

August 4, 2021

TO THE CITY COUNCIL MEMBERS:

The regularly scheduled meeting of the City Council's **Budget and Appropriations Committee** will be held on **Monday evening, August 9, 2021 at 6:00 p.m.** This meeting will be conducted by Zoom/Teleconference. The public may listen into this meeting by calling the following conference line and then entering the conference code:

Dial-in Number#: (929) 436-2866
Meeting ID#: 117 676 489

If you are unable to dial in, please contact the committee Co-chairs, Councilman Scott Burns at (203) 690-2228 or Councilman Ernest E. Newton, II at (475) 225-6769.

If you have submitted an item that appears on the agenda below and are receiving this notice, it is imperative that you or a representative dial in to represent that item.

AGENDA

Approval of Committee Minutes: July 12, 2021 (Regular Meeting)

- 2018 Port Authority Audit Review.
- General Discussion re: Review of the Monthly Financial Report.

Very truly yours,

Frances Ortiz
Assistant City Clerk

FO: lp

Ec: Mayor Joseph P. Ganim
T. Gaudett, Mayoral Aide
E. Adams, Dir., Gov't Accountability & Integrity
J. Hawkins, CAO
J. Gomes, Assistant CAO
D. Shamas, Chief of Staff
R. Christopher Meyer, City Attorney
M. Anastasi, Esquire
K. Flatto, Finance Director
N. Nkwo, OPM Director
G. Malheiro, Executive Director, Port Authority

August 6, 2021

TO THE CITY COUNCIL MEMBERS:

The following is an **addendum** to the regularly scheduled meeting agenda of the City Council's Committee on **Budget and Appropriations** to be held on **Monday evening, August 9, 2021 at 6:00 p.m.** This meeting will be conducted by Zoom/Teleconference. The public may listen into this meeting by calling the following conference line and then entering the conference code:

Dial-in Number#: (929) 436-2866
Meeting ID#: 117 676 489

If you are unable to dial in, please contact the committee Co-chairs, Councilman Scott Burns at (203) 690-2228 or Councilman Ernest E. Newton, II at (475) 225-6769.

If you have submitted an item that appears on the agenda below and are receiving this notice, it is imperative that you or a representative dial in to represent that item.

ADDENDUM

- Report on City bond issuance of July 2021

Very truly yours,

Frances Ortiz
Assistant City Clerk

FO: lp

Ec: Mayor Joseph P. Ganim
T. Gaudett, Mayoral Aide
E. Adams, Dir., Gov't Accountability & Integrity
J. Hawkins, CAO
J. Gomes, Assistant CAO
D. Shamas, Chief of Staff
R. Christopher Meyer, City Attorney
M. Anastasi, Esquire
K. Flatto, Finance Director
N. Nkwo, OPM Director
G. Malheiro, Executive Director, Port Authority

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.

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 and the Series C 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, under existing law, 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

\$28,130,000

GENERAL OBLIGATION BONDS (TAX-EXEMPT), 2021 SERIES A

Dated: August 10, 2021

Due: As shown on inside cover

\$18,250,000

GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE), 2021 SERIES B

Dated: August 10, 2021

Due: As shown on inside cover

and

\$15,595,000

**GENERAL OBLIGATION REFUNDING BONDS (TAX-EXEMPT DELAYED DELIVERY),
2021 SERIES C**

Dated: November 17, 2021

Due: As shown on inside cover

The \$28,130,000 General Obligation Bonds (Tax-Exempt), 2021 Series A (the “Series A Bonds”), the \$18,250,000 General Obligation Refunding Bonds (Federally Taxable), 2021 Series B (the “Series B Bonds”) and the \$15,595,000 General Obligation Refunding Bonds (Tax-Exempt Delayed Delivery), 2021 Series C (the “Series C 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 Series A Bonds are subject to redemption prior to their stated maturity as more fully described herein. The Series B Bonds and the Series C Bonds are not subject to redemption prior to their stated maturity. (See “THE BONDS – Optional Redemption” and “Mandatory Sinking Fund Redemption” herein).

Interest on the Series A Bonds will be payable on August 1, 2022 and semiannually thereafter on each February 1 and August 1 until maturity or redemption prior to maturity. Interest on the Series B Bonds will be payable on January 1, 2022 and semiannually thereafter on each July 1 and January 1 until maturity. Interest on the Series C Bonds will be payable on February 15, 2022 and semiannually thereafter on each August 15 and February 15 until 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 Series C Bonds are being sold on a delayed delivery basis, with delivery of the Series C Bonds to be made on or about November 17, 2021. The market value of the Series C Bonds on the date of delivery may differ significantly from the purchase price due to a variety of factors. **Potential Investors should carefully review the information under the caption “Delayed Delivery of the Series C Bonds” 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 Series A Bonds and the Series B Bonds will be available for delivery through the facilities of DTC in New York, New York on or about August 10, 2021. It is expected that the Series C Bonds will be available for delivery through the facilities of DTC in New York, New York on or about November 17, 2021.

