704.85	5.000
	07/01/2038	935,000	4.200%	4.000%	101.643 C	4.075%	07/01/2030	100.000	15,362.05	5.000
	07/01/2039	975,000	4.200%	4.000%	101.643 C	4.075%	07/01/2030	100.000	16,019.25	5.000
		<u>3,665,000</u>							60,215.95	
		13,095,000							123,460.75	

Dated Date	06/02/2020
Delivery Date	06/02/2020
First Coupon	01/01/2021
Par Amount	13,095,000.00
Premium	123,460.75
Production	13,218,460.75
Underwriter's Discount	-81,987.50
Purchase Price	13,136,473.25
Accrued Interest	
Net Proceeds	13,136,473.25

**BOND DEBT SERVICE**

**City of Bridgeport, Connecticut**  
**General Obligation Bonds - Series B (Federally Taxable)**  
**Final Pricing Numbers - Revised Par Amounts**  
**May 20, 2020**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
01/01/2021			252,955.31	252,955.31	
06/30/2021					252,955.31
07/01/2021			217,856.25	217,856.25	
01/01/2022			217,856.25	217,856.25	
06/30/2022					435,712.50
07/01/2022	565,000	1.900%	217,856.25	782,856.25	
01/01/2023			212,488.75	212,488.75	
06/30/2023					995,345.00
07/01/2023	575,000	2.050%	212,488.75	787,488.75	
01/01/2024			206,595.00	206,595.00	
06/30/2024					994,083.75
07/01/2024	590,000	2.300%	206,595.00	796,595.00	
01/01/2025			199,810.00	199,810.00	
06/30/2025					996,405.00
07/01/2025	600,000	2.450%	199,810.00	799,810.00	
01/01/2026			192,460.00	192,460.00	
06/30/2026					992,270.00
07/01/2026	615,000	2.600%	192,460.00	807,460.00	
01/01/2027			184,465.00	184,465.00	
06/30/2027					991,925.00
07/01/2027	635,000	2.700%	184,465.00	819,465.00	
01/01/2028			175,892.50	175,892.50	
06/30/2028					995,357.50
07/01/2028	650,000	2.850%	175,892.50	825,892.50	
01/01/2029			166,630.00	166,630.00	
06/30/2029					992,522.50
07/01/2029	670,000	2.900%	166,630.00	836,630.00	
01/01/2030			156,915.00	156,915.00	
06/30/2030					993,545.00
07/01/2030	690,000	3.000%	156,915.00	846,915.00	
01/01/2031			146,565.00	146,565.00	
06/30/2031					993,480.00
07/01/2031	715,000	3.625%	146,565.00	861,565.00	
01/01/2032			133,605.63	133,605.63	
06/30/2032					995,170.63
07/01/2032	740,000	3.625%	133,605.63	873,605.63	
01/01/2033			120,193.13	120,193.13	
06/30/2033					993,798.76
07/01/2033	765,000	3.625%	120,193.13	885,193.13	
01/01/2034			106,327.50	106,327.50	
06/30/2034					991,520.63
07/01/2034	795,000	3.625%	106,327.50	901,327.50	
01/01/2035			91,918.13	91,918.13	
06/30/2035					993,245.63
07/01/2035	825,000	3.625%	91,918.13	916,918.13	
01/01/2036			76,965.00	76,965.00	
06/30/2036					993,883.13
07/01/2036	860,000	4.200%	76,965.00	936,965.00	
01/01/2037			58,905.00	58,905.00	
06/30/2037					995,870.00
07/01/2037	895,000	4.200%	58,905.00	953,905.00	
01/01/2038			40,110.00	40,110.00	
06/30/2038					994,015.00
07/01/2038	935,000	4.200%	40,110.00	975,110.00	
01/01/2039			20,475.00	20,475.00	
06/30/2039					995,585.00
07/01/2039	975,000	4.200%	20,475.00	995,475.00	
06/30/2040					995,475.00
	13,095,000		5,487,165.34	18,582,165.34	18,582,165.34



**BOND DEBT SERVICE**

**City of Bridgeport, Connecticut**  
**General Obligation Bonds - Series B (Federally Taxable)**  
**Final Pricing Numbers - Revised Par Amounts**  
**May 20, 2020**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
06/30/2021			252,955.31	252,955.31
06/30/2022			435,712.50	435,712.50
06/30/2023	565,000	1.900%	430,345.00	995,345.00
06/30/2024	575,000	2.050%	419,083.75	994,083.75
06/30/2025	590,000	2.300%	406,405.00	996,405.00
06/30/2026	600,000	2.450%	392,270.00	992,270.00
06/30/2027	615,000	2.600%	376,925.00	991,925.00
06/30/2028	635,000	2.700%	360,357.50	995,357.50
06/30/2029	650,000	2.850%	342,522.50	992,522.50
06/30/2030	670,000	2.900%	323,545.00	993,545.00
06/30/2031	690,000	3.000%	303,480.00	993,480.00
06/30/2032	715,000	3.625%	280,170.63	995,170.63
06/30/2033	740,000	3.625%	253,798.76	993,798.76
06/30/2034	765,000	3.625%	226,520.63	991,520.63
06/30/2035	795,000	3.625%	198,245.63	993,245.63
06/30/2036	825,000	3.625%	168,883.13	993,883.13
06/30/2037	860,000	4.200%	135,870.00	995,870.00
06/30/2038	895,000	4.200%	99,015.00	994,015.00
06/30/2039	935,000	4.200%	60,585.00	995,585.00
06/30/2040	975,000	4.200%	20,475.00	995,475.00
	13,095,000		5,487,165.34	18,582,165.34

**PROOF OF ARBITRAGE YIELD**

**City of Bridgeport, Connecticut  
General Obligation Bonds - Series B (Federally Taxable)  
Final Pricing Numbers - Revised Par Amounts  
May 20, 2020**

<i>Date</i>	<i>Debt Service</i>	<i>Present Value to 06/02/2020 @ 3.7301806165%</i>
01/01/2021	252,955.31	247,585.64
07/01/2021	217,856.25	209,327.51
01/01/2022	217,856.25	205,494.84
07/01/2022	782,856.25	724,915.77
01/01/2023	212,488.75	193,159.51
07/01/2023	787,488.75	702,747.22
01/01/2024	206,595.00	180,987.76
07/01/2024	796,595.00	685,080.49
01/01/2025	199,810.00	168,692.54
07/01/2025	799,810.00	662,887.92
01/01/2026	192,460.00	156,591.57
07/01/2026	807,460.00	644,946.29
01/01/2027	184,465.00	144,640.90
07/01/2027	819,465.00	630,786.21
01/01/2028	175,892.50	132,914.92
07/01/2028	825,892.50	612,667.09
01/01/2029	166,630.00	121,346.95
07/01/2029	836,630.00	598,113.65
01/01/2030	156,915.00	110,125.87
07/01/2030	846,915.00	583,497.98
01/01/2031	146,565.00	99,129.85
07/01/2031	861,565.00	572,053.74
01/01/2032	133,605.63	87,085.96
07/01/2032	873,605.63	559,002.12
01/01/2033	120,193.13	75,500.93
07/01/2033	885,193.13	545,865.09
01/01/2034	106,327.50	64,367.63
07/01/2034	901,327.50	535,647.59
01/01/2035	91,918.13	53,625.62
07/01/2035	916,918.13	525,141.51
01/01/2036	76,965.00	43,272.67
07/01/2036	936,965.00	517,152.23
01/01/2037	58,905.00	31,916.98
07/01/2037	953,905.00	507,398.77
01/01/2038	40,110.00	20,944.58
07/01/2038	975,110.00	499,858.58
01/01/2039	20,475.00	10,303.67
07/01/2039	995,475.00	491,782.59
	18,582,165.34	12,956,560.75

**Proceeds Summary**

Delivery date	06/02/2020
Par Value	13,095,000.00
Premium (Discount)	123,460.75
Arbitrage expenses	-261,900.00
Target for yield calculation	12,956,560.75



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## Prior Bridgeport Transactions

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## RECENT CITY OF BRIDGEPORT TRANSACTIONS

PUBLIC FINANCE

Issuer	City of Bridgeport, Connecticut General Obligation Bonds 2019 Series C (Federally Taxable)					City of Bridgeport, Connecticut General Obligation Bonds 2019 Series D (Federally Taxable)					City of Bridgeport, Connecticut General Obligation Bonds 2019 Series E (Tax-Exempt)					
Bond Type																
Series																
Pricing Date	October 10, 2019					October 10, 2019					October 10, 2019					
Par Amount	\$125,405,000					\$22,965,000					\$13,015,000					
Call Date	Par Call 2/1/2029					Par Call 2/1/2029					Par Call 2/1/2029					
Rating	Baa1/A/A(Ins)					Baa1/A/A(Ins)					Baa1/A/A(Ins)					
Due Date	Due 15-Sept					Due 15-Sept					Due 15- Sept					
Due:	Par (\$000s)	Coupon (%)	Treasuries Yield (%)	10/10	Spread (bps)	Par (\$000s)	Coupon (%)	Treasuries Yield (%)	10/10	Spread (bps)	Par (\$000s)	Coupon (%)	Treasuries Yield (%)	10/10	MMD	Spread (bps)
2020																
2021																
2022																
2023																
2024																
2025																
2026																
2027																
2028						5,170	2.91	2.91	1.66	1.25						
2029	1,000	2.96	2.96	1.66	1.30						7,860	5.00	1.87	1.42	0.45	
2030											5,155	5.00	1.97	1.48	0.49	
2031						17,795	3.16	3.16	1.66	1.50						
2032																
2033																
2034	34,310	3.36	3.36	1.66	1.70											
2035																
2036																
2037																
2038																
2039	40,885	3.65	3.65	2.15	1.50											
2040																
2041																
2042																
2043																
2044	49,210	3.75	3.75	2.15	1.60											
2045																
2046																
2047																
2048																
2049																



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## Price Views and Pricing Wires

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## General Obligation Bonds, 2020 Series B (Taxable)

## Spreads to US Treasuries

Maturity July 1	Spreads to US Treasuries				Average
	RJ	JPM	M&T	Mesirow	
2022	+180	+180	+175	+185	+180
2023	+190	+190	+190	+190	+190
2024	+200	+200	+205	+200	+201
2025	+215	+215	+215	+215	+215
2026	+215	+215	+225	+215	+218
2027	+230	+230	+230	+225	+229
2028	+230	+230	+235	+225	+230
2029	+235	+235	+240	+235	+236
2030	+245	+245	+245	+240	+244
2035	+290	+290	+275	+290	+286
2039	+275	+285	+255	+275	+273

Wires

Wire Details

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
05/20/20 10:38 AM	Raymond James & Asso	NY	Preliminary Pricing Wire		Neg

RE: \$ 12,315,000\*  
 City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

POS URL: <https://www.munios.com/munios-notice.aspx?i=TXS2W2kJFpE2>

Ladies and Gentlemen:

We have a release -- the Order Period will run until 12:30 PM EDT

\*\*\*\*\* ATTENTION \*\*\*\*\*  
 THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS  
 SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL  
 ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A  
 MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: NR	S&P: AA
	(A underlying)
FITCH: A	KROLL:

BUILD AMERICA MUTUAL ASSURANCE CO Insured

DATED:06/02/2020 FIRST COUPON:01/01/2021

DUE: 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN ( Pts )
07/01/2022	530M	1.90%	100.00	3/8
07/01/2023	540M	2.05%	100.00	3/8
07/01/2024	550M	2.30%	100.00	3/8
07/01/2025	565M	2.45%	100.00	3/8
07/01/2026	580M	2.65%	100.00	3/8
07/01/2027	595M	2.75%	100.00	3/8
07/01/2028	610M	2.90%	100.00	3/8
07/01/2029	630M	2.95%	100.00	3/8
07/01/2030	650M	3.05%	100.00	3/8
07/01/2035	3,610M	3.625%	3.50	1/2
(Approx. \$ Price PTC 07/01/2030 101.051 Approx. YTM 3.534)				
07/01/2039	3,455M	4.20%	4.05	1/2
(Approx. \$ Price PTC 07/01/2030 101.228 Approx. YTM 4.106)				

-----  
 CALL FEATURES: Optional call in 07/01/2030 @ 100.00  
 -----

Sinking Fund Schedule

2035 Term Bond

07/01/2031	670M
07/01/2032	695M
07/01/2033	720M
07/01/2034	750M
07/01/2035	775M

Sinking Fund Schedule

2039 Term Bond

07/01/2036	810M
07/01/2037	845M
07/01/2038	880M
07/01/2039	920M

\* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 12:30 PM, Eastern, Wednesday, 05/20/20.  
Please use Electronic Order Entry to enter orders or call (212) 909-4045.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:

1. Net Designated
2. Member

PRIORITY POLICY:

At least 3 firm(s) must be designated.

