



Erick Russell

CONNECTICUT STATE TREASURER

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TREASURER RUSSELL ANNOUNCES SUCCESSFUL \$450 MILLION GENERAL OBLIGATION BOND SALE FOLLOWING POSITIVE RATING OUTLOOKS FROM MOODY'S AND FITCH

*Bond Pricing Achieves Lowest Interest Rate Spread in Thirteen Years Following Credit Outlook
Improvements from Moody's and Fitch*

Hartford, CT – Connecticut Treasurer Erick Russell announced the results of a successful \$450 million General Obligation (GO) Bond sale on Wednesday that will fund critical projects across the state, including nearly \$200 million in housing initiatives. Investor interest remained high, resulting in the lowest interest rate spread in 13 years on the 20-year tax-exempt bonds.

“This week’s successful bond sale continues a trend of significant investor interest and low interest rate spreads,” said **Treasurer Russell**. “At a time of relatively high interest rates, Connecticut’s growing financial strength, and corresponding rise in our national reputation with investors, allowed us to fund critical projects at costs far lower than benchmarked expectations. The hard work done by many to steady state finances and prioritize long-term growth is benefitting residents now and will continue to produce savings over time.”

Positive Outlooks from Moody's and Fitch

In advance of the sale, Moody’s Investors Service and Fitch Ratings, two of the four major bond rating agencies, elevated their outlook of Connecticut’s Bonds from “Stable” to “Positive.” These improved outlooks are not credit rating upgrades but are a signal to investors that both rating agencies see positive trends and will be reviewing the State’s credit ratings for possible upgrades within the next 18-24 months.

“These credit outlook improvements are another signal of Connecticut’s growing economic strength and an important step towards higher credit ratings in the future,” said **Treasurer Russell**. “The painstaking work of stabilizing state finances and correcting the budgetary sins of the past have us well-positioned to shape the economic future we want for our state. That work is being recognized and rewarded by ratings agencies and investors alike, who increasingly see great opportunity in Connecticut. These ‘Positive’ outlook designations are a recognition that the State’s fiscal discipline impacts our long-term financial sustainability, which in turn helps contribute to demand for our bonds.”

The improved outlook was assigned to the State's GO bonds as well as to the State's Special Tax Obligation (Transportation Purposes) bonds, UConn Debt Service Commitment bonds and other State-backed bonds issued by quasi-public agencies. The "Positive" outlook designations followed presentations to the four major credit rating agencies by Treasurer Russell and his staff and the Office of Policy and Management in May.

A total of \$450 million of new money bonds were offered for sale, consisting of \$200 million of 2024 Series D Tax-Exempt Bonds and \$250 million 2024 Series A Taxable Bonds.

Retail Order Period

In keeping with tradition, Treasurer Russell gave retail investors priority on the tax-exempt bonds during a dedicated one-day, retail-only order period on Monday, June 3. Retail orders received during this priority period totaled \$472 million, including \$161 million from Connecticut investors.

Orders and Interest Cost

Orders from both retail and institutional investors for the \$200 million 2024 Series D Tax-Exempt Bonds totaled \$884 million, driving the 3.78% borrowing cost on the 20-year bond sale. Similarly, orders for the \$250 million 2024 Series A Taxable Bonds reached \$431 million, resulting in a 4.88% borrowing cost on the ten-year bond sale.

Bond yields are determined on the day of pricing relative to an industry-standard AAA municipal bond index. Despite recent high interest rates, the State achieved its lowest bond pricing spread in 13 years for the 20-year bonds, thanks to investor confidence and recent credit rating upgrades. This lower spread will save taxpayers money in the long-term.

Projects Funded

The 2024 Series D and 2024 Series A bonds will fund:

- \$191.6 million for Housing, including \$51 million for Time-To-Own
- \$120.1 million for Improvements to State facilities, includes \$66 million for Dept. of Corrections and \$45 million for IT equipment
- \$34.0 million for Economic Development
- \$23.6 million for Urban Action
- \$19.9 million for Grants to Municipalities
- \$17.0 million for Crumbling Foundations Assistance Program
- \$15.8 million for Connecticut Manufacturing Innovation Fund
- \$8.7 million for Brownfield Remediation and Revitalization Program
- \$7.0 million for Paid Family and Medical Leave Insurance (startup) Program
- \$6.2 million for General State Purposes
- \$6.1 million for the Preservation of Agricultural Land

Summary of GO Credit Ratings

Prior to the bond sale, all four credit rating agencies affirmed the State's GO credit ratings. Moody's Investors Service affirmed its "Aa3" rating, with a revised outlook of Positive; S&P Global Ratings affirmed its "AA-" rating with a Stable Outlook; Fitch Ratings affirmed its "AA-" rating, with a revised outlook of Positive, and Kroll Bond Ratings affirmed its "AA+" credit rating with a Stable Outlook.

In its decision to elevate Connecticut's outlook to "Positive," Moody's noted that the State's financial policies have increased budgetary reserves and resulted in consistent pension contributions that have begun moderating high unfunded pension liabilities. If these policies continue, Moody's believes that the State can maintain solid reserve levels and further reduce its total long-term debt.

Fitch Ratings indicated that they expect the State's medium-term revenue growth to continue at a pace at or above their expectation of national inflation growth. State government's commitment to the budgetary fiscal guardrails, which have kept expenditure growth in check, was also noted by Fitch as a factor in their decision to elevate the State to a "Positive" outlook.

Bank of America Securities led the bond underwriting syndicate that sold the bonds. The bonds are scheduled to close on June 18, 2024.

More information on the State's bonding program is available at www.buyctbonds.com

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About the Office of the Treasurer

The Office of the Treasurer is charged with safeguarding Connecticut's financial resources through prudent cash and debt management, with the State Treasurer serving as principal fiduciary for six state pension and twelve state trust funds. Additionally, the Office enhances the state's fiscal stability through programs promoting financial literacy and college savings, and it leverages business partnerships to support the advancement of Connecticut's social and policy priorities, including combating gun violence and protecting our environment. The Office of the Treasurer is led by State Treasurer Erick Russell, the only Black elected state treasurer in the country. To learn more, visit portal.ct.gov/ott.