**Raymond James
FHN Financial**

**J.P. Morgan
Oppenheimer & Co. Inc.**

July 20, 2021

Bond Projects 2021 Summer Issuance:

BOE:	<u>Amount</u>	<u>CIP fiscal yr approved</u>
Roof – Curiale School	\$378,000	2022
Roof – Nutrition Center	\$554,000	2022
	<u>\$8,000,000</u>	2018
Total BOE	\$8,932,000	

OPED:

Lafayette Blvd-Fairfield Ave Redesign project	\$650,000	2022
Remington Arms site Remediation	\$3,000,000	2022
Gateway to South End Greenway/Land Acquisition	\$1,000,000	2022
Jetland Av Parking structure	\$500,000	2022
Congress Street Bridge	<u>\$4,400,000</u>	2019
Total OPED	\$9,550,000	

FACILITIES:

Roadway Paving, Culverts, Intersections	\$3,000,000	2022
Public Facilities Equipment	\$2,099,000	2022 - \$1 mil; 2021 \$1.099 mil.
Wonderland of Ice Roof	\$1,000,000	2022
Police HQ parking deck and Roof	\$1,336,000	2022
East Side new Senior Center at Putnam Street	\$2,500,000	2022
Klein Memorial Bldg roof	\$1,126,000	2022
Parks Maintenance and Restroom Upgrades	\$340,000	2022
Golf Course Improvements	\$150,000	2022
Airport Improvement project	\$213,000	2022
Woodrow Bridge	\$150,000	2022
Island Brook Av Bridge	<u>\$250,000</u>	2022
Total Facilities	\$12,164,000	

Other:

Fire Truck/Vehicles	\$1,200,000	2022 & 2018
North End -Reservoir Av Library branch	<u>\$100,000</u>	2022
Total Other	\$1,300,000	2022

Proposed Council Authorization BOND ISSUANCE Total \$31,946,000

*Note: Bond issue include final \$5 million for Congress St Bridge construction already approved in 2019 by the Council, and \$450 for fire apparatus already approved in 2018 by the Council.

BOND SUMMARY STATISTICS

City of Bridgeport, Connecticut
 General Obligation Bonds - Series A
 Market Rates as of July 20, 2021
 Final Numbers Subject to Verification

Dated Date	08/10/2021
Delivery Date	08/10/2021
Last Maturity	08/01/2051
Arbitrage Yield	1.417913%
True Interest Cost (TIC)	2.366432%
Net Interest Cost (NIC)	2.705301%
All-In TIC	2.408230%
Average Coupon	4.296134%
Average Life (years)	14.463
Weighted Average Maturity (years)	14.361
Duration of Issue (years)	11.151
Par Amount	28,130,000.00
Bond Proceeds	34,757,797.35
Total Interest	17,478,896.25
Net Interest	11,006,565.85
Total Debt Service	45,608,896.25
Maximum Annual Debt Service	2,027,275.00
Average Annual Debt Service	1,521,564.51
Underwriter's Fees (per \$1000)	
Average Takedown	4.316566
Other Fee	1.210165
Total Underwriter's Discount	5.526731
Bid Price	123.008640

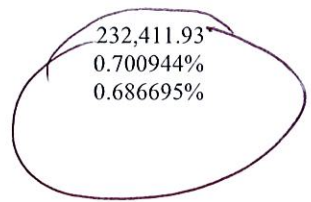
Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds - Series A	23,750,000.00	124.582	4.410%	12.373
Term Bond 2046 Series A	1,975,000.00	118.301	4.000%	23.051
Term Bond 2051 Series A	2,405,000.00	117.806	4.000%	28.054
	28,130,000.00			14.463

	TIC	All-In TIC	Arbitrage Yield
Par Value	28,130,000.00	28,130,000.00	28,130,000.00
+ Accrued Interest			
+ Premium (Discount)	6,627,797.35	6,627,797.35	6,627,797.35
- Underwriter's Discount	-155,466.95	-155,466.95	
- Cost of Issuance Expense		-158,862.44	
- Other Amounts			
Target Value	34,602,330.40	34,443,467.96	34,757,797.35
Target Date	08/10/2021	08/10/2021	08/10/2021
Yield	2.366432%	2.408230%	1.417913%

SUMMARY OF REFUNDING RESULTS

City of Bridgeport, Connecticut
 General Obligation Bonds
 Market Rates as of July 20, 2021
 Final Numbers Subject to Verification

	General Obligation Refunding Bonds - Federally Taxable - Series B	General Obligation Refunding Bonds - Delayed Delivery - Series C	Total
Dated Date	08/10/2021	11/17/2021	08/10/2021
Delivery Date	08/10/2021	11/17/2021	08/10/2021
Arbitrage Yield	2.476315%	1.417913%	1.417913%
Escrow Yield	0.329868%		
Value of Negative Arbitrage	912,906.99		912,906.99
Bond Par Amount	18,250,000.00	15,595,000.00	33,845,000.00
True Interest Cost	2.556715%	0.924981%	2.081438%
Net Interest Cost	2.547954%	1.010368%	2.100557%
All-In TIC	2.630798%	1.071107%	2.175888%
Average Coupon	2.476430%	5.000000%	3.082500%
Average Life	8.629	3.625	6.447
Par amount of refunded bonds	15,742,000.00	17,415,000.00	33,157,000.00
Average coupon of refunded bonds	5.000000%	3.709505%	4.046437%
Average life of refunded bonds	2.608	3.436	3.185
Net PV Savings	-1,136,247.45	1,368,659.38	232,411.93
Percentage <u>savings</u> of refunded bonds	-7.217936%	7.859083%	0.700944%
Percentage <u>savings</u> of refunding bonds	-6.226013%	8.776270%	0.686695%