No firm may receive more than 55.00% of any designation.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Tuesday, May 19, 2020.

Delivery is expected on Tuesday, June 2, 2020.

This issue is book entry only. This issue is clearing through DTC.

Raymond James & Associates, Inc.  
J.P. Morgan Securities LLC  
M&T Securities, Inc.  
Mesirow Financial Inc.

By: Raymond James & Associates, Inc. New York, NY



Wires

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
05/20/20 01:28 PM	Raymond James & Asso NY		Repricing Wire		Neg

RE: \$ 13,095,000\*  
 City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

POS URL: <https://www.munios.com/munios-notice.aspx?i=TXS2W2kJFpE2>

Ladies and Gentlemen:

We have received the Verbal Award at the following Re-Pricing:

All orders previously entered will be considered good at the new levels unless we are notified to the contrary by 2:00 PM EDT

\*\*\*\*\* ATTENTION \*\*\*\*\*  
 THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS  
 SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL  
 ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A  
 MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: NR	S&P: AA
	(A underlying)
FITCH: A	KROLL:

BUILD AMERICA MUTUAL ASSURANCE CO Insured

DATED:06/02/2020 FIRST COUPON:01/01/2021

DUE: 07/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN ( Pts )
07/01/2022	565M	1.90%	100.00	3/8
07/01/2023	575M	2.05%	100.00	3/8
07/01/2024	590M	2.30%	100.00	3/8
07/01/2025	600M	2.45%	100.00	3/8
07/01/2026	615M	2.60%	100.00	3/8
07/01/2027	635M	2.70%	100.00	3/8
07/01/2028	650M	2.85%	100.00	3/8
07/01/2029	670M	2.90%	100.00	3/8
07/01/2030	690M	3.00%	100.00	3/8
07/01/2035	3,840M	3.625%	3.43	1/2
(Approx. \$ Price PTC 07/01/2030 101.647 Approx. YTM 3.483)				
07/01/2039	3,665M	4.20%	4.00	1/2
(Approx. \$ Price PTC 07/01/2030 101.643 Approx. YTM 4.075)				

-----  
 CALL FEATURES: Optional call in 07/01/2030 @ 100.00  
 -----

Sinking Fund Schedule

2035 Term Bond

07/01/2031	715M
07/01/2032	740M
07/01/2033	765M
07/01/2034	795M
07/01/2035	825M

Sinking Fund Schedule

2039 Term Bond

07/01/2036	860M
07/01/2037	895M
07/01/2038	935M
07/01/2039	975M

\* - APPROXIMATE SUBJECT TO CHANGE

PRIORITY OF ORDERS AS FOLLOWS:

1. Net Designated
2. Member

PRIORITY POLICY:

At least 3 firm(s) must be designated.

No firm may receive more than 55.00% of any designation.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Tuesday, May 19, 2020.

Delivery is expected on Tuesday, June 2, 2020.

This issue is book entry only. This issue is clearing through DTC.

Raymond James & Associates, Inc.  
J.P. Morgan Securities LLC  
M&T Securities, Inc.  
Mesirow Financial Inc.

By: Raymond James & Associates, Inc. New York, NY

Wires

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
05/21/20 09:11 AM	Raymond James & Asso NY		Final Pricing Wire		Neg

RE: \$ 13,095,000  
 City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

POS URL: <https://www.munios.com/munios-notice.aspx?i=TXS2W2kJFpE2>

Ladies and Gentlemen:

We have received the Written Award - Final Details are as follows:

Trade time will be 11:15 AM EDT

\*\*\*\*\* ATTENTION \*\*\*\*\*  
 THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS  
 SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL  
 ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A  
 MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: NR	S&P: AA
	(A underlying)
FITCH: A	KROLL:

BUILD AMERICA MUTUAL ASSURANCE CO Insured

DATED:06/02/2020 FIRST COUPON:01/01/2021

DUE: 07/01

INITIAL TRADE DATE: 05/21/2020 @ 11:15AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN ( Pts )	CUSIP
07/01/2022	565M	1.90%	100.00	3/8	108152GV5
07/01/2023	575M	2.05%	100.00	3/8	108152GW3
07/01/2024	590M	2.30%	100.00	3/8	108152GX1
07/01/2025	600M	2.45%	100.00	3/8	108152GY9
07/01/2026	615M	2.60%	100.00	3/8	108152GZ6
07/01/2027	635M	2.70%	100.00	3/8	108152HA0
07/01/2028	650M	2.85%	100.00	3/8	108152HB8
07/01/2029	670M	2.90%	100.00	3/8	108152HC6
07/01/2030	690M	3.00%	100.00	3/8	108152HD4
07/01/2035	3,840M	3.625%	3.43	1/2	108152HE2
(Approx. \$ Price PTC 07/01/2030 101.647 Approx.					
YTM 3.483)					
07/01/2039	3,665M	4.20%	4.00	1/2	108152HF9
(Approx. \$ Price PTC 07/01/2030 101.643 Approx.					
YTM 4.075)					

-----  
 CALL FEATURES: Optional call in 07/01/2030 @ 100.00

-----  
Sinking Fund Schedule

2035 Term Bond

07/01/2031	715M
07/01/2032	740M
07/01/2033	765M
07/01/2034	795M
07/01/2035	825M

Sinking Fund Schedule

2039 Term Bond

07/01/2036	860M
07/01/2037	895M
07/01/2038	935M
07/01/2039	975M

PRIORITY OF ORDERS AS FOLLOWS:

1. Net Designated
2. Member

PRIORITY POLICY:

At least 3 firm(s) must be designated.

No firm may receive more than 55.00% of any designation.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

The Award is final for Wednesday, May 20, 2020 at 4:36PM Eastern .

Delivery is firm for Tuesday, June 2, 2020.

This issue is book entry only. This issue is clearing through DTC.

Award:	05/20/2020
Award Time:	4:36PM Eastern
Delivery:	06/02/2020 (Firm)
Initial trade:	05/21/2020
Date of Execution:	05/21/2020
Time of Execution:	11:15AM Eastern

Raymond James & Associates, Inc.  
J.P. Morgan Securities LLC  
M&T Securities, Inc.  
Mesirow Financial Inc.

By: Raymond James & Associates, Inc. New York, NY

Email Address

Date Sent

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## Wires

Rec'd Date/Time (EST)	Sender	ST	Wire Type/Title	Master Message #	Deal Type
05/20/20 01:34 PM	Raymond James & Asso	NY	Cusip Wire		Neg

RE: \$ 13,095,000  
 City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

Award: 05/19/2020  
 Delivery: 06/02/2020 (Expected)  
 Initial trade:  
 Date of Execution:  
 Time of Execution:

MATURITY	CUSIP	COUPON
-----	-----	-----
07/01/2022	108152GV5	1.900
07/01/2023	108152GW3	2.050
07/01/2024	108152GX1	2.300
07/01/2025	108152GY9	2.450
07/01/2026	108152GZ6	2.600
07/01/2027	108152HA0	2.700
07/01/2028	108152HB8	2.850
07/01/2029	108152HC6	2.900
07/01/2030	108152HD4	3.000
07/01/2035	108152HE2	3.625
07/01/2039	108152HF9	4.200

This issue is book entry only. This issue is clearing through DTC.

Raymond James & Associates, Inc.  
 J.P. Morgan Securities LLC  
 M&T Securities, Inc.  
 Mesirov Financial Inc.

By: Raymond James & Associates, Inc. New York, NY

Email Address	Date Sent
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## Pricing Progressions

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## The City of Bridgeport, Connecticut - Pricing Progression

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### Pre-Pricing Scale (5/20/20-AM)

General Obligation Bonds (Federally Taxable), 2020 Series B				
Year	Treasury	Spread to UST	Yield	Coupon
2022	0.150	1.750	1.900	1.900
2023	0.200	1.850	2.050	2.050
2024	0.350	1.950	2.300	2.300
2025	0.350	2.100	2.450	2.450
2026	0.550	2.100	2.650	2.650
2027	0.550	2.200	2.750	2.750
2028	0.700	2.200	2.900	2.900
2029	0.700	2.250	2.950	2.950
2030	0.700	2.350	3.050	3.050
2035	0.700	2.800	3.500	3.625
2039	1.410	2.640	4.050	4.200

### Re-Pricing Scale (5/20/20-PM)

General Obligation Bonds (Federally Taxable), 2020 Series B					
Year	Treasury	Spread to UST	Yield	Coupon	Difference
2022	0.150	1.750	1.900	1.900	0.000
2023	0.200	1.850	2.050	2.050	0.000
2024	0.350	1.950	2.300	2.300	0.000
2025	0.350	2.100	2.450	2.450	0.000
2026	0.550	<b>2.050</b>	2.600	2.600	(0.050)
2027	0.550	<b>2.150</b>	2.700	2.700	(0.050)
2028	0.700	<b>2.150</b>	2.850	2.850	(0.050)
2029	0.700	<b>2.200</b>	2.900	2.900	(0.050)
2030	0.700	<b>2.300</b>	3.000	3.000	(0.050)
2035	0.700	<b>2.730</b>	3.430	3.625	(0.070)
2039	1.410	<b>2.590</b>	4.000	4.200	(0.050)





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## Summary of Market Conditions

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## Fixed Income Market Commentary

### Kevin Giddis, Chief Fixed Income Strategist



# FIXED INCOME

#### Key Takeaways

Political Theater In A Virtual Environment

Treasury Dusts Off The 20-Year Today

Credit To The Fed For What It Has Done

Treasury Secretary Steven Mnuchin and Fed Chairman Jerome Powell gave us a glimpse of what testifying before Congress in an online setting looks like, and it only made me miss the physical setting of the office more! It also made me feel better that the technology of the Federal Government isn't really any better than what I have in my own home. The gist of the testimony was for members of the Senate Banking Committee to grill Mnuchin and Powell about the CARES Act and what they are doing with the money. That seems fair and, as awkward as it was to watch, what we found out is that both had a different take on what to do next. Mnuchin was likely more political with his idea that we need to let some time go by before the next stimulus package should be pushed through Congress. Fed Chair Powell, who has been very consistent in his call for more fiscal stimulus continued to say that now is the time to push for more money to help the economy if we really wanted to salvage the third and fourth quarters of 2020.

