



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Treasurer Sells \$2.79 Billion in Bonds

Borrowing To Pay For New Projects; Refund Existing Bonds For Debt Service Savings

SACRAMENTO – State Treasurer John Chiang today announced the sale of \$2.79 billion in state of California general obligation bonds to pay for a variety of projects, including safe drinking water, housing and educational facilities.

New borrowing accounted for \$513.2 million, while refunding of existing bonds at lower interest rates totaled \$2.279 billion.

The refunding created about \$295 million in present value savings to taxpayers and \$406 million in debt service nominal savings over the remaining lives of the bonds.

This most recent sale pushed the total savings to the general public, including taxpayers, from bond refunding of approximately \$5 billion since Treasurer Chiang took office in January 2015. That is the equivalent to the annual tuition cost of approximately 400,000 University of California students.

The overall true interest cost was 3.56 percent, with yields ranging from 0.6 percent for the 2017 bonds to 3.9 percent for the 2046 bonds.

The sale is a success particularly given uncertainty over interest rate hikes and their impact on the bond market.

“This demonstrates that despite the recent run-up in interest rates, we still can diligently work to save taxpayer money and build infrastructure that California badly needs,” said Chiang.

The bonds were rated “Aa3” by Moody’s Investor services, “AA-“ by Standard & Poor’s and “AA-“ by Fitch Ratings. They are backed by the state of California’s full faith and credit.

Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC were joint senior managers for underwriting with Siebert Cisneros Shank & Co. LLC and U.S. Bancorp Investments, Inc. serving as co-senior managers.

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