NET DEBT SERVICE

City of Bridgeport, Connecticut
 General Obligation Bonds - Series A
 Market Rates as of July 20, 2021
 Final Numbers Subject to Verification

Date	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service	Annual Net D/S
08/01/2022			1,232,546.25	1,232,546.25	-1,232,546.25		
02/01/2023			632,075.00	632,075.00	-632,075.00		
06/30/2023							
08/01/2023	775,000	5.000%	632,075.00	1,407,075.00	-632,075.00	775,000	
02/01/2024			612,700.00	612,700.00		612,700	
06/30/2024							1,387,700
08/01/2024	820,000	5.000%	612,700.00	1,432,700.00		1,432,700	
02/01/2025			592,200.00	592,200.00		592,200	
06/30/2025							2,024,900
08/01/2025	860,000	5.000%	592,200.00	1,452,200.00		1,452,200	
02/01/2026			570,700.00	570,700.00		570,700	
06/30/2026							2,022,900
08/01/2026	905,000	5.000%	570,700.00	1,475,700.00		1,475,700	
02/01/2027			548,075.00	548,075.00		548,075	
06/30/2027							2,023,775
08/01/2027	955,000	5.000%	548,075.00	1,503,075.00		1,503,075	
02/01/2028			524,200.00	524,200.00		524,200	
06/30/2028							2,027,275
08/01/2028	995,000	5.000%	524,200.00	1,519,200.00		1,519,200	
02/01/2029			499,325.00	499,325.00		499,325	
06/30/2029							2,018,525
08/01/2029	1,050,000	5.000%	499,325.00	1,549,325.00		1,549,325	
02/01/2030			473,075.00	473,075.00		473,075	
06/30/2030							2,022,400
08/01/2030	1,100,000	5.000%	473,075.00	1,573,075.00		1,573,075	
02/01/2031			445,575.00	445,575.00		445,575	
06/30/2031							2,018,650
08/01/2031	1,165,000	5.000%	445,575.00	1,610,575.00		1,610,575	
02/01/2032			416,450.00	416,450.00		416,450	
06/30/2032							2,027,025
08/01/2032	1,220,000	5.000%	416,450.00	1,636,450.00		1,636,450	
02/01/2033			385,950.00	385,950.00		385,950	
06/30/2033							2,022,400
08/01/2033	1,280,000	5.000%	385,950.00	1,665,950.00		1,665,950	
02/01/2034			353,950.00	353,950.00		353,950	
06/30/2034							2,019,900
08/01/2034	1,350,000	5.000%	353,950.00	1,703,950.00		1,703,950	
02/01/2035			320,200.00	320,200.00		320,200	
06/30/2035							2,024,150
08/01/2035	1,420,000	5.000%	320,200.00	1,740,200.00		1,740,200	
02/01/2036			284,700.00	284,700.00		284,700	
06/30/2036							2,024,900
08/01/2036	1,485,000	4.000%	284,700.00	1,769,700.00		1,769,700	
02/01/2037			255,000.00	255,000.00		255,000	
06/30/2037							2,024,700
08/01/2037	1,540,000	4.000%	255,000.00	1,795,000.00		1,795,000	
02/01/2038			224,200.00	224,200.00		224,200	
06/30/2038							2,019,200
08/01/2038	1,605,000	4.000%	224,200.00	1,829,200.00		1,829,200	
02/01/2039			192,100.00	192,100.00		192,100	
06/30/2039							2,021,300
08/01/2039	1,670,000	4.000%	192,100.00	1,862,100.00		1,862,100	
02/01/2040			158,700.00	158,700.00		158,700	
06/30/2040							2,020,800
08/01/2040	1,740,000	4.000%	158,700.00	1,898,700.00		1,898,700	
02/01/2041			123,900.00	123,900.00		123,900	
06/30/2041							2,022,600
08/01/2041	1,815,000	4.000%	123,900.00	1,938,900.00		1,938,900	
02/01/2042			87,600.00	87,600.00		87,600	
06/30/2042							2,026,500
08/01/2042	365,000	4.000%	87,600.00	452,600.00		452,600	
02/01/2043			80,300.00	80,300.00		80,300	
06/30/2043							532,900
08/01/2043	380,000	4.000%	80,300.00	460,300.00		460,300	
02/01/2044			72,700.00	72,700.00		72,700	
06/30/2044							533,000
08/01/2044	395,000	4.000%	72,700.00	467,700.00		467,700	
02/01/2045			64,800.00	64,800.00		64,800	
06/30/2045							532,500
08/01/2045	410,000	4.000%	64,800.00	474,800.00		474,800	

NET DEBT SERVICE

City of Bridgeport, Connecticut
 General Obligation Bonds - Series A
 Market Rates as of July 20, 2021
 Final Numbers Subject to Verification

