The Office Of State Treasurer
Denise L. Nappier
News

FOR IMMEDIATE RELEASE
March 9, 2015

CREDIT RATINGS FOR STATE BONDS AFFIRMED; CREDIT OUTLOOKS DIFFER

Treasurer Nappier Announces Bond Sale

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that three of the four major credit rating agencies have reviewed and reaffirmed the bond ratings for the State's General Obligation bonds.

Moody's Investors Service, Standard & Poor's and Fitch Ratings each have announced that Connecticut's General Obligation bond ratings will remain rated at Aa3, AA and AA, respectively. The Kroll Bond AA rating is also expected to be affirmed when it is released on Tuesday, March 10th.

While one of the credit rating agencies, Standard & Poor's, affirmed the General Obligation credit rating, it did place the State's General Obligation bonds on negative outlook. Moody's affirmed its ratings with a stable outlook, while Fitch continued its negative outlook, first put in place in July 2013.

"Today's news is bittersweet, no doubt. While there is the good news that the State's ratings remain unchanged -- which demonstrates continued confidence in our creditworthiness -- the recent negative outlook further strengthens our resolve to fortify the State's fiscal footing," said Treasurer Nappier.

Nappier added, "There was, at least, recognition of a number of credit positives that speak to the soundness of Connecticut's fiscal management, including the consistent full funding of our pension obligations, a commitment to GAAP accounting, and the existence of a Rainy Day Fund. Standard & Poor's described Connecticut's financial management assessment as 'strong,' which 'indicates that, in our opinion, practices are robust, well embedded, and likely sustainable'."

"So while disappointed in Standard & Poor's negative outlook, I don't foresee this opinion by one agency impacting our upcoming bond sale. While our State does have a way to go to achieve full, sustainable economic recovery over the long haul, we have nonetheless demonstrated a steadfast commitment to consistent and full funding of the State's long-term liabilities." said Treasurer Nappier.

A "negative outlook" generally means that a credit rating will be under review for one to two years, and is less concerning than a credit watch. Currently, seven other states have negative outlooks from one or more credit rating agencies. Added Treasurer Nappier, "We believe the nationwide economic recovery will continue to result in improved budget revenues and, in turn, will enable the State to address some of Standard and Poor's concerns."

Moody's summarized its rating by stating, "The outlook for Connecticut is stable reflecting the positive steps the State has taken to address its long-standing balance sheet weakness and reduce its fixed post-employment benefit costs through pension reforms, as well as the adoption of a budget that largely relies on recurring solutions. We expect that Connecticut's revenue trends should improve as its recovery picks up steam. We also expect that the state will maintain its new commitment to replenishing its rainy day fund over time and addressing its remaining negative GAAP basis unassigned General Fund balance."

The rating news comes in advance of an upcoming $500 million General Obligation bond sale being offered this week.

The bond sale consists of $400 million of tax-exempt bonds and $100 million of taxable bonds. The proceeds will be used to fund $122.8 million in local school construction grants, $105.0 million for miscellaneous state grant programs, $55.5 million for Department of Education grants, $50.8 million for the Jackson Labs project, $39.0 for various housing programs, $20 million for the Bioscience Connecticut Initiative, $15 million for Town Road Aid projects, $15 million in for the Emergency Mortgage Assistance Program, $12 million for the Connecticut Regional Development Agency for the XL Center, $11.5 million for Brownfield loans, $10 million for the Manufacturing Assistance grants, $10 million for the Local Capital Improvement Program and the balance of $33.2 million will be used to fund various state building projects.

Day Pitney LLP and Finn Dixon & Herling LLP are serving as disclosure counsel for the General Obligation sale, with Robinson & Cole LLP and Soeder & Associates, LLC serving as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory are acting as financial advisors for this sale.

More information on these bond offerings and the official Statements are available at www.buyctbonds.com.