



The Office Of State Treasurer
Denise L. Nappier

News

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Credit Ratings for State Bonds Affirmed; Credit Outlooks Differ *Treasurer Nappier Announces Two Bond Sales*

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that Wall Street’s major credit rating agencies have reviewed and reaffirmed the State’s high quality bond ratings for its General Obligation and UConn 2000 bonds.

Moody’s Investors Service, Standard & Poor’s, Fitch Ratings, and Kroll Bond Ratings reported that Connecticut’s General Obligation bond ratings will remain rated at Aa3, AA, AA, and AA, respectively. The credit ratings for the UConn 2000 bonding program were also affirmed by Moody’s Investors Service, Standard & Poor’s and Fitch Ratings at Aa3, AA, AA-, respectively.

While one of the credit rating agencies, Fitch Ratings, affirmed both the General Obligation and UConn credit ratings, it did place them on negative outlook. By contrast, Moody’s, Standard & Poor’s and Kroll affirmed their ratings with stable outlooks.

“The State’s continued creditworthiness is a testament to the fortitude shown by our Governor and the Connecticut General Assembly in addressing our fiscal challenges,” Treasurer Nappier said.

“While I am disappointed with Fitch’s negative outlook, I don’t foresee this opinion by one agency impacting our upcoming bond sales. With that said, our State does have a way to go to achieve full, sustainable recovery over the long haul. That means, among other things, coming to grips with the State’s long-term unfunded obligations while honoring its commitments to our most vulnerable citizens. I remain optimistic that we will get there in due course. Simply put, we have no choice – we can’t afford to do otherwise,” said Treasurer Nappier.

A “negative outlook” generally means that a credit rating will be under review for one to two years, and is less concerning than a credit watch. Currently fifteen States have negative outlooks from one or more credit rating agencies. Added Treasurer Nappier: “We believe the nationwide economic recovery will continue to result in improved budget revenues and, in turn, will enable the State to address some of Fitch’s concerns.”

Moody's summarized its rating by stating, "The outlook for Connecticut is stable reflecting the positive steps the State has taken to address its long-standing balance sheet weakness and reduce its fixed post-employment benefit costs through pension reforms, as well as the adoption of a budget that largely relies on recurring solutions. We expect that Connecticut's revenue trends should improve as it emerges from the recession and the State will maintain its new commitment to replenishing its rainy day fund over time."

The rating news comes in advance of two upcoming State bond sales this month:

1. The first is an estimated **\$225 million UConn 2000 bond sale** to be offered during a special retail order period on Friday, July 12 and Monday, July 15. During this time, orders from individual investors will be given priority. The bonds will be offered to institutional investors on Tuesday, July 16 and the bond closing is scheduled for July 31. This bond sale will fund continued improvements at the University of Connecticut and a portion of the bonds will be used to refinance existing bonds at lower interest rates for savings.

To advertise the bond sale, a diverse marketing plan has been developed that includes traditional print and online advertising, along with a radio spot featuring Treasurer Nappier and UConn President Susan Herbst. In addition, for the first time, the State will also advertise using "Linked In" for UConn Alumni, based on a suggestion from Corey SeaQuist, a UConn graduate interning in the Treasurer's Office this summer.

Pullman & Comley LLC and the Law Offices of Joseph C. Reid are serving as co-bond counsel for the UConn 2000 program bond sale. The underwriting team is led by Piper Jaffray & Co. First Southwest Company and Public Financial Management are the financial advisors.

2. The second State bond sale is for **\$200 million of General Obligation Bonds** to fund \$145.7 million of general State building projects, \$19.1 million of improvements at State universities and community colleges, \$16.5 million for Urban Act grants, \$12.6 for the State's capital equipment purchase fund and about \$6 million for energy savings projects in State buildings.

This second sale will be conducted through an electronic competitive bidding process on an internet platform. Pre-qualified bond underwriters will be able to submit bids to purchase the bonds on July 24. The State will award the bonds to the best qualified bidder. This bond closing is scheduled for August 7.

Day Pitney LLP and Finn Dixon & Herling LLP are serving as disclosure counsel for the General Obligation sale, with Robinson & Cole LLP and Soeder & Associates, LLC serving as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory are acting as financial advisors for this sale.

More information on these bond offerings and the official Statements are available at www.buycfbonds.com.