



The Office Of State Treasurer
Denise L. Nappier

News

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SUCCESSFUL CONNECTICUT BOND SALE SAVES TAXPAYERS MORE THAN \$35 MILLION, ATTRACTS NEW INVESTORS FOR **GREEN BONDS**

STRONG CREDIT RATINGS AFFIRMED

HARTFORD, CT – State Treasurer Denise L. Nappier announced today that the recent sale of \$556.6 million of General Obligation bonds will save taxpayers \$35.4 million through refinancing existing bonds, allowing the State to lower the cost of its debt. The sale also included the first State of Connecticut Green Bonds, which attracted nine Green investors who placed orders for the Green Bonds totaling \$27.7 million.

“We developed the new Green Bond product to meet the needs of the growing group of investors who have mandates and goals to invest in responsible green infrastructure projects, helping to preserve our environment for future generations.” said Treasurer Nappier. “This initiative clearly was a success, attracting new Green investors.”

Treasurer Nappier added, “With this latest bond refunding transaction, we have now reached \$995 million for total debt service savings through 69 different transactions completed over the 16 years of my administration. This is another example of sharpening our pencils and availing ourselves of market conditions to get the lowest possible cost for our State’s capital borrowing program, and to do so prudently.”

The overall interest cost on the refunding bonds is 1.9 percent. The State structured the transaction to provide level savings over each of the next 11 years of about \$3.2 million per year, consistent with past practice.

Green Bonds and Other Projects Funded

The bond sale provides \$300 million of new funding for infrastructure projects, including \$60 million of critical Clean Water projects funded through the State’s issuance of Green Bonds.

The overall interest cost for the sale was an attractive 3.06 percent. Green Bonds were offered in four longer maturities - 2028 through 2031 – and resulted in a total interest cost of 3.56 percent.

The State will follow the process guidelines specified by the Green Bond Principles, which were established by a group of environmental finance experts earlier this year. To date, \$51 billion of Green Bonds have been issued worldwide, and just recently state and local governments have begun issuing such bonds. Besides Connecticut, five municipal issuers have issued Green Bonds so far in 2014.

The other projects funded with these bonds include \$140 million for local school construction projects, \$33 million for improvements at State universities, \$16 million for the Jackson Labs Project, \$10 million for the Local Capital Improvement Fund, and \$41 million for general state projects.

The bonds were offered to individual retail investors on a priority basis on Wednesday, November 19, and to institutional investors on Thursday, November 20. A total of \$55 million in retail orders was entered during the one-day retail order period. The bond closing is scheduled for December 10.

JP Morgan is the senior manager and led an underwriting syndicate of bond underwriters. Day Pitney LLP and Finn Dixon & Herling LLP are serving as disclosure counsel for the General Obligation sales, with Robinson & Cole LLP and Soeder & Associates, LLC serving as tax counsel. Acacia Financial Group, Inc. and A.C. Advisory are acting as financial advisors.

JP Morgan's Marilyn Ceci, Managing Director and Head of Green Bonds noted, "JPMorgan applauds the State's commitment to sustainability. Our team was pleased to help the State diversify their investor base by identifying new buyers committed to supporting environmental benefits."

Credit Ratings Affirmed

In other good news, the four credit rating agencies analyzed and reaffirmed the State's high quality bond ratings for this bond issue in advance of the sale. Moody's Investors Service, Standard & Poor's, Fitch Ratings, and Kroll Bond Ratings reported that Connecticut's General Obligation bond ratings will remain rated at Aa3, AA, AA, and AA, respectively. The rating affirmations followed updated Fiscal Accountability Reports, including five-year budget projections prepared by the Office of Fiscal Analysis and the Office of Policy and Management, as well as new consensus revenue estimates and pension fund updates.

Treasurer Nappier stated, "The reaffirmation of Connecticut's creditworthiness is a vote of confidence in the soundness of our fiscal stewardship. The rating agencies recognize the credit strength of Connecticut's wealth and diverse economy."

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