Date	Principal	Coupon	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service	Annual Net D/S
02/01/2046			56,600.00	56,600.00		56,600	
06/30/2046							531,400
08/01/2046	425,000	4.000%	56,600.00	481,600.00		481,600	
02/01/2047			48,100.00	48,100.00		48,100	
06/30/2047							529,700
08/01/2047	445,000	4.000%	48,100.00	493,100.00		493,100	
02/01/2048			39,200.00	39,200.00		39,200	
06/30/2048							532,300
08/01/2048	460,000	4.000%	39,200.00	499,200.00		499,200	
02/01/2049			30,000.00	30,000.00		30,000	
06/30/2049							529,200
08/01/2049	480,000	4.000%	30,000.00	510,000.00		510,000	
02/01/2050			20,400.00	20,400.00		20,400	
06/30/2050							530,400
08/01/2050	500,000	4.000%	20,400.00	520,400.00		520,400	
02/01/2051			10,400.00	10,400.00		10,400	
06/30/2051							530,800
08/01/2051	520,000	4.000%	10,400.00	530,400.00		530,400	
06/30/2052							530,400
	28,130,000		17,478,896.25	45,608,896.25	-2,496,696.25	43,112,200	43,112,200

Bridgeport, Connecticut

New Issue Summary

Sale Date: July 20 via negotiated sale

Series: \$28,760,000 general obligation (GO) bonds, series 2021A; \$15,070,000 GO refunding bonds (taxable), series 2021B; and \$15,780,000 GO refunding bonds (tax-exempt delayed delivery), series 2021C

Purpose: Proceeds of the series A bonds will be used to fund city and school projects. Series B and series C bonds will be used to refund a portion of outstanding GO debt of the city. The series C bonds are issued on a delayed delivery basis, with delivery to be made on or about Nov. 17, 2021.

Security: GOs of the city backed by its full faith and credit and unlimited taxing authority

Bridgeport has continued to see improvement in its financial flexibility since fiscal 2012. The revision of the Rating Outlook to Positive reflects recent and projected improvement in unrestricted reserve funds, as well as a notable increase in revenue growth prospects due to improved tax base values and changes in state legislation supporting increases in state aid.

The substantial 24% increase in tax base values from the five-year revaluation effective Oct. 1, 2020 has resulted in a 10.5-mill reduction in the previously high tax mill rate to 43.5 mills; this reduction exceeded Fitch Ratings' prior expectations. Revenues are also being bolstered from changes in state aid programs for payment in lieu of taxes provided by the state, additional state aid for Alliance District (lower test scores) schools and American Rescue Plan Act grants of \$110 million for the city and \$135 million for the Bridgeport Board of Education (BOE).

Fitch expects future costs associated with employee salaries and benefits and an ascending debt service schedule to drive future spending higher. However, changes in the city's revenue growth prospects, projected improvement in fund balance levels for fiscal 2021 (close to 6% of spending) and management's recent practice of prudent salary increases should enable the city to successfully manage these higher costs. Fitch expects management will continue to utilize bond restructurings as opportunities arise. Long-term liabilities are expected to remain elevated but still moderate; although other post-employment benefit (OPEB) liabilities will remain high, new employees are not eligible for OPEB, and management continues to address these costs.

Economic Resource Base: Bridgeport is Connecticut's largest city and has an estimated 2020 census population of 143,525, down less than 1% since 2010. The city is located roughly 60 miles north of New York City and borders the towns of Fairfield, Trumbull and Stratford. The city has a diverse economic base, with the 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. Following a period of historically slow growth in revenues, the most recent five-year tax base revaluation for fiscal 2022 resulted in a 24% increase in values. Fitch expects future revenue growth to be above inflation but below GDP, supported by appreciation in property values and a number of new developments either underway or proposed that are expected to further 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, OPEB and debt service represented approximately 20% of fiscal 2020 total governmental spending, and they are expected to remain a driver of the budget. Scheduled increases in debt service over the next few years are moderate as a percentage of budget but increase the metric when compared to current spending levels. Fitch views the city's level of control over headcount, wages, benefits and work rules to be limited by staffing and labor contract requirements.

Ratings

Long Term Issuer Default Rating A

New Issues

\$28,760,000 General Obligation Bonds, Series 2021A	A
\$15,070,000 General Obligation Refunding Bonds (Taxable), Series 2021B	A
\$15,780,000 General Obligation Refunding Bonds (Tax-Exempt Delayed Delivery), Series 2021C	A

Outstanding Debt

General Obligation Bonds A

Rating Outlook

Positive^a

^aRevised from Stable on July 12, 2021.

Applicable Criteria

U.S. Public Finance Tax-Supported Rating Criteria (May 2021)

Related Research

Fitch Rates Bridgeport CT's GO Bonds 'A'; Outlook Revised to Positive (July 2021)

Analysts

Kevin Dolan
+1 212 908-0538
kevin.dolan@fitchratings.com

Patrick Goggins
+1 646 582-4695
patrick.goggins@fitchratings.com

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 15% of personal income. Fitch expects the city's long-term liability burden to experience only moderate future growth based on changes in NPLs over time, future debt needs and an average pace of principal amortization.

