



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

NEWS RELEASE

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In Midst of Pandemic, Maryland Has Successful Sale of Over \$1.0 Billion in General Obligation Bonds

ANNAPOLIS (July 22, 2020) – Maryland State Treasurer Nancy K. Kopp announced that the Board of Public Works (BPW), composed of Governor Lawrence Hogan, Treasurer Nancy Kopp, and Comptroller Peter Franchot, completed the sale of over \$1.0 billion of General Obligation bonds earlier this morning. Interest rates on the bonds were some of the lowest Maryland has ever achieved, generating a record \$180.9 million in bond premium and over \$60.9 million in debt service savings for the current fiscal year, which will help close the budget gap the State is facing as a result of the COVID-19 pandemic.

Competitive sales for the bonds occurred at today's BPW meeting. Series A was divided into two bidding groups, with the State receiving six bids for the \$290.1 million of Tax-Exempt General Obligation Bonds (Series A Bidding Group 1) and five bids for the \$249.9 million of Tax-Exempt General Obligation Bonds (Series A Bidding Group 2). The State also received six bids for the \$117.3 million (resized amount) of Tax-Exempt Current Refunding Bonds (Series B) and five bids for the \$345.8 million (resized amount) of Taxable Refunding Bonds (Series C).

In today's competitive sales:

- \$290.1 in Tax-Exempt Bonds (Series A Bidding Group 1), with maturities from 2023 – 2030, sold at an all-in true interest cost of 0.558%; the winning bidder was Bank of America Merrill Lynch and the premium was \$85.5 million;

- \$249.9 million in Tax-Exempt Bonds (Series A Bidding Group 2), with maturities from 2031 – 2035, sold at an all-in true interest cost of 1.746%; the winning bidder was Wells Fargo, National Association and the premium was \$95.4 million;
- \$115.8 million in Tax-Exempt Current Refunding Bonds (Series B), with maturities from 2021 – 2029, sold at an all-in true interest cost of 0.583%; the winning bidder was Bank of America Merrill Lynch; and the debt service savings totaled \$8.1 million; and
- \$355.6 million in Taxable Advance Refunding Bonds (Series C), with maturities from 2021 – 2027, sold at an all-in true interest cost of 0.765%; the winning bidder was J.P. Morgan Securities, LLC; and the debt service savings totaled \$53.1 million; and
- The all-in true interest cost for the overall sale of the \$1.1 billion in bonds was 1.115%.

Treasurer Kopp commented, “This is an outstanding outcome and a win for all Marylanders. Despite the unprecedented fiscal challenges the State is facing because of the pandemic, investors showed that they believe Maryland’s dynamic economy, highly educated workforce, above-average wealth and history of prudent fiscal management still make Maryland’s bonds the highest quality and safest investment possible. The confidence that investors have in Maryland’s fiscal resilience and its ability to weather this crisis, along with the State Treasurer’s Office’s creative and carefully managed approach to bond offerings, has resulted in historically low borrowing costs for funds that will finance investments in Maryland’s schools, colleges, hospitals, and other vital public infrastructure projects. In addition, the fact that the bonds will help the State make great strides towards balancing its fiscal year 2021 budget makes this an extraordinary sale and a tremendous result for the people of the State of Maryland.”

“However, interest rates on bonds are so low and stable in part because of the drastic actions taken to mitigate the economic impact of the virus, including moratoriums on evictions and foreclosure proceedings, expanded unemployment insurance, aid for state and local governments, grants and loans for small businesses, and other stimulus measures, many of which have either exhausted their funding or are set to expire imminently. It is critical that governments at all levels extend and expand these measures to ensure our economy can emerge from the crisis intact,” she concluded.

Maryland is one of only thirteen states to hold the AAA rating, the highest possible rating, from all three major bond rating agencies. The AAA rating was recently affirmed by Fitch Ratings, Moody’s Investors Service, and S&P Global Ratings in anticipation of this bond sale.

The Maryland State Treasurer’s Office expects to conduct another bond sale in early 2021.

