



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

NEWS

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**CONNECTICUT BOND SALE LEADS THE MARKET
ATTRACTS RECORD NUMBER OF INVESTORS,
DRIVING DOWN BORROWING COSTS**

Deal Size Increased to Meet Unprecedented Investor Demand

Hartford - Connecticut State Treasurer Denise L. Nappier today announced the completion of one of the most successful bond sales in Connecticut history. The State of Connecticut sold \$500,000,000 of General Obligation Bonds with \$400,000,000 worth of orders being placed during the retail period, in which individual investors were given the first opportunity to purchase the bonds - nearly doubling the previous record set in June 2000. As a result of this unprecedented demand, followed by an oversubscription from institutional investors of \$1.2 billion, the State was able to bring down the cost of borrowing to approximately 4.9% - thereby saving taxpayers nearly \$20 million in debt service costs.

"This Connecticut bond sale has set a new positive tone in the market for municipal securities: one that is welcomed and sorely needed. It would not be a stretch to say that this transaction has led the way to an overall decline in municipal yields market-wide, and heralded the return of investors to the municipal marketplace," Treasurer Nappier stated.

The bond issue - rated Aa3/AA/AA by Moody's, Standard & Poor's and Fitch, respectively - was originally planned at \$250,000,000. The size of the issuance was increased, however, to meet the overwhelming demand from both retail and institutional investors.

The three-day sale of General Obligation Bonds began on Monday, October 20th with a two-day retail order period. On the third day of the sale, orders came in from institutional investors and, on average, represented more than ten times the number of bonds that were available to them. While these bonds were offered at the tightest spreads of any comparable bond offering since the beginning of the current financial crisis, the market response to the offering allowed the State to further reduce yields in the final pricing by approximately 40 basis points.

In stark contrast, just a few weeks ago, the State downsized a \$480 million STO refunding bond sale as the credit markets at the epicenter of the current financial crisis had essentially frozen up for many issuers of debt, including high quality market participants such as Connecticut.

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“I am gratified that Connecticut bonds were so enthusiastically demanded, once again, by both individual and institutional investors,” Nappier remarked. “This historic sale is a vote of confidence in our State and an affirmation by investors that our bonds are indeed safe and attractive investment alternatives. It sends a signal to the markets that municipal bonds are in demand, despite recent market disruptions.”

The proceeds of the sale will be used to fund projects that will contribute to the State’s overall economy, such as grants to local municipalities to build schools and for clean water projects, improvements to Connecticut colleges and universities, and other state building projects.

Nappier’s office negotiated the underwriting structure which produced yesterday’s record-setting bond sale. Siebert Brandford Shank & Co. LLC, a women- and minority-owned firm, led the offering which included 13 other firms in the management group and 17 firms in a selling group. The Treasurer’s Office elected to use a larger selling group in order to tap into the demand expected from both retail and institutional investors who have sat on the sidelines during these past several weeks. Treasurer Nappier remarked, “This strategy of increasing our sales force allowed us to boost retail and institutional distribution in the face of challenging market conditions.”

Other transaction participants included Day Pitney LLP and Finn Dixon & Herling LLP as co-disclosure counsel; Robinson & Cole and Soeder & Associates LLC as co-tax counsel; and P.G. Corbin & Company and Acacia Financial Group as co-financial advisors. The sale is scheduled to close on November 6th.

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