

Disclosure and the Corona Virus

A nationally recognized Bond Counsel released a statement regarding the Corona virus this week that states that it believes that public jurisdictions with a Continuing Disclosure Obligation under SEC Rule 15c2-12 need not file a material event notice on EMMA in connection with virus-related events unless one of the 16 listed material events is triggered as a result of the event. As school districts and governments close their facilities in response to the spreading virus, these closures are not, in and of themselves, reportable material events. Nevertheless, these jurisdictions may want to consider whether they want to make a voluntary disclosure and issuers that have seen their revenues materially impacted by the virus, such as airports and convention centers, should be prepared to disclose the reduced revenue. The disclosure analysis is highly facts-and-circumstances specific, and should take into account many factors, including the security for the payment, the project being financed and the finances and operations of the issuer or obligated person in light of the circumstances related to the COVID-19 outbreak and other material information.

In addition to developing disclosure for any bond offerings that are in or coming to market, issuers and obligated persons should consider including appropriate disclosure about the effect of COVID-19 in any annual or quarterly filings being made on EMMA, if material. This is especially important given investor and SEC focus on these issues.

Virus Fears Drive Rates to Record Lows

As the COVID-19 virus continues to spread across the nation, yields on municipal debt continue to drop precipitously to never before seen low levels. The Municipal Market Data interest rate scales shown below reflect the movement in rates over the past six weeks and the especially dramatic drop over the past two weeks. Can negative yields be next?

Aa-Maturities	3/9/20	3/2/20	2/24/20	2/17/20	2/10/20	2/3/20	1/29/20
5 years	0.57%	0.77%	0.95%	0.95%	0.97%	0.93%	0.93%
10 years	0.91	1.06	1.24	1.31	1.33	1.30	1.33
15 years	1.38	1.52	1.70	1.80	1.84	1.81	1.84
20 years	1.57	1.71	2.04	1.99	2.03	2.00	2.03

MMD GENERAL OBLIGATION INTEREST RATES

Term	March 2, 2020					1 Month Ago - February 3, 2020					1 Year Ago - March 1, 2019				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.68%	0.71%	0.74%	0.75%	1.04%	0.82%	0.85%	0.90%	0.91%	1.20%	1.57%	1.58%	1.72%	1.80%	2.12%
5	0.69	0.77	0.89	0.94	1.24	0.84	0.93	1.06	1.11	1.41	1.68	1.74	1.96	2.07	2.44
10	0.93	1.06	1.18	1.22	1.54	1.15	1.30	1.42	1.46	1.78	2.13	2.29	2.48	2.57	2.98
15	1.14	1.32	1.42	1.49	1.77	1.42	1.62	1.72	1.79	2.07	2.53	2.73	2.89	3.02	3.41
20	1.33	1.52	1.61	1.68	1.96	1.61	1.81	1.91	1.98	2.26	2.83	3.04	3.17	3.33	3.69

RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Bronxville UFSD	Bonds	\$ 3,000,000	25-Feb	10 yrs.	0.78%	SWBC Investment Services, LLC
Newburgh City	Ref. Bonds (Taxable)	\$ 17,190,000	Negot.	15 yrs.	2.89%	Robert W. Baird & Co.
Rochester City	BAN	\$ 32,120,000	20-Feb	12 mos.	0.91%	Oppenheimer & Co.
Depew UFSD	Ref. Bonds	\$ 9,795,000	13-Feb	4 yrs.	1.51%	Janney Montgomery Scott LLC
Garden City Vil.	Bonds	\$ 5,883,952	11-Feb	9 yrs.	0.86%	SWBC Investment Services, LLC
East Meadow UFSD	BAN	\$ 16,355,000	11-Feb	12 mos.	1.09%	Jefferies LLC
Lloyd Town	BAN	\$ 1,872,086	5-Feb	12 mos.	1.26%	BNY Mellon Capital Markets LLC