



The Office Of State Treasurer
Denise L. Nappier

Statement

FOR IMMEDIATE RELEASE

May 19, 2016

State Treasurer Denise L. Nappier Responds to Credit Rating Agency Actions

HARTFORD – State Treasurer Denise L. Nappier issued a statement today concerning decisions by two credit rating agencies to lower Connecticut’s General Obligation credit rating by one notch.

Standard & Poor’s and Fitch Ratings announced changes to their ratings of the State’s General Obligation (GO) bonds from AA to AA-, both with stable outlooks. Moody’s Investors Service affirmed its Aa3 rating and Kroll Bond Ratings affirmed its AA rating, both with continued negative outlooks. (A “negative outlook” generally means that a credit rating will be under review for one to two years.)

“These ratings come just as policy leaders in Connecticut have come to grips with the need to find ways to live within our means, which meant a fundamental overhaul to the State’s approach to spending and revenue. The message from the credit rating agencies couldn’t be any clearer: it is high time for a sustained commitment to fortify the State’s financial footing, in the midst of persistent economic uncertainty.

“The path to recovery is straightforward, and the Governor and Legislature have positioned the State in the right direction. With the 2017 mid-term budget adjustments, spending levels will be below 2016 levels even with increased fixed costs. And on the revenue side, there are no tax increases or use of significant one-shot revenue sources. The rating agencies took note of these structurally sound budget actions, as well as other credit positives including the State’s high per capita income and strong governance.”

The ratings by Standard & Poor’s and Fitch Ratings represent the same level as Moody’s Aa3 rating which has been in place since 2012. “We also shouldn’t lose sight of the fact that all four of the State’s credit ratings remain in the high quality ‘double A’ credit rating category. Furthermore, we do not expect a significant impact on our bond pricing performance, given that investors already have factored in the negative outlooks in place since last summer,” Treasurer Nappier added.

Upcoming General Obligation Bond Sale

The rating news comes in advance of a \$500 million tax-exempt General Obligation refunding bond sale being offered next week. The Nappier administration has an active debt refunding program which has saved taxpayers \$1.03 billion to date.

“With interest rates close to historic lows, this debt refinancing transaction will bring down the State’s debt cost and deliver much needed current and long term budget savings for our citizens,” said Treasurer Nappier.

There will be an exclusive order period for retail investors on Monday, May 23 and pricing for institutional investors on Tuesday, May 24.

Bank of America Merrill Lynch and Williams Capital are co-senior managers for the bond sale. Day Pitney LLP and Finn Dixon & Herling LLP serve as disclosure counsel, and Robinson & Cole LLP and Soeder & Associates LLC serve as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory are financial advisors for the sale.

More information on the bond offering and the Official Statement is available at www.buyCTbonds.com.

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