



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

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# NEWS

**FOR IMMEDIATE RELEASE**

Thursday, November 2, 2006

## **Nappier Reports Highly Successful Bond Sale Will Yield \$12 Million Long-Term Savings for State Taxpayers**

***State Also Receives Top Financial Management Rating from Rating Agency***

Connecticut State Treasurer Denise L. Nappier said today that **Connecticut taxpayers will save \$12 million** over the next 17 years from a recent refinancing of outstanding State debt. The General Obligation bond sale, conducted last week, included \$300 million of new money bonds and over \$300 million of refunding bonds. The bonds will close on November 9, 2006.

With completion of this latest refunding transaction, the total amount of State debt refunded and defeased under the Nappier administration is almost \$6.4 billion. This active management of existing debt commitments has been executed over the last eight years in thirty-five different financing transactions, with total debt service savings to the state budget – and taxpayers – of just over \$518 million.

***Total debt service savings to the state budget – and taxpayers – has surpassed \$518 million during the past eight years.***

“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 for years to come.”

The new money GO bonds, authorized by the State Legislature and State Bond Commission, were issued to provide funding for local construction of schools, improvements at the state universities, grants to towns for local capital improvements as well as other capital projects.

### **HIGH DEMAND FOR CONNECTICUT BONDS**

The bond sale generated a large demand in orders, bringing in \$108 million from individual investors during a highly successful retail order period. The remaining bonds were offered to institutional investors, who placed orders totaling three times the available bonds. This high level of demand enabled the State to adjust to even more favorable interest rates for Connecticut taxpayers.

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Based on review by the Treasury's Debt Management Division, all of the bonds were sold based solely on the State's AA credit rating without the addition of bond insurance.

### **STATE RECEIVES STRONG FINANCIAL MANAGEMENT RATING FROM S&P**

The October bond issue followed the release earlier in the month of a report by Standard & Poor's which assigned the State of Connecticut its highest "Financial Management Assessment" rating. The new system analyzes financial management policies and procedures in U.S. public finance. The report followed a briefing between Standard & Poor's representatives and officials of the Office of Policy & Management (the state budget office) and the State Treasurer's Office. At the session, Treasury officials responded to questions regarding the State's financial management practices as they relate to debt issuance, debt management, and the prudent investments of state cash and pension assets.

"While I firmly believe that Connecticut must begin to rein in the amount of debt that it issues, we will continue to meet our statutory obligations prudently and effectively. The success of the bond sale in October, in both retail and institutional investor demand, and in the ultimate savings to taxpayers, underscores that commitment," Nappier said.

### **HISPANIC, LOCAL FIRMS PARTICIPATE**

This most recent bond sale is also notable as the first issue to employ some of the recently hired bond underwriter firms appointed earlier this month by Treasurer Nappier at the conclusion of a formal Request for Proposals process. A number of the firms selected in this process are minority-owned or Connecticut-based, consistent with Treasurer Nappier's stated goal of encouraging participation of minority, woman-owned and Connecticut-based firms in the State's bond transactions.

Among the firms selected as co-managers, beginning with this bond sale, are two Hispanic-owned underwriting firms; Cabrera Capital Markets, Inc. and Popular Securities. Ramirez & Co., also a Hispanic-owned firm, served as a senior manager on the transaction, after being elevated to senior manager status last February. Other returning minority-owned underwriting firms included in the transaction are Siebert Brandford Shank & Co. (a minority- and woman-owned firm who has served as a senior managing underwriter for the State for several years), as well as Apex Pryor Securities, Inc., and Jackson Securities.

In addition, this transaction was the first State Treasury bond sale in which Webster Bank, a Connecticut-based firm, served as a bond underwriter. Another Connecticut-based underwriting firm, Belle Haven Investments, L. P. provided bond underwriting on the transaction.

*The General Obligation bond sale was senior managed by Lehman Brothers. Day, Berry & Howard serves as lead counsel and Hunton & Williams as tax counsel. Lamont Financial Services Corporation assisted with pricing.*