



Justin P. Wilson, Comptroller

November 18, 2015

Historic Bond Sale Saves Tennessee Millions

The State of Tennessee completed the sale of approximately \$384 million of general obligation (GO) bonds today at some of the lowest interest rates in Tennessee history.

Tennessee's excellent credit stimulated heavy interest from investors, amounting to almost \$2 billion in orders. This high demand allowed the state to reprice most of the maturities on its GO bonds 5 to 10 basis points lower than the price that was initially offered, which saves the state millions of dollars over the 20-year life of the bonds.

Tennessee has one of the lowest debt levels of any state, and investors recognize its strong history of balanced budgeting. Investors were willing to pay a \$68.5 million up-front premium to acquire Tennessee's bonds.

The debt offering was sold in two series of bonds, consisting of Series A for \$286,275,000 in tax-exempt bonds and Series B for \$97,490,000 of tax-exempt refunding bonds. The combined true interest cost of the bonds was 2.63%.

The proceeds of the bonds will be used to fund new capital projects and refinance currently outstanding bonds. The refinancing will save Tennessee taxpayers \$8.9 million, or 8.56%, over a 13-year period.

"This bond sale is extraordinary by any measure," Comptroller Justin P. Wilson said. "The people of Tennessee should take pride in the conservative fiscal approach of the Governor and General Assembly. This historic sale proves that a well-managed state allows taxpayers to save money."

For this sale Tennessee received triple-A credit ratings from Fitch Ratings and Moody's Investor Service, and a AA+ rating from Standard & Poor's.

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