

AI Growth Presents Infrastructure Challenges

The recent and rapid growth in Artificial Intelligence (AI) breakthroughs, usage and expected future adaptation have fueled a boom in energy intensive data centers that are likely to create challenges for public utilities, states and local governments. In July, the White House published a document entitled America's AI Action Plan, which declares, "We need to build and maintain vast AI infrastructure and the energy to power it." The White House plan calls for streamlined construction permitting and the removal of environmental regulations. The plan calls to "Build, Baby Build!".

The significant building need stems from generative AI's energy intensive training of large language models resulting in an enormous demand for electricity and water to run and cool data centers. For some perspective, within two months of OpenAI's 2022 launch of ChatGPT it had approximately 100 million users. Now, it has nearly 700 million active users each week. Given that a single ChatGPT query uses 10x more energy than a standard Google search, it's not hard to see the staggering stress and demand that will be put on the electrical grid and local water supplies.

New York is expecting a significant investment in AI data centers with over \$10 billion of infrastructure investment planned by 2030. While New York City is a key hub for AI companies and established data centers, developers are increasingly looking to upstate New York for lower cost power and available land. \$500 million has been invested in New York's Empire AI Consortium, which is a public-private initiative to advance AI research and development by providing researchers access to expensive computing resources that are often only available to big tech companies.

A recent draft report from New York Independent System Operator (NYISO), the non-profit that operates New York's electric grid, indicates the state should have enough power plants operating or planned to meet statewide demand over the next decade, though underlying assumptions may not incorporate some major announced projects or the impact of offshore wind projects that don't have contracts yet. In addition, some would argue that when it comes to data centers, rapid changes make it difficult to predict the full scale of future building needs.

What is clear is that as AI data center investment grows, lawmakers will need to consider local impacts. Concerns center around strains to the electric grid, increased electricity costs for residential ratepayers and environmental impacts associated with carbon emissions and significant water consumption required for cooling data centers, which could strain local water supplies.

RECENT CMA CLIENT SALE RESULTS

Issuer (Rating)	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
West Islip UFSD (Aa1)	Bonds	\$ 12,710,000	30 – Oct	15 yrs.	3.07%	FHN Financial Capital Markets
Suffolk County (AA-)	Bonds	179,655,000	23 – Oct	14 yrs.	2.98%	Jefferies LLC
Montgomery Town (Aa2)	BAN	5,300,000	21 – Oct	10 mos.	2.74%	Jefferies LLC
Amherst Town (Aa3)	Bonds	39,455,000	15 – Oct	29 yrs.	3.47%	Roosevelt & Cross, Inc.
Amityville UFSD (Aa3)	TAN	16,000,000	9 – Oct	8 mos.	2.66%	TD Securities (USA) LLC
Islip UFSD (Aa3)	TAN	21,500,000	2 – Oct	8 mos.	2.56%	Truist Securities, Inc.
North Babylon UFSD (Aa3)	TAN	16,000,000	1 – Oct	8 mos.	2.56%	TD Securities (USA) LLC

GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES

Term	November 3, 2025					1 Month Ago - October 1, 2025					1 Year Ago - November 1, 2024				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.56%	2.59%	2.65%	2.63%	3.01%	2.38%	2.41%	2.49%	2.47%	2.85%	2.85%	2.89%	2.97%	2.95%	3.32%
5	2.38	2.42	2.52	2.56	2.95	2.32	2.36	2.48	2.52	2.91	2.70	2.75	2.87	2.88	3.29
10	2.73	2.84	2.95	3.05	3.53	2.91	3.02	3.16	3.26	3.74	3.02	3.12	3.30	3.36	3.85
20	3.86	4.07	4.19	4.27	4.71	3.97	4.18	4.33	4.41	4.85	3.58	3.78	3.97	4.01	4.46
30	4.15	4.37	4.49	4.57	5.02	4.21	4.43	4.58	4.66	5.11	3.87	4.08	4.27	4.31	4.77