



STATE OF CONNECTICUT
TREASURER SHAWN T. WOODEN

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CONNECTICUT COMPLETES SUCCESSFUL \$1 BILLION GENERAL OBLIGATION BOND SALE; FUNDING PROJECTS STATEWIDE & SAVING TAXPAYERS OVER \$60 MILLION THROUGH BOND REFINANCING

INAUGURAL SALE OF "SOCIAL BONDS" FOLLOWING FOUR HISTORIC CREDIT RATING UPGRADES

Hartford, CT – Today, Connecticut State Treasurer Shawn T. Wooden announced the results of the successful \$1 billion State of Connecticut General Obligation (GO) bond offering.

The sale included \$600 million of bonds to fund new projects, which includes local school construction, economic development, housing, and municipal grants across Connecticut and approximately \$400 million of refunding bonds to refinance previously issued bonds to lower interest rates for savings.

"The ability for the State to sell bonds and achieve such a low cost of funds is a direct result of Connecticut's recent credit rating upgrades – a first in over two decades," said Treasurer Shawn Wooden. "This successful bond sale will not only save taxpayers over \$60 million dollars through bond refinancing, but will also pay dividends toward our long-term financial sustainability."

Retail Order Period and Refunding Savings

Treasurer Wooden gave retail investors priority during a dedicated retail only order period on Tuesday, May 18. Retail orders received during this one-day priority period totaled \$556.2 million, the second highest on any State bond sale in history.

The two series of refunding bonds will produce \$60.7 million in debt service savings over the remaining life of the bonds.

"The results of this bond sale are another indication that the State's implementing and managing smart fiscal policies over the past few years is working," said Treasurer Shawn Wooden.

Orders and Interest Cost

Orders from both retail and institutional investors on the tax-exempt bonds reached almost \$3.4 billion, far exceeding the bonds offered and allowed the State to lower its borrowing costs in the final pricing. The overall interest cost on the 20-year tax-exempt new money bond sale is 1.90%. The bond pricing spreads relative to AAA municipal bond indices were at the lowest levels achieved in 10 years.

The \$300 million 10-year taxable bond issue achieved an overall interest cost of 1.62%, the lowest overall interest cost on a comparable 10-year taxable GO bond issue on record.

Summary of GO Rating Upgrades

Prior to the sale, all four credit rating agencies upgraded the State's GO bond rating with Stable outlooks. The State had not received any bond rating upgrades in over 20 years.

On March 31, Moody's Investors Service upgraded Connecticut's GO bond credit rating from "A1" to "Aa3". On May 13, S&P Global Ratings upgraded Connecticut's GO bond credit rating from "A" to "A+". Also on May 13, Kroll Bond Ratings upgraded Connecticut's GO bond credit rating from "AA-" to "AA". And finally, on May 14, Fitch Ratings upgraded Connecticut's GO bond credit rating from "A+" to "AA-".

"Before these credit rating upgrades, three out of four of our GO bond credit ratings were in the "A" category," continued Treasurer Wooden. "Now three out of four of our credit ratings are in the higher "AA" rating category recognizing Connecticut's stronger fiscal position," continued Treasurer Wooden.

The rating upgrades come after Treasurer Wooden led presentations to all four credit rating agencies. The presentations highlighted the State's improving economy, strong fiscal controls and discipline. It also included a comparison of Connecticut's reserves, liquidity, debt levels, pension funding, employment, housing market indicators, as well as other data as compared to other higher-rated states. Additionally, the presentations included a detailed analysis of each credit rating agencies' scoring of Connecticut under their respective criteria.

Inaugural Issuance of "Social Bonds"

Both the \$300 million tax-exempt new money bonds and the \$225 million refunding bonds were designated and marketed as "Social Bonds," a first for the State. These bonds will fund new local school construction grants across the State as well refinance existing bonds previously issued for school construction.

Social Bonds allow investors to invest directly in bonds that finance socially beneficial projects. Several large municipal bond issuers have already completed Social Bonds transactions including Massachusetts and New York State as well as the Connecticut Housing Finance Authority.

The Connecticut Social Bond series were sold consistent with the International Capital Market Association's Social Bond Principles as well as identified that bond proceeds will be aligned with one or more of the United Nations Sustainable Development Goals ("UNSDGs").

In particular, one of the Social Bond Principles—and one of the UNSDGs (Goal 4)—is "Quality Education." The State's long-standing school construction grant program for local

governments and independent school districts helps to provide equitable access to quality education by financing the construction of K-12 appropriate facilities designed to support educational effectiveness throughout the State.

Bank of America and UBS led the bond underwriting syndicates that sold the bonds. The bonds are scheduled to close on June 4, 2021 and August 3, 2021.

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

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About the Office of the State Treasurer

Under the leadership of Connecticut's State Treasurer Shawn T. Wooden, the Office of the Treasurer is dedicated to safeguarding the state's financial resources and taxpayers' dollars, while maximizing returns and minimizing risks for pension beneficiaries and operating at the highest professional and ethical standards. Through investments and cash management, the office continues to enhance the state's fiscal stability, financial literacy, college savings, and its approach to leveraging business partnerships to combat social issues such as gun violence, climate change, and equal opportunity for economic growth. Learn more about the Office of the Treasurer [here](#) and follow along on [Facebook](#), [Instagram](#) and [Twitter](#).