

RatingsDirect®

Summary:

Meriden, Connecticut; General Obligation

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Summary:

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Credit Profile

US\$25.48 mil GO bnds iss ser 2013 due 02/15/2033

Long Term Rating

AA-/Stable

New

Meriden GO

Long Term Rating

AA-/Stable

Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating to Meriden, Conn.'s 2013 general obligation (GO) bonds. At the same time, Standard & Poor's affirmed its 'AA-' rating on the city's existing GO debt. The rating outlook is stable.

The rating reflects our view of the city's:

- Economic base that includes health care, services, and manufacturing and distribution, and is expected to benefit from the state's rail infrastructure project;
- Sizable and diverse property tax base with good income indicators and high unemployment;
- Strong financial position and strong management team as evidenced by comprehensive planning;
- Active funding of its other postemployment benefit (OPEB) liability, tempered by the underfunded status of two of three pension plans; and
- Low debt burden with a sizable, but largely grant-funded, capital improvement plan (CIP).

The city's full faith and credit pledge secures the GO bonds. We understand bond proceeds will finance various general purpose, school, sewer and water projects.

Meriden, with a population of about 60,000, covers 24 square miles in New Haven County, midway between New Haven and Hartford. Including this issue, and net of self-supporting enterprise debt, the city's debt burden is \$1,500 per capita and 1.9% of market value. We consider these indicators low. Amortization is above average, in our opinion, with officials planning to retire 61% of principal over 10 years. The city's CIP, covering fiscal years 2013-2018, totals \$322 million. About 62% of the CIP will be funded by federal/state grants and 30% will be city-funded.

Outlook

The stable outlook reflects Standard & Poor's expectation that the city should be able to continue to sustain its good financial position as it maintains balanced financial operations while funding retirement obligations. The city's low debt burden and rapid amortization are also stabilizing rating factors. Finally, the diversifying local economy and good income levels support the outlook further. We do not expect to change the rating within a two-year horizon.

For additional information on the rating, please see the report published Dec. 17, 2012.

Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

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