I am not really sure whether much was gained by this testimony other than we should plan on a real showdown soon, especially with the House passing a new \$3 trillion package last week. It was pretty much passed along party lines and yesterday's congressional testimony might indicate that negotiations could take a while before we see a compromise or agreement between the parties. Most traders still believe that there will be a new package, but it may be more about timing and the Senate is saying a lot right now.

No matter when we will see a new stimulus package, you still have to pay for what you have done to date and that begins today with the first auction of 20-year Treasuries since 1986. The Treasury will sell \$20 billion and it appears that it will see a yield somewhere in the neighborhood of 1.25%, give or take a couple of basis points. Side note: believe it or not, one of the first trades I ever did in my own account was the purchase of a 20-year Treasury. The yield at that time was slightly over 13%, so times (and yields) have really changed since then! Traders are mixed as to how this auction will go. Probably because most of those traders and portfolio managers have never seen a 20-year Treasury and are not sure how to match it against its liabilities, so we may see some sloppy trading as this adjustment takes place, but it is surely a good way for the Treasury to finance 'long and low' when it comes to paying for the current and future stimulus that is going to be required to rebuild the US economy.

With so many eyes on today's Treasury auction, you might miss the release of the FOMC minutes from the April 29 meeting this afternoon. Maybe that's because they aren't likely to hold too many surprises as to the depth of the economic fall or the Fed's response to the crisis. One thing that won't be in the minutes will be that the Fed's initiatives have largely worked, even without spending or lending a whole lot of the money. While the Fed took the Fed Funds rate to 0-.25%, its strong response helped to push yields on other short-term instruments in line with the Fed's rate. Remember when 3-month LIBOR was 1.45%? Today it's trading at 0.37%. Remember when high-quality 30-day commercial paper was trading at 1.80%? Today it's trading at 0.11%. While they can't take credit for it in today's minutes, the action is noted in the market, and that is what gives us hope for the future.

#### DISCLOSURES

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## Distribution Analysis

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**The City of Bridgeport, Connecticut**  
*Summary of Orders & Allotments*

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<b>Deal:</b>	General Obligation Bonds
<b>Series:</b>	2020 Series B (Taxable)
<b>Par:</b>	\$13,095,000

<b>Investors</b>		<b>Orders</b>		<b>Allotments</b>
Bank of Southside Virginia	\$	250	\$	250
Bellehaven		8,865		3,240
Blue Fin Partners		7,505		1,000
Cantor Fitzgerald Relative Value		1,730		1,080
Cincinatti Financial Corporation		3,665		1,215
CL King & Associates		1,500		250
Federated Mutual Insurance Company		7,505		1,590
Freedom Bank		1,900		500
Performance Trust		7,505		1,000
SIT Investments		615		200
Wells Capital		6,485		2,435
World Financial Services		1,000		200
Retail		135		135
<b>Total</b>	<b>\$</b>	<b>48,660</b>	<b>\$</b>	<b>13,095</b>

**12 Unique Institutional Investors**

**Summary of Allotments by Investors**

**2020 Series B (Federally Taxable)**

Investor	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2039	Total
Bank of Southside Virginia	-	-	-	-	-	-	-	-	-	250	-	\$ 250
Bellehaven	-	280	300	\$ 585	\$ 205	\$ 175	\$ 190	\$ 225	\$ 280	\$ 1,000	-	\$ 3,240
Blue Fin Partners	-	-	-	-	-	-	-	-	-	-	1,000	\$ 1,000
Cantor Fitzgerald Relative Value	\$ 525	\$ 275	\$ 280	-	-	-	-	-	-	-	-	\$ 1,080
Cincinatti Financial Corporation	-	-	-	-	-	-	-	-	-	-	1,215	\$ 1,215
CL King & Associates	-	-	-	-	-	-	-	-	-	-	250	\$ 250
Federated Mutual Insurance Company	-	-	-	-	-	-	-	-	-	1,590	-	\$ 1,590
Freedom Bank	-	-	-	-	200	150	150	-	-	-	-	\$ 500
Performance Trust	-	-	-	-	-	-	-	-	-	-	1,000	\$ 1,000
SIT Investments	-	-	-	-	200	-	-	-	-	-	-	\$ 200
Wells Capital	-	-	-	-	-	300	300	435	400	1,000	-	\$ 2,435
World Financial Services	-	-	-	-	-	-	-	-	-	-	200	\$ 200
Retail	40	20	10	15	10	10	10	10	10	-	-	\$ 135
<b>Total</b>	<b>\$ 565</b>	<b>\$ 575</b>	<b>\$ 590</b>	<b>\$ 600</b>	<b>\$ 615</b>	<b>\$ 635</b>	<b>\$ 650</b>	<b>\$ 670</b>	<b>\$ 690</b>	<b>\$ 3,840</b>	<b>\$ 3,665</b>	<b>\$ 13,095</b>

**Orders and Allotments by Maturity**

Deal Code: CTBRIDGEPORT0520

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**565 Bonds 07/01/2022**

**Cusip: 108152GV5**

**Coupon: 1.900      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	6	565	525	2	No	ND	100.00-3/8P	Cantor Fitzgerald Relative Value; ID901451; 41K; Dick Mulligan; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:50:17 AM;
<b>Raymond James &amp; Asso</b>		<b>565</b>	<b>525</b>					
J.P. Morgan Sec	5	10	40	1	Yes	ND	100.00	77056; ; Entered: 5/20/2020 10:49:40 AM;
J.P. Morgan Sec	47	10		1	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:18:48 AM;
J.P. Morgan Sec	53	10		1	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:26:22 AM;
J.P. Morgan Sec	58	5		1	Yes	ND	100.00	89521; ; Entered: 5/20/2020 11:35:27 AM;
J.P. Morgan Sec	63	5		1	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:54:24 AM;
<b>J.P. Morgan Sec</b>		<b>40</b>	<b>40</b>					
Mesirow Financial In	20	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		705	565 Totals					
		565	565 Maturity Size					
		-140	Balance					

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**575 Bonds 07/01/2023**

**Cusip: 108152GW3**

**Coupon: 2.050      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment	
Raymond James & Asso	7	575	275	4	No	ND	100.00-3/8P	Cantor Fitzgerald Relative Value; ID901451; 41K; Dick Mulligan; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:50:17 AM;	
Raymond James & Asso	10	575	280	5	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;	
<b>Raymond James &amp; Asso</b>		<b>1,150</b>	<b>555</b>						
J.P. Morgan Sec	57	10	20	3	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:32:17 AM;	
J.P. Morgan Sec	62	5		3	Yes	ND	100.00	10708; ; Entered: 5/20/2020 11:53:10 AM;	
J.P. Morgan Sec	64	5		3	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:54:56 AM;	
<b>J.P. Morgan Sec</b>		<b>20</b>	<b>20</b>						
Mesirow Financial In	21	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;	
<b>Mesirow Financial In</b>		<b>100</b>							
		1,270	575	Totals					
		575	575	Maturity Size					
		-695		Balance					

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
General Obligation Bonds (Federally Taxable), 2020 Series B

**590 Bonds 07/01/2024**

**Cusip: 108152GX1**

**Coupon: 2.300      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	8	590	280	7	No	ND	100.00-3/8P	Cantor Fitzgerald Relative Value; ID901451; 41K; Dick Mulligan; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:50:17 AM;
Raymond James & Asso	11	590	300	8	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
<b>Raymond James &amp; Asso</b>		<b>1,180</b>	<b>580</b>					
J.P. Morgan Sec	51	10	10	6	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:21:43 AM;
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>					
Mesirow Financial In	22	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		1,290	590					Totals
		590	590					Maturity Size
		-700						Balance



**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**600 Bonds 07/01/2025**

**Cusip: 108152GY9**

**Coupon: 2.450      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	12	600	585	10	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
<b>Raymond James &amp; Asso</b>		<b>600</b>	<b>585</b>					
J.P. Morgan Sec	39	5	15	9	Yes	ND	100.00	04330; ; Entered: 5/20/2020 11:10:31 AM;
J.P. Morgan Sec	50	10		9	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:21:09 AM;
<b>J.P. Morgan Sec</b>		<b>15</b>	<b>15</b>					
Mesirow Financial In	23	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		715	600 Totals					
		600	600 Maturity Size					
		-115	Balance					

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**615 Bonds 07/01/2026**

**Cusip: 108152GZ6**

**Coupon: 2.600      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment	
Raymond James & Asso	13	615	205	12	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;	
Raymond James & Asso	59	615	200	13	No	ND	100.00-3/8P	Freedom Bank; IC669566; 45K; Frank Talbott; V1F; Richmond, VA; NET; \$3.75; Comment: freedom bank va; Entered: 5/20/2020 11:49:50 AM;	
Raymond James & Asso	65	615	200	14	No	ND	100.00-3/8P	SIT INVESTMENTS; IC681119; 72K; Greg Faulkner; 2VA; Memphis, TN; NET; \$3.75; Comment: Mark book pm; Entered: 5/20/2020 11:55:48 AM;	
<b>Raymond James &amp; Asso</b>		<b>1,845</b>	<b>605</b>						
J.P. Morgan Sec	49	10	10	11	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:20:35 AM;	
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>						
Mesirow Financial In	24	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;	
<b>Mesirow Financial In</b>		<b>100</b>							
		1,955	615 Totals						
		615	615 Maturity Size						
		<b>-1,340</b>	<b>Balance</b>						

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**635 Bonds 07/01/2027**

**Cusip: 108152HA0**

**Coupon: 2.700      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	1	595			No	ND	100.00-3/8P	Elements Financial; IC644792; 70J; David Howser; 2VA; Memphis, TN; NET; \$3.75; Comment: Would prefer 2 full maturities; up to 1mm/250 min; Entered: 5/20/2020 10:44:18 AM;
Raymond James & Asso	14	635	175	16	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
Raymond James & Asso	41	635	300	18	No	ND	100.00-3/8P	Wells Capital; IC681113; 20L; Rep 20L; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 11:14:06 AM;
Raymond James & Asso	60	635	150	19	No	ND	100.00-3/8P	Freedom Bank; IC669566; 45K; Frank Talbott; V1F; Richmond, VA; NET; \$3.75; Comment: freedom bank va; Entered: 5/20/2020 11:49:50 AM;
<b>Raymond James &amp; Asso</b>		<b>2,500</b>	<b>625</b>					
J.P. Morgan Sec	56	10	10	15	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:27:24 AM;
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>					
Mesirow Financial In	25	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		2,610	635	Totals				
		635	635	Maturity Size				
		-1,975		Balance				

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**650 Bonds 07/01/2028**

**Cusip: 108152HB8**

**Coupon: 2.850      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	2	610			No	ND	100.00-3/8P	Elements Financial; IC644792; 70J; David Howser; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:44:18 AM;
Raymond James & Asso	15	650	190	22	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
Raymond James & Asso	42	650	300	23	No	ND	100.00-3/8P	Wells Capital; IC681113; 20L; Rep 20L; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 11:14:06 AM;
Raymond James & Asso	61	650	150	24	No	ND	100.00-3/8P	Freedom Bank; IC669566; 45K; Frank Talbott; V1F; Richmond, VA; NET; \$3.75; Entered: 5/20/2020 11:49:50 AM;
<b>Raymond James &amp; Asso</b>		<b>2,560</b>	<b>640</b>					
J.P. Morgan Sec	52	10	10	20	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:23:29 AM;
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>					
Mesirow Financial In	26	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		2,670	650 Totals					
		650	650 Maturity Size					
		<b>-2,020</b>	<b>Balance</b>					

