



# State of Tennessee

Justin P. Wilson, State Comptroller

August 27, 2014

## Buyers Eager to Purchase \$345 Million in Tennessee Higher Education Facilities Bonds

The Tennessee State School Bond Authority has just completed the sale of \$345 million of higher education facilities bonds to finance the costs of projects for the state's higher education system. Tennessee's excellent credit stimulated heavy interest from bond buyers, allowing bonds to be sold at historically low rates.

The School Bond Authority sold \$132 million in 2014 Series A taxable bonds at a true interest cost of 3.59%. The bonds included new money and refunding bonds, the proceeds of which will repay a revolving credit facility, finance additional project costs, and refinance certain bonds outstanding. The refinancing will save the state's higher educational institutions more than \$6 million.

The School Bond Authority also sold \$213 million of 2014 Series B tax-exempt refunding bonds. The true interest cost of 2.81% will result in an additional \$17.8 million savings to the institutions. Buyer interest in the bonds allowed the School Bond Authority to reprice most of the maturities on the bonds from 5 to 10 basis points lower than the price that was initially offered.

"This may be the most extraordinary sale in the Authority's history," said Tennessee Comptroller Justin P. Wilson. "These low interest rates are a testament to the financial management and integrity of Tennessee's higher education system and institutions. Taxpayers should be proud of this incredibly successful sale and the savings to the state's institutions."

The bonds were rated AA+ by Fitch Ratings, Aa1 by Moody's Investor Service, and AA by Standard & Poor's. All of the bonds have stable outlooks.

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