



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

NEWS RELEASE

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**Maryland Sells \$727 Million
In General Obligation Bonds**

ANNAPOLIS (August 1, 2012) – Maryland State Treasurer Nancy K. Kopp announced that the Board of Public Works (BPW), composed of Governor Martin O'Malley, Comptroller Peter Franchot and Treasurer Kopp, completed the sale of \$727,025,000 of General Obligation bonds today in five series, including the direct retail sale of \$26.34 million of Series A bonds which sold on July 27 and 30 exclusively to retail investors and with first priority to Maryland citizens.

The direct retail bond sale (Series A), conducted through a group of underwriters led by Citigroup Global Markets, Inc., carried a true interest rate of 2.52%. The net premium was \$3,826,554.

Treasurer Kopp said, "The State of Maryland was very successful in today's sale of General Obligation bonds, achieving an interest rate that is the second lowest for the State since 1988. This historically low interest rate means that Maryland's schools, colleges, hospitals, prisons and cultural projects can be built at an unusually reduced cost. This is good news for the taxpayers of Maryland. It is also good news that all Marylanders who wanted to do so were able to buy the State's high-quality bonds during the retail sale. Their investment in Maryland in turn will allow Maryland to invest in projects that benefit communities throughout the State."

Competitive sales for Series B, Series C, Series D and Series E occurred at today's BPW meeting. The State received bids for the \$478,660,000 of Tax-Exempt Bonds (Series B), the \$23,000,000 of Taxable Bonds (Series C), the \$15,230,000 of Taxable Qualified Zone Academy Bonds (Series D) and the \$183,795,000 of Tax-Exempt Refunding Bonds (Series E). The Series D Bonds are eligible for direct federal subsidies that will reduce the interest cost below a comparable tax-exempt bond. The Series E Refunding Bonds will reduce the State's debt service costs by approximately \$16.1 million.

In today's competitive sales:

- \$478.66 million in tax-exempt bonds in Series B sold at a true interest cost of 2.17%; the winning bidder was Bank of America Merrill Lynch and the net premium was \$70,374,981.
- Bank of America Merrill Lynch was also the winning bidder on the \$23 million of taxable bonds in Series C. The Series C Bonds sold at a true interest cost of 0.45%.
- Series D, taxable Qualified Zone Academy Bonds, sold in a principal amount of \$15,230,000 with a coupon of 2.8% that is eligible for a 100% interest subsidy payment from the US Treasury Department. For Series D, the net premium was \$92,751 and the winning bidder was Morgan Stanley & Co, LLC.
- \$183.795 million of Series E refunding bonds sold at a true interest cost of 1.25%; the winning bidder was J.P. Morgan Securities, LLC and the net premium was \$41,647,797.

There were 6 bidders on Series B, 11 bidders on Series C, 10 bidders on Series D and 6 bidders on Series E.

"Today's results were very satisfying. Again, Maryland's Triple AAA-rated bonds drew significant interest — and a very favorable and 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 infrastructure that these bond proceeds provide." Treasurer Kopp said.

Maryland is one of only eight states to currently hold the AAA rating, the highest possible rating, from all three bond rating agencies. The Triple AAA was affirmed as recently as July 19, 2012, in anticipation of this bond sale.

The Maryland State Treasurer's Office expects to conduct another bond sale in February or March 2013.