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**670 Bonds 07/01/2029**

**Cusip: 108152HC6**

**Coupon: 2.900      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	3	630			No	ND	100.00-3/8P	Elements Financial; IC644792; 70J; David Howser; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:44:18 AM;
Raymond James & Asso	16	670	225	27	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
Raymond James & Asso	43	670	435	28	No	ND	100.00-3/8P	Wells Capital; IC681113; 20L; Rep 20L; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 11:14:06 AM;
<b>Raymond James &amp; Asso</b>		<b>1,970</b>	<b>660</b>					
J.P. Morgan Sec	48	10	10	25	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:19:49 AM;
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>					
Mesirow Financial In	27	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		2,080	670	Totals				
		670	670	Maturity Size				
		-1,410		Balance				

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**690 Bonds 07/01/2030**

**Cusip: 108152HD4**

**Coupon: 3.000      Price: 100.0000      Concession:      Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	4	250			No	ND	100.00-3/8P	Elements Financial; IC644792; 70J; David Howser; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 10:44:18 AM;
Raymond James & Asso	17	690	280	31	No	ND	100.00-3/8P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$3.75; Comment: all; Entered: 5/20/2020 10:50:37 AM;
Raymond James & Asso	44	690	400	32	No	ND	100.00-3/8P	Wells Capital; IC681113; 20L; Rep 20L; 2VA; Memphis, TN; NET; \$3.75; Entered: 5/20/2020 11:14:06 AM;
<b>Raymond James &amp; Asso</b>		<b>1,630</b>	<b>680</b>					
J.P. Morgan Sec	46	10	10	29	Yes	ND	100.00	32181; ; Entered: 5/20/2020 11:18:16 AM;
<b>J.P. Morgan Sec</b>		<b>10</b>	<b>10</b>					
Mesirow Financial In	28	100			No	MEM	100.00-3/8P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>100</b>						
		1,740	690	Totals				
		690	690	Maturity Size				
		-1,050		Balance				

**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**3,840 Bonds 07/01/2035**

**Cusip: 108152HE2**

**Coupon: 3.625      Price: 3.4300      Concession:      Takedown: 0.5000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	18	3,840	1,000	33	No	ND	3.43-1/2P	Bellehaven; ID901446; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$5.00; Comment: all; Entered: 5/20/2020 10:50:37 AM;
Raymond James & Asso	32	3,840			No	ND	3.43-1/2P	Blue Fin Partners; IC673279; 10A; John Drozjock; 10S; New York, NY; NET; \$5.00; Entered: 5/20/2020 10:55:44 AM;
Raymond James & Asso	34	3,840	1,590	35	No	ND	3.43-1/2P	FEDERATED MUTUAL INSURANCE COMPANY; IC529964; 50P; Rep 50P; 11Z; Chicago, IL; NET; \$5.00; Entered: 5/20/2020 10:58:14 AM;
Raymond James & Asso	38	250	250	36	No	ND	3.43-1/2P	Bank of Southside Virginia; IC695626; 37K; Rob Farmer; V1F; Richmond, VA; NET; \$5.00; Comment: AON; Entered: 5/20/2020 11:07:22 AM;
Raymond James & Asso	54	3,840			No	ND	3.43-1/2P	Performance Trust (Broker); ID901525; 24A; Peter Connelly; 11Z; Chicago, IL; NET; \$5.00; Comment: 1M MIN (CLOSE AS POSSIBLE); Entered: 5/20/2020 11:27:13 AM;
Raymond James & Asso	66	3,840	1,000	37	No	ND	3.43-1/2P	Wells Capital; IC681113; 20L; Rep 20L; 2VA; Memphis, TN; NET; \$5.00; Entered: 5/20/2020 12:00:46 PM;

**Raymond James & Asso      19,450      3,840**

J.P. Morgan Sec	35	1,500			No	MEM	3.43-1/2P	; Comment: STOCK - 1MM MIN; Entered: 5/20/2020 11:00:30 AM;
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**J.P. Morgan Sec      1,500**

Mesirow Financial In	29	600			No	MEM	3.43-1/2P	; Entered: 5/20/2020 10:54:49 AM;
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**Mesirow Financial In      600**

21,550      3,840 Totals  
 3,840      3,840 Maturity Size  
 -17,710      Balance

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**Orders and Allotments by Maturity**


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13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**3,665 Bonds 07/01/2039****Cusip: 108152HF9****Coupon: 4.200****Price: 4.0000****Concession:****Takedown: 0.5000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Raymond James & Asso	9	3,665	1,215	42	No	ND	4.00-1/2P	Cincinatti Financial Corporation; IC681496; 50P; Rep 50P; 11Z; Chicago, IL; NET; \$5.00; Comment: vanilla; Entered: 5/20/2020 10:50:31 AM;
Raymond James & Asso	19	1,500	250	41	No	ND	4.00-1/2P	CL King & Associates; ID901433; 08A; Jerry Buquicchio; 10S; New York, NY; NET; \$5.00; Comment: BRIAN; Entered: 5/20/2020 10:53:00 AM;
Raymond James & Asso	31	3,665			No	ND	4.00-1/2P	FEDERATED MUTUAL INSURANCE COMPANY; IC624779; 50P; Rep 50P; 11Z; Chicago, IL; NET; \$5.00; Entered: 5/20/2020 10:54:53 AM;
Raymond James & Asso	33	3,665	1,000	39	No	ND	4.00-1/2P	Blue Fin Partners; IC673279; 10A; John Drozjock; 10S; New York, NY; NET; \$5.00; Entered: 5/20/2020 10:55:44 AM;
Raymond James & Asso	55	3,665	1,000	40	No	ND	4.00-1/2P	Performance Trust (Broker); ID901525; 24A; Peter Connelly; 11Z; Chicago, IL; NET; \$5.00; Comment: 1M MIN (CLOSE AS POSSIBLE); Entered: 5/20/2020 11:27:13 AM;
<b>Raymond James &amp; Asso</b>		<b>16,160</b>	<b>3,465</b>					
Mesirow Financial In	37	1,000	200	44	No	ND	4.00	World Financial Services, a Division of Marquette de Bary ; ; Entered: 5/20/2020 11:03:45 AM;
<b>Mesirow Financial In</b>		<b>1,000</b>	<b>200</b>					
J.P. Morgan Sec	36	1,500			No	MEM	4.00-1/2P	; Comment: STOCK - 1MM MIN; Entered: 5/20/2020 11:00:30 AM;
<b>J.P. Morgan Sec</b>		<b>1,500</b>						



**Orders and Allotments by Maturity**

13,095,000

City of Bridgeport, Connecticut  
 General Obligation Bonds (Federally Taxable), 2020 Series B

**3,665 Bonds 07/01/2039**

**Cusip: 108152HF9**

**Coupon: 4.200**

**Price: 4.0000**

**Concession:**

**Takedown: 0.5000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
Mesirow Financial In	30	600			No	MEM	4.00-1/2P	; Entered: 5/20/2020 10:54:49 AM;
<b>Mesirow Financial In</b>		<b>600</b>						
		19,260	3,665	Totals				
		3,665	3,665	Maturity Size				
		-15,595		Balance				



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## Rating Reports

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# RatingsDirect®

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## Summary:

# Bridgeport, Connecticut; General Obligation

### Primary Credit Analyst:

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## Summary:

# Bridgeport, Connecticut; General Obligation

### Credit Profile

US\$42.16 mil GO bnds (federally taxable) ser 2020B due 07/01/2036		
<i>Long Term Rating</i>	A/Stable	New
US\$35.595 mil GO bnds (tax-exempt) ser 2020A due 08/15/2049		
<i>Long Term Rating</i>	A/Stable	New
Bridgeport GO (FGIC) (National)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed

## Rating Action

S&P Global Ratings assigned its 'A' long-term rating and underlying rating (SPUR) to Bridgeport, Conn.'s approximately \$39.6 million series 2020A (tax-exempt) and approximately \$42.2 million series 2020B (tax-exempt) general obligation (GO) bonds. At the same time, we affirmed our 'A' long-term rating and SPUR on the city's GO bonds outstanding. The outlook on all ratings is stable.

### Security and Use of Proceeds

The city's full faith and credit pledge, payable from the levy of an unlimited-ad valorem tax on all taxable property in the city, secures the series 2020A and series 2020B bonds.

We understand that officials will use proceeds from the series 2020A to finance various capital projects, including school improvements, economic development, and various other general government projects. Proceeds from the series 2020B bonds will be used to refund certain outstanding GO bonds of the city and to pay the cost of issuance.

### Credit Overview

The outlook reflects our view of Bridgeport's stable credit profile, supported by the city's reforms to steady and improve its financial position over the last four fiscal years despite budgetary challenges stemming from state fiscal uncertainty and managing a rising cost burden related to its long-term liabilities. These reforms included the implementation of spending controls and tax enforcement measures, development of conservative revenue plans to cushion the city's finances from fluctuations in state aid and local tax base conditions, and undertaking debt refinancings that achieved near-term debt service savings. Consequently, these reforms yielded overall positive general fund performance and bolstered operating flexibility to 3.6% of combined operating expenditures (general fund and education grant fund) at fiscal year-end 2019. Over the first eight months of fiscal 2020, a combination of expenditure savings and revenue growth have Bridgeport currently outperforming its budget plan, indicating that the city has built some financial capacity to alleviate near-term budget pressures.

In our view, however, the global spread of COVID-19 is an evolving credit risk that could continue to strain financial resources needed to protect public health and safety, and could dampen economic growth forecasts for states and local governments. The magnitude and duration of COVID-19 risks are likely remain fluid in the short-term and we

understand that management's response is consistent with broader efforts to curb the community spread of COVID-19. While we believe the city has identified current budget capacity to respond to the challenges over the short-term, we also view the direct and indirect consequences to Bridgeport to manage this elevated social risk over a medium- to long-term horizon as uncertain. Its combined liquidity and reserves are narrower relative to the sector as a whole, which could make it susceptible to prolonged market volatility and economic shocks. Therefore, we will continue to watch for latent credit stressors for the city, including deterioration in economic and financial performance, or liquidity stress on temporary investment and pension funds. (For additional information, see "COVID-19's Potential Effects In U.S. Public Finance Vary By Sector," published March 5, 2020 on RatingsDirect).

Bridgeport has historically exhibited sharp declines in wealth, income, and employment indicators during periods of economic contraction, followed by a more shallow recovery that lags that of the state and nation. In our view, it also has elevated exposure to state aid cuts relative to other Connecticut municipalities during periods of state-level fiscal headwinds, as was evidenced in fiscal 2018. This cyclical weakening and a slow rebound of its economic and financial foothold have challenged Bridgeport's capacity to manage long-term structural solutions that keep pace with deferred capital maintenance, self-insurance, high debt burden, and postemployment costs, factors we view as weighing on the city's credit quality beyond the outlook period.

The rating further reflects our view of the city':

- Weak economy, with projected per capita effective buying income at 65.6% and market value per capita of \$62,328;
- Adequate management, with "standard" financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating margins that we expect could narrow in the near term relative to fiscal 2019, which closed with balanced operating results in the general fund but a slight operating deficit at the total governmental fund level;
- Weak budgetary flexibility, with an available fund balance in fiscal 2019 of 3.6% of combined operating expenditures, and 4.1% of general fund only expenditures (unadjusted);
- Adequate liquidity, with total government available cash at 8.9% of total governmental fund expenditures and 82.1% of governmental debt service, and an exposure to a non-remote contingent liability risk, but access to external liquidity we consider strong;
- Very weak debt and contingent liability position, with debt service carrying charges at 11.1% of expenditures and net direct debt that is 138.9% of total governmental fund revenue, as well as high overall net debt at greater than 10% of market value and a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address the obligation; and
- Strong institutional framework score.

