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FOR IMMEDIATE RELEASE

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Maryland Retains Triple-AAA Bond Rating,
To Sell Up To $800 Million of General Obligation Bonds

ANNAPOLIS (February 25, 2020) – Maryland State Treasurer Nancy K. Kopp announced today that the three major bond rating agencies have reaffirmed the State's AAA bond rating, all with stable outlooks, in advance of the upcoming competitive sale of State General Obligation Bonds on Wednesday, March 4, 2020.

Maryland is one of thirteen states* to hold the coveted AAA rating, the highest possible rating, from all three major bond rating agencies. S&P Global Ratings has rated the bonds AAA since 1961, Moody's Investors Service has assigned the bonds a rating of Aaa since 1973, and Fitch Ratings has rated the bonds AAA since 1993.

Treasurer Kopp said, "We are pleased that Maryland continues to be recognized as a triple-AAA State, a distinction that reflects Maryland's fiscal strength and longstanding commitment to prudent, proactive financial management. The rating agencies recognize that Maryland's dynamic economy, highly educated workforce, and above-average wealth and income levels make it an outstanding investment."

"The lower interest rates that the State will achieve on its bonds due to its outstanding credit rating will save the Maryland residents millions of dollars and allow those dollars to be directed to investment in our local communities, notably our schools, libraries, institutions of higher education, healthcare facilities and cultural projects important to the residents of our State," Treasurer Kopp added.

Fitch Ratings, in assigning its AAA rating and stable outlook, said that Maryland's rating "reflects its broad, diverse and wealthy economy, very strong fiscal management with consensus-oriented long-term planning, and multiple sources of flexibility. Although liabilities are elevated for a state, they are moderate relative to resources and carefully managed."

Moody's Investors Service, in providing its rationale for its Aaa rating, said "The highest-quality rating reflects Maryland's strong financial management policies, ample liquidity levels, stable economy and high personal income levels, all of which offset the state's economic exposure to constrained federal spending, as well as the above-average debt and pension burdens stemming from the state's practice of issuing debt and absorbing certain pension costs on behalf of local governments." In explaining the stable outlook, Moody's indicated "The state's proactive fiscal management enables it to make midcourse corrections and weather economic cycles. It has also taken often difficult actions to strengthen the foundation for long term fiscal sustainability. Even so, growth in fixed costs for pensions, debt service and retiree health benefits will continue to be a challenge."

In assigning its AAA long-term rating and stable outlook, S&P Global Ratings said: "Our 'AAA' long-term rating on Maryland's GO bonds reflects our view of the State's: Broad and diverse economy, which continues to post slow growth; Strong wealth and income levels relative to those of the nation; Long history of proactive financial and budget management, including implementation of frequent and timely budget adjustments to align revenues and expenditures and long-term financial planning that should continue to be helpful in addressing future budget challenges; and Well-developed debt management practices with a moderate debt burden for most measures and rapid amortization, although long-term pension and other postemployment benefits liabilities remain moderately high, in our opinion."

S&P Global Ratings further stated: "The stable outlook reflects Maryland's continued focus on structural budget alignment and maintenance of minimum state reserves at levels we consider good, despite continued slow economic growth. The state's continued practice of making proactive midyear adjustments to align the budget in case of slower-than-anticipated revenue growth will remain an important credit factor over the two-year outlook horizon, given Maryland’s above-average economic dependence on federal government employment and spending.”

The bond sale will include $495,000,000 of tax-exempt bonds, $50,000,000 in taxable bonds, and up to $255,000,000 in refunding bonds. The tax-exempt bonds will be sold in two bidding groups to enhance competition: Bidding Group 1 - $245,055,000 of tax-exempt bonds; and Bidding Group 2 - $249,945,000 of tax-exempt bonds. Additionally, the Maryland Treasurer’s Office anticipates that the refunding bonds will generate over $20 million in net present value savings. All of these bonds are expected to be sold to institutions.

As is always the case with Maryland’s tax-exempt General Obligation Bonds, the State will use the proceeds to finance important capital projects and improvements, such as public schools, community colleges, university projects and hospitals.

The Maryland Board of Public Works, composed of Governor Lawrence J. Hogan, Jr., Treasurer Nancy K. Kopp, and Comptroller Peter Franchot, will preside over the competitive bond sale on Wednesday, March 4, 2020 in the Assembly Room in the Goldstein Treasury Building in Annapolis.

The Maryland State Treasurer’s Office expects to conduct another bond sale in July or August 2020.

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* The other twelve states with AAA ratings from all three rating agencies are Delaware, Georgia, Florida, Indiana, Iowa, Missouri, North Carolina, South Dakota, Tennessee, Texas, Utah, and Virginia.