

## ***Green Bond Issuance Up as Investors Become More Environmentally Conscious***

Green Bonds are fixed-income securities, with the same characteristics as traditional bonds, that were developed after a United Nations report highlighted the impact of human activity on climate change. Following the issuance of the report in 2007, Swedish investors expressed interest in funding projects that could have a positive environmental impact and approached the World Bank looking for investment opportunities. The following year, The World Bank introduced the concept of a Green Bond, defining it as a debt security issued to raise funds specifically for climate-related or environmental projects. Green Bonds are issued with a commitment by the issuer to use the funds to support new or existing sustainable projects, partially or entirely. The International Capital Markets Association, an association of large global banks whose stated mission is to promote resilient and well-functioning international debt capital markets, published a set of Green Bond principles in 2014. The Green Bond Principles identify ten categories of projects that address environmental issues such as climate change, natural resource depletion, biodiversity loss, and air, water, and soil pollution. Specifically, projects include wastewater treatment, sustainable water and wastewater management, urban drainage systems, and other forms of flood mitigation.

Like traditional bonds, Green Bonds can be sold at a competitive or negotiated sale. An issuer's commitment to environmental consciousness may result in slightly improved interest rates, but in CMA's experience, the interest rate advantage is negligible. The issuer faces some additional expense to have its bonds classified as "green" as a third-party verifies the environmental advantages of the financed green projects. Following the issuance of the debt, the issuer pledges to continuously disclose the progress toward achieving the environmental objectives of the funded projects. This commitment to transparency and accountability provides investors with a clear understanding of the projects they support. Investors' focus on their investments' environmental, social, and governance aspects signals a significant shift in the bond market, as they recognize their ability to endorse initiatives that matter to their stakeholders without sacrificing returns.

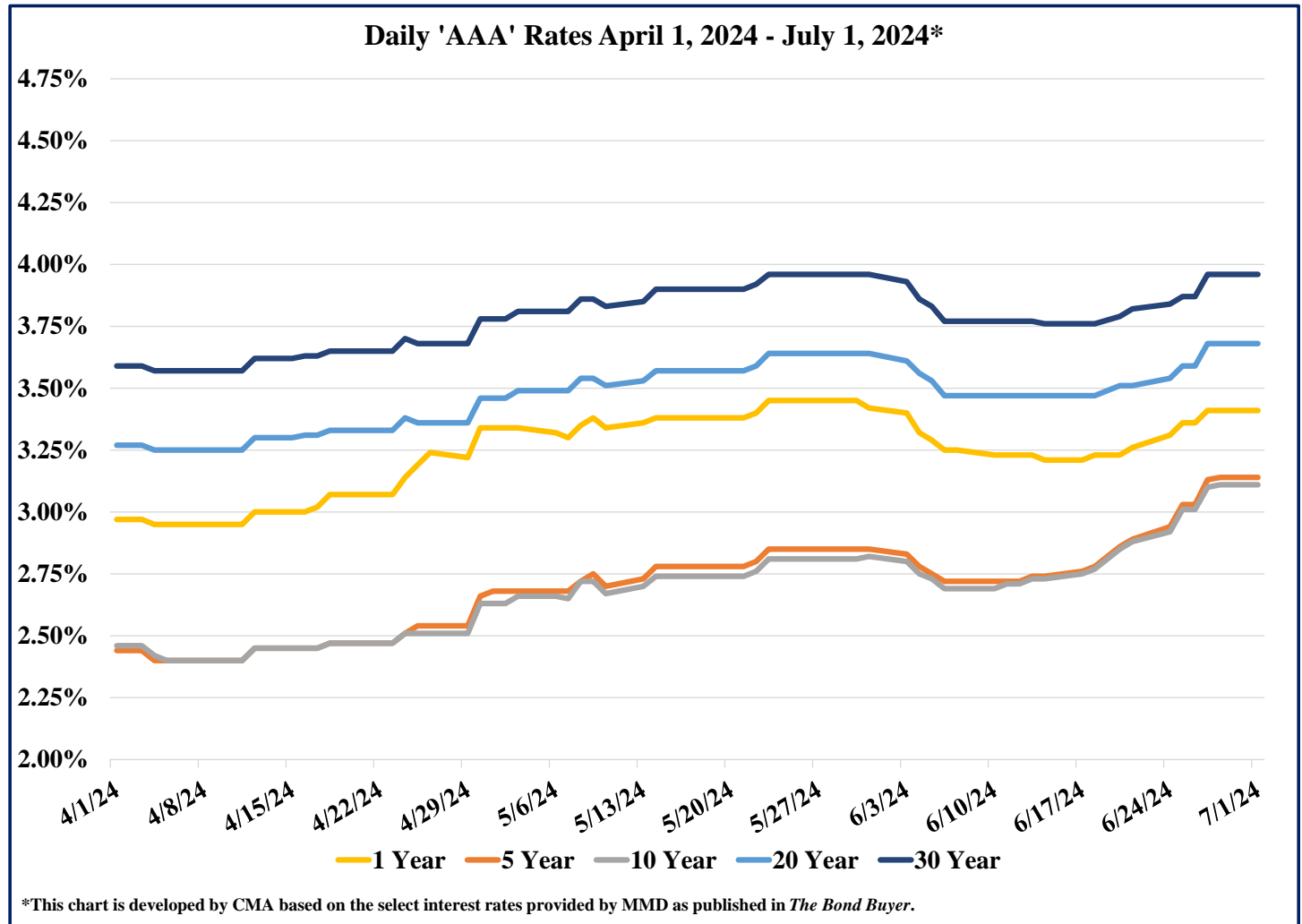
In New York State, Green Bonds can be issued directly by a local jurisdiction or through the NYS Environmental Facilities Corporation ("EFC"), The Dormitory Authority of the State of New York ("DASNY") and other conduit issuers. When issuing through EFC, an issuer must apply for consideration via EFC's Intended Use Plan ("IUP"). The interest rate on the bonds is determined based on the issuer's score and ranking on the IUP. Projects positioned above the subsidy line are eligible for subsidized funding while those below the line receive market-rate financing, which may be advantageous due to EFC's high credit rating. EFC's Clean Water Pool offers up to a 50% interest rate subsidy, while its Drinking Water Pool provides up to a 33% subsidy to reduce the borrower's costs. Communities facing financial hardships can access 0% financing through EFC based on criteria such as median household income, population, and poverty data from the US Census.