## Stable Two-Year Outlook

### Downside scenario

We could lower the rating if Bridgeport's financial profile were to deteriorate due to escalating debt and postemployment costs that overcrowd the budget, or if near-term budgetary pressures emerge from weakening economic conditions or otherwise, causing reserves or liquidity to deteriorate to a level we view as no longer commensurate with those of similarly rated peers.

### Upside scenario

We currently view the city's upside as limited over the outlook given current macro- and micro-economic conditions that could pressure wealth, income, and employment, coupled with long-term budgetary pressures that stem from its elevated debt, pension, and OPEB burden. Nevertheless, we could raise the rating if the city is able the weather near-term economic challenges and experience material improvement in wealth and income metrics, while also improving its budgetary flexibility and liquidity due to a consistent pattern of strong budgetary performance, and significantly reducing its debt and long-term liabilities.

## Credit Opinion

### Weak economy

We consider Bridgeport's economy weak. The city, with an estimated population of 148,650, is in Fairfield County in the Bridgeport-Stamford-Norwalk MSA, which we consider broad and diverse. Bridgeport is a regional center for financial and business services, as well as commercial retail, entertainment and hospitality, and utilities. It has a projected per capita effective buying income of 65.6% of the national level and per capita market value of \$61,058. Fairfield County's unemployment rate was 4.0% in 2018, which was slightly below the state's (4.1%), but above the nation's (3.9%) average. County- and state-level unemployment remained close to national levels in 2019, but we understand city-level unemployment conditions averaged approximately 5.4% over the same period.

Bridgeport's grand list continued to recover following a prolonged post-recession economic slump that reflected in \$980 million grand list value loss during the 2015 property revaluation. However, new developments accelerated growth of city tax rolls over the last three years. The city netted a nearly \$40 million increase in the 2019 net taxable grand list and nearly \$300 million for fiscal 2020, due largely to the construction of a \$550 million natural gas power plant by Public Service Electric and Gas (PSEG). As of Oct. 1, 2019, Bridgeport's estimated full value (market value) rose over the past year to \$9.3 billion in 2020, and its net taxable grand list increased by approximately \$130 million (or 2.1%) over the past year, totaling \$6.49 billion for the fiscal 2021. The city will undergo a full revaluation the will be reflected in the fiscal 2020 grand list, which management expects will result in growth in taxable value over the next two years.

Inclusive of the PSEG project, city officials reported \$1.05 billion in new private economic development and institutional investments occurred across the community between 2016 and 2018—with \$961 million of it completed as of Dec. 31, 2018. The city reports that an additional \$510 million of private investment is approved and slated for development in 2020 and beyond. While we expect these economic projects to propel the city's ongoing renewal

efforts and grow its economic base, Bridgeport's core wealth and income metrics are likely to be below that of the state and the nation over the near-term.

Over the past year, the Steelpointe Harbor project developer has attracted interest from prospective casino gaming and entertainment developers. However, in accordance with statutes, new gaming venues are subject to state and federal approval, and the state could initiate a subsequent open request for proposals to invite bids from prospective developers. The legislature has considered legislation recently, but the timing of additional state action on this item is uncertain given the current public health and economic environment for casino gaming, leisure, and hospitality. While this could be a significant economic development project for the city, we believe a potential development is likely to be on hold over the near-term.

S&P Global believes the U.S. economy has fallen into a recession due to an abrupt shutdown of economic activity to contain the spread of COVID-19, which we forecast will result in a real GDP decline of 2.1% (annualized) in the first quarter of the year 12.7% (annualized) in the second quarter. We view COVID-19's shock as temporary, although other elements could drag on state and local economic conditions for longer, causing high unemployment and sharp downturns for consumer spending and business investment. (For more information, refer to our article, "Economic Research: It's Game Over For The Record U.S. Run; The Timing Of A Restart Remains Uncertain", publish March 27, 2020 on Ratings Direct). While the impact to Bridgeport's local economic conditions is uncertain, the city has historically experienced deeper contractions to its in manufacturing and service-based industries in recessions, which have slowed the city's economic recovery compared to that of the state and other metropolitan areas. Despite this current uncertainty, we generally expect Bridgeport's large education, health care, and government sectors to provide some stability to its employment base during an economic downturn and we do not expect our view of the city's economy to change over the outlook period.

### **Adequate management**

We view the city's management as adequate, with standard financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some but not all key areas.

Bridgeport's city charter is the primary document that establishes its fiscal policies and practices. Elements of the city's financial policies and practices under the charter include:

- In development of its annual budget, the city uses at least three years of historical data to form its revenue and expenditure assumptions; it also monitors outside economic conditions and state fiscal information that assists finance officials in projecting revenue from local and state sources; and finance officials budget for a contingency line item to absorb potential variations in expenditures or revenue, such as statutory aid, throughout the fiscal year;
- A requirement that financial officials monitor budget performance and submit a monthly financial report to the city council that includes year-to-date analysis, a month-over-month comparison, and two-month and year-end projections;
- Maintenance of a formal investment policy and a requirement that financial officials provide a quarterly report detailing earnings on assets held in investment and savings accounts;
- A requirement for city officials to develop a five-year capital improvement plan (CIP) and update on an annual basis.

The CIP identifies both project costs and funding sources; and

- A formal fund balance policy, which stipulates that the city maintain reserves equal to a minimum of 8% of general fund expenditures; however, it has not met this goal over the past several years.

Our overall assessment of Bridgeport's financial policies and practices reflects the absence a formal long-term financial planning and a debt management policy.

### **Adequate budgetary performance**

Bridgeport's budgetary performance is adequate in our opinion. The city had positive operating results in the general fund of 0.4% of expenditures, but a slight deficit result across all governmental funds of negative 1.0% in fiscal 2019. General fund operating results of the city have been stable over the last three years, with a result of break-even result in 2018 and a result of 0.7% in 2017. In our view, however, Bridgeport's budgetary performance will likely remain adequate as the city faces the uncertain effects of the COVID-19 pandemic and potential economic outcomes that, directly or indirectly, could challenge its financial performance over the two-year outlook.

Bridgeport entered fiscal 2020 with relatively predictable budget conditions compared to previous fiscal years. The city enacted a \$563.4 million fiscal 2020 budget with a modest 1.1% expenditure increase over the prior fiscal year. The annual increase included cost-of-living adjustments for personnel and incorporated a small increase in debt service relative to the previous year. The city realized only a modest increase in state aid overall, but the board of education recognized a \$2.6 million gain in ECS funding and an additional \$1 million appropriation from the city. We also note that Bridgeport's largest collective bargaining contracts are current, reducing a potential area of cost uncertainty over the next two years. Through the end of February, officials report that the city has collected most of its budgeted tax revenue, and this revenue continues to outperform or in align with budgeted targets. In addition, the city has maintained expenditure controls that have generated year-to-date savings.

In response to the COVID-19 outbreak, the city and board of education have implemented various emergency spending measures to protect public health and safety. Despite these unforeseen costs and the disruption to certain local tax collections and recreational fees, city officials believe that the COVID-19 related costs can currently be absorbed within the existing expenditure budget as the city incurred lower-than-expected winter maintenance costs and identified other reductions to departmental operating costs. Concurrently, we understand that state formula aid will be not be withheld or delayed to municipalities due to the COVID-19 pandemic, of which the city has approximately \$75 million in disbursements (including payments-in-lieu-of-taxes (PILOTs) and Education Cost Sharing (ECS) grants) due to it before the end of the fiscal year. Barring any significant unforeseen expenditures or shortfalls in state formula aid, the city expects to finish the fiscal year with a surplus.

Bridgeport experienced modest increases in state formula aid for fiscal years 2019 and 2020 due to more stable statewide fiscal and economic conditions, although the Connecticut has shown discretion to change its disbursements and shift responsibilities to municipalities in periods of fiscal stress. The city maintains a substantial reliance on state formula aid, in our view, with state aid comprising 48.6% of combined general and education grant fund revenue, while property taxes account for 47.5%. In addition, Bridgeport's revenue-raising authority is practically limited by a high millage rate that is among the 10 highest in the state, but property tax collections remain strong, in our view, ranging



between 98% and 99% over the past five fiscal years. After realizing a 4.7% gain in the net taxable grand list, the city reduced its mill rate to 53.99 mills from 54.37 for fiscal 2020--the first mill rate reduction since 2010. Nonetheless, if state funding gaps resurface leading to declines in state aid, we believe the city will likely need to generate additional revenue from locally derived revenue sources to maintain balanced operations; this could prove difficult given Bridgeport's overall weak wealth and income factors relative to other Connecticut municipalities, which could burden its existing tax base.

While the administration has not yet presented the fiscal 2021 budget proposal, the city is monitoring the impact of COVID-19 on revenue and expenditures in the current fiscal year, and management expects to have regular meetings with committees and the city council to communicate new information to guide decision-making.

Based on audited fiscal 2019 results, the city report a general fund operating surplus of \$2.7 million, which management partly attributes to local revenue growth, with tax collections and other city revenue coming in nearly \$1.5 million over budget. At the same time, actual expenditures were approximately \$1.2 million under budget due to tight spending controls, a freeze on discretionary expenditures, and savings from the refunding of bonds.

### **Weak budgetary flexibility**

Bridgeport's budgetary flexibility is weak, albeit stable, in our view, with an available fund balance of 3.6% of combined operating expenditures (general and education grant fund expenditures), or \$23.7 million.

Over the last four fiscal years, Bridgeport implemented various budget control measures to stabilize budget performance and build its reserves incrementally. The city's available reserves increased to 3.6% of combined operating expenditures in fiscal 2019 from 2.5% of general fund expenditures in fiscal 2016. On an unadjusted basis, available fund balances would be nearly 4.1% of general fund only expenditures. Furthermore, Bridgeport expects to add to its available fund balance with a projected surplus at fiscal year-end 2020.

We understand city officials have implemented a formal target to build and maintain reserves at 8% of annual operating expenditures. Nonetheless, we believe budgetary pressures related to the city's elevated retirement and health care costs--including above-average pension and postemployment benefit expenses--and the potential for state aid reductions in future years could limit Bridgeport's ability to sustain reserves above weak levels for an extended duration. Should these budgetary pressures arise, leading to a material draw on the city's available fund balance, we believe Bridgeport's flexibility could fluctuate between weak and adequate over the outlook period.

### **Adequate liquidity**

In our opinion, Bridgeport's liquidity is adequate, with total government available cash at 8.9% of total governmental fund expenditures and 82.1% of governmental debt service in 2019. In our view, the city has strong access to external liquidity if necessary. Weakening Bridgeport's liquidity position, in our assessment, is the city's exposure to a non-remote contingent liability that could come due within 12 months.

Since 2006, Bridgeport has issued tax anticipation notes (TANs) for liquidity purposes. Another indication of Bridgeport's gradually improving liquidity position is the reduction in the par amount of TANs issued. Although the city council authorized up to \$35 million in TANs annually over the last three fiscal years, officials issued \$20 million of TANs in early December that were to be repaid on Feb. 1, 2020 and to grant anticipation notes (GANs) as a temporary

measure to finish two large high school projects that will be reimbursed by the state's school construction grants. Currently, the city's general government fund cash on hand is approximately \$65 million, and due to a slowdown in spending due to COVID-19, Bridgeport does not expect to issue any TANs through the end of the current fiscal year. However, officials report that they have spoken to several credit providers who would provide short-term liquidity should it be necessary.

