

Closed SLGS Window Requires Open Market Bidding

With the passage of time, as anticipated, the opportunity for issuers of municipal bonds to sell **current** refunding bonds has returned providing much needed supply to the municipal debt market. In connection with the issuance of refunding bonds, it is necessary to invest the proceeds from their sale in US Treasury securities to ensure the availability of the proceeds from the date the **refunding** bonds are delivered to the call date of the **refunded** bonds. In a **current** refunding, the issuer of the refunding bonds must use its refunding bond proceeds within 90 days of their delivery date to pay off the refunded bonds. Accordingly, the proceeds from **current** refundings are invested for a short period of time, typically between 30 and 90 days.

Governmental refunding bond issuers who are subject to yield restrictions and arbitrage rebate typically invest their refunding bond proceeds in State and Local Government Series ("SLGS") securities issued by the US Treasury and purchased directly from the Treasury's SLGS window with no transaction fees incurred by the purchaser. The SLGS window was closed on March 1, 2019, as the Federal government approached its debt ceiling, adding an additional layer of complexity and cost to refunding bond issues. For as long as the SLGS window remains closed, the Treasury securities required to fund a refunding escrow are being purchased on the open market via an RFP process conducted by a Bidding Agent, often the Municipal Advisor on the transaction. The timing of the open market portfolio bid is critical since the future interest earnings on the refunding escrow must be included in the calculation to determine the proper sizing of the refunding bond issue at the time the bonds price/sell. The RFP is circulated a week before the refunding bond sale/pricing with the portfolio bids due moments after the pricing/sale is concluded. Until the SLGS window reopens, issuers of refunding bonds will be required to take this extra step and pay a fee for the service of a Bidding Agent to purchase the required Treasury escrow.

For more information about its role as Bidding Agent for escrow portfolios, please contact Anthony Nash at CMA.

The Bob Kerr Memorial Scholarship

April 30, 2019 marked the first anniversary of the untimely death of our friend and colleague, Bob Kerr. Bob left us very suddenly and far too soon following a brief battle with lung cancer. Earlier this year, Capital Markets Advisors, established a memorial scholarship in his memory. Since Bob focused his career on serving as a financial advisor to numerous school districts in Nassau, Suffolk and Westchester counties, CMA thought it fitting to fund a scholarship in Bob's name to pay the cost for a school district official to attend the annual Association of School Business Officials conference each year. CMA is pleased to announce that the inaugural recipient of The Bob Kerr Memorial Scholarship is Wyandanch School District and its Treasurer, Ms. Winsome Ware.

If you would like to be considered for next year's scholarship please contact Richard Tortora at CMA.

MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - May 1, 2019					1 Month Ago - April 1, 2019					1 Year Ago - May 1, 2018				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	1.55%	1.56%	1.70%	1.70%	2.00%	1.51%	1.52%	1.66%	1.66%	2.01%	1.75%	1.78%	1.86%	1.96%	2.23%
5	1.63	1.69	1.91	1.95	2.27	1.61	1.67	1.89	1.93	2.32	2.19	2.29	2.49	2.61	2.92
10	1.85	1.97	2.20	2.21	2.55	1.90	2.02	2.25	2.26	2.65	2.50	2.69	2.86	2.99	3.34
15	2.17	2.37	2.53	2.60	2.90	2.25	2.45	2.61	2.68	3.03	2.77	2.99	3.15	3.28	3.64
20	2.37	2.57	2.71	2.80	3.10	2.48	2.68	2.82	2.91	3.26	2.96	3.18	3.32	3.47	3.81

RECENT CMA CLIENT SALE RESULTS

<u>Issuer</u>	<u>Issue Type</u>	<u>Par Amount</u>	<u>Sale Date</u>	<u>Term</u>	<u>Rate</u>	<u>Purchaser</u>
Yonkers City	BAN	\$ 79,513,082	30-Apr	7 mos.	2.04%	Citigroup; TD Securities
Yorktown CSD	Ref. Bonds	\$ 3,160,000	23-Apr	6 yrs.	1.45%	Fidelity Capital Markets
Galway CSD	BAN	\$ 26,100,000	18-Apr	12 mos.	1.73%	JP Morgan Securities
Sleepy Hollow Vil.	Ref. Bonds	\$ 4,780,000	11-Apr	11 yrs.	1.67%	Raymond James & Associates, Inc.
Chautauqua Lake	Bonds	\$ 9,835,000	10-Apr	14 yrs.	2.20%	Roosevelt & Cross, Inc. & Associates
East Ramapo	BAN	\$ 33,056,850	10-Apr	11 mos.	1.92%	JP Morgan Securities LLC
Dutchess County	Ref. Bonds	\$ 12,805,000	4-Apr	12 yrs.	1.71%	Hutchinson, Shockey, Erley & Co.
East Hampton Town	Ref. Bonds	\$ 5,505,000	2-Apr	5 yrs.	1.34%	Fidelity Capital Markets