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*STATE OF MARYLAND*  
**BOARD OF PUBLIC WORKS**

*80 CALVERT STREET  
TREASURY BUILDING ASSEMBLY ROOM  
ANNAPOLIS, MARYLAND*

**March 26, 2019  
11:00 a.m.**

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# PRESENT

**HONORABLE BOYD RUTHERFORD**

Lieutenant Governor

**HONORABLE NANCY KOPP**

Treasurer

**HONORABLE PETER FRANCHOT**

Comptroller

**SHEILA C. MCDONALD**

Secretary, Board of Public Works

**MISSY HODGES**

Recording Secretary, Board of Public Works

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# PROCEEDINGS

LIEUTENANT GOVERNOR RUTHERFORD: Okay. Well welcome to the annual Bond Sale. It's good to be in the Louis Goldstein Building, of course. It's always wonderful to be back here. I recall more time here when I was General Services Secretary than now --

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- with various issues with old buildings.

TREASURER KOPP: -- here now.

LIEUTENANT GOVERNOR RUTHERFORD: Yes. Okay good -

-

(Laughter.)

LIEUTENANT GOVERNOR RUTHERFORD: -- quite sure. Earlier this month, the three bond rating agencies reaffirmed Maryland's AAA bond rating. We're one of only 12 states to have received that rating and that's a recognition of the leadership of our State in terms of watching over the taxpayers' dollars. The three agencies noted our sound budgeting and strong financial controls and prudent debt management. I want to thank the Treasurer. I would the Comptroller, but I guess he'll be here in a few minutes, and Secretary Brinkley, who is not here, for their collaboration, without which we wouldn't have received that AAA bond rating.

So the issuing today is \$490 million in State General Obligation Bonds in two series, the first being \$265 million and the second \$225 million. And so with that, I guess we turn to what has happened, our sale.

TREASURER KOPP: Thank you.

MR. LUND: All right. So --

LIEUTENANT GOVERNOR RUTHERFORD: Or I should say -- wait a minute, I'm sorry. Madam Treasurer, did you have any comments?

TREASURER KOPP: No, I think you said it very well. We want to see what the --

LIEUTENANT GOVERNOR RUTHERFORD: Okay.

TREASURER KOPP: Christian, can you introduce yourself?

MR. LUND: Sure. I'm Christian.

TREASURER KOPP: Christian Lund.

MR. LUND: My name is Christian Lund. I'm the Director of Debt Management for the Treasurer's Office.

LIEUTENANT GOVERNOR RUTHERFORD: I thought he had one name.

MR. LUND: Yeah --

LIEUTENANT GOVERNOR RUTHERFORD: Like Cher and Sting.

MR. LUND: Christian, yeah. So we had already received bids for both tranches of bonds that we're selling today. The first set of bids came in at 10:30. The other ones just came in at 11:00. For the first tranche, Bank of America was the low bidder with a TIC of about 1.78.

TREASURER KOPP: And the first tranche, if I understand it, is made up of bonds with a shorter term --

MR. LUND: That's exactly right.

LIEUTENANT GOVERNOR RUTHERFORD: Oh okay --

TREASURER KOPP: -- which is why they are --

LIEUTENANT GOVERNOR RUTHERFORD: -- the difference -

MR. LUND: That's exactly right. So as you can see here, these maturity dates go from '22 to '29. If we go over to the second tranche, which is over here on the right side of the screen, Citi was the low bidder with a TIC that looks much higher at 2.70, 2.71. But when you look at the results, you see that the maturities are from 2030 to 2034. So we're paying more because those are just long term loans, essentially.

LIEUTENANT GOVERNOR RUTHERFORD: Right.

MR. LUND: So we've already confirmed the first bids. We verified that. We need to go back and verify the second bid. And once we do

that, we will come back and we can, and we'll ask you all to approve the low bidders. Okay?

LIEUTENANT GOVERNOR RUTHERFORD: Very good.

Thank you.

TREASURER KOPP: Exciting.

MR. LUND: Thank you very much.

(Short recess taken.)

TREASURER KOPP: We have received the bids from the bond houses and they are good thanks to the rating agencies' AAA bond rating. And that of course links to Maryland's strong economy, workforce, and governmental process.

So I would move that the Board adopt the resolutions before us today concerning the State and Local Facilities Loan of 2019 First Series. In particular, I move that the Board ratify and approve the preliminary official statement dated March 19, 2019, the summary notice of sale for the 2019 First Series Bonds published in the *Bond Buyer* on March 15, 2019, and the resolutions adopted by the Board on March 6, 2019 with respect to the Bonds. I would ask for a second and a vote on that resolution.

LIEUTENANT GOVERNOR RUTHERFORD: Second.

TREASURER KOPP: All those in favor?

LIEUTENANT GOVERNOR RUTHERFORD: Aye.

TREASURER KOPP: Secondly, I move that the Bank of America Merrill Lynch be declared the successful bidder for the Group 1 of the First Series Tax-Exempt Bonds in the aggregate principal amount of \$265,040,000, subject to resizing as provided in the official notice of sale, with a net premium of \$53,266,808.25 and a true interest cost of 1.778937 percent. And I further move that the First Group of the First Series Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds.

LIEUTENANT GOVERNOR RUTHERFORD: Second. I second that.

TREASURER KOPP: All those in favor?

LIEUTENANT GOVERNOR RUTHERFORD: Aye.

TREASURER KOPP: And third, I move that Citigroup Global Markets, Inc. be declared the successful bidder for Group 2 of the First Series Tax-Exempt Bonds in the aggregate principal amount of \$244,960,000, subject to resizing as provided in the official notice of sale, and with a net premium of \$38,836,707.15 and a true interest cost of 2.708264 percent, and further move that the Second Group of First Series Bonds be issued in the amounts and maturities and at the interest rates and prices set forth in the successful bid for the bonds.

LIEUTENANT GOVERNOR RUTHERFORD: Second.

TREASURER KOPP: All those in favor?

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LIEUTENANT GOVERNOR RUTHERFORD: Aye.

COMPTROLLER FRANCHOT: Where do I sign?

(Laughter.)

TREASURER KOPP: And I move that the Board authorize and approve the issuance of the final official statement for the bonds.

LIEUTENANT GOVERNOR RUTHERFORD: Second.

TREASURER KOPP: All in favor?

COMPTROLLER FRANCHOT: Aye.

LIEUTENANT GOVERNOR RUTHERFORD: Yes.

MS. BENIK: Treasurer, if you want to look you can go back and Christian can show you all the bids to your question about who -- there you go. That's where, who everyone that bid.

LIEUTENANT GOVERNOR RUTHERFORD: Citi wasn't as aggressive --

TREASURER KOPP: Right.

SECRETARY MCDONALD: That's very interesting. But they were neck and neck on the other one.

TREASURER KOPP: Yeah. Bank of America came --

SECRETARY MCDONALD: Pretty close.

TREASURER KOPP: Are those the --

LIEUTENANT GOVERNOR RUTHERFORD: I already signed --

TREASURER KOPP: Great. You have signed.

LIEUTENANT GOVERNOR RUTHERFORD: I did sign them.

SECRETARY MCDONALD: All right. The meeting is over.

(Whereupon, at 11:16 a.m., the meeting was concluded.)