

# State of Connecticut

DENISE L. NAPIER  
TREASURER



December 3, 2018

Hartford

Joint Committee on Finance, Revenue and Bonding:

The Honorable John W. Fonfara, Senate Co-Chair  
The Honorable L. Scott Frantz, Senate Co-Chair  
The Honorable Jason Rojas, House Co-Chair  
The Honorable Christopher Davis, House Ranking Member

Appropriations Committee:

The Honorable Paul M. Formica, Senate Co-Chair  
The Honorable Catherine A. Osten, Senate Co-Chair  
The Honorable Toni E. Walker, House Co-Chair  
The Honorable Melissa Ziobron, House Ranking Member

Legislative Office Building  
Hartford, CT 06106

Dear Mmes. and Messrs.:

Pursuant to Section 3-37(b) of the general statutes, please find attached the monthly report for October 2018, which provides information regarding the State's cash position and bonding activity.

The State's cash balances continued at very strong levels for October. As of December 1, 2018, total available cash equaled \$3.4 billion and the common cash pool totaled \$1.7 billion. No temporary transfers from bond proceeds investment accounts have been made since December 2017.

On November 21<sup>st</sup>, the Attorney General issued a formal opinion regarding the effect of recent legislative amendments on the state's bond issuance cap and bond covenants, which I brought to the attention of the Governor and General Assembly in September. I am grateful to Attorney General Jepsen and his entire office, along with outside counsel Shipman and Goodwin, for their impressive due diligence, which has resulted in the reconciliation of ambiguous statutory language that would have required conflicting actions on my part. Specifically, the Attorney General's opinion that "the State may exclude certain classes of debt from the calculation of the bond cap as recently directed by the legislature in Public Act 18-178" is consistent with our lawmakers' intent, and has cleared the way for the State to benefit from lower cost refundings and to issue legislatively-authorized GO bonds for transportation projects without counting against the bond issuance cap. We will evaluate potential refunding opportunities as the fiscal year progresses.

As always, my office will keep you up to date on issues concerning cash flow and bonding programs. In the meantime, should you have any questions, please feel free to call.

Sincerely,

A handwritten signature in blue ink, appearing to read "Denise", is written over a blue circular scribble.

Denise L. Nappier  
State Treasurer

Attachment

55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

Joint Committee on Finance, Revenue and Bonding  
Appropriations Committee:  
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cc: The Honorable Dannel P. Malloy, Governor  
Mr. Neil Ayers, Director, Office of Fiscal Analysis  
Mr. Michael Murphy, Section Chief, Office of Fiscal Analysis  
Mr. Eric M. Gray, Principal Analyst, Office of Fiscal Analysis  
The Honorable George Jepsen, Office of the Attorney General

**State of Connecticut - Office of the Treasurer**  
**Monthly Report Prepared Pursuant to CGS Section 3-37 (b)**  
**Report for the Month of October, 2018, dated December 3, 2018**  
(in millions)

<u>Week Ending Available Cash Balance</u>	<u>October 6, 2018</u>		<u>October 13, 2018</u>		<u>October 20, 2018</u>		<u>October 27, 2018</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Common Cash Pool <sup>(1)</sup>	\$2,478.1	70.0%	\$2,511.0	71.4%	\$2,550.4	72.9%	\$2,514.9	59.7%
GO Bond STIF Accounts <sup>(2)</sup>	\$731.9	20.7%	\$710.1	20.2%	\$679.5	19.4%	\$656.0	15.6%
STO Bond STIF Accounts	\$95.4	2.7%	\$62.0	1.8%	\$51.3	1.5%	\$828.0	19.6%
Clean Water Bond STIF Accounts	\$0.2	0.0%	\$0.2	0.0%	\$0.2	0.0%	\$0.2	0.0%
Special Transportation Fund STIF Account	\$195.9	5.5%	\$195.9	5.6%	\$179.0	5.1%	\$179.0	4.2%
Misc. STIF Accounts	<u>37.5</u>	<u>1.1%</u>	<u>37.5</u>	<u>1.1%</u>	<u>36.5</u>	<u>1.0%</u>	<u>36.5</u>	<u>0.9%</u>
<b>Total Available Cash*</b>	<b>\$3,538.9</b>	<b>100.0%</b>	<b>\$3,516.7</b>	<b>100.0%</b>	<b>\$3,496.8</b>	<b>100.0%</b>	<b>\$4,214.6</b>	<b>100.0%</b>

(1) The Common Cash Pool includes operating cash and the Budget Reserve Fund.

(2) No proceeds from bond investment accounts were temporarily transferred to or from the Common Cash Pool during October and November. STIF = Short-Term Investment Fund

<u>Components of Common Cash Pool<sup>(2)</sup></u>	<u>October 6, 2018</u>	<u>October 13, 2018</u>	<u>October 20, 2018</u>	<u>October 27, 2018</u>
Short-Term Investment Fund	\$900.8	\$940.8	\$880.0	\$928.6
Short-Term Investment Fund Plus	\$0.0	\$0.0	\$0.0	\$0.0
Extended Investment Portfolio	\$1,481.1	\$1,481.1	\$1,481.1	\$1,481.1
Community Bank & Credit Union Initiative	\$23.8	\$23.8	\$23.8	\$23.8
Bank Concentration Accounts	<u>\$72.5</u>	<u>\$65.2</u>	<u>\$65.4</u>	<u>\$81.4</u>
<b>Total Common Cash Pool*</b>	<b>\$2,478.1</b>	<b>\$2,511.0</b>	<b>\$2,550.4</b>	<b>\$2,514.9</b>

(3) Balances are allocated daily between investment and bank options based on relative interest and earnings credit rates and projected cash flows.

<u>Authorized and Unissued Bonding by Program as of October 31, 2018</u>	<u>Authorized by Legislature but Unissued</u>	<u>Authorized by Bond Commission but Unissued</u>	<u>2019 Fiscal Year To Date Issuance</u>	<u>New Bond Issuance Assumptions For the Balance of 2019 Fiscal Year</u>
<u>Bonding Program</u>				
General Obligation	\$5,420.5	\$3,270.5	\$250.0 <sup>(4)</sup>	\$1,650.0
Special Tax Obligation	\$5,380.4	\$3,779.4	\$750.0	\$0.0
Clean Water Fund	\$1,667.5	\$933.4	\$0.0	\$250.0
UConn 2000 Program	\$202.4	\$202.4	\$0.0	\$200.0
<b>Total</b>	<b>\$12,670.8</b>	<b>\$8,185.7</b>	<b>\$1,000.0</b>	<b>\$2,100.0</b>

(4) Refunding bonds are exempt from the bond issuance cap, consistent with the November 21, 2018 Attorney General opinion.

\* Details may not add due to rounding.