Operating Performance: 'bbb': The city has historically maintained a level of reserves that are nominally low but have recently improved and are projected to climb further based on fiscal 2021 preliminary operating results. Fitch considers reserves to be adequate given the high level of inherent budget flexibility in the city's unlimited taxing authority, adequate spending control and a record of low revenue volatility. Due to improved levels of liquidity, management will not be relying on short-term cash flow borrowing in fiscal 2022.

Rating History (IDR and GO Bonds)

Rating	Action	Outlook/ Watch	Date
A	Affirmed	Positive	7/12/21
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

Rating Sensitivities

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Consistently sound budget management practices that produce positive annual results and lessen the city's reliance on debt restructurings to boost operating reserves.
- Improvement in expenditure flexibility, as evidenced by a sustained reduction in fixed cost spending as a percentage of total governmental spending.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- A sustained increase in the combined long-term liability burden and OPEB liabilities to a level inconsistent with the current key rating driver assessment.
- 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 decline in the unrestricted general fund balance to notably lower levels, leading to reduced financial flexibility.

Current Developments

Bridgeport experienced some revenue and expenditure pressure at the onset of the coronavirus pandemic one year ago; however, the shutdown measures lowered certain expenditures compared to budget, and the receipt of federal Coronavirus Aid, Relief and Economic Security (CARES) Act monies and Federal Emergency Management Agency (FEMA) grants helped offset pandemic-related expenditures. For fiscal 2020 (ended June 30, 2020), the city reported surplus general fund net operating results of \$3.9 million after netting out one-time distributions of bond funds to the city's pension plan A fund. Unrestricted fund balance improved correspondingly to \$27.6 million, or 4.5% of spending (net of one-time distributions).

For fiscal 2021, management projects another net operating surplus of around \$6 million (about 1% of budget), net of \$3 million assigned to a legal reserve, increasing the unrestricted general fund balance to \$34 million, or 6% of spending. Positive tax revenue variances and expense savings from open positions and the reimbursement of pandemic-related costs contributed to the results.

The fiscal 2022 general fund budget is \$597 million, up 4.4% from last year's budget. The tax mill rate was reduced 10.5 mills to 43.45 mills from fiscal 2021, reflective of the large increase in the tax base. Revenue increases come from an additional \$10.5 million in the state payment in lieu of taxes allocation, as well as other state aid for distressed cities and federal aid from coronavirus relief fund programs. Increased city funding for the BOE and library budget along with higher debt service and employee-related expenses are the primary cost drivers. The budget also includes a \$1 million expenditure contingency.

The BOE has benefited from state funding increases, as the city schools are considered an Alliance District based on lower test scores, and it received state and federal grants to help

CREDIT OPINION

13 July 2021

 Rate this Research

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Bridgeport (City of) CT

Update to credit analysis following assignment of positive outlook

Summary

The credit quality of the [City of Bridgeport](#) (Baa1 positive) reflects the city's substantially sized tax base and economy with below average resident wealth metrics. The city's credit profile is also driven by its financial position, which has undergone solid improvements to cash and reserves but remains very narrow. Moody's expects that audited results for fiscal 2021 will show further improvement to reserves though to a level that will still be substantially below average. The rating also incorporates the city's manageable annual fixed costs and high long-term liabilities.

Credit strengths

- » Substantially sized tax base
- » Recent moderate improvements to cash and reserves
- » Projected operating surplus in fiscal 2021

Credit challenges

- » Weak resident income and wealth metrics
- » High long-term liabilities
- » Narrow liquidity and fund balance

Rating outlook

The positive outlook is driven by Moody's expectation that the city's audited financial results for fiscal 2021 will reflect positive operations and that fiscal 2022 will also produce a modest surplus. We anticipate that these results will move the city materially closer to reaching its 8% fund balance target net of ARPA monies.

Factors that could lead to an upgrade

- » Material and sustained improvement of cash and reserves
- » Significant reduction of long term liabilities
- » Substantial improvement to resident income and wealth

RatingsDirect®

Summary:

Bridgeport, Connecticut; General Obligation

Primary Credit Analyst:

Christian Richards, Washington D.C. + 1 (617) 530 8325; christian.richards@spglobal.com

Secondary Contact:

Victor M Medeiros, Boston + 1 (617) 530 8305; victor.medeiros@spglobal.com

Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

Bridgeport, Connecticut; General Obligation

Credit Profile

US\$28.76 mil GO bnds (tax-exempt) ser 2021A dtd 08/10/2021 due 08/01/2041		
<i>Long Term Rating</i>	A/Stable	New
US\$15.78 mil GO rfdg bnds (tax-exempt delayed delivery) ser 2021C dtd 11/17/2021 due 02/15/2027		
<i>Long Term Rating</i>	A/Stable	New
US\$15.07 mil GO rfdg bnds (federally taxable) ser 2021B dtd 08/10/2021 due 07/01/2030		
<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 to Bridgeport, Conn.'s approximately \$28.8 million series 2021A (tax-exempt), \$15.1 million series 2021B (taxable), and \$15.8 million series 2021C (tax-exempt, delayed-delivery) 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.

