



The Office Of State Treasurer  
Denise L. Nappier

## News

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### EARTH DAY BOND SALE: **TREASURER NAPIER ANNOUNCES SUCCESSFUL SALE OF AAA RATED CLEAN WATER FUND GREEN BONDS**

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that her office completed the sale of \$250 million State of Connecticut Clean Water Fund bonds which represents the State's first all Green Bond issue. The proceeds will finance critical wastewater and drinking water infrastructure projects statewide through the State's Clean Water and Drinking Water Programs.



The bonds generated more than \$73 million in orders from individual investors during a two day retail order period on Monday, April 20 and Tuesday, April 21. The balance of the bonds was offered to institutional investors Wednesday, Earth Day.

The overall true interest cost on the bond sale was 3.14%. The bond sale offered maturities ranging from 1 to 20 years with the majority (74.6%) of the bonds offered in the last ten years of maturities to match program cash flows.

“Issuing Green Bonds as we celebrated Earth Day was a fitting way to underscore our commitment to preserving our environment. The Connecticut Treasury's entry into this exciting, rapidly-expanding marketplace demonstrates that government can play a pivotal role in supporting environmental sustainability. Since inception, the Clean Water and Drinking Water Programs have had an impact across Connecticut – making more than \$3 billion in grant and loan commitments to more than 120 of the State's 169 communities. Now not only the projects but also the financing will be ‘green’,” said Treasurer Nappier.

Green Bonds, first issued in 2008 by the World Bank, are dedicated to financing environmentally friendly projects. To date, \$3.7 billion of Green Bonds have been issued by more than 20 different municipal issuers. So far in 2015, eight municipal issuers have issued a total of \$1.04 billion in Green Bonds.

The State is following the process guidelines as specified by the Green Bond Principles, which is a voluntary standard for issuing Green Bonds established last year by a group of environmental finance experts and banks active in the development of the Green Bonds market.

As the largest new-money bond issue in the history of Connecticut's Clean Water and Drinking Water programs, this bond sale also received the highest credit score by its three rating agencies. The credit ratings on the bonds are Aaa from Moody's Investor Service and AAA for Standard & Poor's and Fitch, all with stable outlooks.

The bonds were offered through an underwriting syndicate led by Goldman Sachs. Co-bond counsel for the Clean Water Fund bonding program are Squire Patton Boggs and The Hardwick Law firm. Financial advisors to the Clean Water program are Lamont Financial and First Southwest. The bonds are scheduled to close on May 6, 2015.

### **More than 30 Cities and Towns on Priority List for Funding**

On the clean water side, proceeds will fund current water pollution control facility upgrades in Hartford, Bridgeport, Cheshire, Manchester, New Haven, Plymouth, and the Mattabassett District. The facility upgrades will reduce the amount of nutrients, including nitrogen and phosphorus, which are discharged into the state's rivers and ultimately Long Island Sound. Projects in another 14 towns are on a priority list for funding.

Drinking water projects that will be financed include new water main transmission lines and/or pump station upgrades in New London, Norwalk, and Norwich, as well as the upgrade of water treatment facilities in Meriden and West Hartford. Projects in another 8 towns are on a separate priority list for funding.

### **Treasurer Nappier's Green Initiatives**

The sale of Green Bonds is one of a series of environmental initiatives that the Treasurer's Office has launched or been involved with.

In 2003, Treasurer Nappier was a convener of the first Investor Summit on Climate Risk, held at the United Nations in New York City, which led to the founding of the Investor Network on Climate Risk. In 2005, the Office in conjunction with the Department of Energy and Environmental Protection sponsored the first ever summit for the insurance industry on climate change.

More recently, the Office was instrumental in drafting legislation to establish Connecticut's Green Bank, a quasi-public State agency to implement Connecticut's energy strategies to achieve cleaner, cheaper and more reliable sources of energy while creating jobs and enhancing local economic development.

The Office is also currently a key player in the State's "Lead by Example" task force, which created a new standardized Energy Performance Contracting program for the State and local governments whereby energy saving initiatives are financed through guaranteed future energy savings

Just this week, Treasurer Nappier announced that a shareholder resolution on climate change filed by the Connecticut Retirement Plans and Trust Funds (CRPTF) and a coalition of institutional investors received the support of over 98 percent of votes cast at BP's April 16 annual meeting in London.

The resolution, which BP management endorsed, calls on the company to address five climate change-related issues, including reporting on its ongoing operational emissions management and preparing an analysis of how the International Energy Agency's low-carbon scenarios will affect the company's assets. The resolution also directs BP to describe the public policy positions it takes related to climate change and explain executive incentives.

BP is the second largest fossil fuel company this proxy season to support a shareholder resolution to report climate change risks. In February, Royal Dutch Shell agreed to do so and is asking investors to vote for the resolution at its May 2015 annual meeting.

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