



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

NEWS RELEASE

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ANNAPOLIS (July 28, 2010) – 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 successful sale of \$485,175,000 of General Obligation bonds, including the direct retail sale of \$143,335,000 of bonds with first priority to Maryland citizens.

The bond sale also included three competitive bids: \$221,665,000 in tax-exempt bonds; \$75 million in taxable Build America Bonds (BABS) and \$45,175,000 in taxable Qualified School Construction Bonds (QSCBs) for the public school construction program.

The direct retail bond sale, conducted through a group of underwriters led by Citigroup Global Markets, Inc. and M&T Securities, carried a true interest rate of 1.6 percent. The sale of retail bonds began on Friday, July 23, 2010 and ended Monday, July 26.

Treasurer Kopp said, "Public demand for our Triple AAA-rated bonds was great, as it had been the case in three other similar transactions in 2009. Marylanders moved quickly to invest in capital projects so important 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 three competitive sales, the approximately \$221.7 million in tax-exempt bonds sold at an interest rate of 1.9 percent. The \$75 million in taxable BABS sold at a tax-exempt equivalent rate of 2.7 percent. The \$45.2 million in taxable QSCBs sold at an interest rate of 4.4 percent, which is fully subsidized by the federal government. The winning bidders were, respectively, Banc of America Merrill Lynch, Citigroup Global Markets, Inc. and Morgan Keegan & Co, Inc.

“I was really pleased with today’s results. Again, Maryland’s Triple AAA-rated bonds drew significant interest—and a very favorable low interest rate. Marylanders benefit not only from millions of dollars in savings from the State’s low interest rates for Maryland taxpayers, but also from the investment of more than 60 percent of the bond proceeds in K-12 schools, colleges and universities,” Treasurer Kopp said.

“At the same time, the federal government subsidizes the taxable interest on Build American Bonds and the Qualified School Construction Bonds, resulting in lower interest payments. In fact, in the case of the Qualified School Construction Bonds, the interest rate will be zero percent with the 100 percent federal subsidy,” she said.

On Wednesday, July 14, 2010, 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. 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 either in late February 2011 or early March 2011.
