



**Maryland State Treasurer's Office
Nancy K. Kopp, Treasurer**

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT:

**Bernadette Benik
410-260-7390 (office)**

**Maryland Sells \$512.4 Million
In General Obligation Bonds**

ANNAPOLIS (July 27, 2011) – Maryland State Treasurer Nancy K. Kopp announced that the Board of Public Works (BPW), comprising Governor Martin O'Malley, Comptroller Peter Franchot and Treasurer Kopp, completed today the very successful sale of \$512,415,000 of General Obligation bonds in four series, including the direct retail sale of \$71.7 million of Series A bonds which sold on July 25 exclusively to retail investors and with first priority to Maryland citizens.

Competitive sales for Series B, Series C, and Series D also occurred at today's meeting. The State received bids for the \$418,270,000 of Tax-Exempt Bonds (Series B), the \$15,900,000 Taxable Qualified Zone Academy Bonds (Series C), and the \$6,515,000 of Taxable Qualified Energy Conservation Bonds (Series D). The Series C and Series D Bonds are eligible for direct federal subsidies that will reduce the interest cost below a comparable tax-exempt bond.

The direct retail sale of Series A bonds, conducted through a group of underwriters led by M&T Securities, Inc. carried a true interest rate of 1.99%. The premium was \$5,689,634.

Treasurer Kopp said, "Despite continuing economic stress, public demand for our Triple AAA-rated bonds continues to be great, as it was in similar retail transactions that began in 2009. Marylanders acted quickly to invest in capital projects critical to our State, such as schools, colleges, hospitals, prisons and

cultural projects. Buyers got conservative, high-quality bonds, while investing in their communities.”

In the competitive sales, \$418.3 million in tax-exempt Series B bonds sold at a true interest cost of 3.08%; the winning bidder was Bank of America Merrill Lynch and the premium was \$52,685,635. Series C taxable bonds in the amount of \$15.9 million sold at a true interest cost of 4.24%; the winner bidder was Wells Fargo Bank, National Association and the discount was \$158,841. Series D taxable bonds in the amount of \$6.5 million sold at a true interest cost of 4.23%; the winner bidder was J.P. Morgan Securities LLC, and the discount was \$23,259. There were 7 or more bidders on each of Series B, C, and D.

“Today’s results were very satisfying. Again, Maryland’s Triple AAA-rated bonds drew significant interest—and a very favorable low interest rate. Maryland taxpayers benefit not only from saving millions of dollars because of the State’s low interest rates, but also from the investment in our communities and infrastructure, including more than an anticipated \$285 million in schools, colleges and universities,” Treasurer Kopp said.

On Wednesday, July 13, 2011, all three major bond rating agencies—Standard & Poor’s Ratings Services, Moody’s Investors Service and Fitch Ratings—reaffirmed the State’s Triple AAA bond rating with a stable outlook. On July 19, 2011, Moody’s announced that in connection with their review and possible downgrade of U.S. Government bonds, they have also placed Maryland, Virginia and three other Aaa states on review for a possible downgrade. Moody’s stated, “Should the U.S. government’s rating be downgraded to Aa1 or lower, these five states’ ratings would likely be downgraded as well”. The complete press release is available at: http://www.moodys.com/research/MOODYS-PLACES-RATINGS-OF-FIVE-OF-15-Aaa-STATES-ON?lang=en&cy=global&docid=PR_222988

Maryland is one of only eight states to currently hold the AAA rating, the highest possible rating, from all three bond rating agencies.

The Maryland State Treasurer’s Office expects to conduct another bond sale in late February 2012.
