CALIFORNIA STATE TREASURER JOHN CHIANG

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Treasurer Chiang Sells $2.95 Billion In Bonds

Refunding of general obligation debt saves $398.5 million

SACRAMENTO – State Treasurer John Chiang today announced the conclusion of a sale of $2.95 billion in general obligation bonds. The bond proceeds will provide funds for 14 different bond acts. The bulk of the resources go to transportation, air quality improvements and port security. They also refund some of the state's outstanding general obligation bonds for debt service savings.

Extremely high demand for the California, tax-exempt bonds helped the State Treasurer's Office obtain the lowest borrowing costs on 30-year bonds in the last three decades.

The spread between the state's new general obligation bonds and a widely used municipal bond market benchmark was the most favorable since 2005.

The low yields allowed the state to refinance $1.96 billion in higher-interest-paying bonds, saving California taxpayers $398.5 million over the remaining life of the bonds.

The state has saved taxpayers over $1.2 billion in interest costs for five general obligation bond refinancings since Treasurer Chiang took office in January 2015. In addition, another seven refinancing transactions have produced an additional $1.5 billion in public benefit over time.

"The market reception California received on this sale confirms that California is on the right track financially," said Chiang. "The consistent restraint shown by the governor and Legislature in recent budgets, coupled with voter approval of Proposition 2, which strengthened the state's rainy day fund, contributed to a positive investment environment that benefits all Californians."

Both retail and institutional investors showed extremely strong interest in the bond offerings. Retail investors placed $1.3 billion in orders, the most retail orders in a single offering since 2010. Overall demand was so positive that the Treasurer’s Office increased the amount of refunding bonds by more than $500 million.

Yields on the bonds ranged from 2.17% for 10-year maturities to 3.05% for the longest maturity, in 2045.

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