



State of Tennessee

Justin P. Wilson, State Comptroller

For Immediate Release: Oct. 13, 2011

State of Tennessee Completes Record Bond Sale

The State of Tennessee entered the capital markets and sold \$546,655,000 worth of bonds this week – the largest sale in the state’s history. Demand for the state’s bonds was high among investors, a reflection of the state’s strong credit ratings.

Earlier this month, Fitch and Moody’s Investor Services, two of the country’s major bond rating agencies, reaffirmed the state’s AAA credit rating, which is the highest available. Standard and Poor’s, the third major rating agency, reaffirmed the state’s AA+ rating, which is the second highest rating available. The state’s high ratings reflect its debt level, which is one of the lowest in the country.

Proceeds from the bond sale will be used to finance numerous projects throughout the state, including economic development grants for Volkswagen in Chattanooga, Wacker Chemie in Bradley County, Hemlock Semiconductor in Clarksville and Electrolux in Memphis. Those projects are expected to create 4,650 permanent jobs, plus thousands more in construction and related industries.

The bond proceeds will also pay for improvements to many state-owned buildings and properties, including a new driver license center in Memphis, renovations to the Supreme Court Building and other state office buildings in Nashville, a prison in Bledsoe County, a new library for the University of Tennessee-Chattanooga campus and infrastructure improvements to a research building on the Cherokee campus of the University of Tennessee-Knoxville.

The state also sold bonds to refinance some of its existing debt – which will save taxpayers approximately \$5,559,000 million in interest payments over time.

None of the bond proceeds will be used to cover the state’s operating expenses or balance the budget.

“Our bond sale went extraordinarily well,” Comptroller Justin P. Wilson said. “Bonds were sold to a variety of investors including \$35,000,000 to individual investors. For one category of

bonds, we had nearly four times as many orders from investors as we were able to fill. This sale will help pay for four high profile economic development projects that will bring badly-needed jobs to our state, as well as other necessary improvements to our state's infrastructure. Also, I believe taxpayers should be pleased that we were able to achieve a savings of about \$5,559,000 million by refinancing part of our debt. We will continue to look for other opportunities to refinance more debt when market conditions are favorable for that.”

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