### **RECENT CMA CLIENT SALE RESULTS**

<b><u>Issuer/Underlying Rating</u></b>	<b><u>Issue Type</u></b>	<b><u>Par Amount</u></b>	<b><u>Sale Date</u></b>	<b><u>Term</u></b>	<b><u>Rate</u></b>	<b><u>Purchaser</u></b>
Oyster Bay – East Norwich CSD (Aa1)	BAN	\$23,500,000	27 - June	1 yr.	3.65%	TD Securities
Amityville UFSD (A1)	Bonds	\$9,370,000	26 - June	20 yrs.	3.62%	Roosevelt & Cross, Inc.
Monroe County (AA)	Bonds	69,960,000	20 - June	20 yrs.	3.44%	Jefferies LLC
Bethlehem CSD (AA)	BAN	2,266,330	18 - June	1 yr.	3.97%	Piper Sandler & Co.
Croton-Harmon UFSD (Aa2)	BAN	27,173,951	18 - June	1 yr.	3.54%	Jefferies LLC
Watertown City (Aa3)	BAN	2,812,500	12 - June	1 yr.	3.85%	Oppenheimer & Co.
Saratoga Springs CSD (AA+)	Bonds	34,695,000	11 - June	15 yrs.	3.26%	Raymond James & Assoc.
Ramapo Town (AA-)	Bonds	3,000,000	11 - June	4 yrs.	3.80%	Robert W. Baird
Corning CSD (Aa3)	Bonds	11,700,000	4 - June	13 yrs.	3.40%	Janey Montgomery Scott

The Green Bond market has grown significantly in recent years as investors and issuers increasingly focus on sustainability and environmental impact. According to data from the Climate Bonds Initiative, a leading organization in the Green Bond market, the total value of Green Bonds issued worldwide reached a record high of \$633.9 billion in 2021, almost twice the amount issued a year earlier, highlighting the growing popularity of Green Bonds as a financing tool for environmentally friendly projects. Overall, the amount of Green Bonds issued worldwide is a clear indicator of the growing interest in sustainable finance and the potential for Green Bonds to play a significant role in financing the transition to a more environmentally sustainable economy. For more information as to how your jurisdiction can issue Green Bonds, contact your Financial Advisor at CMA.

### Interest Rate Trends



### GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES

Term	June 3, 2024					1 Month Ago - June 3, 2024					1 Year Ago - July 3, 2023				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	3.15%	3.19%	3.27%	3.25%	3.62%	3.34%	3.38%	3.46%	3.44%	3.81%	3.05%	3.08%	3.20%	3.19%	3.54%
5	2.92	2.97	3.09	3.10	3.51	3.11	3.16	3.28	3.29	3.70	2.62	2.70	2.81	2.84	3.21
10	2.87	2.97	3.15	3.21	3.70	3.08	3.18	3.36	3.42	3.91	2.56	2.72	2.87	2.92	3.46
15	3.11	3.29	3.47	3.52	3.97	3.31	3.49	3.67	3.72	4.17	3.09	3.39	3.49	3.60	4.04
20	3.47	3.67	3.86	3.90	4.35	3.65	3.85	4.04	4.08	4.53	3.27	3.61	3.72	3.82	4.26