

Bond Rating Agencies Recognize Delaware's Strong Fiscal Management

Bond refunding saves taxpayers \$15 million

WILMINGTON, Del. – Delaware's proactive fiscal management has been recognized with the announcement of the State's triple-A bond ratings and an upgrade of the rating for Delaware Transportation Authority (DTA) bonds. The State's ratings were issued in advance of the refunding of \$123 million of Series 2009D Build America Bonds that will save Delaware taxpayers more than \$15 million over the next decade. DTA's ratings were issued as the Authority priced \$138 million of new Series 2019 Transportation System Senior Revenue Bonds. Bond ratings reflect an issuer's financial management policies and practices, ability to make future debt service payments, and economic strength, stability and diversity. Both the State and DTA's bond issues were priced at interest rates that will result in historically low costs for Delaware taxpayers.

"Delawareans expect us to responsibly manage taxpayer dollars, and that's exactly what we're doing," said Governor John Carney. "We have an ongoing commitment to ensuring that our fiscal house is in order. These important bond issues and our excellent bond ratings will save us money, and help finance important infrastructure projects like schools and roadway projects all across our state."

The State's August refunding refinanced \$123 million of outstanding debt through a competitive bid process resulting in a 1.12% all-in borrowing cost – the lowest in modern state

history for debt of a similar maturity. The State general fund will realize savings of \$1.12 million in the current fiscal year alone. The original bonds financed numerous capital projects including schools, libraries, and other state infrastructure projects.

*“The State’s very successful refinancing reflects a team effort by the Carney Administration, the General Assembly, and our financial and legal advisors,” said **Secretary of Finance Rick Geisenberger**. “Delaware’s premier bond rating reflects many years of prudent fiscal management and recent efforts to limit operating budget growth, boost reserves during good times, and steer one-time revenues to one-time projects. Our goal continues to be preserving the State’s financial flexibility while ensuring that public borrowing is done responsibly and affordably.”*

DTA priced its \$138 million of new bonds at a competitive all-in rate of 2.11%. This rate followed the announcement that DTA’s bond rating was upgraded by Moody’s Investor Services from Aa2 to Aa1 while Standard & Poor’s reaffirmed its AA+ rating. Moody’s also upgraded the Authority’s outstanding US 301 Project Revenue Bonds Series 2015 from A1 to Aa3 and its Transportation Infrastructure Finance and Innovation Act (TIFIA) Series 2015 Bonds from A2 to Aa3. The Delaware Department of Transportation’s steady reduction in its overall debt combined with continued positive trends in toll, DMV and motor fuel revenues helps lower the cost of capital and frees up funding to further maintain and improve transportation infrastructure throughout Delaware.

*“We are very pleased with the rating services’ upgrade, and having a strong rating enables the Department to get the most out of every taxpayer dollar,” said **Secretary of Transportation Jennifer Cohan**. “DelDOT is excited to continue delivering on Delaware’s largest Capital Transportation Program in its history.”*

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