

CMA Conducts Webinar on American Rescue Plan Act

On Thursday, July 1st, CMA conducted a webinar on the American Rescue Plan Act. CMA Managing Director Margaret Guarino, head of CMA's Strategic Consulting Group, discussed which entities are eligible for a portion of the \$350 billion made available to state and local governments under the Act which includes \$65 billion for counties, \$45.6 billion for metropolitan cities with populations over 50,000, \$4.5 billion for US Territories and \$19.5 billion for public jurisdictions with populations below 50,000. Ms. Guarino explained that eligible uses for ARP spending include support of public health expenditures, addressing negative economic impacts to workers, households and small businesses, replacing lost revenue, providing premium pay to essential workers and infrastructure investment in water, sewer and broadband. Dr. Brian Martinez, Commissioner of Finance for the City of Poughkeepsie, provided his valuable insights on the program from a recipient's point of view to the 78 participants on the Zoom presentation which ran for just under an hour including questions from the audience and answers from the presenters. ***This Friday, July 9th is an important reporting deadline for "Non-Entitlement Units", local jurisdictions with populations below 50,000. By that date, they must request or decline funding that would come to them through New York State.*** NYS GFOA has reported that as of July 1st, only 50% of non-entitlement jurisdictions have submitted the required paperwork to NYS Division of Budget. Please contact CMA if you have questions or need assistance complying with the requirements of the Act.

High-Yield Debt Providing Strong Returns for Investors

High-yield debt is issued by governments to fund non-essential projects such as stadiums and arenas, some healthcare and higher education, and includes tobacco bonds and debt issued by the US Territories, recently including Puerto Rico, Guam and American Samoa. This debt, if rated, is sub-investment grade with the major credit rating agencies carrying ratings below Baa3/BBB-. For those investors willing to assume the risks inherent with high-yield debt, the reward through the first half of 2021 has been 6.26%, with Bloomberg Barclays High-Yield Index reporting that high-yield returns in June alone were 1.27%. Compare that to the returns being experienced by investors in high-grade municipals which paid, on average, 1.14% through June 30th. To give a sense of just how high current, high-yields are, in 2018 high-yield municipals yielded 4.90% while investment grade municipal bonds returned an average 1.49%. It is important to note, however, that Moody's has found that high-yield bonds have historically had a default rate of over 6% while investment grade municipal bonds have a default rate well below 1%.

MMD GENERAL OBLIGATION INTEREST RATES

Term	Today - July 1, 2021					1 Month Ago - June 1, 2021					1 Year Ago - July 1, 2020				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.12%	0.14%	0.19%	0.20%	0.38%	0.07%	0.09%	0.14%	0.15%	0.36%	0.25%	0.30%	0.33%	0.44%	1.44%
5	0.50	0.55	0.60	0.66	0.92	0.48	0.53	0.58	0.64	0.93	0.41	0.51	0.63	0.78	1.78
10	0.98	1.11	1.16	1.23	1.61	0.99	1.12	1.17	1.24	1.67	0.90	1.05	1.17	1.31	2.36
15	1.16	1.31	1.34	1.46	1.79	1.15	1.30	1.35	1.47	1.83	1.23	1.43	1.53	1.72	2.80
20	1.31	1.46	1.50	1.61	1.94	1.32	1.47	1.53	1.68	2.00	1.43	1.64	1.73	1.93	3.00

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>
Wappingers CSD	TAN	\$ 4,500,000	29-Jun	3 mos.	0.25%	Jefferies LLC
Rockland County SWMA	Ref. Bonds	\$ 4,840,000	Negot.	3 yrs.	0.49%	Bank of America Merrill Lynch
Syracuse City	Bonds	\$ 47,916,968	16-Jun	20 yrs.	1.86%	Citigroup Global Markets
Monroe County	Bonds	\$ 63,805,000	14-Jun	20 yrs.	1.45%	Morgan Stanley & Co.
Amityville UFSD	BAN	\$ 68,211,700	8-Jun	12 mos.	0.20%	Morgan Stanley & Co.
Corning City SD	Bonds	\$ 18,560,000	3-Jun	15 yrs.	1.39%	FHN Financial Capital Markets