



**OFFICE OF
STATE TREASURER
DENISE L. NAPIER**

NEWS

FOR IMMEDIATE RELEASE

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NAPIER SAYS RECORD-SETTING RESULTS OF BOND ISSUES WILL BRING IMMEDIATE AND LONG-TERM SAVINGS FOR CONNECTICUT TAXPAYERS

*Last week's largest bond sale in State history refinances over
\$1 billion in debt, saving taxpayers \$44.7 million*

Connecticut State Treasurer Denise L. Nappier said today that Connecticut taxpayers will save \$44.7 million in interest payments over the next 16 years and there will be nearly \$25 million in immediate budget savings during the next two years, following two record-setting bond issues administered by the Treasurer's Office.

Nappier said the \$1.03 billion in general obligation refunding bonds sold last week represents the largest State bond issue in Connecticut history, and will dramatically lower the interest rate being paid by the State. The other bond issue, conducted in mid-February, achieved the lowest cost for a 20-year general obligation new money bond issue in 30 years.

***This week's
bond sale alone
refinanced 1/8 of
Connecticut's
outstanding GO
bonds, dramatically
reducing the State's
interest payments
and helping
taxpayers.***

Together, the two bond issues will bring nearly \$25 million in budget relief over the next two years -- \$7.5 million from last week's refunding issue and \$17 million from last month's bond issue.

"We are continuing our efforts to take advantage of attractive interest rates and lock in low cost financing for approved state projects and to refinance existing bonds for added savings," Nappier said. "Actively managing the State's debt helps to relieve pressure on the state budget, both now and in the future, and reduces the amount of money that taxpayers will need to pay in interest costs on our State's bonded debt."

The \$1,030,375,000 General Obligation 2004 Series B bond issue -- sold on March 23 -- refinanced about 1/8 of all outstanding General Obligation Bonds, reducing the interest rate on those bonds from 5.25% down to an effective cost of 3.65%. The largest State bond issue in Connecticut history will provide the state \$44.7 million in reduced debt service cost over the life of the bonds.

More...

CONTACT: **BERNARD L. KAVALER**
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

The February transaction included \$300 million of General Obligation bonds to provide new funding for local school construction projects, economic development projects, investments in higher education facilities, municipal capital grants and state building projects previously approved by the state legislature. The structure of the bond issue provided \$17 million in much needed budget relief for the next two fiscal years.

The Treasurer's Office enhanced the refunding savings by investing the refunding escrow in high quality AAA rated federal agency securities which provided a higher investment return than traditional federal government securities. The Office also opted to insure a portion of the bonds, providing investors with differing investment options which served to

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strengthen overall demand for the bonds. (The uninsured bonds carry ratings of Aa3/AA/AA; the insured bonds carry ratings of Aaa/AAA/AAA.)

During the past five years, the Nappier Administration has aggressively and prudently pursued lowering the State's cost of debt through refinancings and cash defeasances. In eighteen transactions totaling \$4.7 billion, the Treasurer's Office has reduced the state's future cost of existing debt by a total of \$343 million, reducing the burden on taxpayers for years to come.

"While I firmly believe that Connecticut must rein in the amount of debt that it issues, we will continue to meet our statutory obligations prudently and effectively, and work to lessen the burden on taxpayers wherever possible", Nappier said.

This week's bond sale was senior managed by UBS Financial Services Inc., a global financial services firm with its U. S. headquarters based in Stamford, CT. The transaction is scheduled to close on April 8, 2004. The earlier bond issue was senior managed by Seibert Brandford Shank, a top ranked minority and woman owned investment banking firm. This transaction closed on March 2, 2004. P. G. Corbin & Company, Inc. is the State's financial advisor, Day, Berry & Howard is disclosure counsel and Hunton & Williams is tax counsel.