



The Office Of State Treasurer  
Denise L. Nappier

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## News

**PRESS RELEASE**  
FOR IMMEDIATE RELEASE  
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### **CONNECTICUT'S GENERAL OBLIGATION BONDS GENERATE STRONG INVESTOR DEMAND** *\$250 Million Raised for Local School Construction; \$100 Million for Jackson Labs Project*

HARTFORD, CT -- State Treasurer Denise L. Nappier today announced the results of a successful \$400 million General Obligation bond sale that drew strong demand from investors and will finance important infrastructure projects.

Individual investors generated orders of \$152.4 million -- the highest level on a General Obligation bond sale in more than four years.

The \$400 million General Obligation bond sale was offered with two structures: \$353 million as fixed rate bonds with maturities between 2015 and 2034, and \$47 million as variable rate bonds that pay interest at fixed spreads to the SIFMA Index with maturities between 2017 and 2023. The total interest cost ("TIC") on the fixed rate bonds was 3.45% and the TIC on the variable rate SIFMA bonds was 0.82%, based on the latest SIFMA Index. The combined total interest cost on the entire \$400 million structure was 3.28%, based on this week's SIFMA Index.

Treasurer Nappier said, "This sale allows us to finance capital projects at today's competitive rates. Every dollar that we save matters as the State looks to reduce its financing costs during these difficult economic times."

Treasurer Nappier added, "Notwithstanding the general concern surrounding our State's debt levels, debt can be an important component of a comprehensive fiscal solution to help jump-start our economy. These vital and substantial infrastructure investments will help to preserve and create jobs while adding fuel to our economic engine. 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 brisk pace of retail orders supports our belief in the solid value of our State bonds. We are delighted to see consistent public demand for Connecticut bonds as worthy investments. By giving individual investors priority during the retail order period, we provide them a compelling opportunity to generate tax-exempt investment income. And it's a win-win: the State and all its citizens benefit as well from this low-cost source of financing," said Treasurer Nappier.

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Following the retail order period, bonds were offered to institutional investors on March 13. A total of \$366 million in orders was placed for the fixed rate bonds and \$160 million for the variable rate SIFMA Index bonds. Total institutional orders exceeded bonds available by about two times, which allowed for a reduction in the final interest cost to the State.

A total of \$250 million of the bond proceeds will be used to fund local school construction projects across the State, \$100 million will be used for the Jackson Labs Project, \$22 million for various economic development grants, and the balance for State facilities. Because the \$100 million of funding for Jackson Labs is for loans to the project, the State utilized a special “501c3” type of financing to allow these amounts to be funded with tax-exempt bonds. The bond sale is scheduled to close on March 26, 2014.

Following briefings with Governor Malloy, Treasurer Nappier, and Office of Policy and Management Secretary Ben Barnes, all four credit rating agencies reaffirmed the credit ratings for the General Obligation bonding program in advance of the sale: Moody’s Investors Service (Aa3), Standard & Poor’s (AA), Fitch Ratings (AA), and Kroll Bond Ratings (AA).

“Our solid AA debt rating speaks well of the State’s financial management and the credit quality of its bonds,” Treasurer Nappier said. “The rating agencies’ conclusions also reflect Connecticut’s commitment to balancing its budget, rebuilding reserves, and addressing GAAP transition.”

Marketing to investors included a broad print and digital component that included both newspaper ads targeting, in part, underserved markets and e-mails announcing the sale directly to individuals with interest in bond sales, who then could immediately access the State’s [www.buyCTbonds.com](http://www.buyCTbonds.com) website.

Bank of America Merrill Lynch led the underwriting syndicate. Day Pitney LLP and Finn Dixon & Herling LLP serves 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.

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