

## ***Virus Expected to Bring Increase in Cashflow Borrowings***

Local jurisdictions are grappling with budgeting and cash management in light of potential delays in property tax collections and state aid and reductions in other revenue sources such as sales tax, recreation fees, building fees and energy taxes. To get through these difficult times, many jurisdictions are discussing the possibility of issuing tax anticipation notes, revenue anticipation notes, or, in some instances, deficiency notes. Issuers of TANS and RANs will be required to provide investors with actual and projected cashflow statements to justify their borrowings and show that they possess the means to pay the loans back. Investor interest in these notes is expected to be strong. Notes of issuers with credits ratings in the Aa/AA categories or higher have been attracting 5 or more bids and 12-month interest rates between 1.00% and 1.25% recently. Issuers rated in the single-A and Baa/BBB categories have been selling notes between 1.50% and 2.00% recently.

## ***Fed Eases Eligibility for Municipal Liquidity Program***

On April 27th, the Fed announced changes to the eligibility criteria for its Municipal Liquidity Facility (“MLF”) program enabling significantly more cities and counties across the nation to access the program, which provides short-term funding to certain state and local governments. Under the revised criteria, counties with a population of 500,000 or more, down from 1,000,000, and cities with a population of 250,000 or more, down from 500,000, can now participate.

Frequently Asked Questions (FAQ) released by the Federal Reserve Bank of New York stated “The immediate purpose of the MLF Program is to enhance the liquidity of the primary short-term municipal securities market through the purchase at issuance of Tax Anticipation Notes (TANs), Revenue Anticipation Notes (RANs), Bond Anticipation Notes (BANs), and similar short-term notes from Eligible Issuers. The Eligible Issuer’s proceeds from the sale of Eligible Notes under the MLF Program can, in turn, be used to support its political subdivisions and public authorities.”

An eligible issuer that is a state, city or county must have been rated at least BBB-/Baa3 as of April 8, 2020, by two or more national rating agencies. In New York State, the city of Buffalo (population 256,304), counties of Suffolk (1,476,601), Nassau (1,356,194), Westchester (967,506), Erie (918,7629 and Monroe (741,770), are the only MLF eligible issuers, other than the State itself and some of its agencies. The interest rate on the notes issued through the Program will be a “penalty rate” above the interest rate that would be available to the issuer in normal circumstances. The Fed will establish a pricing methodology that will be applicable to all participants in the program. Issuers may prepay notes issued through the Program at any time, in whole or in part, at par, prior to maturity with the approval of the Fed. Issuers in the Program must pay an origination fee equal to 10 basis points of the principal amount of the notes issued. The origination fee may be paid from the proceeds of the issuance. The maximum term for a loan under the Program has been extended from 24 months to 36 months. The Program has been extended to December 31, 2020.

