



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

FOR IMMEDIATE RELEASE

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Chiang Completes \$1.9 Billion Bond Sale With \$198 U illion in Taxpayer Savings

30-Year Yield Lowest Since at Least 1989

SACRAMENTO – State Treasurer John Chiang today announced successfully completing the sale of \$1.9 billion in State general obligation bonds, which included the refinancing of more than \$1 billion in previously-issued bonds.

“Despite investors’ concerns over future interest rates, this week’s sale showed a healthy appetite for California paper,” Chiang said. “Recent [credit upgrades](#) have increased the market’s confidence in the Otate’s credit worthiness and individual and institutional investors alike eagerly got behind California.”

The yield for 30-year 5 percent coupon bonds, 3.27 percent, was the lowest paid by the State since at least 1989. The spread between the yield on the State’s 30-year bond and the yield on the most commonly-used market index was 35 basis points. This was the State’s lowest credit spread on this index for 30-year bonds since June 2007. The yield on five year bonds was 1.43 percent and the yield on 10-year bonds was 2.38 percent.

The Treasurer’s decision to take advantage of the current interest rate environment by re-financing \$1 billion in previously-issued, higher interest rate bonds is expected to save taxpayers more than \$198 million in debt service costs over the life of the refunded bonds.

This week’s sale also included \$931 million in new borrowing for critical infrastructure needs, including transportation, education, and children’s hospitals.

Here are some key statistics associated with this sale:

- Final size: \$1.935 billion
- True interest cost: 3.06 percent
- Final re-offering yields ranged from a low of 0.17 percent for a 2016 maturity to a high of 3.27 percent (5 percent coupon)/3.68 percent (4 percent coupon) for a 30-year maturity.
- Retail orders represented more than 30 percent of bonds sold.

The next State general obligation bond sale is expected to occur in April 2015. A list of other scheduled sales can be found on the [Treasurer's website](#).

The State Treasurer has broad responsibilities and authority in the areas of public investment and finance. In particular, he oversees the issuance of State debt and is responsible for crafting best practices for the sale of debt and the investment of public funds for California's more than 4,000 local bond issuers, including the State, school districts, cities, counties, and special districts.

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