



The Office Of State Treasurer  
Denise L. Nappier

---

## News

FOR IMMEDIATE RELEASE  
May 26, 2015

### **TREASURER NAPIER SAVES TAXPAYERS \$1 BILLION THROUGH ACTIVE DEBT REFINANCING PROGRAM** *Successful General Obligation Bond Sales Announced*

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that total savings from refinancing the State’s outstanding debt over the course of her administration, since 1999, now exceeds \$1 billion, after the completion this week of a \$181 million transaction.

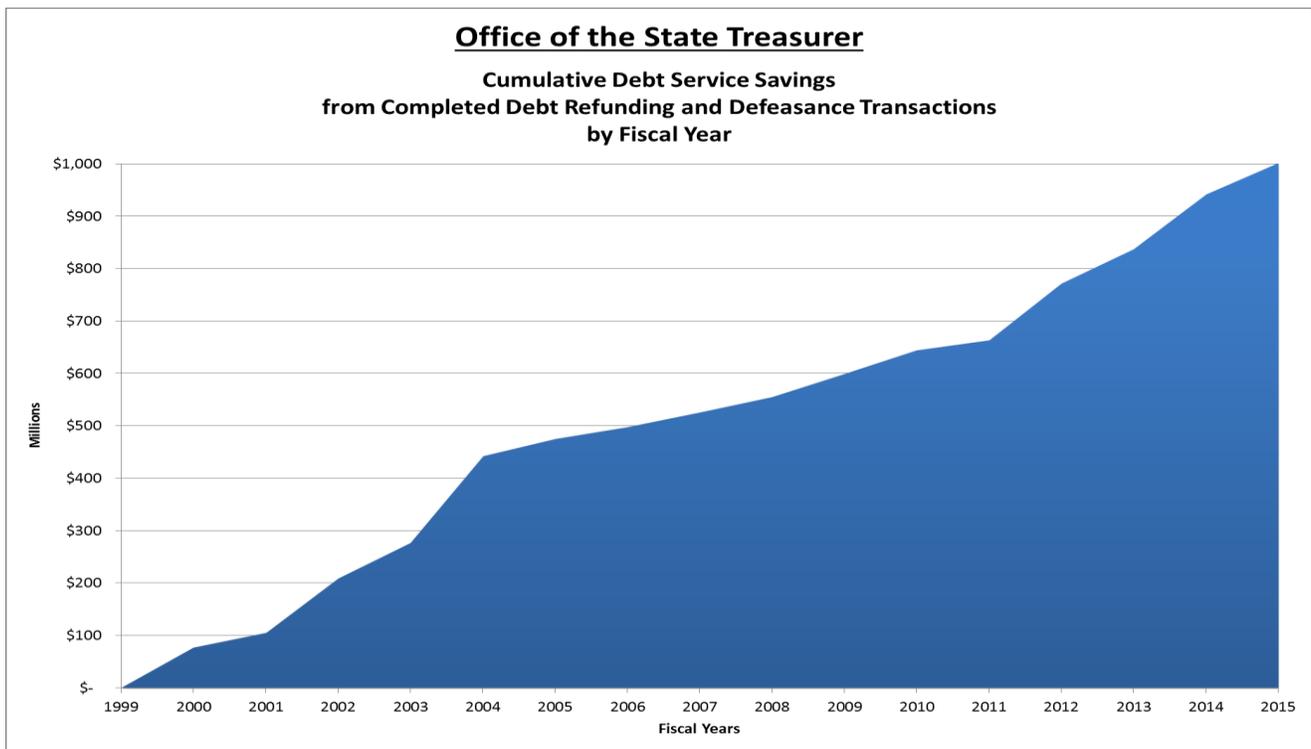
“A billion dollars saved is quite a milestone. It reflects our ongoing commitment to proactively manage the State’s debt and to take advantage of market opportunities in order to achieve real savings for Connecticut’s citizens. The State bonding program finances critical infrastructure, and my job is to make sure these investments are funded at the lowest possible cost for taxpayers.” Treasurer Nappier said.

In addition to the \$181 million refinancing, Nappier’s office this month also completed sales of \$500 million of State of Connecticut fixed-rate General Obligation bonds and \$200 million of SIFMA-Index General Obligation bonds, both of which will fund new projects.

#### **Treasurer Nappier’s Debt Refinancing Program**

The Treasurer’s Office has refinanced or defeased \$11.9 billion in bonds through the execution of 72 separate financing transactions since Nappier took office in January 1999. These involved each of the State’s bonding programs, including General Obligation bonds, Special Tax Obligation bonds for Transportation Infrastructure, Clean Water Fund bonds, University of Connecticut bonds, Bradley Airport bonds, and other bonding programs, such as Second Injury Fund bonds and Rate Reduction bonds.

Connecticut typically issues bonds with twenty-year maturities, with provisions that allow the State to pay them off after ten years at no cost. Savings are achieved by refinancing bonds at lower interest rates -- taking full advantage of the extended period of low interest rates experienced in recent years -- as well as refinancing longer maturity bonds with shorter maturity, lower cost bonds.



## **General Obligation Bond Sales**

The General Obligation bond sales this month included:

- \$500 million of Fixed Rate General Obligation bonds – These bonds were sold by an underwriting syndicate led by Siebert Brandford Shank on May 12 with an overall fixed interest cost of 3.55%. During the one day retail only order period on May 11, \$50.5 million of retail orders were placed for the bonds. The balance were sold to institutional investors the following day. Almost \$300 million of the proceeds will be used for grants for the State’s local school construction program and other educational facilities. Economic development and urban action programs will receive \$85 million, and \$108 million will be used for grant in aid purposes, including \$15 million for the State’s Town Road Aid program. The remaining funds will be used for housing programs.
- \$381 million of SIFMA Index General Obligation bonds – These bonds, sold by an underwriting syndicate led by Loop Capital on May 20, included \$200 million to fund new projects as well as \$181 million of refunding bonds to refinance other outstanding variable rate bonds to lower rates for savings. The initial interest rate on the \$200 million of new money bonds was 1.22%. The \$200 million of new money bonds will finance \$41 million for the Connecticut State University System; \$38 million for State capital equipment purchases; \$23 million for urban action grants; \$21 million for other higher educational facilities; and the remaining \$77 million for various projects. The \$181 million of refunding bonds will produce interest rate savings of \$2.4 million over the life of the bonds, bringing the total since the start of the Nappier administration to \$1.001 billion.

Treasurer Nappier said, “These financings will provide the capital necessary to support critical strategic investments across the State, create jobs for Connecticut residents, and help strengthen the economy. I

commend Governor Dannel Malloy for his leadership in promoting responsible public investments that foster much needed economic productivity and improve the quality of life to Connecticut residents.”

The bond sales were designed to appeal to both individual and institutional investors. The State offered both fixed and variable rate bonds to diversify the bond offering and maximize investor demand, as well as to provide flexibility for the State. Selling the fixed rate bonds first, and the SIFMA Index bonds the following week, allowed the State to adjust the amortization schedule between the two sales to fill and optimize investor demand.

The State’s General Obligation credit ratings were affirmed by all four rating agencies in advance of the sales at Aa3 from Moody’s Investor Service, and AA from Standard & Poor’s, Fitch Ratings, and Kroll Bond Ratings.

The law firms of Day Pitney LLP and Finn Dixon & Herling LLP serve as disclosure counsel with Robinson & Cole LLP and Soeder & Associates, LLC serving as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory are the financial advisors for General Obligation bond sales. Both sales are scheduled to close on May 28.

###