Bridgeport issued GO bonds and short-term notes within the past 20 years, which supports our view of its strong access to external liquidity. It does not have investments we view as aggressive, as it holds funds in liquid, short-term government securities or the state's investment pool. In addition, the city has confirmed that it does not have outstanding debt with acceleration provisions that might result in contingent liability risk. However, the city's internal service fund, which accounts for its self-insurance plan, maintains a sizable unrestricted deficit of \$65.7 million for fiscal year ended 2019. The majority of the deficit is long term, and the city has restructured health costs by joining the CT Partnership Health Plan and is amortizing the liability over a 10-year period. Notwithstanding, we believe the sizable liability outstanding in the internal service fund, along with other budgetary pressures, is a nonremote liquidity risk that could negatively affect budgetary performance and liquidity in the future.

### **Very weak debt and contingent liability profile**

In our view, Bridgeport's debt and contingent liability profile is very weak. Total governmental fund debt service is 10.8% of total governmental fund expenditures, and net direct debt is 138.9% of total governmental fund revenue. Negatively affecting our view of the city's debt profile is its high overall net debt of 10.3% of market value.

The total direct debt following these issuance, excluding recent TAN and GAN issuance, will be roughly \$1 billion, although we calculate \$52.8 million to be directly supported by net operating revenue of the city's enterprise funds or tax-secured debt that is fully self-supported by net operating revenue from business-type activities. While we expect debt service payments to remain elevated beyond our two-year outlook horizon, we note that the city's overall debt service remains front-loaded through 2030, and the city expects annual debt service to decline substantially, to \$36.1 million from \$73.6 million, beginning in 2031.

As outlined in the city's five-year CIP, Bridgeport could issue up to \$25 million annually over the next four years for additional capital improvements for general government and school purposes. However, management indicates that the timing and magnitude of future debt issuance are dependent on the city's economic and fiscal conditions, and an assessment that the debt service payments are sustainable through maturity of the bonds. Currently, about 52% of the direct debt is scheduled to be repaid within 10 years.

### **Pensions and other postemployment benefits (OPEBs)**

In our opinion, a credit weakness remains Bridgeport's large pension and OPEB obligation, without a comprehensive plan in place that we think will sufficiently address the obligation over the near-to-medium term. Bridgeport's combined required pension and actual OPEB contributions totaled 11.1% of total governmental fund expenditures in 2018. Of that amount, 7.4% represented required contributions to pension obligations, and 3.7% represented OPEB payments. The city made 100% of its full actuarially determined contribution (ADC) to its pension plans in fiscal 2019.

The city administers four local single-employer defined-benefit pension plans, all of which are closed to new hires. As of June 30, 2019:

- The Public Safety Plan A Investment and Pension Trust is 18.8% funded with an NPL of \$233.8 million;
- The Police Retirement Plan B was 83.3% funded with an NPL of \$12.85 million;
- The Firefighters Retirement Plan B is 107.1% funded with a net pension asset of \$2.59 million; and
- The Janitors' and Engineers' Retirement Plan is funded on a pay-as-you-go basis, with an annual contribution of \$602,269.

The city's pension and OPEB liabilities continue to remain near-term source of credit pressure for Bridgeport, in our view, but we recognize that the issuance of a \$125.4 million POB in 2019 will refinance approximately 49.6% of the city's closed Public Safety Plan A pension liability into a fixed-debt obligation. The city expects to smooth growth in long-term liabilities and decrease annual pension costs that would nearly double otherwise, from \$17.02 million in fiscal 2020 to \$33.1 million in fiscal 2036.

The pension contributions and funded ratios used in our analysis reflect pro forma figures following the issuance of the pension obligation bonds (POBs). We will adjust pension contributions downward to reflect elimination of the required payment toward unfunded liability beginning in 2021, resulting in the pro forma pension carrying charge of 5.9% of total governmental fund expenditures; on this same basis, Bridgeport combined required pension and actual OPEB contributions would be 9.6% of total governmental fund expenditures. On a pro forma basis, the pension funded ratio for Public Safety Plan A will increase to approximately 62%, with an assumed discount rate of 6.75%, and the city expects to fund the remaining NPL associated with Plan A in fiscal 2036.

We believe there is a relatively good chance that the structure could generate some savings for the city, and we think the issuance does not materially worsen Bridgeport credit quality. We note that the city undertook a dollar cost average approach and invested approximately \$25 million of the \$125.4 million of the POB before the recent market downturn. However, if poor investment performance or other experience changes generate new liabilities--particularly if it occurs earlier in the amortization period--then the city risks having to pay both the debt service costs on the bonds as well as higher pension contributions, thereby reducing or eliminating potential payment savings from the transaction. In our recent "Pension Brief: Liquidity Is A Rising Concern for U.S. Public Pensions In Down Markets", published March 24, 2020, we note that plans with already weak funded ratios and limited cash might need to liquidate longer-term investments to meet annual benefit payouts, thereby eroding earning power and sinking into even weaker funded status.

In addition to the locally administered plans, all new municipal employees participate in the Connecticut Municipal Employees Retirement Fund (CMERF), and all teachers participate in the Connecticut State Teachers' Retirement System (TRS), cost-sharing multiple-employer, defined-benefit pension plans administered and funded by the state. The city issued approximately \$99.5 million in taxable bonds to fully fund the accrued unfunded actuarial liability to CMERF, thereby eliminating prior amortization payments. At the same time, the state is statutorily required to make 100% of the required TRS contribution on behalf of the city, and Bridgeport does not currently recognize any liability under TRS. Recent state-level budget discussions have proposed shifting a portion of the TRS costs from the state to municipalities. While we do not believe that such a move is imminent, should the current structure change, the city's retirement costs could further pressure the operating budget.

Bridgeport's OPEB unfunded actuarial accrued liability was an estimated \$863 million as of June 30, 2019, a nearly \$87 million decrease in the net liability since 2017. For fiscal 2019, the OPEB annually required contribution (ARC) was \$79.3 million. The city contributed \$31.7 million, or roughly 39.9% of the ARC. While we recognize the city has established an OPEB trust and intends to contribute in the future, we also view Bridgeport's net OPEB liability as a significant cost pressure that could outpace future savings from pension cost reduction measures.

### Strong institutional framework

The institutional framework score for Connecticut municipalities is strong.

## Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019

### Ratings Detail (As Of March 31, 2020)

Bridgeport GO		
<i>Long Term Rating</i>	A/Stable	Affirmed
Bridgeport GO bnds federally taxable GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (tax-exempt) (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (federally taxable) (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (wrap of insured) (FGIC, National & AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed

## Ratings Detail (As Of March 31, 2020) (cont.)

Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM) (SECMKT)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (BAM) (SEC MKT)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (MBIA) (National)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed
Bridgeport GO (Wrap of insured) (MBIA/National) (BAM)		
<i>Unenhanced Rating</i>	A(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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# Bridgeport, Connecticut

## New Issue Summary

**Sale Date:** The bonds are expected to sell via negotiation in mid-to-late April.

**Series:** \$44,000,000 General Obligation Bonds, Series 2020A; and \$42,000,000 Taxable General Obligation Bonds, Series 2020B.

**Purpose:** The series 2020A bond proceeds will be used to fund city and school capital improvements. The series 2020B bond proceeds will be used to refund a portion of the city's outstanding GO debt and to fund capital improvement projects.

**Security:** The bonds are general obligations of the city backed by its full faith and credit and unlimited taxing authority.

Bridgeport (the city) has continued to see moderate improvement in its financial flexibility since fiscal 2012. Management has addressed its structural budget issues, caused partly by state aid reductions, through a combination of expenditure cuts and a series of nonrecurring measures, including asset sales and debt restructurings that Fitch Ratings views as unsustainable over time. These practices continued through fiscal 2019 (ended June 30) and into fiscal 2020 with the issuance of refunding bonds for upfront savings, thereby mitigating the need to raise already high tax rates on a residential population with below-average wealth levels.

Fitch expects future costs associated with employee salaries and benefits and an ascending debt-service schedule to drive future spending. These pressures could erode the city's other credit strengths and pressure the Issuer Default Rating (IDR) and GO ratings. Natural revenue growth should improve in the near term due to new development and changes in value that will be reflected in a citywide property revaluation, effective Oct. 1, 2020 for fiscal 2022. However, Fitch believes strong growth in values to date may be impacted slightly as a result of the ongoing worldwide coronavirus pandemic. Long-term liabilities are expected to remain elevated but still moderate while other post-employment benefit (OPEB) liabilities remain high, but management continues to address these costs.

**Economic Resource Base:** Bridgeport is Connecticut's largest city and has an estimated 2018 census population of 144,900, which is up less than 1% since 2010. The city is located roughly 60 miles north of New York City and borders the municipalities of Fairfield, Trumbull and Stratford. The city has a diverse economic base, with its largest employers in healthcare, higher education, manufacturing and financial services.

## Key Rating Drivers

**Revenue Framework: 'aa':** Bridgeport's primary sources of revenues are property taxes and state aid. Historically slow growth in revenues has resulted from a combination of tax levy increases and tax base growth. Fitch expects future revenue growth to be in line with inflation absent policy action, supported by appreciation in values and a number of new developments either under way or proposed that are expected to increase the tax base. There are no legal limits on the city's independent revenue-raising power.

**Expenditure Framework: 'a':** Employee-related salary, medical and pension costs dominate spending. Fixed costs for required pension contributions, OPEBs and debt service represented approximately 20% of fiscal 2019 total governmental spending, and they are expected to remain a driver of the budget. Fitch believes careful expenditure management will be necessary to align spending with the city's slow expected pace of revenue growth. However, Fitch views the city's level of control over headcount, wages, benefits and work rules to be limited by staffing and labor contract requirements.

**Long-Term Liability Burden: 'a':** Debt and Fitch-adjusted net pension liabilities (NPLs) represent a slightly elevated but still moderate burden at around 20% of residents' estimated personal income. OPEB liabilities are very high and represent another 12% of personal

## Ratings

Long-Term Issuer Default Rating	A
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## New Issues

\$44,000,000 General Obligation Bonds, Series 2020A	A
\$42,000,000 Taxable General Obligation Bonds, Series 2020B	A

## Outstanding Debt

General Obligation Bonds	A
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## Rating Outlook

Stable

## Applicable Criteria

[U.S. Public Finance Tax-Supported Rating Criteria \(March 2020\)](#)

## Related Research

[Fitch Assigns Bridgeport CT's \\$86MM Series 2020 GO Bonds 'A'; Outlook Stable \(April 2020\)](#)

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income. Fitch expects the city's long-term liability burden to experience only moderate future growth based on changes in net pension liabilities over time, future debt needs and an average pace of principal amortization.

**Operating Performance: 'bbb':** The city has historically maintained reserves at levels that are nominally low but still adequate in Fitch's view given a high level of inherent budget flexibility in the form of unlimited taxing authority, adequate spending control and a record of low revenue volatility. While management has implemented changes to help stabilize the budget and improve reserves, the use of nonrecurring upfront savings derived from bond refundings and the receipt of bond premiums have supported positive operating results in recent years. Short-term cash flow borrowing continues but at a much smaller amount than in previous years.

