FOR IMMEDIATE RELEASE
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TREASURER NAPPIER COMPLETES SUCCESSFUL COMPETITIVE BOND SALE AT LOW INTEREST RATES

HARTFORD, CT – State Treasurer Denise L. Nappier announced today the market's enthusiastic response to a competitive sale of $510 million of General Obligation bonds, with winning bids at very low total interest costs ranging from 2.37 percent to 3.46 percent.

Bonds were sold in three series: $300 million of tax-exempt bonds with a 20-year final maturity; $200 million of taxable bonds with a 10-year final maturity; and $10 million of taxable refunding bonds with a 13-year maturity.

In advance of the sale on Wednesday, August 6, all four major credit rating agencies reviewed and reaffirmed the State's bond ratings. In what Treasurer Nappier described as "a positive sign for the State's economic outlook and budget," Moody's Investors Service, Standard & Poor's, Fitch Ratings and Kroll Bond Ratings each reported that Connecticut's general obligation bonds will remain rated at: Aa3, AA, AA and AA, respectively.

"While many have been enjoying these last lazy days of summer, the Treasury has worked hard to sell Connecticut bonds at very attractive rates, which ultimately will fund capital projects that will create jobs and stimulate our State and local economies," Treasurer Nappier said. "That each of these bond sales has produced much lower-than-expected financing costs for the State serves to demonstrate the continuing confidence of investors in the quality of Connecticut bonds," Treasurer Nappier said.

Nappier added: "We timed today's sale just right, given the fall of U.S. Treasury rates to some of the lowest levels this year. Low borrowing costs will save the State millions of dollars in borrowing costs over the long term."

For each of the three series of bonds, eight to ten firms offered bids. A syndicate led by J.P. Morgan Securities LLC and partnered with Estrada Hinojosa & Company Inc., a Hispanic-owned bond underwriting firm, submitted the winning bids for all three series.

Bids were accepted based on the lowest overall interest cost to the State. The winning bids were 3.03 percent for the $300 million tax-exempt series; 2.37 percent for the $200 million taxable series; and 3.46 percent for the $10 million taxable refunding series.

The refunding sale -- designed to save taxpayers money by refinancing existing bonds at lower interest rates – will save $3.4 million. Total savings to taxpayers of all debt refundings and defeasances completed during the Nappier administration now exceed $944 million.

The firms coordinated purchasing syndicates for the sale and submitted their bids using a state-of-the-art, internet-based, electronic bidding platform. Bidders were allowed to submit a single blind bid for each series of bonds. The Office of the Treasurer and its financial advisors had secure access to view all bids. An outside verification of bid accuracy and conformance to bid specifications was completed before the bids were officially awarded to the J.P. Morgan syndicate.

Of the new funding, approximately $212 million will be used for local school construction grants and other school construction projects, and $189 million will fund various housing and economic development programs.

Other allocations will fund the Small Town Economic Assistance Fund; grants to not-for–profit health and human services providers; stem cell research grants; improvements at State universities; school readiness programs; Minority Business Enterprise Assistance; improvements at performing arts venues; and the Brownfield Redevelopment Loan Fund. In addition, $10 million will be used to refinance existing bonds to lower interest rates.

The rating outlooks all are stable -- with the exception of Fitch Ratings, which retained the negative outlook it announced a little over a year ago. Each of the rating agencies made note of the State's higher projected budget surplus for Fiscal Year 2014, which was recently increased to $121.3 million.

"Our State's solid AA rating reflects the strong financial management of the State and the credit quality of our bonds," Treasurer Nappier said. "The rating agencies' conclusions are consistent with Connecticut's commitment to balancing its budget while paying off its long-term liabilities," she added.

The bonds are scheduled to close on August 28, 2014. Disclosure counsel are Day Pitney LLP and Finn Dixon & Herling LLP. Tax counsel are Robinson & Cole LLP and Soeder & Associates, LLC. Financial advisors are Acacia Financial Group, Inc. and A.C. Advisory.

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