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FOR IMMEDIATE RELEASE

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Maryland Retains Triple AAA Bond Rating,
To Sell Up To $510 Million of General Obligation Bonds

ANNAPOLIS (July 24, 2018) – Maryland State Treasurer Nancy K. Kopp announced today that the three major national bond rating agencies have re-affirmed the State's strong AAA bond rating, all with stable outlooks, in preparation for the upcoming competitive sale of State General Obligation Bonds on Wednesday, August 1, 2018.

Maryland is one of 12 states* to hold the coveted AAA rating, the highest possible rating, from all three major bond rating agencies. S&P Global Ratings (formerly Standard and Poor's) 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 and proud that Maryland continues to be recognized as a strong AAA State, a distinction that affirms our State's longstanding commitment to prudent and proactive financial management and continuing overall fiscal strength. The rating agencies recognize the contribution of our diverse economy, well-educated workforce, and above-average wealth and income levels to the overall quality of an investment in Maryland."

"The taxpayers of Maryland will continue to save millions of dollars as they benefit from lower interest rates prompted by these AAA ratings. This achievement allows us to continue to invest in our 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: "Maryland's 'AAA' IDR [Issuer Default Rating] reflects its broad, diverse and wealthy economy, extensive budget controls and sound financial operations, and strong management of debt."

Fitch further noted: "Fiscal management is very strong, with consensus-oriented long-term planning and multiple sources of flexibility including a consistently solid budgetary reserve and a demonstrated ability to adjust spending to address changing circumstances. 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: "The 'AAA' GO rating reflects what we view as Maryland'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 (OPEB) 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 $510 million of tax-exempt bonds sold in two bidding groups to enhance competition: Bidding group 1 - $275,295,000 of tax-exempt bonds; and Bidding group 2 - $234,705,000 of tax-exempt bonds. Both bidding groups are expected to be sold to institutions.

As has always been the case with the issuance of Maryland's tax-exempt General Obligation Bonds, the State uses the proceeds to finance necessary capital projects, such as 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, August 1, 2018 in the Assembly Room in the Goldstein Treasury Building in Annapolis.

The Maryland State Treasurer's Office expects to conduct another bond sale in February or March 2019.

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* The other 11 states with AAA ratings from all three rating agencies are Delaware, Georgia, Florida, Iowa, Missouri, North Carolina, South Dakota, Tennessee, Texas, Utah, and Virginia.