**The Office Of**
**State Treasurer**
**Denise L. Nappier**

# News

**FOR IMMEDIATE RELEASE**
Friday, January 25, 2008

## Nappier Plan to Secure Future of Teachers' Retirement Fund Wins Approval – UPDATED 3:10 p.m. (includes professionals to handle transaction, financial and legal advisors)

*State Bond Commission Authorizes Sale of $2 Billion in Pension Obligation Bonds*

Taking final action to secure the financial future of the Teachers' Retirement Fund, the State Bond Commission today unanimously approved the sale of $2 billion in pension obligation bonds to reduce the unfunded liability of the Teachers' Retirement Fund. The approval will allow State Treasurer Denise L. Nappier to move forward with the sale of bonds this spring.

During the 2007 Session of the General Assembly, Treasurer Nappier proposed the bill that authorized the sale of bonds to reduce the unfunded liability of the Teachers' Retirement Fund – which stands at $6.9 billion – and requires the State to make the actuarially-required payments into the Retirement Fund each year.

Nappier, also a member of the State Bond Commission, applauded the action taken today. "I have long maintained that adequately funding the State's pension obligations needs to be our top priority," Nappier said. "Not only is it the right thing to do, it is fiscally prudent and, over time, will save taxpayers an estimated $2.8 billion over the next twenty-five years."

The Treasurer also noted that the timing of this transaction couldn't be better. "With interest rates at historic lows, we expect that the cost of borrowing will be relatively low – somewhere between 5.25 and 5.6%," Nappier commented, "a rate far lower than the 8.5% currently being paid on the unfunded liability."

Treasurer Nappier underscored the importance of the advocacy of Connecticut's teachers in ensuring passage of this legislation. "The pension obligation bond proposal enjoyed nearly unanimous bi-partisan support in the legislature, in part, because legislators heard from teachers in their districts and fundamentally understood how critical a solid financial foundation for the pension system is to our teachers," said Nappier. Teachers in Connecticut do not participate in the Social Security System and, therefore, the Teachers' Retirement Fund is their only employer-based retirement program.

Nappier also thanked the leadership of the General Assembly – particularly House Speaker James Amann – for their early support of the measure, and commended the work of the Connecticut Education Association, the Connecticut American Federation of Teachers, and the Association of Retired Teachers of Connecticut, for their work throughout the legislative process.

The transaction will be led by the bond underwriting firms of Bear Stearns and Merrill Lynch, working together as lead bookrunner and co-bookrunner for the bond sale. These firms have led large POB transaction for Illinois, Oregon and Puerto Rico.

In addition, Treasurer Nappier has named the following firms as co-senior managers; Citigroup, Lehman Brothers, M.R. Beal & Company, Morgan Stanley, JPMorgan, Ramirez & Company, Siebert Brandford Shank & Co., LLC and UBS Investment Bank.

The Treasurer said, "All of the firms were selected from our existing pool of qualified bond underwriters and have a proven track record of marketing State of Connecticut bonds to investors. These firms will provide a very strong underwriting team for this large and important bond sale. Co-managing underwriters will be named closer to the sale date."

The financial advisors on the transaction are Public Resources Advisory Group and P. G. Corbin & Co.. Bond counsel will be Day Pitney LLP and Lewis & Munday. The law firms of Finn Dixon & Herling LLP & Soeder and Associates will serve as co-disclosure counsel. The law firms of Updike, Kelly & Spellacy and Gonzalez Saggio & Harlan LLP will serve as underwriters counsel on the transaction.

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