



The Office Of State Treasurer  
Denise L. Nappier

---

## News

### **PRESS RELEASE**

FOR IMMEDIATE RELEASE

August 19, 2013

### **Three Successful Summer Bond Sales Draw Investor interest, Break New Ground *\$900 Million Raised to Stimulate Economy***

HARTFORD, CT -- State Treasurer Denise L. Nappier announced today the results of three successful State of Connecticut bond sales completed this summer.

“While many have been vacationing this summer, our office has been busy selling bonds at competitive rates to fund almost \$900 million in new projects, helping to invest in our State’s future, create jobs and stimulate our local economy,” Treasurer Nappier stated.

The first sale of \$223.9 million of bonds for the UConn 2000 infrastructure program resulted in a combined overall interest cost of 3.39% and consisted of two components: 3.55% on 20-year new money bonds and 2.67% on shorter maturity refunding bonds. The bonds were sold on July 16 and closed on July 31.

The second sale, held on July 24, was a competitive auction of \$200 million in 20-year new money General Obligation bonds. A bidding team comprised of Barclay’s Capital, Inc. and Siebert Branford Shank & Co. offered the lowest overall interest cost on the bonds at 3.57%.

The third sale, held August 13 and 14, was for \$500 million in General Obligation bonds which consisted of: \$115 million of variable rate SIFMA Index bonds; \$285 million of tax-exempt fixed rate bonds; and \$100 million of fixed rate taxable bonds. The overall interest cost on the tax-exempt bonds was 3.49% on the 20-year financing (based on the initial rate for the variable rate portion). The overall interest cost on the ten year taxable bonds was 3.19%.

“The fact that all of these very different bond sales produced attractive financing costs for the State demonstrates the continued strong investment quality of and enthusiasm for Connecticut debt,” Treasurer Nappier said. “Low borrowing costs save the State millions of dollars in the long term while contributing to today’s need for economic growth.”

**CONTACT:** DAVID BARRETT, DIRECTOR OF COMMUNICATIONS, (860) 702-3164

[DAVID.S.BARRETT@CT.GOV](mailto:DAVID.S.BARRETT@CT.GOV)

---

“As for the State’s overall fiscal health, we ended the last fiscal year with a budget surplus, and are making significant progress in rebuilding our Rainy Day Fund, now estimated at \$232 million. The State’s operating cash position likewise has improved over \$300 million from a year ago,” Treasurer Nappier said.

### ***UConn 2000 Bond Sale: Connecticut’s Individual Investors Show Strong Confidence in State’s Credit***

The sale of UConn 2000 bonds included a two-day individual investor retail order period and a single-day institutional investor sale. Of the total proceeds, \$172.7 million will be used for new construction at the UConn Storrs Campus and the UConn Health Center. The remaining \$51.2 million will refund outstanding bonds, and will result in future debt savings of an estimated \$4.8 million.

Since the start of Treasurer Nappier’s administration in 1999, more than \$837 million has been saved through bond refundings.

The UConn 2000 bonds received significant support from individual investors, with more than half of the bonds -- roughly \$123 million -- sold during the retail order period.

Treasurer Nappier stated, “Sales during the retail order period for UConn bonds were among the strongest the Treasury has had in recent memory. Our aggressive and diverse marketing approach that included radio, print, and internet advertising was highly successful in alerting individual investors of the opportunity this bond issuance presented.”

The marketing of Connecticut bonds to individual investors is designed to ensure that Connecticut citizens have an opportunity to buy bonds that are exempt from federal and state income taxes, and that are attractive vehicles for savings for retirement, college and other personal financial goals.

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

### ***Competitive July General Obligation Bond Sale Attracts Numerous Bids***

The sale of \$200 million of General Obligation bonds on July 24 also was enthusiastically received by the market, with nine firms offering bids.

The firms coordinated syndicates for this sale and submitted bids using a state-of-the-art internet-based electronic bidding platform. On the day of the sale, bidders were allowed to submit a single blind bid for the total issue. The Office of the Treasurer and its financial advisors had secure access to view all bids, and selected the winning bid based on the lowest overall interest cost. An outside verification of bid accuracy and conformance to bid specifications was completed before the bid was awarded to Barclay’s and Siebert.

Bids ranged from 3.57% to 3.79%. Treasurer Nappier personally called the winning bidder and awarded the bid electronically on the internet platform.

The proceeds of the General Obligation bonds, as previously authorized by the General Assembly and State Bond Commission, will finance \$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 million for the State's Capital Equipment Purchase Fund; and approximately \$6 million for energy saving projects in state buildings.

The closing date for this bond sale was August 7.

***August General Obligation Bond Sale: New Security Feature Offered for First Time, Well-Received by Market***

The third sale on August 13 and 14 included an innovative structure offered to investors for the first-time ever. Of the \$115 million of variable rate SIFMA Index bonds, \$60 million were sold with an "embedded cap" -- a limit on the total interest rate built into the security and provided by the investor. The overall cost on variable rate SIFMA Index bonds was 0.94%, based on the initial rate.

Nappier said, "I am glad our office capitalized on a creative idea from one of our underwriters, M.R. Beal, to introduce this new structure, which will enable the State to benefit from the low cost available in today's market on variable rate bonds while enjoying interest rate protection in a rising interest rate environment. The new structure eliminates the need for an interest rate derivative agreement with a third party for interest rate protection on variable rate bonds."

The proceeds of the General Obligation bonds, as previously authorized by the General Assembly and State Bond Commission, will finance \$87.1 million of grants for local school construction; \$80 million for various other grants; \$85.7 million for housing projects; \$88.1 million for general state building projects; \$53.4 million for state universities; \$36.5 million for Urban Act grants; \$33 million for Clean Water Fund grants; \$14.1 million for the Capital Equipment Purchase Fund; \$10 million for the Local Capital Improvement Fund; \$9 million for the Jackson Labs project; and other miscellaneous purposes.

The closing date for this bond sale will be August 29.

M.R. Beal was the senior bond underwriter for the \$400 million tax-exempt portion and Loop Capital was the senior bond underwriter for the \$100 million taxable portion.

Assisting with all the General Obligation bond sales were Day Pitney LLP and Finn Dixon & Herling LLP as disclosure counsel. Robinson & Cole LLP and Soeder & Associates, LLC served as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory were the financial advisors.

###