

## ***CMA to Co-Host Third ARPA Webinar***

As an important filing deadline for the initial Project and Expenditure Report for Non-Entitlement Units under the American Rescue Plan Act approaches, CMA is preparing to co-host its third webinar on the Act on Wednesday, March 30<sup>th</sup> from 2:00 pm to 3:00 pm. Once again joining the CMA team will be experts from PKF O’Conner Davies, one of the region’s largest municipal accounting firms, to focus on the critical April 30<sup>th</sup> reporting requirement for Non-Entitlement Units receiving funding under the Act. Failure to properly spend, track, and report on how ARPA funds are used could potentially result in claw back of those funds by the Federal government.

To register for the webinar, please use the following link: <https://bit.ly/CMAWebinarARPA3>

## ***Use of Bond Insurance Likely to Rise with Rates***

The amount of municipal debt issued in 2021 declined slightly to \$475 billion from \$485 billion a year earlier. During the same period, the percentage of new issues sold with municipal bond insurance increased from 7.1% to 7.8%. This represents a significant increase in “insured penetration” from five years earlier when only 5.7% of new issues sold with bond insurance. When an issue is insured by a policy of municipal bond insurance, the issuer (or underwriter) pays a premium at closing to the insurer in return for a guarantee of the insurer to pay debt service on the insured bonds in full and on time, if the issuer does not. The presence of the insurance policy raises the rating of the bonds to that of the bond insurer. The issuer’s underlying credit rating is not affected.

In 2006, prior to the fiscal crisis in 2008, 55.6% of all new issues carried bond insurance. No one expects to see anything near that level of coverage again any time soon. Currently, the two major players in the municipal bond insurance industry are Build America Mutual (“BAM”) and Assured Guaranty; both of which are rated in the double-A category. Compare this to the municipal bond insurance landscape in the years leading up to the 2008 fiscal crisis when there were six insurers rated in the triple-A category. In 2021, BAM insured 53% of the new issue transactions that used bond insurance representing 42% of the total par amount insured that year with Assured insuring the balance. Of those bonds insured by BAM in 2021, less than 1.7% had underlying ratings of AA or higher while 82.7% were rated between AA- and A- with the 15.6% balance rated between BBB+ and BBB-. As interest rates rise and credit spreads widen, it’s likely that we will see an increase in the use of municipal bond insurance as it will provide more value to issuers and investors alike.

### **MMD GENERAL OBLIGATION INTEREST RATES**

Term	Today - March 1, 2022					1 Month Ago - February 1, 2022					1 Year Ago - March 1, 2021				
	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	0.81%	0.87%	0.96%	0.97%	1.17%	0.64%	0.70%	0.71%	0.72%	0.90%	0.12%	0.16%	0.21%	0.22%	0.55%
5	1.30	1.39	1.47	1.52	1.77	1.24	1.33	1.33	1.38	1.61	0.57	0.64	0.76	0.84	1.22
10	1.53	1.69	1.80	1.87	2.24	1.50	1.66	1.69	1.76	2.11	1.15	1.30	1.40	1.47	1.96
15	1.67	1.87	1.95	2.06	2.40	1.63	1.83	1.83	1.94	2.26	1.40	1.58	1.66	1.78	2.24
20	1.77	2.01	2.10	2.20	2.54	1.75	1.99	2.00	2.10	2.42	1.60	1.79	1.87	1.98	2.44

### **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>
Sands Point Village (Aa1)	Bonds	\$ 9,550,000	24-Feb	30 yrs.	2.81%	Janney Montgomery Scott LLC
Rochester City (A2/AA-)	BAN	\$ 46,020,000	17-Feb	12 mos.	1.16%	Oppenheimer & Co.
White Plains City (Aa1)	Ref. Bonds	\$ 12,920,000	15-Feb	7 yrs.	1.30%	J.P. Morgan Securities LLC
New Rochelle City (Aa2)	Bonds	\$ 34,275,000	10-Feb	30 yrs.	2.81%	RBC Capital Markets
Garden City Village (Aaa)	BAN	\$ 44,685,000	8-Feb	12 mos.	0.77%	BofA Securities, Inc.
North Tonawanda City (A3)	TAN	\$ 2,300,000	1-Feb	3 mos.	0.95%	Piper Sandler & Co.