



# Erick Russell

## CONNECTICUT STATE TREASURER

FOR IMMEDIATE RELEASE  
THURSDAY, JUNE 1, 2023

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### **TREASURER RUSSELL ANNOUNCES SUCCESSFUL \$715 MILLION GENERAL OBLIGATION BOND SALE**

*Strong orders follow credit rating upgrade from Kroll and inaugural Investor Conference*

**HARTFORD, Connecticut** – Today, Connecticut State Treasurer Erick Russell announced the results of the successful \$715 million State of Connecticut General Obligation (GO) bond offering. The bonds will fund a variety of capital improvement and grant programs across Connecticut, and refinance existing bonds, saving taxpayers nearly \$25 million over the next decade.

“This bond offering was tremendously successful, showcasing Connecticut’s strong standing with investors,” said Treasurer Russell. “Bonding is used to finance long-term projects of critical importance to state residents and our economy, supporting everything from roads and bridges to bioscience research. Effectively and responsibly managing these bonds ensures residents are getting the most value for their tax dollars and builds on the work to strengthen and stabilize state finances in recent years.”

The sale included a total of \$450 million of new money bonds, consisting of \$100 million 2023 Series A Tax-Exempt Bonds and \$350 million 2023 Series A Taxable Bonds. Also included were \$265 million 2023 Series B Tax-Exempt Refunding Bonds to refinance existing bonds for savings.

The strong demand for Connecticut’s bonds comes on the heels of the inaugural Connecticut Investor Conference, hosted last week by Treasurer Russell and Governor Ned Lamont. The event attracted nearly 300 attendees to Hartford to hear about state finances and ongoing projects from a collection of state leaders. Several of the investors that attended submitted orders for the bonds.

In advance of the sale, Kroll Bond Rating Agency (Kroll) upgraded the credit rating for the state’s GO bonds from “AA” to “AA+” with an Outlook of “Stable.”

The Kroll credit rating upgrade followed presentations made earlier this month to all four major credit rating agencies by Treasurer Russell and Office of Policy and Management Secretary Jeffrey Beckham.

“Connecticut is earning a reputation as a state with a strong commitment to fiscal responsibility and long-term growth,” said Treasurer Russell. “The process of getting to this point wasn’t easy, but it was worth it. We are seeing the positive impacts of those reforms in the actions of both ratings agencies and investors.”

### **Strong Orders from both Institutional and Retail Investors**

Consistent with past practice, Treasurer Russell gave retail investors priority on the tax-exempt bonds on Wednesday May 31<sup>st</sup>. Retail orders received on the tax-exempt bonds totaled \$687 million and Institutional orders exceeded \$1.1 billion. This strong level of demand was helped in part from the Kroll credit rating upgrade, the Investor Conference, as well as the relative scarcity of Connecticut bonds in the secondary market.

The State’s GO bond sale was the second largest bond offering in the national market this week, which helped garner investor focus and attention.

The borrowing cost on the 20-year 2023 Series A tax-exempt bonds is 3.69% while the borrowing cost on the ten-year 2023 Series B tax-exempt refunding bonds is 3.08%. The 2023 Refunding Bonds will refinance existing higher-interest bonds and will result in debt service savings of \$24.9 million over the next ten years. Total orders on the ten-year 2023 Series A Taxable Bonds exceeded \$1.7 billion and resulted in a 4.69% borrowing cost.

The \$450 million new money bonds will fund:

- \$98.0 million for Grants to Non-Profits and Municipalities
- \$67.9 million for Housing Developments
- \$60.7 million for the State Pier in New London
- \$50.6 million for Economic Development Programs
- \$25.0 million for the Small Business Boost Fund
- \$23.0 million for State Park Repairs and Maintenance
- \$17.1 million for Information Technology Investments
- \$16.7 million for Town Aid Road
- \$16.0 million for the Brownfield Remediation and Revitalization Program
- \$13.8 million for CT Bioscience Innovation Fund
- \$12.2 million for Training and Education
- \$12.0 million for Pedestrian ways, including walkways, bikeways, and trails
- \$10.0 million for School Security Infrastructure Competitive Grants
- \$9.6 million for the Strategic Defense Investment Program
- \$8.6 million for the Capital District Center cogeneration power plant

- \$8.8 million for Environmental and Other projects

### **Summary of GO Credit Ratings**

Prior to the sale, Kroll upgraded the State's GO bond credit rating to "AA+" with a "Stable" outlook and three credit rating agencies affirmed the State's GO bond credit ratings as follows: Moody's Investors Service at a "Aa3;" S&P Global Rating at a "AA-;" and Fitch Ratings at a "AA-." All rating agencies attached a "Stable" outlook to the State's bond credit ratings. Morgan Stanley, Inc. led the bond underwriting syndicate that sold the bonds. The bonds are scheduled to close on June 22, 2023.

More information on the State's bonding programs is available at [www.buyctbonds.com](http://www.buyctbonds.com).

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### **About the Office of the Treasurer**

The Office of the Treasurer is charged with safeguarding Connecticut's financial resources through prudent cash management and debt management, with the State Treasurer serving as principal fiduciary for six state pension and nine state trust funds. Additionally, the Office enhances the state's fiscal stability through programs promoting financial literacy and college savings, and it leverages business partnerships to support the advancement of Connecticut's social and policy priorities, including combating gun violence and protecting our environment. The Office of the Treasurer is led by State Treasurer Erick Russell, the only Black elected state treasurer in the country. To learn more, visit [portal.ct.gov/ott](http://portal.ct.gov/ott).