CMA
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Is it Time to (Re)consider Solar?

Public jurisdictions can always benefit from a little extra money in their budgets. The problem is finding it. With the latest push to go green coupled with technological improvements and government incentives, an option that public jurisdictions may want to consider is a no upfront cost, solar energy system that delivers energy savings from day one. Using a Power Purchase Agreement ("PPA"), a solar installation dedicated to a municipality or school district could save a significant amount of money on the host's monthly utility bills. That is money that can be freed up to meet the needs of residents or students while reducing a jurisdiction's carbon footprint and demonstrating a commitment to a clean energy future.

Because municipalities and school districts cannot take advantage of the federal tax credits available for the installation of solar energy systems, the PPA could be a vehicle to acquire solar energy and provide cost savings. As a distributed energy source, a local solar energy system has the greatest financial advantage in applications where the electricity being produced can be used directly at the project site. In addition, a solar energy system can avoid losses on the transmission and distribution due to its proximity to the end-user. Solar projects can be placed on rooftops, parking lots, landfills and water and sewer treatment plants. Depending on the size of available rooftop or ground space, a jurisdiction could save tens of thousands of dollars annually. Over the 20-to-30-year lifetime of the system, those savings would really add up, as would the benefits to the environment. A shorter-term agreement is possible, but it would reduce the level of savings to the host jurisdiction.

If you want to find out more about Power Purchase Agreements and solar energy systems, please contact Richard Tortora or Janet Morley at CMA.

Debt Issuance Volume Up from 2020

It was reported in *The Bond Buyer* that nationally, new money, refunding and taxable bond issuance all declined last month when compared to May 2020. Notwithstanding this drop off, the volume of long-term municipal debt in 2021 is outpacing 2020's historic levels by approximately 7% through the end of May. The suspected reasons for the reduced amount of issuance last month include the influx of huge amounts of Federal recovery aid to state and local governments and a wait and see attitude regarding the Federal infrastructure spending bill being negotiated in Washington. Interest rates have provided an incentive to issuance this year as they have generally declined over the past 12 months as noted in the tables below.

MMD General Obligation Interest Rates

	Today - June 1, 2021					1 Month Ago - May 3, 2021					1 Year Ago - June 1, 2020				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.07%	0.09%	0.14%	0.15%	0.36%	0.09%	0.11%	0.16%	0.17%	0.38%	0.16%	0.21%	0.24%	0.35%	1.35%
5	0.48	0.53	0.58	0.64	0.93	0.45	0.50	0.62	0.70	0.91	0.38	0.48	0.60	0.75	1.75
10	0.99	1.12	1.17	1.24	1.67	1.00	1.13	1.23	1.30	1.71	0.84	0.99	1.11	1.25	2.30
15	1.15	1.30	1.35	1.47	1.83	1.20	1.35	1.43	1.55	1.91	1.23	1.43	1.53	1.72	2.80
20	1.32	1.47	1.53	1.68	2.00	1.40	1.56	1.64	1.75	2.11	1.44	1.65	1.74	1.93	3.01

Recent CMA Client Sale Results

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Lancaster CSD	BAN	$ 14,500,000	26-May	12 mos.	0.19%	JP Morgan Securities LLC
Mahopac CSD	Bonds	$ 22,855,000	25-May	16 yrs.	1.51%	Citigroup
Rockville Centre Vil.	BAN	$ 15,000,000	20-May	12 mos.	0.17%	Morgan Stanley & Co.
Erie County IDA	Ref. Rev. Bonds	$ 81,245,000	19-May	11 yrs.	1.06%	Citigroup; Loop Capital Markets
Amherst CSD	Ref. Bonds	$ 5,370,000	12-May	4 yrs.	0.27%	Morgan Stanley & Co.
Uniondale UFSD	Bonds	$ 71,240,000	6-May	21 yrs.	1.73%	FHN Financial Capital Markets