The Office Of State Treasurer
Denise L. Nappier

News

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UCONN SPECIAL OBLIGATION STUDENT FEE REVENUE BOND SALE DRAWS STRONG INVESTOR INTEREST

HARTFORD, CT – A $141.7 million University of Connecticut Student Fee Revenue Bond Sale drew strong individual investor demand, resulting in oversubscription in many maturities, State Treasurer Denise L. Nappier and Scott Jordan, UConn's chief financial officer and executive vice president for administration, announced today.

During a two-day retail order period on March 12 and 13, individual investors placed a total of $59.5 million in orders, or 42 percent of the available bonds. The appeal to the investing public was so strong that the bonds were repriced to lower yields. The balance of the bonds were offered to institutional investors on March 14.

"Connecticut's budget woes have been widely publicized lately and our bonds have experienced rating downgrades. Despite this, the investor response to this UConn bond sale was impressive and the pricing was reasonable," Treasurer Nappier said.

"I also would point out that the sale is a demonstration of the resolve to strengthen our flagship university, which is critically important given that an educated workforce is a key driver of the future financial health of Connecticut," Treasurer Nappier said.

"UConn appreciates the confidence expressed by the investment community with its strong interest in this bond offering," said Jordan.

The true interest cost for the special obligation student fee revenue bonds was 4.05 percent. The bonds are a special credit and rarely come to market - the last new money issue was in 2002. Paid for by university pledged revenue, the bonds are rated as high quality by Moody's Investors Service at "Aa3" and by Standard & Poor's Global Ratings at "AA-."

The bonds will primarily fund construction of a new Student Recreation Center on the Storrs campus and intramural, recreational and intercollegiate facilities for sports including soccer, ice hockey and baseball. They will be repaid with user fees, not state allocations or taxpayer dollars. Students have advocated for, and are supportive of, the recreation center and other improvements, which will aid UConn in student recruitment and retention as well the health and well-being of the student body.

The State traditionally provides a special "retail-only" order period for individual investors. This is specifically designed to ensure that Connecticut citizens have the first priority to buy bonds that are exempt from federal and state income taxes, and that are attractive vehicles for savings for retirement, college and other personal financial goals.

The marketing campaign for these bonds included a broad print and digital components that featured banner ads, as well as newspaper ads, e-mails and public radio announcements. The radio campaign included targeted air time in Florida where many holders of Connecticut bonds reside. Retail orders from Florida residents amounted to approximately $9.5 million.

The bonds are scheduled to close on March 29.

The UCONN 2000 bonding program was established by legislation enacted in 1995; the program began issuing bonds in 1996. The program has been expanded and extended four times and altogether provides funding for $4.6 billion of capital improvements at the University of Connecticut over a 32-year period.

Jefferies led the underwriting syndicate. Pullman & Comley LLC and the Law Office of Joseph Reid, P.A. are co-bond counsel. Hawkins, Delafield & Wood LLP and Nixon Peabody LLP are co-underwriters' counsel. Hilltop Securities, Inc. and PFM Financial Advisors LLC are financial advisors for the UCONN 2000 bonding program.

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