City of Bristol

NEWS RELEASE
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FOR IMMEDIATE RELEASE

City's High Bond Rating Benefits Bristol Long Term

(BRISTOL, CT – May 24, 2017) Earlier this month, the major credit rating agencies affirmed their high ratings for Bristol, and last week those ratings actually began helping the City manage its future. On May 18th, the City of Bristol sold $21 million worth of long-term bonds and an additional $3.4 million in short-term notes. Because of the recent favorable bond affirmation of an "AAA" bond rating by Fitch Ratings, the City was able to reduce the interest rate from 3% in November, 2015 to 2.5% for last week's sale while the short-term notes went from 2% to 1.01%. The decreased interest rate means the City will save approximately $225,000 each year for the next 17 years in interest payments for a total of approximately $3.825 million. The savings start in fiscal 2017-2018 with interest only and in 2018-19 with principle and interest.

"The savings mean we don't have to raise the City's budget to cover these costs or reduce our services to maintain the existing budget," said Bristol Mayor Ken Cockayne. "We are really proud of these savings because the money really adds up. It is even more impressive when you consider other cities, and the state itself, are being downgraded due to their financial status."

During the first week of May, market analysts from Fitch Ratings held a conference call and Moody's Investors, Inc. and Standard & Poor's toured the City to inquire about Bristol's financial status and management. All three leading financial firms affirmed their current ratings of the City, as Moody's and Standard and Poors retained the City's "AA+" and "AA2" bond rating. This gives the City what is called a "Split Rating" since the organizations were close in their assessment, but not the same. Bond ratings is a key factor in determining the "mill" rate or what determines Bristol's tax rate.

"Especially considering the economic environment, we are really pleased to be able to save money for the future. We were able to sell the bonds at a 2.5% interest rate and the notes at 1.01%," said Bristol's comptroller Glenn Klocko. "The reaffirmation of the ratings is the most important metric of the financial shape and future of the City, so retaining these ratings is extremely important in ensuring Bristol's future financial health."

The organizations cited several reasons for the high ratings, including stable operational performance, exceptional well-funded City pension plans, strong financial management, conservative budgeting, long-term proactive planning and favorable long-term economic development projects.

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