



**DAVID Y. IGE  
GOVERNOR**

**State's Bond Outlook improves, paving way for Ige administration's  
first General Obligation Bond sale**

**FOR IMMEDIATE RELEASE**

October 13, 2015

(HONOLULU) – Governor Ige's office today announced that Moody's Investors Service (Moody's) improved the outlook on its rating of State of Hawaii general obligation (G.O.) bonds from stable to positive. The positive change and rating assignment of Aa2 to an upcoming estimated \$750 million bond sale recognizes the restoration of state reserves and proactive measures taken to reduce unfunded liabilities pertaining to pension and health benefits. The state's strong bond ratings and improved outlook from Moody's should allow the state to reduce costs to taxpayers.

Moody's report cited Hawaii's restoration of reserves, and its pro-active measures to improve the funding of its pensions and other post-employment benefits liabilities (OPEB), including the Administration's plan to fully fund its OPEB employer's annual required contribution, combined with strong revenue trends as some of the reasons for the positive outlook.

S&P and Fitch also affirmed the State's G.O. bond rating at "AA" with stable outlooks citing the state's adherence to sound fiscal policies, financial management and demonstrated commitment to building and maintaining strong reserve levels.

The ratings were announced in advance of the Ige administration's first G.O. bond sale, which will provide funding for infrastructure improvements and other needed capital projects that will support the state's economic growth and provide facilities that serve the people of Hawaii. The sale, which begins on Wednesday, October 14, will also refinance bonds previously issued at higher interest rates. The refunding is estimated to provide the State with savings in excess of \$50 million.

"We have undertaken several initiatives to improve the financial outlook of the state. This bond sale will benefit from the state's strong financial foundation established through the joint efforts of the Ige administration, the legislature, and other stakeholders," stated Wesley Machida, State Director of Finance, who is overseeing the sale of the G.O. bonds.

The 2015 G.O. Bonds are expected to be sold with a retail only order period on Wednesday, October 14, 2015, with an institutional order period to follow on Thursday, October 15, 2015.

The sale will include approximately \$750 million of bonds in total, including a mixed use of proceeds:

- Tax-exempt Series ET will include \$190 million of bonds for general State projects.
- Tax-exempt Series EU will include \$35 million which will be designated as Green Bonds for the Turtle Bay preservation easement pursuant to Act 121, SLH 2015.
- Tax-exempt Series EV, EW, EX EY & EZ will include approximately \$500 million for an economic refinancing of outstanding bonds.
- Taxable Series FA will include \$25 million for general State projects subject to private activity.

The 2015 G.O. Bonds will pay semi-annual interest and will be sold in denominations of \$5,000, or multiples thereof.

Further, the 2015 G.O. bonds will be exempt from Hawaii and federal income taxes, with the exception of the series FA bonds, which will be subject to federal taxes.

Bank of America Merrill Lynch will serve as the lead underwriter for the offering, with Citigroup and Morgan Stanley serving as co-senior managers and Goldman Sachs and RBC serving as co-managers.

A Hawaii-based selling group will also be utilized to market the bonds to local retail investors.

Anyone interested in purchasing the bonds should contact their broker at any member of the underwriting team or selling group.

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