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

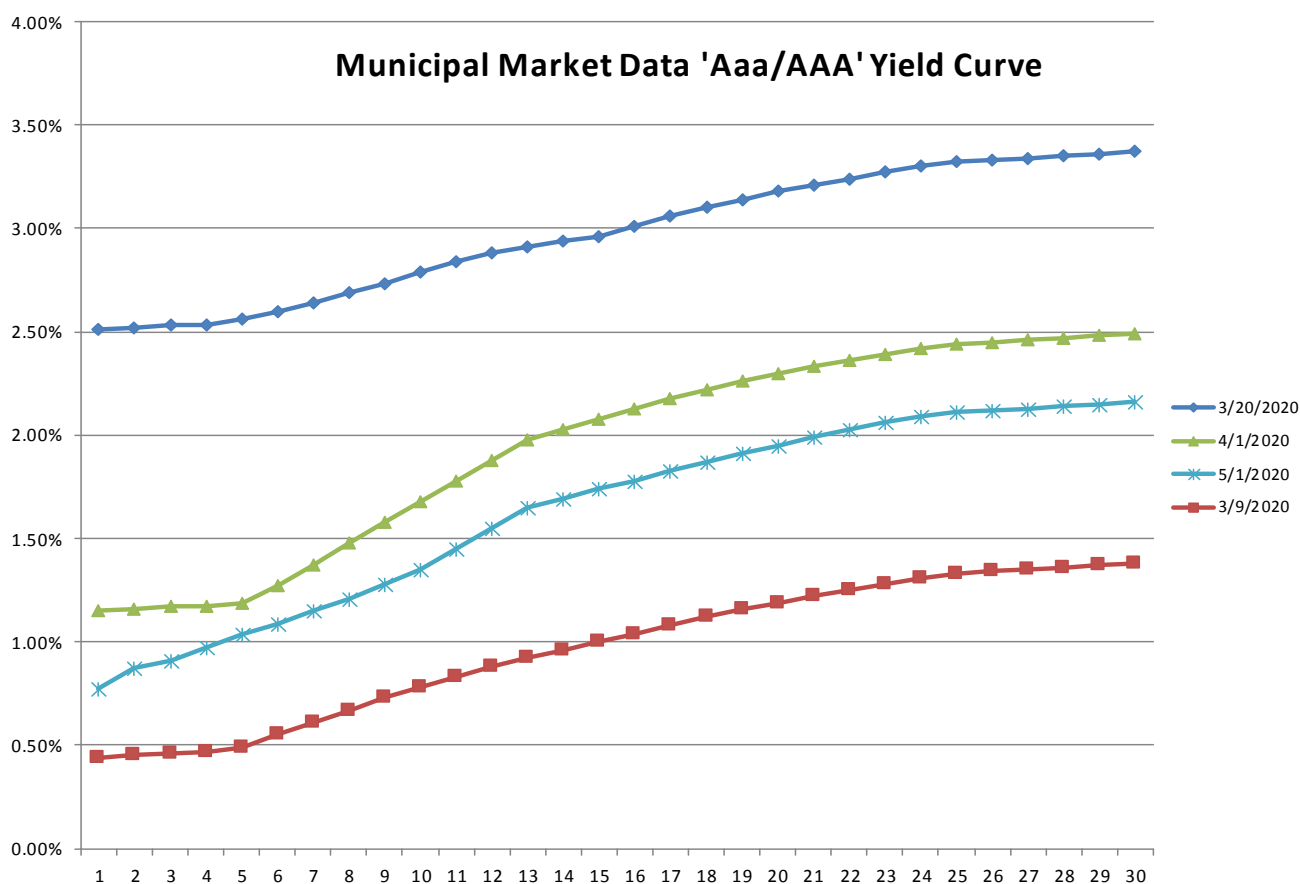
<b>Issuer</b>	<b>Issue Type</b>	<b>Par Amount</b>	<b>Sale Date</b>	<b>Term</b>	<b>Rate</b>	<b>Purchaser</b>
Rochester City	Ref. Bonds	\$ 40,370,000	Negot.	7 yrs.	1.27%	JP Morgan Chase Bank, N.A.
Islip Town	BAN	\$ 12,485,000	30-Apr	12 mos.	1.06%	JP Morgan Chase Bank, N.A.
Mamaroneck UFSD	Ref. Bonds	\$ 7,595,000	30-Apr	5 yrs.	1.06%	SWBC Investment Services, LLC
Hingham Town	BAN	\$ 11,433,581	30-Apr	12 mos.	1.08%	TD Securities (USA) LLC
Orchard Park CSD	BAN	\$ 10,700,000	23-Apr	12 mos.	1.07%	TD Securities (USA) LLC
Marlboro CSD	Ref. Bonds	\$ 13,340,000	23-Apr	10 yrs.	1.43%	UBS Financial Services
Westchester County	BAN	\$ 33,852,764	21-Apr	12 mos.	0.84%	BofA Merrill Lynch
Lancaster Town	Ref. Bonds	\$ 7,005,000	21-Apr	6 yrs.	1.07%	Janney Montgomery Scott LLC
Buffalo City	BAN	\$ 34,799,600	16-Apr	12 mos.	0.92%	BofA Merrill Lynch
Lewisboro Town	BAN	\$ 2,670,500	2-Apr	12 mos.	1.26%	PCSB Bank

## Few Voluntary Coronavirus Filings on EMMA

Kroll Bond Rating Agency reported this week that while the impact of the COVID-19 pandemic on municipal finances has been the dominant focus of investors and rating agencies over the past 6 weeks, only a small handful of municipal issuers had provided coronavirus-related voluntary disclosures through the MSRB's Electronic Municipal Market Access (EMMA) website as of April 22nd. Voluntary disclosure is distinct from the mandatory Continuing Disclosure requirements pertaining to material events under Securities Exchange Commission (SEC) Rule 15c2-12 and is supplemental to required annual Continuing Disclosure filings. Issuers who decide to disclose pandemic-related information that is not a material event may do so via the voluntary disclosure option on EMMA. For more information on your jurisdiction's disclosure obligations, contact CMA.

## Municipal Market Data 'Aaa/AAA' Yield Curve

As shown in the chart below, interest rates continued their significant decline in all maturities with rates dropping by 15 basis points in early years and over 25 basis points on the long end of the yield curve during the month of April. However, rates are almost 55 basis points higher along the yield curve since the lows on March 9<sup>th</sup>.



## MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - May 1, 2020					1 Month Ago - April 1, 2020					1 Year Ago - May 1, 2019				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.77%	0.82%	0.85%	0.91%	1.70%	1.15%	1.18%	1.21%	1.27%	1.86%	1.55%	1.56%	1.70%	1.70%	2.00%
5	1.04	1.14	1.26	1.36	2.16	1.19	1.27	1.39	1.49	2.09	1.63	1.69	1.91	1.95	2.27
10	1.35	1.50	1.62	1.71	2.56	1.68	1.81	1.93	2.02	2.64	1.85	1.97	2.20	2.21	2.55
15	1.74	1.94	2.04	2.16	3.04	2.08	2.26	2.36	2.48	3.06	2.17	2.37	2.53	2.60	2.90
20	1.95	2.16	2.25	2.37	3.25	2.30	2.49	2.58	2.70	3.28	2.37	2.57	2.71	2.80	3.10