The city's full faith and credit pledge, payable from the levy of an unlimited-ad valorem tax on all taxable property within its borders, secures the series 2021A, 2021B, and 2021C bonds and the outstanding GO debt.

We understand that officials will use proceeds from the series 2021A to finance various capital projects, projects. Proceeds from the series 2021B bonds will be used to advance refund and restructure certain outstanding GO bonds of the city and the 2021C bonds will currently refund and restructure outstanding GO bonds. The city currently projects negative savings on the 2021B bonds and positive savings on the 2021C bonds, with positive overall savings while expecting to create near-term relief from rising debt service costs.

Credit overview

Bridgeport was able to maintain balanced operations through the pandemic and recession, adding to reserves on a GAAP basis in fiscal 2020 and projections for additional reserve growth for fiscal 2021. It has historically exhibited sharp declines in wealth, income, and employment indicators during periods of economic contraction, followed by a shallower recovery that lags that of the state and nation. Its economic growth for fiscal 2022 is based on a revaluation from before the pandemic, but given the ongoing redevelopment within the city, we believe it is likely that its economic profile will continue to strengthen. We do not expect to revise our rating over the two-year outlook period. We believe the city's underlying credit profile is stable, but future reserve growth is likely to be the product of one-time measures, including future debt restructurings, bond premiums, and federal COVID-19 relief funding. While we have to date not adjusted the city's flexibility profile to reflect limitations on its ability to raise taxes or cut expenditures, we believe debt restructurings for negative savings often reflect an inability to undertake the former. We will continue to

monitor the city's ability to balance its budget, particularly as fixed-cost debt and retirement costs are likely to remain elevated. However, federal funding could supplant planned debt issuances, potentially improving the debt profile over the next few years.

The long-term and underlying ratings reflect our view of the following factors:

- Weak economy, with projected per capita effective buying income (EBI) at 65.7% and market value per capita of \$77,914, though that benefits from access to a broad and diverse metropolitan statistical area (MSA);
- Adequate management, with standard financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with balanced operating results in the general fund but break-even operating results at the total governmental fund level in fiscal 2020;
- Adequate budgetary flexibility, with an available fund balance in fiscal 2020 of 4.0% of operating expenditures;
- Adequate liquidity, with total government available cash at 10.1% of total governmental fund expenditures and 92.5% of governmental debt service, and an exposure to a nonremote contingent liability risk, but access to external liquidity we consider strong;
- Very weak debt and contingent liability profile, with debt service carrying charges at 11.0% of expenditures and net direct debt that is 129.4% of total governmental fund revenue, as well as a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address it; and
- Strong institutional framework score.

Environmental, social, and governance risks

We analyzed the city's environmental, social, and governance (ESG) risks relative to its economy, management, financial measures, and debt and liability profile. Bridgeport is a coastal community with substantial waterfront along the Long Island Sound. The city is undertaking resiliency efforts along its waterfront to insulate the tax base from weather-related risks. We expect management will continue to examine major risks and work to mitigate through infrastructure improvements. At this time, we do not believe it has outsized risks relative to peers from its environmental risks. We consider the city's social and governance risks in line with those of the sector standard.

Stable Outlook

Upside scenario

If the city continues to strengthen its reserve position to levels we consider comparable with those of higher rated peers, with continued incremental progress in reducing fixed costs and retirement liabilities and with further growth in the economic profile, we could raise the rating.

Downside scenario

We could take negative rating action if Bridgeport's financial profile were to deteriorate due to fixed costs that overcrowd the budget, or if underlying budgetary imbalance results in declining reserves or cash positions to levels we view as no longer commensurate with those of similarly rated peers.

SOURCES AND USES OF FUNDS

City of Bridgeport, Connecticut
 General Obligation Bonds
 Market Rates as of July 20, 2021
 Final Numbers Subject to Verification

Sources:	General Obligation Bonds - Series A	General Obligation Refunding Bonds - Federally Taxable - Series B	General Obligation Refunding Bonds - Delayed Delivery - Series C	Total
Bond Proceeds:				
Par Amount	28,130,000.00	18,250,000.00	15,595,000.00	61,975,000.00
Premium	6,627,797.35		2,332,577.75	8,960,375.10
	34,757,797.35	18,250,000.00	17,927,577.75	70,935,375.10
Uses:				
Project Fund Deposits:				
Project Fund	31,946,000.00			31,946,000.00
Refunding Escrow Deposits:				
Cash Deposit		393,551.16	17,758,122.88	18,151,674.04
SLGS Purchases		17,637,692.00		17,637,692.00
		18,031,243.16	17,758,122.88	35,789,366.04
Other Fund Deposits:				
Capitalized Interest Fund	2,496,696.25			2,496,696.25
Delivery Date Expenses:				
Cost of Issuance	158,862.44	103,065.75	88,071.81	350,000.00
Underwriter's Discount	155,466.95	112,629.27	77,353.78	345,450.00
	314,329.39	215,695.02	165,425.59	695,450.00
Other Uses of Funds:				
Additional Proceeds	771.71	3,061.82	4,029.28	7,862.81
	34,757,797.35	18,250,000.00	17,927,577.75	70,935,375.10

