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Facing Budget Shortfall, California Preps \$2.6 Billion Bond Sale.

- **The bond sale includes \$1.6 billion of refunding bonds**
- **State's latest budget reflects nearly \$31.5 billion deficit**

California is coming to market next week with its largest municipal-debt offering of the year, \$2.6 billion of tax-exempt general obligation bonds that are expected to draw strong demand from investors during a period of lower-than-expected issuance.

The sale includes \$1 billion of new debt to fund a variety of voter-approved capital projects including school construction, improvements to clean water access and high-speed rail. The Golden State will also sell \$1.6 billion of refunding bonds to cut its borrowing costs, according to bond documents.

Retail investors will begin placing orders on Wednesday ahead of pricing Thursday. The bonds will be underwritten by Citigroup Inc. and RBC Capital Markets, and they are rated Aa2 by Moody's Investors Service, AA- by S&P Global Ratings, and AA by Fitch Ratings.

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