## Rating Sensitivities

### Developments that May, Individually or Collectively, Lead to a Positive Rating Action:

- An acceleration of Bridgeport's economic base generating sustained growth prospects for revenues more in line with U.S. GDP growth, provided such growth is achieved without compromising the city's budget flexibility or unrestricted general fund balance.
- Sustained increases in unrestricted fund balance that provide for stronger gap-closing capacity.

### Developments that May, Individually or Collectively, Lead to a Negative Rating Action:

- A pattern of increased fixed-cost spending associated with debt service and employee retirement benefits to a level greater than 25% of total governmental expenditures, contributing to a reduction in overall expenditure flexibility.
- A sustained decline in unrestricted general fund balance to notably lower levels leading to lower financial flexibility.
- Failure of the pipeline of future developments to deliver employment growth, support increasing property values and expand the overall tax base, leading Fitch to reassess medium-term growth prospects for revenues to below the level of inflation.
- A notable decline in state aid leading to a lower assessment in growth prospects for revenues.

## Current Developments

### Sectorwide Coronavirus Implications

The recent coronavirus outbreak and related government containment measures worldwide have created an uncertain global environment for U.S., state and local governments and related entities in the near term. While Bridgeport's most recently available fiscal and economic data may not fully reflect impairment, material changes in revenues and expenditures are occurring across the country and are likely to worsen in the coming weeks and months as economic activity suffers and public health spending increases. Fitch's ratings are forward-looking in nature; as such, Fitch will monitor developments in state and local governments as a result of the virus outbreak as they relate to severity and duration, and incorporate revised expectations for future performance and assessment of key risks.

## Credit Profile

Major city employers include St. Vincent's Medical Center, Bridgeport Hospital, People's United Bank, University of Bridgeport and Sikorsky Aircraft. Unemployment levels have steadily declined since the last recession but remain above the state and national averages. The poverty rate was a high 21% in 2018 compared with 14% for the U.S. during that year.

The city's fiscal 2021 tax base value is \$6.5 billion (roughly 70% of market value) and is up 2% following 5% growth for fiscal 2020. This growth primarily reflects value associated with the construction of a new PSE&G natural gas power plant; 80% of this value came onto the tax roll for fiscal 2020, and the remaining 20% will follow for fiscal 2021.

## Rating History (IDR and GO Bonds)

Rating	Action	Outlook/ Watch	Date
A	Affirmed	Stable	4/1/20
A	Affirmed	Stable	11/15/16
A	Affirmed	Negative	6/26/13
A	Revised	Stable	4/30/10
BBB+	Downgraded	Stable	7/31/09
A-	Affirmed	Stable	6/12/07
A-	Affirmed	Negative	3/22/06
A-	Affirmed	Stable	6/20/02
A-	Upgraded		1/10/00
BBB-	Assigned		7/26/95



Changes in tax base values between revaluations only factor new development, additions and tax appeals, and they do not consider changes in property values. The last revaluation, effective Oct. 1, 2015 (for fiscal 2017), was a seven-year revaluation and resulted in a 14% decline in taxable values. The tax base experienced only modest growth for fiscal years 2018 and 2019 as gains from new growth were partially offset by settlements of appeals. The city's prior revaluation, effective Oct. 1, 2008 (for fiscal 2010), resulted in 21% tax base growth. The next revaluation is effective Oct. 1, 2020 (for fiscal 2022), and the city's tax assessor is projecting robust growth as a result.

Fitch expects various projects either underway or planned to moderately expand the population and tax base values gradually over the next few years. However, near-term effects from the recent coronavirus-related declines in economic activity are uncertain. Projects approved or in development include residential, retail and commercial projects. Home values have seen improvement following a slow rebound after the Great Recession and were reported by zillow.com to be up 6.4% yoy through February 2020.

### Revenue Framework

Property taxes represented approximately 57% of budgeted fiscal 2020 general fund revenues, with intergovernmental revenue, primarily for education, accounting for 35%. Before an approximate 5% increase in the budgeted tax levy in fiscal 2017, coupled with a tax rate increase to offset the tax base decline, tax rates had not been raised materially over the previous 10 fiscal years. The tax rate remained flat in fiscal years 2018 and 2019 and was reduced slightly for fiscal 2020 to 53.99 mills from 54.37 mills but it still remains high.

Fitch expects future revenue growth to be in line with inflation absent policy action, as the new developments are expected to contribute to building permit revenues and moderate tax base growth; however, as mentioned above, the effect of recent coronavirus-related declines in economic activity is uncertain. State aid had been subject to cuts in certain years prior to fiscal 2019 as the state worked through its own financial challenges. However, aid has become more stable with the advent of a new administration (in place as of Jan. 9, 2019), leading to moderate increases in educational funding.

Fitch's assessment for revenue growth prospects could weaken if future new development efforts should slow or not materialize. Additionally, the potential change in values of existing properties and state aid levels will also factor into the city's long-term revenue growth prospects.

Management has the independent legal ability to raise property taxes, excluding for motor vehicles without limit.

### Expenditure Framework

Education accounts for around 41% of the fiscal 2020 budget, with public safety representing the second-largest line item at roughly 31%. Fitch expects the city's overall spending needs to increase at a pace above natural revenue growth due to the upward trend in employee benefit and salary costs and an ascending debt service schedule through fiscal 2028. On a positive note, the net cost impact of new debt service from the \$125 million series 2019C pension obligation bonds, issued in October 2019, will be reflected in a reduction in the actuarially determined contribution (ADC) for the city-administered Public Safety Plan A pension fund.

The city has an adequate ability to reduce expenses tied to its services. Management was successful in negotiating employee concessions related to growing healthcare costs in fiscal years 2018 and 2019, requiring employees to cover a larger share of costs via an annual percentage increase effective through fiscal 2020, and moving the bulk of its employees and retirees to the state-administered health plan at a lower cost.

Management has the legal ability to reduce non-public safety staff at any time and can impose furlough days if necessary. Union contracts are subject to arbitration, but a decision may be rejected by a two-thirds city council vote. A new arbitration panel would then be appointed by the state; their subsequent decisions are binding but required to take into consideration the city's financial capability.

Total carrying costs for debt service, required pension contributions and OPEB funding totaled roughly 20% of total governmental spending for fiscal 2019. Fitch expects this metric to grow moderately over the next few years based on an ascending debt service schedule, future debt plans and the pace of principal amortization. Fitch also expects the city's annual

pension costs to rise moderately due to pension-funded levels, recent reductions in the Municipal Employees Retirement System (MERS) discount rate and the future volatility of investment returns for city and MERS pension plan assets. However, the increase will be partially offset by a decrease in the Public Safety Plan A required pension contribution.

### Long-Term Liability Burden

The burden for long-term debt and the projected Fitch-adjusted NPL represents around 20% of residents' estimated personal income, which Fitch considers elevated but still moderate. The 'a' assessment incorporates the asymmetric credit risk of an unfunded OPEB liability that represents a very high 12% of personal income and is expected to remain elevated for some time. Current debt plans are relatively manageable; however, the timing of issuance will be important to ensure increases in annual debt service align with future changes in revenues. The pace of principal amortization is 65% over 10 years not including the 2020 bond issuance. Meanwhile, future projects associated with Bridgeport's Water Pollution Control Authority are expected to be funded from state grants, with debt repaid from system user fees.

According to city management, there are no plans for additional large, new capital building projects over the next four fiscal years, excluding a renovation of Bassick High School. The renovation is expected to cost \$104 million, with \$91 million, or 78%, expected to be paid from state grants. The city approved up to \$27.5 million in bonding for the school project as part of its prior five-year capital plan for fiscal years 2020 through 2024, with \$5 million funded via the 2020A bonds. Additional capital borrowing is forecast to average \$20 million–\$25 million per year through 2024, but such borrowing is subject to approval of future capital projects.

The city administers four defined-benefit pension plans: three for public safety and one for custodial staff and engineering employees. Other employees are covered under the state-operated MERS and the state Teachers' Retirement System (TRS). The state is currently responsible for funding TRS costs and liabilities.

The combined fiduciary net position to total pension liability of the city-administered plans and MERS was 63% as of fiscal YE19 (using the respective return rates of those systems) but exhibited a lower 57% assets-to-liabilities ratio when using Fitch's standard 6% rate of return assumption. The Fitch-adjusted NPL equates to \$627 million as of June 30, 2019, representing roughly 7.5% of personal income. These results do not reflect approximately \$115 million in proceeds from the 2019C pension obligation bonds (POBs) issued in the fall of 2019 to fund the city's Public Safety Plan A; these proceeds will help improve overall funded levels.

The Public Safety Plan A, closed to police and fire personnel employed before June 1981 and January 1984, respectively, reported a June 30, 2019 assets-to-liabilities ratio of only 19% and a \$234 million NPL based on a 6.75% rate of return. Following issuance of the POBs, actuarial projections show the Plan A fund NPL improving to around \$135 million (or an asset-to-liability ratio of roughly 52%). Management has invested a small portion of the POB proceeds to date, with approximately \$95 million remaining to be invested over the next six months. The future benefit costs to be paid by the city will fluctuate based on future investment performance of remaining assets, the pace of decline in the number of participants and annual changes in city contribution levels. After a period of underfunding this plan's ADC, full funding of the ADC has been occurring since fiscal 2015.

The city has historically funded its OPEBs on a pay-as-you-go basis, but it established a trust and began making annual \$100,000 contributions in fiscal years 2018 and 2019, with the same amount budgeted for fiscal 2020. As of June 30, 2019, the city's unfunded OPEB liability was a very high \$863 million, representing about 12% of residents' personal income. Efforts to control growth in this liability are ongoing; they include no OPEBs for new hires and successfully moving employees and retirees to the lower costing state-sponsored plan. Nevertheless, Fitch expects the city's long-term liabilities associated with retiree benefits to remain elevated for some time.

The city maintains an internal service fund to account for its self-insured health benefits; it includes an actuarial estimate of the liability for present and future workers' compensation claims. The fund continues to have a sizable accumulated deficit equal to \$66 million (11% of general fund spending) as of June 30, 2019, up \$3 million yoy but down from \$88 million six years prior. A large portion of this amount represents present and future estimated workers' compensation claims, and Fitch believes these obligations are long-term in nature.

## Operating Performance

The city's unrestricted general fund reserves have hovered around 2% to 4% in recent years. Recent general fund surpluses can be attributed in part to nonrecurring savings derived from bond refundings and bond premiums, as well as a prior practice of not fully funding ADCs of the city-administered pension plans. Operating performance could be stressed in a future potential economic downturn due to the city's nominally low reserve levels, although Fitch expects the city would take actions necessary to restore its financial resilience, including using its unlimited taxing authority and adequate expenditure management flexibility. Management has demonstrated this ability in previous downturns, reducing spending through cost controls, staff reductions and deferred hiring practices, and Fitch believes management would take similar steps as needed in the event of another downturn.

Management has made a concerted effort to increase its fund balance to bolster its financial flexibility and reduce its reliance on short-term borrowing with tax anticipation notes (TANs). Measures include successfully attaining employee concessions for health insurance plan changes, controlling growth in new hires and increased efforts to promote new economic development. The last four fiscal budgets have included a contingency reserve to mitigate impacts from unexpected costs or reductions in revenues. Bond refundings have contributed to annual debt service cost savings, and management has achieved full ADC funding for its major pension plans. These actions, among others, have helped to offset prior years' reductions in state aid and alleviated the need for property tax rate increases and a drawdown of reserves.

