



OFFICE OF
STATE TREASURER
DENISE L. NAPIER

NEWS

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MOODY'S INVESTORS SERVICE REVISES VIEW OF STATE BOND FINANCING; RATING AGENCY NOW SAYS VIEW IS "POSITIVE"

Improved Agency Outlook Includes Concerns About High Debt, Unfunded Pension Liabilities

State Treasurer Denise L. Nappier said today that Moody's Investors Service, one of the top international credit rating agencies, has revised its economic view of Connecticut from "stable" to "positive." The change in outlook is often a precursor to improving the state's overall credit rating.

The action came as Moody's assigned a rating of Aa3 to the State's \$450 million General Obligation Bonds slated for sale next week.

"This is good news for Connecticut in the bond market, and comes after a series of very successful general obligation and UConn bond issues," Nappier said. "We look forward to working with the rating agencies, the administration and the legislature to ensure that the fiscal picture that we present to the agencies remains strong and healthy."

While pointing to the state's fiscal strength and recent solid economic trends, Moody's also pointed out that Connecticut's debt ratios "are among the highest of the states"

The rating agency pointed out that "combined pension and debt service appropriations in 2000 will amount to approximately 14% of revenues, representing fairly sizable fixed costs for the state."

Nappier said the improved outlook bodes well for future state bond issues, but the state must not ignore the important issue of heavy debt load and large pension liabilities, saying that "this is an issue that is clearly on the radar screen of the rating agencies."

The Treasurer has been a strong advocate for fully funding the state's annual contribution to the pension fund as an important source for ensuring a well financed retirement system. Credit ratings help investors to place a value on the State's bonds and a high rating results in a lower cost of borrowing for the State.

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