CMA
CapitalMarketsAdvisors,LLC

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2020 Public Finance Rankings

A report issued by Refinitiv noted that refunding bond issuance was up 27%in 2020 while Green Bonds were up 29% from 2019. Bank of America Securities was the most active underwriter for long and short-term debt having served as lead underwriter on 481 deals with a combined par amount of $63.5 billion. Trailing behind were JP Morgan Securities with 552 issues for $58.3 billion and Citigroup with 420 issues for $51.7 billion. Among Financial Advisors, Capital Markets Advisors ("CMA") once again ranked among the nation's top financial advisors on long and short-term deals having advised on 357 issues with a combined par amount exceeding $6 billion. Among bond insurers, Assured Guaranty controlled 57% of the market, insuring 944 deals with a total par of $19.5 billion, while Build America Mutual controlled 42.3%, insuring 1,159 deals with a combined par of $8.36 billion. Municipal Assurance Corp. covered the balance of the insured bond market with 39 issues totaling $229 million and 2.2% of the market.

Long Term Financial Planning in 2021 and Beyond

The economic impact of the COVID-19 pandemic is slowly coming into sharper focus and the thousands of local economies that sustain our nation's fiscal system remain in the direct line of fire. There continues to be uncertainty surrounding the pandemic's duration and severity, as well as with regard to what actions may be taken by governmental authorities to contain or mitigate its impact. What is certain at this point is that the fiscal challenges experienced in 2020 will continue during 2021 and into the foreseeable future.

Facing potentially long-term distressed conditions, public jurisdictions now share a common goal: survival. To best mitigate the impact of the pandemic-induced economic downturn, it will be critical to (i) continually monitor how revenues and expenditures have been and will continue to be affected, (ii) use such proactive measures as may be required to maintain operations and meet obligations, and (iii) determine the best use of resources and reserves and how soon they might be depleted. Underprepared jurisdictions will likely find difficulty achieving structurally balanced financial operations and the probability of recurring fiscal shortfalls will be significantly increased. In short, it's time to plan.

It should come as no surprise that long-term strategic financial planning is strongly advocated by many entities including both the Government Finance Officers Association ("GFOA") and the Office of the New York State Comptroller ("NYOSC"). Both the GFOA and the NYOSC consider long range strategic planning to be a "best practice". Despite the fiscal challenges ahead as a result of the pandemic, well thought out, long-term fiscal plans will assist jurisdictions in their ability to best weather the storm. These plans help decision makers to establish long-term initiative, work towards goals, maximize operational efficiency and appropriately identify the long-term effects of their short-term decisions. *(continued on next page)*

RECENT CMA CLIENT SALE RESULTS

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Suffolk County	TAN	$ 327,940,000	Negot.	7 mos.	0.94%	D.A. Davison & Co.
Haldane CSD	Ref. Bonds	4,160,000	10-Dec	11 yrs.	0.57%	Morgan Stanley & Co.
Byram Hills CSD	Ref. Bonds (Tax.)	9,820,000	10-Dec	5 yrs.	0.55%	Fidelity Capital Markets
Albany County	TAN	40,00,000	8-Dec	5 mos.	0.25%	Jefferies LLC
East Greenbush CSD	BAN	24,788,431	3-Dec	12 mos.	0.31%	BNY Mellon Capital Markets
Hamburg Town	Bonds	9,210,000	2-Dec	15 yrs.	1.03%	Robert W. Baird & Co.
Yonkers City	RAN	65,000,000	1-Dec	6 mos.	0.49%	BNY Mellon Capital Markets

Long Term Financial Planning in 2021 and Beyond (continued)

It is a tool that sets a clear path for the future, while also allowing the vision to mature and evolve over time. These plans are very well received by investors and rating agencies alike.

Operating Deficits and Financial Coping Strategies An operating deficit occurs when expenditures exceed income (or revenues) over a given period of time. An operating deficit can be a solitary occurrence, or it can become a chronic problem, which recurs over several years. When operating deficits become recurring, they are an indicator that the entity's budget is not structurally sound. A budget can fall out of structural balance for several reasons, however, two of the most common causes include the use of unrealistic revenue/expenditure expectations or an over-dependence on one-time sources of revenue, otherwise known as "one-shots." If recurring operating deficits become a problem, the long-term effects can hinder a municipality's ability to provide essential services to its residents. Persistent deficits also generally suggest a liquidity problem, in other words, access to cash on hand. As you may imagine, poor liquidity can potentially lead to a host of problems, including the inability to pay one's expenses in full and on time, a reduction in services and a reduced credit rating.

The broad policy tools that local governments in the State of New York have most commonly employed to manage periods of severe fiscal instability have primarily involved conventional budget options such as exceeding the real property tax cap, developing other forms of revenue enhancements and expenditure reductions. Other strategies have included the sale of capital assets and the issuance of debt obligations to finance an accumulated fund deficit with the latter requiring State legislative approval. It is important to note that non-recurring forms of revenue enhancements, such as the sale of property or the issuance of deficit bonds, include a certain level of future vulnerability. Although these methods may offer a temporary reprieve, they are NOT sustainable solutions if future fiscal operations are not brought into structural balance. Any strategy, or combination of strategies, should include the development of a structurally sound operating budget and a long-term plan that is built upon realistic forecasts.

Adopting Common Financial Policies Financial policies outline key procedures relating to critical financial processes and are deemed to be a strategic, long-term approach to sound financial management. The adoption of such policies sets a solid framework from which to build sound long-term strategies. They reinforce and clarify standards, while providing a definition of what actions are acceptable. They foster stability and ensure uniformity and consistency in the decision-making process. Finally, fiscal policies are monitored by the rating agencies and generally considered a "credit positive."

For assistance with long term financial planning, please contact CMA Managing Director Margaret Guarino at mguarino@capmark.org. As head of CMA's *Strategic Consulting Group,* Margaret and her team have extensive experience developing and helping to implement these plans in addition to budget analysis, salary studies, fleet studies and related projects.

MMD General Obligation Interest Rates

	Today - January 4, 2021					1 Month Ago - December 1, 2020					1 Year Ago - January 2, 2020				
Term	**Aaa**	**Aa**	**Insured**	**A**	**Baa**	**Aaa**	**Aa**	**Insured**	**A**	**Baa**	**Aaa**	**Aa**	**Insured**	**A**	**Baa**
1 yr.	0.13%	0.18%	0.20%	0.25%	0.76%	0.14%	0.19%	0.18%	0.25%	1.02%	1.02%	1.05%	1.10%	1.11%	1.40%
5	0.22	0.34	0.39	0.52	1.11	0.24	0.34	0.42	0.53	1.30	1.10	1.19	1.32	1.37	1.67
10	0.72	0.85	0.95	1.05	1.71	0.72	0.87	0.95	1.06	1.88	1.44	1.59	1.71	1.75	2.07
15	1.01	1.17	1.25	1.40	2.09	0.99	1.19	1.25	1.42	2.27	1.71	1.91	2.01	2.08	2.36
20	1.21	1.38	1.46	1.60	2.29	1.19	1.40	1.45	1.62	2.47	1.88	2.08	2.18	2.25	2.53