CMA
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Owners Threatening to Move Franchises Re-Ignites Decades-Long Debate

As sports franchises have seen robust valuation growth over the past decade, team owners have aggressively looked to leverage their monopoly power (the four major leagues only have between 30 and 32 teams) by threatening to uproot if local governments do not help to finance stadium construction or renovation with public funds. In just this past year, rejected public financing proposals have led to the Oakland A's and Arizona Coyotes moving to Las Vegas and Salt Lake City, respectively, with the Kansas City Chiefs threatening to follow suit. Meanwhile, Charlotte (Carolina Panthers) and Jacksonville (Jaguars) have agreed to help finance renovations and Buffalo (Bills) and Nashville (Tennessee Titans) will open new stadiums in 2026 using $850 million and $1.2 billion in government funds, including municipal bonds, respectively. Owners and other proponents of public support for large sports venues argue that these facilities bring significant economic benefits to the communities where they are located so they should receive local funding. Critics question whether the economic impact justifies the financial investment by taxpayers.

Supporters of public funding for stadium finance argue that Major League sports facilities can also act as catalysts for urban revitalization. They are often built in underdeveloped areas, leading to improvements in infrastructure including new commercial and residential developments, and other urban enhancements. These venues attract tourists for major sports and entertainment events, leading to increased spending in hotels, restaurants, and retail. This influx of spending creates jobs and stimulates economic growth. For example, the construction of a new stadium leads to a surge in local employment opportunities during and after construction, as well as enhanced business for local vendors. Revitalization can increase property values and transform blighted areas into vibrant communities. The Navy Yard in Washington D.C. is a prime example – the once down-trodden, industrial backside of Capitol Hill is now a neighborhood teeming with residential high rises and restaurants. It's hard to tell, however, if those investments would not have continued to occur organically in other expanding neighborhoods. Sports facilities also provide a venue for community events and public gatherings, fostering community engagement and local pride, as anyone living in Buffalo can attest. The presence of a modern facility can also enhance the cultural and social life of a city, and even its reputation, making it a more attractive place to live and work.

A primary counter argument to public investment beyond the significant upfront costs, relates to annual operating and maintenance expenses of the new facilities, which are often higher than anticipated, and not always covered by event revenue. These operating losses may result in ongoing governmental subsidies, which can in turn strain public budgets and lead to higher taxes or cuts in other services. Any allocation of public funds can lead to opportunity costs where the benefits of alternative investments are foregone. Critics argue that funds to support entertainment venues could be better spent on projects that directly improve the quality of life for a broader segment of the population.

The key to maximizing the benefits of publicly funded sports facilities is to ensure that projects are economically viable, have strong community support, and include long-term financial arrangements and strategies. It seems a good place to start would be to ensure these cities receive a return on investment of even half of what team owners see.

RECENT CMA CLIENT SALE RESULTS

Issuer/Underlying Rating	Issue Type	Par Amount	Sale Date	Term	Rate	Purchaser
Port Washington UFSD (Aa2)	TAN	$20,000,000	30 - July	10 mos.	3.28%	BofA Securities
Ramapo Town (AA-)	Bonds	$18,885,000	18 - July	12 yrs.	3.12%	Fidelity Capital Markets
Rochester City (AA-/A1)	BAN	$134,061,000	17 - July	1 yr.	3.23%	J.P. Morgan Securities
New Rochelle City (Aa2)	Bonds	$42,680,000	10 - July	30 yrs.	3.68%	Roosevelt & Cross, Inc.
Sachem CSD (AA)	TAN	$72,000,000	9 - July	11 mos.	3.57%	BofA Securities

Notice to Issuers of Bonds Insured by Assured Guaranty

Effective as of August 1, 2024, Assured Guaranty Municipal Corp. ("AGM") merged with and into its affiliate, Assured Guaranty Inc. ("AG"), with AG as the surviving corporation. As the surviving corporation of the merger, AG has assumed, by operation of law, all of AGM's liabilities and obligations to policyholders. All other terms, conditions and benefits of AGM insurance policies remain unchanged, and the issuer's rights are not affected by the merger. No action is required of issuers of municipal bonds insured by AGM as the company's financial guaranty insurance remains in full force and effect.

The notice information for AGM, including for notices of claims, has been changed to the following:

Assured Guaranty Inc.
1633 Broadway
New York, New York 10019
Attn: Risk Management Department - Surveillance
RE: [*Insert Transaction Name and Policy Number here*]
E-mail: munidisclosure@agltd.com
Telephone: (212) 974-0100

AG will provide issuers of AG-insured bonds with an endorsement to their policy reflecting the merger and the updated notice information included above after AG has received the required regulatory approvals of the form of endorsement from the applicable states.

CMA is reviewing the list of outstanding AGM-insured issues and will prepare and file a material event notice on EMMA for each affected CUSIP number for all CMA clients. Each notice will be filed within the 10-business day period as required by the MSRB.

General Obligation Tax-Exempt Interest Rates

	August 1, 2024					1 Month Ago - July 1, 2024					1 Year Ago - August 1, 2023				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.83%	2.87%	2.95%	2.93%	3.30%	3.15%	3.19%	3.27%	3.25%	3.62%	3.21%	3.24%	3.33%	3.33%	3.70%
5	2.69	2.74	2.86	2.87	3.29	2.92	2.97	3.09	3.10	3.51	2.70	2.76	2.87	2.90	3.29
10	2.76	2.86	3.04	3.10	3.28	2.87	2.97	3.15	3.21	3.70	2.61	2.73	2.90	2.95	3.51
15	3.00	3.18	3.36	3.41	3.59	3.11	3.29	3.47	3.52	3.97	3.11	3.35	3.49	3.60	4.06
20	3.34	3.54	3.73	3.77	3.86	3.47	3.67	3.86	3.90	4.35	3.34	3.63	3.77	3.87	4.33

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