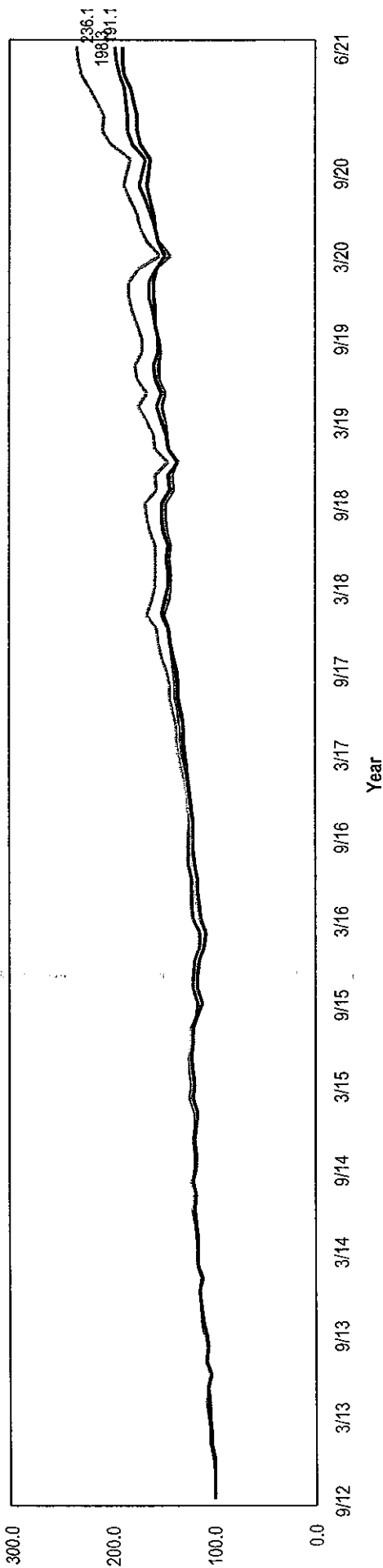
Total Portfolio

June 30, 2021

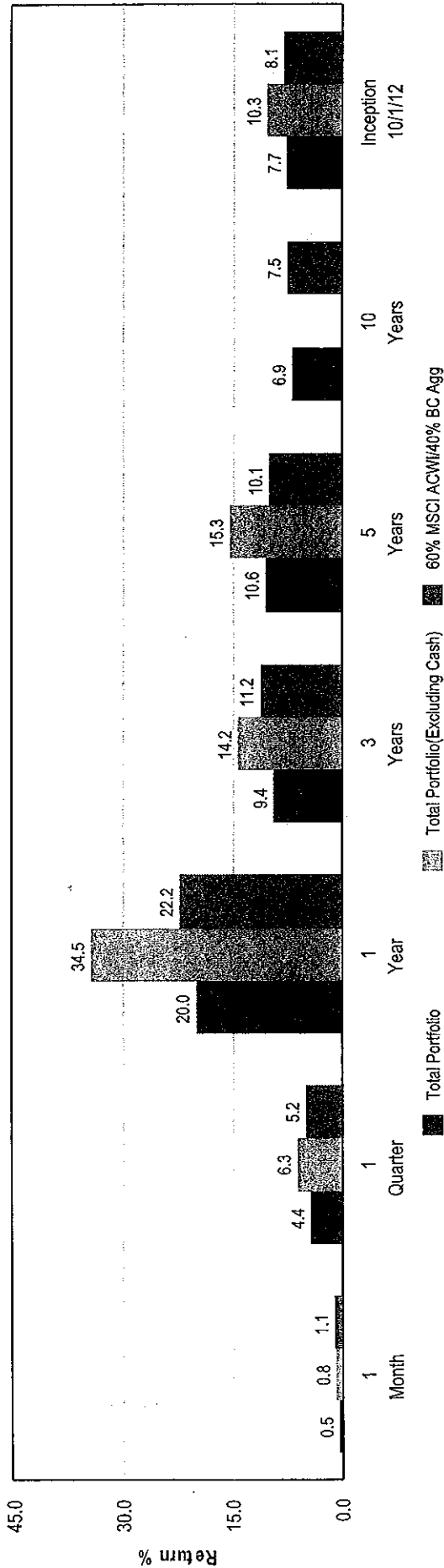
	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Portfolio	166,980,935	100.00	4.40	8.30	19.99	9.41	10.60	6.90	6.52	Oct-06
60% MSCI ACWI/40% BC Agg			5.15	6.57	22.18	11.23	10.13	7.52	6.49	
Over/Under			-0.75	1.73	-2.19	-1.82	0.47	-0.62	0.03	
60% MSCI ACWI/40% BC Agg			5.15	6.57	22.18	11.23	10.13	7.52	8.14	
Over/Under			1.13	5.90	12.35	3.02	5.14	-	2.18	
MSCI AC World Index			7.53	12.56	39.87	15.14	15.20	10.48	11.98	
Over/Under			-0.19	1.96	4.09	0.75	1.83	-	-0.46	
Russell 1000 Value Index			5.21	17.05	43.68	12.42	11.87	11.61	7.52	
Over/Under			4.09	4.33	10.69	6.61	7.41	3.39	4.55	
iShares Russell 1000 Value (IWD)			5.05	16.89	43.40	-	-	-	43.40	
Russell 1000 Value Index			5.21	17.05	43.68	12.42	11.87	11.61	43.68	
Over/Under			-0.16	-0.16	-0.28	-	-	-	-0.28	
iShares Core S&P 500 ETF (IVV)			8.38	15.24	40.90	-	-	-	23.86	
S&P 500 Index			8.55	15.25	40.79	18.67	17.65	14.84	23.95	
Over/Under			-0.17	-0.01	0.11	-	-	-	-0.09	
iShares Edge MSCI Multifactor USA ETF (LRGF)			5.62	14.21	39.32	-	-	-	17.71	
Russell 1000 Value Index			5.21	17.05	43.68	12.42	11.87	11.61	14.31	
Over/Under			0.41	-2.84	-4.36	-	-	-	3.40	
ARK Innovation ETF (ARKK)			9.03	5.04	86.39	-	-	-	84.77	
S&P 500 Index			8.55	15.25	40.79	18.67	17.65	14.84	23.95	
Over/Under			0.48	-10.21	45.60	-	-	-	60.82	
AB US Large Cap Growth			13.66	14.51	37.94	-	-	-	33.35	
Russell 1000 Growth Index			11.93	12.99	42.50	25.14	23.66	17.87	35.12	
Over/Under			1.73	1.52	-4.56	-	-	-	-1.77	

