



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Treasurer Sells \$2.5 Billion in Bonds

\$510 Million in Bonds Sales Will Be Used For School Construction Projects

SACRAMENTO – State Treasurer John Chiang announced the completion of the sale of \$2.5 billion in state of California general obligation and refunding bonds to pay for a variety of projects, including school construction.

The sale included \$802 million in new borrowing, and \$1.7 billion of refunding of existing bonds for debt service savings.

“The strong demand for California’s bonds and the low interest rates that were achieved are a testament to investor confidence in our state’s economy and financial management,” Chiang said. “The sale of these bonds will provide funding for vital infrastructure projects and will save taxpayers hundreds of millions of dollars over the life of the bonds due to refinancing.”

Since Treasurer Chiang took office in January 2015, refunding has created a public savings of \$5.9 billion over the remaining life of the bonds.

Interest rates on the bonds ranged from 3% to 5% while yields ranged from .77% to 3.27%. The overall true interest cost for the sale was 3.01%.

A significant portion of the new money will be used for school modernization and construction projects. Proposition 51, approved by voters in November 2016, authorizes the sale of up to \$9 billion in general obligation bonds for K–12, community colleges, charter schools, and vocational education facilities.

“The sale of these bonds will help provide critically needed money to build or remodel school facilities across the Golden State. Our students and teachers deserve quality environments where they have access to the latest tools and technologies needed to compete in a rapidly evolving global economy that puts an emphasis on education,” Chiang added.

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.

Goldman Sachs & Co. LLC and Stifel Nicolaus & Co were joint senior managers for underwriting with Fidelity Capital Markets and Ramirez & Co., Inc. serving as co-senior managers.

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