The Office Of State Treasurer
Denise L. Nappier

News

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DESPITE MARKET CONCERNS, UCONN BOND SALE COMPLETED;
INTEREST COST LOWER THAN MARCH GENERAL OBLIGATION BOND SALE

HARTFORD, CT – The State Treasurer's Office, in conjunction with the University of Connecticut, has completed a $276.1 million bond sale that attracted almost $100 million in retail orders and an overall true interest cost of 3.65%, State Treasurer Denise L. Nappier announced today.

Bonds were offered to retail investors over a two-day retail order period on Monday and Tuesday. The $95.5 million in retail orders were 34.6 percent of the bonds sold. The interest cost was lower than the 3.95% cost of General Obligation (GO) bonds sold in March.

"Connecticut is holding its own in the bond market, despite the recent rating action by S&P," Treasurer Nappier said. "This bond sale demonstrates the strength of the UConn brand and the importance of Connecticut's recent steps to enhance its fiscal discipline through spending and bonding caps."

While the UConn sale's market spreads were higher than past UConn bond issues, they were lower than the spreads of the March GO bond sale, as is typical.

The sale finished with an institutional order period on Wednesday. The bonds are scheduled to close on May 3.

"Connecticut's reputation in the market remains strong. We can still sell bonds at attractive interest rates and continue to benefit from upfront premium payments that allow us to reduce the amount we have to borrow," Treasurer Nappier said.

The $276.1 million of new money bonds will provide $300 million of funds, through the use of bond premiums[1], for critical infrastructure investments at UConn's Storrs and regional campuses including the relocation of the UConn West Hartford campus to a new downtown Hartford campus and improvements at the UConn Health Center.

[1] Unlike General Obligation bonds, premium generated from UConn bond sales can be applied directly to the capital projects, thereby lowering the amount of bonds that need to be issued.

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Marketing to investors included a broad print and digital component that featured newspaper ads, e-mails announcing the sale directly to individuals with interest in bond sales, and public radio announcements, including a radio campaign in Florida where many holders of Connecticut bonds reside.

In advance of the sale, three major rating agencies confirmed their credit ratings for the UConn 2000 bonding program: Moody's Investors Service ("A1"); S&P ("AA-"); and Fitch Ratings ("A").

The UConn 2000 bonding program was established by legislation enacted in 1995 and the program began issuing bonds 20 years ago. The program has been expanded to 2027 and provides funding for $4.6 billion of capital improvements throughout the university system.

New York-based JP Morgan led the underwriting syndicate. Pullman & Comley LLC, Bridgeport, and the Law Office of Joseph Reid, New York, are co-bond counsel. Hawkins Delafield & Wood, LLP, Hartford, and Nixon Peabody LLP, New York, are co-underwriters' counsel, and the disclosure counsel for the State is Day Pitney LLP, Hartford. PFM Financial Advisors LLC, Philadelphia, and Hilltop Securities, Inc., Rocky Hill, are financial advisors for the UConn 2000 bonding program.

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