Total Portfolio

Growth of a Dollar



Return Summary (%)



**City of Bridgeport Safety Plan A
26-Year Funding Projection**

(all figures shown are in thousands)

	Plan Year Beginning July 1,									
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
No extra \$120M contribution										
Actuarial Value of Assets	\$49,800	\$40,760	\$32,460	\$25,040	\$18,640	\$13,390	\$9,470	\$7,010	\$6,200	\$7,220
Actuarial Accrued Liability	292,870	282,070	271,050	259,850	248,520	237,080	225,560	213,980	202,390	190,800
Unfunded Actuarial Accrued Liability	243,070	241,310	238,590	234,810	229,880	223,690	216,090	206,970	196,190	183,580
Actuarially Determined Contributions (ADC)	\$17,020	\$17,830	\$18,670	\$19,560	\$20,480	\$21,440	\$22,440	\$23,480	\$24,550	\$25,670
Sum of total contributions	\$422,830									
Sum of discounted contributions (discounted at 6.50% to July 1, 2019)	\$243,320									
Extra \$120M contribution July 2019										
Actuarial Value of Assets	\$49,800	\$168,560	\$158,820	\$149,400	\$140,390	\$131,860	\$123,910	\$116,630	\$110,110	\$104,450
Actuarial Accrued Liability	292,870	282,070	271,050	259,850	248,520	237,080	225,560	213,980	202,390	190,800
Unfunded Actuarial Accrued Liability	243,070	113,510	112,230	110,450	108,130	105,220	101,650	97,350	92,280	86,350
Actuarially Determined Contributions (ADC)	\$17,020	\$8,390	\$8,780	\$9,200	\$9,630	\$10,080	\$10,550	\$11,040	\$11,550	\$12,070
Sum of total contributions (including extra \$120M)	\$327,890									
Sum of discounted contributions (including extra \$120M) (discounted at 6.50% to July 1, 2019)	\$243,190									
Difference in contributions per year										
Contributions under normal scenario	\$17,020	\$17,830	\$18,670	\$19,560	\$20,480	\$21,440	\$22,440	\$23,480	\$24,550	\$25,670
Contributions under \$120M scenario	137,020	8,390	8,780	9,200	9,630	10,080	10,550	11,040	11,550	12,070
Difference	120,000	(9,440)	(9,890)	(10,360)	(10,850)	(11,360)	(11,890)	(12,440)	(13,000)	(13,600)

Assumptions:

- 1) Assets are projected from January 31, 2019 assuming 0% return for the remainder of the 2018/2019 fiscal year and 6.50% return for future years.
- 2) Actuarial accrued liability is based on a 6.50% discount rate
- 3) All other assumptions are the same as those used in the June 30, 2018 actuarial valuation.

Note: Actual experience that differs from these assumptions in future years could significantly impact the projected ADC. The actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.

PENSION A CASH FLOW

Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Beginning Market Value	109,492,037	117,046,549	114,282,084	93,783,701	70,409,891	63,364,853	57,436,022	48,490,887	156,809,433
Total Contributions	10,656,065	11,743,974	11,419,933	16,481,501	17,217,397	16,753,233	16,718,116	138,020,879	10,010,755
Investment income	10,474,161	16,684,433	778,674	(4,196,433)	8,804,430	6,023,910	3,839,191	1,627,654	29,113,298
Benefit payouts	(33,684,049)	(32,857,603)	(34,629,862)	(34,932,934)	(33,084,753)	(28,276,455)	(29,349,556)	(31,078,873)	(28,690,738)
Ending Market Value	117,046,549	114,282,084	93,783,701	70,409,891	63,364,853	57,436,022	48,490,887	156,809,433	166,980,935

Beginning Market Value
 Total Contributions
 Investment income
 Benefit payouts
 Ending Market Value