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UCONN 2000 BONDS SELL OUT TO RETAIL INVESTORS, FIRST TIME IN STATE HISTORY THAT GENERAL OBLIGATION BONDS GO 100% RETAIL

$80 MILLION IN BONDS ORDERED IN TWO DAYS DURING "FINAL FOUR" WEEKEND

The basketball court wasn't the only place where Connecticut scored a "first" on Monday. For the first time in state history, a State of Connecticut bond issue has been sold completely to retail investors.

The State Treasurer's Office opened a two-day retail order period for $80 million in UConn 2000 bonds on Friday, in advance of a planned sale in the institutional market today. By the time the retail order period closed Monday afternoon, the bonds were totally sold out, eliminating the need to go to the institutional market. It's the first time that a Connecticut General Obligation Bond issuance has been totally sold to retail investors.

UConn 2000 is a $1.25 billion, ten-year state investment program that is renewing, rebuilding and enhancing the University's physical infrastructure. It is the most ambitious publicly financed university infrastructure program in the country. The 1999 Series A General Obligation Bonds are the fourth issuance in the first phase of the program, which began in 1996. Throughout the UConn 2000 program, the state has traditionally made bonds available in the retail market in advance of institutional pricing.

"We saw a very strong response from individual investors," said State Treasurer Denise L. Nappier. "This unprecedented level of retail purchases demonstrates investor confidence in both the bonds as an investment and in the University as an institution.

UConn really had the numbers these past few days, in the tournament and in the market."

Due to strong orders for the bonds, especially in the shorter maturities, the Treasurer's Office on Monday restructured the maturities to meet investor demand. The bonds made available to investors included maturities from one to 20 years.

Orders were taken in all twenty maturities (2000 through 2019) during the opening day of retail orders alone, and a total of $92 million in orders were taken in during the two days, with thirteen maturities oversold.

"We worked very closely with officials at the University and with our financial team," Nappier said. "As with the Huskies, ours was a real collaborative effort that paid off with record-setting returns." The Senior Manager for the issue was Advest, Inc., and Nappier commended the firm's work on the bond sale.

The UConn 2000 series includes bond issuances of $99,520,000 in 1998, $124,392,431 in 1997, and

$83,929,714 in 1996. Retail investors purchased 69.8 percent of the bonds in 1998, 71.5 percent in 1997 and 49.7 percent in 1996. Overall retail orders placed, which exceeded 100 percent of this year's issue, were at 52 percent in 1996, 75.8 percent in 1997, and 69.8 percent in 1998.

The bonds received ratings of A1 from Moody's Investors Service, AA from Standard & Poor's Rating Group, and AA- from Fitch Investor Service. In addition, the bonds maturing in 2010-2019, which were insured by FGIC, were rated AAA by all three rating agencies. The bonds are exempt from federal income tax and Connecticut state income tax for most Connecticut residents. Nappier also noted that both the lowest bid and the cover bid for insurance were less than 10 basis points, an extremely favorable rate.

The UConn 2000 project is managed by the University. Some of the projects that have received financing and have already been completed include a new chemistry building, the South Campus Residential Complex, renovations to more than 60 classrooms, and enhancements to Gampel Pavilion and Greer Field House. Projects currently underway include the Biological Sciences Building, the Agricultural Biotechnology Building, the Fine Arts Building, and the School of Business Administration Building.

This bond issue marks the completion of the first phase of the UConn 2000 project. The state legislature authorized $382 million in bonds during the first phase and $580 million for the second phase, which runs through fiscal year 2005.

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