The Office Of State Treasurer Denise L. Nappier

News

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STATE BOND SALE ACHIEVES RECORD PERFORMANCE; NATIONWIDE STRONG CREDIT RATINGS REAFFIRMED

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that a State of Connecticut General Obligation bond sale achieved some of the lowest interest rate spreads of any sale of its kind in the nation, and that the four major credit rating agencies reviewed and reaffirmed the State's high quality bond ratings.

"The State of Connecticut's bonding program has once again proven to be a market leader in setting new levels and saving money for Connecticut taxpayers," said Nappier.

The $400 million general obligation bond sale was offered with two structures: roughly $224 million of the bonds were offered as variable rate bonds that pay interest at fixed spreads to the SIFMA Index; the balance were offered as traditional fixed rate bonds. The total interest cost on the variable rate SIFMA bonds was 0.88 percent based on this week's SIFMA Index, and on the longer dated fixed rate bonds, 3.22 percent. The combined total interest cost on the entire $400 million structure was 2.29 percent.

"These rates allow us to finance capital projects at very low cost," Nappier said. "Every dollar that we save matters as the state looks to reduce its spending during these difficult economic times."

During the institutional order period on March 6th, customer orders totaled more than 5 times the amount of available SIFMA Index bonds, which allowed the State to price the bonds at or below some of the best spreads to the SIFMA Index ever achieved on a similar type of bond nationwide.

In what Nappier described as a positive sign for the State, Moody's Investors Service, Standard & Poor's, Fitch Ratings, and Kroll Bond Ratings all reaffirmed Connecticut's

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General Obligation bond ratings at Aa3, AA, AA, and AA, respectively -- all with Stable Outlooks.

"Our solid AA debt rating speaks well of the State's financial management and the credit quality of its bonds," Nappier said. "The rating agencies'conclusions also reflect Connecticut's commitment to structural budget balance, addressing GAAP transition, and emergence from the effects of the Great Recession."

Of the new funding, approximately $196 million will be used for local school construction grants and about $117 million will go toward funding various grants. Other projects to be funded include $30 million for supportive housing projects; $24 million to fund the Capital Equipment Purchase Fund; $23 million for Urban Act and Economic Development; and $7.5 million to replenish the State's Local Capital Improvement Fund. The balance will be used for other building projects.

Nappier pointed out, "Notwithstanding the general concern surrounding our State's borrowing practices, debt can be a worthwhile component of a comprehensive fiscal solution to help jump start our economy. These vital and substantial infrastructure investments will help to preserve and create jobs while adding fuel to our economic engine."

The bond closing is scheduled for March 28, 2013.

Day Pitney LLP and Finn Dixon & Herling LLP served as disclosure counsel for the transaction; with Robinson & Cole LLP and Soeder & Associates, LLC serving as tax counsel. The underwriting team was led by Citigroup, and Acacia Financial Group, Inc. and A.C. Advisory acted as financial advisors.

More information on the bond offering and the official statement are available at **www.buyctbonds.com**.

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