



## Fitch Rates Connecticut GO VRDBs, Series 2016C 'AA-/F1'

Fitch Ratings-New York-27 May 2016: Fitch Ratings has assigned an 'AA-/F1' rating to the \$300,000,000 State of Connecticut General Obligation Bonds, (2016 Series C) (variable rate demand bonds). The Rating Outlook is Stable for the long-term rating.

### KEY RATING DRIVERS:

The 'AA-' long-term rating and Stable Outlook are based on the credit quality of the state of Connecticut. For more information on the long-term rating, see Fitch's press release dated May 19, 2016, available on Fitch's web site at [www.fitchratings.com](http://www.fitchratings.com).

The short-term 'F1' rating is based on the liquidity support provided by Bank of America, N.A. (rated 'A+/F1'/Stable Outlook) in the form of a Standby Bond Purchase Agreement (SBPA), which has a stated expiration date of June 13, 2019, during the weekly interest rate mode.

The SBPA provides for the payment of the principal component of purchase price plus an amount equal to 34 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the weekly rate mode in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The SBPA will expire on June 13, 2019, the stated expiration date, unless such date is extended, conversion to a mode other than weekly rate; or upon the occurrence of certain events of default which result in a mandatory tender or other termination events related to the credit of the bond obligor which result in an automatic and immediate termination. The remarketing agent for the bonds is Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The bonds will be issued in the weekly rate mode, but may be converted to an adjusted SIFMA rate, flexible rate, or fixed rate. While bonds bear interest in the weekly rate mode, interest is paid on the first business day of each month. Holders of bonds bearing interest in the weekly rate mode may tender their bonds for purchase with the requisite prior notice. The tender agent is obligated to make timely draws on the SBPA to pay purchase price in the event of insufficient remarketing proceeds, and in connection with the expiration or termination of the SBPA, except in the case of the credit-related events permitting immediate termination or suspension of the SBPA.

Funds drawn under the SBPA are held uninvested, and are free from any lien prior to that of the bondholders. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate mode; (2) upon expiration, substitution or termination of the SBPA; and (3) following the receipt of written notice from the bank of an event of default under the SBPA, directing such mandatory tender. Optional and mandatory redemption provisions also apply to the bonds.

### RATING SENSITIVITIES

The short-term rating reflects the short-term rating that Fitch maintains on the bank providing liquidity support and will be adjusted upward or downward in conjunction with the short-term rating of the bank and, in some cases, the long-term rating of the bond obligor. The long-term rating is exclusively tied to the creditworthiness of the bond obligor and will reflect all changes to that rating.

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### **Applicable Criteria**

Rating Criteria for Variable-Rate Demand Obligations and Commercial Paper Issued with External Liquidity Support (pub. 28 Jan 2016) ([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=876837&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=876837&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8))

U.S. Municipal Structured Finance Criteria (pub. 23 Feb 2015)  
([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=862222&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=862222&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8))

U.S. Tax-Supported Rating Criteria (pub. 18 Apr 2016)  
([https://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=879478&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8](https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=879478&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8))

### **Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form  
([https://www.fitchratings.com/creditdesk/press\\_releases/content/ridf\\_frame.cfm?pr\\_id=1005240&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1005240&cft=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.eyJleHAiOiJlbnQ0MDAwNDAsInNlc3Npb25LZXkiOiJCS1NFOVgwMFZBSIVUOTRSUUpJREVPFRG2WkRaRE82TUhCRlQ4T0FaIn0.aVEqJgm6kPwEnlHv97Lbxb7iAmpty5PbupigNI8i6z8))

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