



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

PRESS RELEASE

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INVESTORS FLOCK TO CONNECTICUT'S LAST BOND SALE OF 2019
Positive Investor Response Continues, As Connecticut Closes Out the Year with Strong Sale of Nearly \$900 Million in Bonds

HARTFORD, CT –State Treasurer Shawn T. Wooden today announced a successful \$894.6 million General Obligation bond sale, fueled by renewed investor confidence in Connecticut's long-term fiscal stability.

Consistent with past practice, Treasurer Wooden gave retail investors priority during a one-day retail order period on Wednesday, December 11, 2019. Total retail orders received during this order period were over \$511 million, the second highest amount on any bond sale in Connecticut history, exceeded only by the historic March 2019 General Obligation bond sale, which had retail orders of \$828 million.

Orders from both retail and institutional investors reached \$1.7 billion. Since orders exceeded bonds available, the State was also able to lower the interest rates it pays to purchasers of the bonds.

"Continued improvement in our bond pricing spreads is a strong vote of confidence by investors," said **State Treasurer Shawn Wooden**. "Protecting and enhancing our budget reserves, while actively managing our long-term pension and debt liabilities are demonstrating that our state continues to head in the right direction."

The bond sale consisted of two series: \$700 million of 2020 Series A bonds to fund State grants and capital improvements across the State. In addition, \$194.6 million of 2020 Series B bonds were issued to refund existing bonds to lower interest rates for \$12.6 million in savings. Since January 2019, the State has issued \$529 million in refunding bonds for \$68 million in savings over the life of the bonds.

Proceeds from the new money bonds will fund projects previously approved by the General Assembly and the State Bond Commission including:

- \$310.2 million for grants to Connecticut cities and towns for local school construction and improvements at Connecticut technical schools;
- \$105.0 million for improvements at State colleges and universities;
- \$86.9 million for technology upgrades;
- \$82.5 million for economic assistance programs;
- \$62.6 for improvements to state facilities;
- \$17.0 million for grants to municipalities, not-for-profits and others;
- \$15.1 million for housing programs;
- \$13.1 million for public safety improvements; and

- \$7.6 million for brownfield remediation.

The overall interest cost was 2.57% on the \$700 million 20-year Series A, the lowest on a comparable 20-year bond issue since 2016.

Citibank and Rice Financial were selected to lead the bond offering this week based on their many financial qualifications and also in consideration of their gun safe policies as part of the Treasurer's new [Responsible Gun Policy](#).

More on Interest Rates & Credit Rating Outlooks

The interest rates on State bonds are set as a "spread" to the MMD "AAA" bond index. Since the beginning of the year, all State bond sales have experienced improved (lower) pricing spreads and there was a further improvement with this sale. On this sale, the State's GO bond twenty-year bond maturity sold at a 55 basis point spread to the index, as compared to a 62 basis point spread on the successful March 2019 GO bond sale, which is the lowest 20-year pricing spreads on a GO bond sale since August 2015, when the State's credit ratings were all in the "AA" rating category.

Prior to the sale, all of the credit rating agencies reviewed and affirmed their credit ratings and outlooks for the State's GO bonds: Moody's at "A1" with a Stable Outlook, S&P Global Ratings at "A" with a Positive Outlook, Fitch at "A+" with a Stable Outlook, and Kroll at "AA-" with a Stable Outlook. In July 2019, Kroll elevated its outlook on the State's GO bond credit rating from "Negative" to "Stable." In March 2019, S&P Global Ratings improved their outlook on the State's GO bonds to Positive—the first Positive outlook or rating upgrade in 18 years.

The bonds are scheduled to close on January 7, 2020.

More information on the sale is available at www.buyctbonds.com.

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