



STATE OF CONNECTICUT

TREASURER SHAWN T. WOODEN

TREASURER WOODEN ANNOUNCES HISTORIC GENERAL OBLIGATION BOND SALES RECORD AS INVESTORS CITE POSITIVE MOMENTUM FOR CONNECTICUT *Interest Savings of \$45.8 Million Compared to Last Go Bond Sale Levels*

March 29, 2019

(HARTFORD, CT) – State Treasurer Shawn T. Wooden today announced a record-setting General Obligation (GO) bond sale fueled by renewed investor confidence in Connecticut’s long-term fiscal stability.

Total retail orders received on the bond sale were \$828 million, the highest amount on any GO bond sale in Connecticut history. It exceeds the last record for a GO bond sale of \$364 million in retail orders last year.

Total orders from both retail and institutional investors totaled \$5.5 billion, more than five times the amount of bonds issued. Because orders exceeded bonds available, the state was able to lower the interest rates it pays to purchasers of the bonds.

“The phrase we keep hearing from investors is that Connecticut is finally showing ‘positive momentum,’ ” Wooden said. “The overwhelming response to this sale is further proof that our efforts to improve the state’s long-term fiscal stability is having a direct impact with concrete, measurable savings. What we must do now is seize on this moment and work collaboratively across the public and private sector to get Connecticut’s economy growing.”

Governor Ned Lamont said:

“Over the past two weeks we have seen credit rating agencies respond favorably to our proposed structural reforms, reducing our debt load by not borrowing for things we cannot afford, and preserving our rainy day fund. Together, we are going to continue making the

right and prudent decisions to put our state on a sustainable path for future generations. This is the time to invest in Connecticut.”

Ahead of the sale, Standard & Poor’s improved the state’s credit outlook on GO bonds to “positive” – the first positive rating outlook in 18 years. Wooden, Governor Lamont and OPM Secretary Melissa McCaw gave presentations promoting the sale and recently proposed fiscal-discipline measures to potential investors in Hartford, Chicago, New York City and Boston.

Treasurer Wooden said the record-setting sale, which took place Wednesday and Thursday, reflects positive feedback received during the investor presentations, and noted that those attending the sessions placed orders for \$2.5 billion of the bonds.

Proceeds from the bonds will fund projects approved by the General Assembly and the State Bond Commission prior to the new administration including:

- \$306.7 million for local school construction;
- \$187.9 million for grants to municipalities include Town Road Aid;
- \$95.0 million for Clean Water Fund grants;
- \$85.9 million for economic assistance programs;
- \$83.2 million for technology upgrades;
- \$75.0 million for the state’s Local Capital Improvement Program (LOCIP);
- \$39.7 million for housing programs;
- \$36.1 for improvements to state facilities;
- \$29.1 million for public safety improvements;
- \$20.9 for educational facilities;
- \$40.5 million balance to fund a variety of human services and environmental purposes, including brownfields.

The bond sales included \$750 million of 2019 Series A tax-exempt bonds and \$250 million of 2019 Series A taxable bonds.

The tax-exempt bond sale achieved a spread of 62 basis points to the benchmark MMD index on the longest maturity offered, which was an improvement over the previous GO bond sale in August 2018, which had a spread of 82 basis points on the longest maturity offered.

The overall interest cost was 3.12 percent on the 20-year tax-exempt bonds, compared to 3.64 percent for last 20-year GO issue sold in August, 2018. The overall interest cost was 3.28 percent on the 10-year taxable new money bonds, compared to 3.76 percent on the last 10-year taxable that sold in August, 2018.

The lower interest rates reflect lower market rates combined with lower spreads on the Connecticut bonds, which resulted in a total lower interest cost of \$45.8 million, as compared to the last GO bond sale.

The state has not achieved such spreads on a GO bond sale for the 20 year maturity since March 2016, when the state enjoyed higher “AA” credit ratings.

Consistent with past practice, Treasurer Wooden gave retail investors priority during the bond sale. The bonds were offered to individual investors on a priority basis during a one-day retail order period on March 27, and are scheduled to close on April 11.

The bond sale was originally sized for \$850 million, but was increased to take advantage of favorable market conditions and investor demand. By increasing the bond sale to \$1 billion, the state is able to complete in one bond sale all of its scaled back debt issuance plan for this fiscal year.

The state has issued \$250 million in GO bonds so far this fiscal year, bringing total new money GO bond issuance to \$1.25 billion for the year, the lowest level since 2012.

“Since I took office, we have scaled back our planned bond issuance for this fiscal year and the next two years of the biennium to reflect the impact of the Governor’s proposed ‘debt diet,’ “ Wooden said. “Reducing what we borrow today will result in lower fixed costs for the next 20 years and will help to improve Connecticut’s overall fiscal standing.”

The bonds were offered through an underwriting syndicate led by Barclays and Ramirez & Co., Inc.

For Immediate Release