



# Calvert County NEWS

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## **FOR IMMEDIATE RELEASE**

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### **Calvert County, Md. Earns Robust Credit Ratings from Three Major Rating Agencies**

**PRINCE FREDERICK, Md. – May 13, 2010** – The Calvert County Board of County Commissioners (BOCC) announced today that three independent credit rating agencies have given Calvert County strong credit ratings in light of the county’s consistently sound financial operations and reserves and historically conservative fiscal policies.

Moody’s Investor Service increased its rating for Calvert County from Aa2 to Aa1 and Fitch Ratings increased its rating from AA+ to AAA. The county’s rating from Standard and Poor’s Ratings Services remains at AA+ while the agency revised its outlook on the county’s outstanding debt from stable to positive. The ratings are assigned to Calvert County’s 2010 issue of general obligation consolidated public improvement bonds totaling \$21.3 million.

The bond rating increases from Moody’s Investor Service and Fitch Ratings come after these rating agencies changed the way they assign grades to the credit quality of state and local governments. This “recalibration” was an effort to make municipal credit ratings more comparable with other sectors. The recalibrations do not reflect a change in credit quality. They are a move to hold municipalities to the same standard as corporate and sovereign debt.

Calvert County staff and elected officials met with all three bond rating agencies in New York City in April to present the county’s economic and management profile in anticipation of the bond sale. “These new credit ratings are a good sign of Calvert County’s financial health and viability,” said Wilson H. Parran, BOCC president. “The county’s strong bond ratings help ensure lower interest rates on our bond issues. The result is lower financing costs and substantial savings of county taxpayer dollars. Achieving these ratings demonstrates Calvert County’s financial stability.”

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In its rating rationale, Standard & Poor's remarked that "the county has continued to show what we view as strong and consistent management of their financial position with conservative well-adhered-to fiscal policies, and it has maintained healthy reserves in this current economy, in addition to maintaining ample remaining tax rate flexibility." The rating also referenced the county's historically low unemployment measuring well below state and national rates, steady tax base growth and low debt burden.

Fitch Ratings observed that Calvert County's "prudent financial management has maintained very strong reserve levels and preserved significant financial flexibility." Its ratings rationale also reported that the county benefits from robust local wealth and employment levels.

The Moody's Investors rating announcement noted that "the rating reflects the county's strong financial position, characterized by comprehensive fiscal policies and practices, healthy reserve levels, and an affordable debt burden. The rating further considers the county's steady tax base growth, the significant presence of an expanding power generation sector and the above-average wealth levels of the county's population."

The BOCC voted May 11 to accept bids on the county's 2010 bond issue. The \$6.66 million in taxable consolidated public improvement bonds was awarded to J.P. Morgan Securities, Inc. at an interest rate, net of Federal credit, of just less than 3.1 percent. The bond issue for \$14.75 million in consolidated public improvement and refunding tax exempt bonds was awarded to Hutchinson, Shockey and Erley & Company at an interest rate of 2.25 percent. The total true interest rate on the total \$21.41 million bond sale is 2.66 percent.

A portion of the proceeds from the tax-exempt bonds will refund a portion of the county's 2002 bonds, resulting in a savings to the county of over \$250,000 in interest expense. The remaining proceeds will fund the construction of the new Calvert Middle School and the Marley Run wastewater treatment plant, renovation of the county's work release facility and transportation projects including work on the Prince Frederick Loop Road, Boyd's Turn Road in Owings and Fairground Road in Prince Frederick.

For more information on Calvert County's financial policies, please contact Tim Hayden, Director of Finance and Budget, at 410.535.1600 x2435, e-mail [haydent@co.cal.md.us](mailto:haydent@co.cal.md.us), or visit online at [www.co.cal.md.us](http://www.co.cal.md.us).

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*Calvert County is Maryland's smallest county in land area with 213 square miles. It is home to approximately 90,000 people and has one of the highest standards of living in Maryland. There are more than 5,000 businesses in the County and a labor force of at least 1.8 million resides within a one-hour drive. Major industries include defense contracting, information technology, tourism, utilities, light manufacturing and administrative services.*