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STATE OF CONNECTICUT

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## TREASURER SHAWN T. WOODEN

### INVESTORS BANK ON CT'S FUTURE AS COMPETITIVE BOND SALE DELIVERS BIG FOR STATE TAXPAYERS

*Treasurer Wooden Sells \$239.9 Million in GO Refunding Bonds, Toppling Expectations with Incredibly Low 1.67% Interest Rate, Saving Taxpayers \$42.9 Million Over Next 10 Years*

**FOR IMMEDIATE RELEASE**

**July 25, 2019**

**HARTFORD, CT**—Today, State Treasurer Shawn T. Wooden oversaw a competitive bond sale—the first of his tenure—where Wall Street bond houses went head-to-head in an online bidding war over \$239.9 million in Connecticut's General Obligation (GO) Refunding Bonds. The positive reaction to Connecticut's bond sale drove down interest rate spreads to the lowest levels in more than four years, and will save taxpayers \$42.9 million over the next ten years.

"Today, Connecticut saw an exceptionally strong and positive response from the market. Wall Street is not only paying attention, they are investing in our future. With renewed investor confidence, Connecticut hopes to continue to lower borrowing costs and ensure greater savings to taxpayers in our state," said **Connecticut Treasurer Shawn Wooden**.

"Every incremental step we've taken to get our fiscal house in order—from pension funding reforms to budget surpluses—has strengthened our standing in the financial markets. We still have more work to do. I look forward to continuing to work with the Governor and Legislature on bringing more stability and economic growth to Connecticut.

A total of 11 firms or syndicates competed in today's refunding bond sale to refinance existing bonds currently held paying a 4.82% interest rate. J.P. Morgan led the winning syndicate that included; Estrada Hinojosa & Company, Inc., a Hispanic-owned firm; Academy Securities—a Hispanic-owned disabled veteran-owned firm; and Piper Jaffray, a regional firm with a Connecticut office. J.P. Morgan had the winning bid coming in at 1.67% on the ten-year bond issue. This dramatic reduction in interest costs, from 4.82% down to 1.67%, adds up to \$42.9 million in savings to Connecticut over the next ten years, roughly \$4.2 million annually for the next decade.

Connecticut generally offers a competitive bond sale once a year as an opportunity to measure how the market values the State's credit.

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. In March, the State's GO bond ten-year bond maturity sold at a 65 basis point spread to the index and this sale ten-year maturity sold at a 41 basis point spread to the index. This compares to a high spread of 93 basis points in March of 2018. The last time the State sold ten-year bonds at a 41 basis point spread was in March 2015, when its credit ratings were all higher.

Prior to the sale, Kroll Bond Ratings elevated its outlook on Connecticut's GO bond credit rating from "negative" to "stable," the second time in four months that a major credit rating agency improved Connecticut's outlook. In March, Standard & Poor's improved the outlook on Connecticut's General Obligation bonds credit rating—the first positive outlook or rating upgrade in 18 years.

Kroll also reaffirmed the State's outstanding bond rating at AA-. The other three credit rating agencies held their credit ratings and outlooks at existing levels for the upcoming bond sale, with Moody's at A1 with a stable outlook, Standard & Poor's at A with a positive outlook, and Fitch at A+ with a stable outlook.

The bonds are scheduled to close on August 7, 2019.

Link to a graphic attachment: [Timeline: Treasurer's Debt Timeline Report](#)

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