The \$557 million fiscal 2019 budget reflected a \$9 million decline in expenditures (-1.6%) from the fiscal 2018 operating budget and no change in the property tax mill rate. Assumptions included lower state aid assistance, negotiated savings for employee healthcare costs and debt service savings of approximately \$5 million from the series 2018A and B bond restructuring. An additional \$2 million in funding was included for the board of education (BOE).

General fund operating results for fiscal 2019 show a \$2.7 million net operating surplus improving unrestricted fund balance to \$23.7 million, or 4.1% of spending. The results reflect positive revenue variances from property tax collections and interest earnings, unused budget contingency and expenditure savings.

The fiscal 2020 general fund budget is \$563 million, up 1.2% from the prior year, and includes a slight reduction in the mill rate due to new tax base growth. Primary expense drivers include negotiated salary increases, higher pension and debt service costs and management increasing city contributions to the BOE by \$2 million. (The BOE also received a \$2.5 million yoy aid increase by way of its participation in the state-administered Alliance District Program.)

Management reports that expenses associated with the coronavirus outbreak have not been and are not expected to be particularly onerous for the current fiscal year; moreover, such costs are largely reimbursable by the Federal Emergency Management Agency (FEMA). As a result of state-imposed social-distancing measures and the closure of schools and non-essential businesses, the city and schools are experiencing cost savings and have imposed restrictions on certain spending items. Although charges for services and building permit fees will see a decline over the next few months, these declines are projected to be offset by expenditure savings.

Management also reports it has adequate liquidity for the rest of the fiscal year and access to short-term borrowing through private placement if needed. The bulk of the city's property and personal property tax revenue for the year has been received, and all but about \$3 million in debt service remains to be paid in fiscal 2020. Operating expenses through March 1 had been performing better than budget, helped in part by a mild winter, and when combined with the current spending slowdown management projects a larger than usual fiscal year-end operating surplus. Nonetheless, management plans to prudently monitor spending in light of potential revenue declines during the remainder of the fiscal year.

The city issued \$20 million in TANs at mid-fiscal year to support cash flow at low borrowing rates, and the TANs have since been paid off. The city also issued \$21 million in one-year grant anticipation notes (due Dec. 10, 2020) due to delays in state reimbursement for school building projects.

Fitch expects the city to prudently manage new revenue growth to meet future demands for debt service and employee salary and benefit costs. The absence of additional organic revenue growth following the upcoming revaluation and maintenance of state aid at current levels

could impede efforts to build up and maintain adequate reserves and handle expenditure growth without raising revenues. Fitch believes the ability to further increase tax revenues from their current high levels, although legally unlimited, could be challenging during a future downturn considering residents' below-average wealth levels. However, an adequate level of cost-cutting flexibility should help to partially offset the need for revenue-raising measures until a period of recovery.

### **Asymmetric Additional Risk Considerations**

At nearly 12% of personal income, Fitch considers the city's OPEB liability to be exceptionally large and an asymmetric risk. This risk contributes to the 'a' long-term liability assessment.

### **Fitch Scenario Analysis**

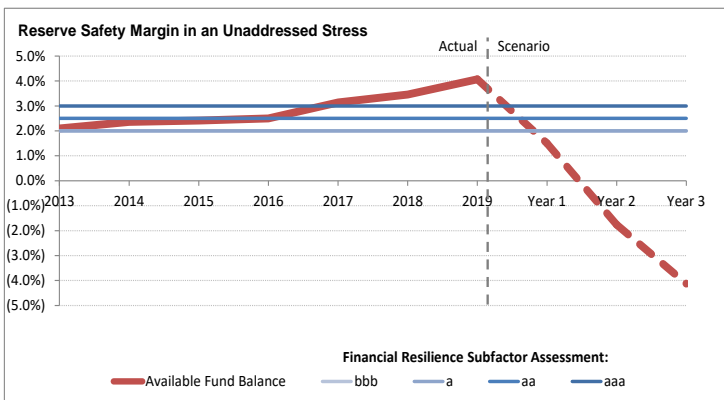
The Fitch Analytical Stress Test – States & Locals (FAST) Model was updated after the rating was assigned, but prior to the issuance of this report, to reflect the unprecedented stresses caused by the ongoing coronavirus pandemic. The Scenario Analysis appearing on the next page uses the previous version of the FAST Model.

### **ESG Considerations**

Environmental, social and governance (ESG) issues are credit neutral or have only a minimal credit impact on the entity, due to either their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

**Bridgeport (CT)**

Scenario Analysis



**Analyst Interpretation of Scenario Results:**

The city's unrestricted general fund reserves have hovered around 2%-4% for the past several years. Recent general-fund surpluses can be attributed in part to non-recurring savings derived from bond refundings and bond premiums and a prior practice of not fully funding ADCs of the city-administered pension plans. Operating performance could be stressed in a future potential economic downturn due to the city's nominally low reserve levels, although Fitch expects the city would take actions necessary to restore its financial resilience, including using its unlimited taxing authority and adequate expenditure management flexibility. During previous downturns management demonstrated its ability to reduce spending through cost controls, staff reductions, and deferred hiring practices. Fitch expects management would take similar actions as needed during a downturn.

**Scenario Parameters:**

	Year 1	Year 2	Year 3
GDP Assumption (% Change)	(1.0%)	0.5%	2.0%
Expenditure Assumption (% Change)	2.0%	2.0%	2.0%
Revenue Output (% Change)	(1.0%)	1.2%	2.9%
Inherent Budget Flexibility	High		

Revenues, Expenditures, and Fund Balance	Actuals								Scenario Output		
	2013	2014	2015	2016	2017	2018	2019	Year 1	Year 2	Year 3	
Total Revenues	539,075	552,116	552,294	567,250	606,409	607,730	584,958	579,108	586,196	603,067	
% Change in Revenues	-	2.4%	0.0%	2.7%	6.9%	0.2%	(3.7%)	(1.0%)	1.2%	2.9%	
Total Expenditures	539,766	549,446	552,219	569,927	601,985	706,560	582,225	593,869	605,747	617,862	
% Change in Expenditures	-	1.8%	0.5%	3.2%	5.6%	17.4%	(17.6%)	2.0%	2.0%	2.0%	
Transfers In and Other Sources	60,599	15,940	35,898	73,459	350	186,811	406	402	407	418	
Transfers Out and Other Uses	59,705	18,138	35,655	69,877	127	86,233	430	439	447	456	
Net Transfers	894	(2,198)	243	3,582	223	100,578	(24)	(37)	(41)	(38)	
Bond Proceeds and Other One-Time Uses	-	15,228	35,097	69,560	-	184,511	-	-	-	-	
Net Operating Surplus(+)/Deficit(-) After Transfers	203	472	318	906	4,647	1,748	2,709	(14,798)	(19,591)	(14,832)	
Net Operating Surplus(+)/Deficit(-) (% of Expend. and Transfers Out)	0.0%	0.1%	0.1%	0.2%	0.8%	0.3%	0.5%	(2.5%)	(3.2%)	(2.4%)	
Unrestricted/Unreserved Fund Balance (General Fund)	12,574	13,046	13,363	14,269	18,916	21,014	23,723	8,925	(10,666)	(25,498)	
Other Available Funds (GF + Non-GF)	-	-	-	-	-	-	-	-	-	-	
Combined Available Funds Balance (GF + Other Available Funds)	12,574	13,046	13,363	14,269	18,916	21,014	23,723	8,925	(10,666)	(25,498)	
Combined Available Fund Bal. (% of Expend. and Transfers Out)	2.1%	2.4%	2.4%	2.5%	3.1%	3.5%	4.1%	1.5%	(1.8%)	(4.1%)	
Reserve Safety Margins	Inherent Budget Flexibility								High	Superior	
		Minimal	Limited	Midrange							
Reserve Safety Margin (aaa)		16.0%	8.0%	5.0%				3.0%	2.0%		
Reserve Safety Margin (aa)		12.0%	6.0%	4.0%				2.5%	2.0%		
Reserve Safety Margin (a)		8.0%	4.0%	2.5%				2.0%	2.0%		
Reserve Safety Margin (bbb)		3.0%	2.0%	2.0%				2.0%	2.0%		

Notes: Scenario analysis represents an unaddressed stress on issuer finances. Fitch's downturn scenario assumes a -1.0% GDP decline in the first year, followed by 0.5% and 2.0% GDP growth in Years 2 and 3, respectively. Expenditures are assumed to grow at a 2.0% rate of inflation. Inherent budget flexibility is the analyst's assessment of the issuer's ability to deal with fiscal stress through tax and spending policy choices, and determines the multiples used to calculate the reserve safety margin. For further details, please see Fitch's US Tax-Supported Rating Criteria.

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## Closing Memorandum

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To: City of Bridgeport Working Group  
From: Raymond James  
Date: May 29, 2020  
Subject: 2020 Series B Closing Memorandum

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**City of Bridgeport**  
**\$13,095,000 General Obligation Bonds, 2020 Series B (Federally Taxable)**

**I. Time and Location of Closing**

The closing will be held on June 2<sup>nd</sup> commencing at 10:00 AM ET via teleconference at the location below, at which time the wire transfer will be confirmed and then DTC will be contacted to release the General Obligation Bonds, 2020 Series B (Federally Taxable) (the "Bonds").

**Pullman & Comley, LLC**  
850 Main Street  
Bridgeport, CT 06601  
Contact: Mike Andreana (203) 330-2235

**II. Delivery of Bonds**

The Bonds will be issued as book-entry only through The Depository Trust Company ("DTC").

**III. Sources and Uses**

Sources	Series B
Par Amount	\$ 13,095,000.00
Premium	123,460.75
<b>Total Sources</b>	<b>\$ 13,218,460.75</b>

Uses	Total
Project Fund	12,800,000.00
Cost of Issuance	74,573.25
Underwriter's Discount	81,987.50
Bond Insurance	261,900.00
<b>Total Uses</b>	<b>\$ 13,218,460.75</b>

**IV. Purchase Price due to the City from Raymond James at Closing**

	Total
Par Amount	\$ 13,095,000.00
Premium	123,460.75
Underwriter's Discount	(81,987.50)
<b>Purchase Price</b>	<b>\$ 13,136,473.25</b>



## V. Transfer of Purchase Price from Raymond James

On June 2<sup>nd</sup>, Raymond James & Associates, Inc. will deliver the Purchase Price for the following:

- a) Deliver Federal Funds in the aggregate amount of **\$12,874,573.25** consisting of the cost of issuance and project fund moneys to the City's accounts at Webster Bank pursuant to the following instructions:

Bank Name: **Webster Bank**  
ABA No.: **211170101**  
Acct No.: **24145497**

The breakdown of the Webster Bank account proceeds is as follows:

	<b>Total</b>
Cost of Issuance	\$ 74,573.25
Project Fund	12,800,000.00
<b>Total</b>	<b>\$ 12,874,573.25</b>

- b) Deliver Federal Funds in the aggregate amount of **\$261,900.00** representing the bond insurance premium to the Build America Mutual Assurance's account at First Republic Bank pursuant to the following instructions:

Bank Name: **First Republic Bank**  
ABA No.: **321081669**  
Account Number: **80001613703**  
Account Name: **Build America Mutual Assurance Company**  
Policy Number: **2020B0386**

## VI. DTC Notification

Upon completion of the aforementioned transfers, representatives of the City, Raymond James, and US Bank will jointly call DTC at (212) 855-3752 to release the Bonds. The contact person at Raymond James for the delivery of the Bonds is Rhonda Sentochnik at 212-909-4045.