



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Chiang Completes \$1.93 Billion Bond Sale Producing \$270 Million in Taxpayer Savings

SACRAMENTO – State Treasurer John Chiang today announced the completion of a sale of \$1.93 billion in State general obligation bonds.

The sale included the issuance of \$1.38 billion in refunding bonds to refinance about \$1.54 billion of existing debt. This resulted in taxpayer savings of more than \$270 million.

"I am very pleased at the result of this sale, which will save taxpayers such a substantial sum over the remaining life of the refinanced debt. This is a particularly favorable result, given the tremendous volatility in global equity and debt markets over the past several weeks. In the face of this volatility, which saw unusual swings in bond yields, the issue met with good success," Chiang said. "Recent credit upgrades have increased the market's confidence in the State's credit worthiness and individual and institutional investors alike continued to demonstrate faith in California."

The Treasurer's decision to take advantage of the current interest rate environment by re-financing previously-issued, higher interest rate bonds is expected to save taxpayers more than \$270 million in debt service costs over the life of the refunded bonds.

Here are some key statistics associated with this sale:

- Final size: \$1.93 billion.
- True interest cost: 3.36 percent.
- \$550 million in new money bonds.
- The new money will be used to provide permanent financing for capital projects.
- Final re-offering yields ranged from a low of 0.175 percent for a 2016 maturity to a high of 3.47 percent (5 percent coupon)/3.95 percent (4 percent coupon) for a 30-year maturity.
- Retail orders comprised almost \$380 million of bonds sold.
- The State's credit ratings are: Aa3 by Moody's Investors Service, AA-, by Standard & Poor's, and A+, by Fitch Ratings.
- The State was last upgraded by Moody's in June 2014; Standard & Poor's in July 2015; and, Fitch Ratings in February 2015.

The next State general obligation bond sale is expected to occur in October. A list of other scheduled sales can be found on the [Treasurer's website](#).

The State Treasurer has broad responsibilities and authority in the areas of public investment and finance. In particular, he oversees the issuance of State debt and is responsible for crafting best practices for the sale of debt and the investment of public funds for California's more than 4,000 local bond issuers, including the State, school districts, cities, counties, and special districts.

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