

October 1st Deadline for School Districts to File SA-139s for Building Aid Fast Approaching

Critical to the receipt of building aid for school district capital projects is the timely filing of various forms. The SA-139 Request for Project Data, is necessary for a district’s building aid to be incorporated in the State budget and should be submitted as soon as a general construction contract has been signed. In order for a district’s building aid to be incorporated into the Governor’s budget for the 2025-26 Fiscal Year, the SA-139 should be filed no later than Tuesday October 1st. Once the SA-139 has been filed, key timing for building aid receipt will be determined by the later of 18 months from the date of Commissioner Approval (CAD+18) or filing of a final cost report (FCR) or early aid start request form (EASRF). If the later of CAD+18 or FCR/EASRF occurs by December 31, 2025 a district will receive a full year building aid payment in the 2025-26 fiscal year. In order to limit budgetary impacts, it is imperative that school districts carefully plan capital project financings around the anticipated flow of State building aid. CMA’s team of experts can model your school district’s current and projected debt and aid to ensure local taxpayers are not unnecessarily burdened and the flexibility to finance future projects remains. Please feel free to reach out to your advisor at CMA to begin developing comprehensive capital financing plans to enable your district to stay on track with the multitude of State aid forms required to ensure timely receipt of the maximum amount of building aid.

The Rise of Municipal ETFs

Municipal Exchange-Traded Funds (ETFs) have experienced significant growth in recent years due to the ability to trade ETFs intraday (as opposed to traditional mutual funds that trade after market close) and the typically lower management costs of ETFs over actively managed mutual funds. According to statistics from the Bond Buyer, the number of municipal ETFs has now exceeded 100, highlighting a notable upward trend in this investment strategy.

In the first quarter of 2024, municipal ETF ownership increased by 15.7%, reaching \$122.3 billion. In contrast, municipal mutual funds remained flat at \$765 billion. This shift indicates a growing investor preference for municipal ETFs over traditional mutual funds. It is worth noting that industry giants like BlackRock, Vanguard, and Nuveen continue to dominate the market, which may lead to the consolidation of smaller ETFs as the market stabilizes.

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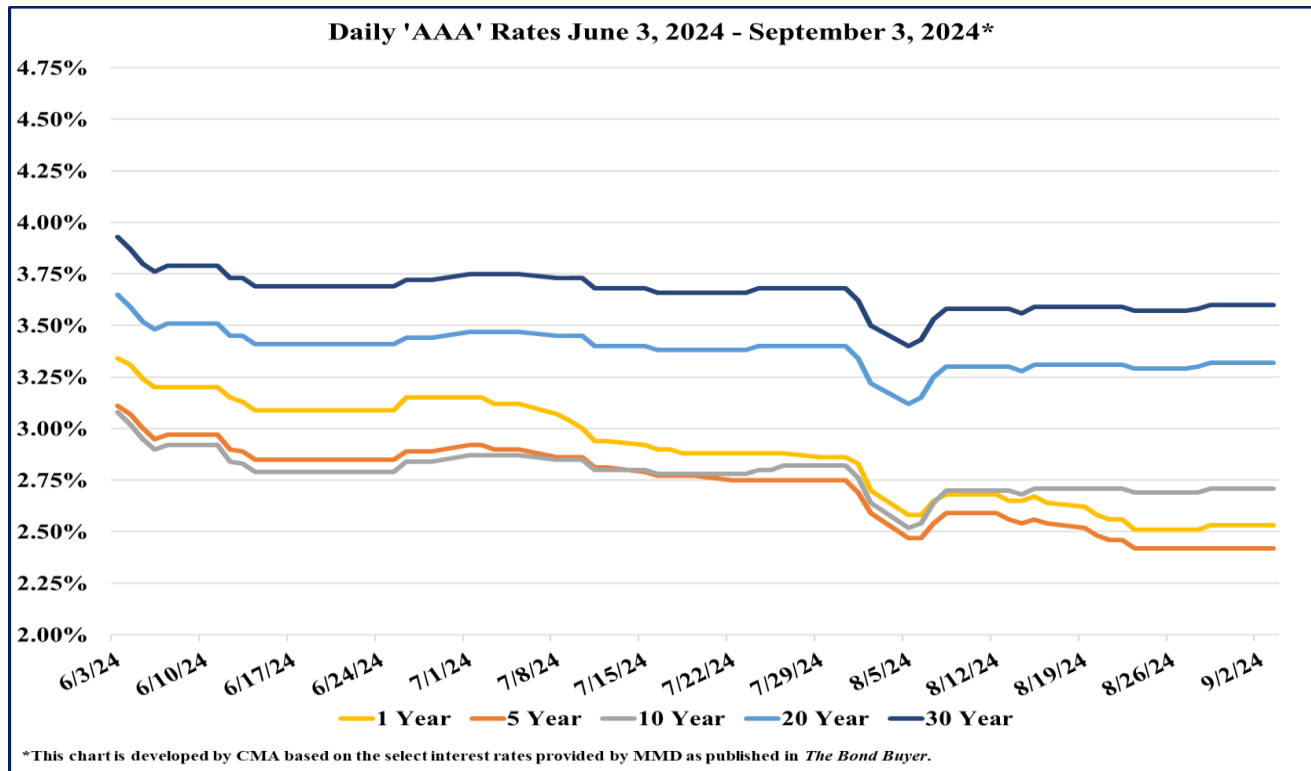
RECENT CMA CLIENT SALE RESULTS

<u>Issuer/Underlying Rating</u>	<u>Issue Type</u>	<u>Par Amount</u>	<u>Sale Date</u>	<u>Term</u>	<u>Rate</u>	<u>Purchaser</u>
Haverstraw Village (Aa3)	BAN (Txb)	\$1,794,000	29 – Aug.	1 yr.	5.11%	Roosevelt & Cross, Inc.
Pelham Village (AA+)	Bonds	\$7,990,000	27 – Aug.	13 yrs.	2.87%	Fidelity Capital Markets
Harborfields CSD (Aa2)	TAN	\$17,800,000	26 – Aug.	9 mos.	3.18%	Jefferies LLC
Orchard Park CSD (Aa2)	Bonds	\$1,212,000	22 – Aug.	5 yrs.	3.62%	Bernardi Securities
Oceanside UFSD (Aa2)	TAN	\$16,000,000	21 – Aug.	9 mos.	3.24%	Jefferies LLC
Manhasset UFSD (Aa1)	TAN	\$10,500,000	15 – Aug.	9 mos.	3.21%	TD Securities
Mamaroneck FD No.1 (Aa1)	Bonds	\$646,000	8 – Aug.	10 yrs.	3.78%	Greene County Commercial Bank
Tonawanda Town (Aa2)	BAN	\$57,981,834	8 – Aug.	1 yr.	3.01%	Jefferies LLC
East Hampton Town (Aaa)	BAN	\$25,155,200	1 – Aug.	1 yr.	3.16%	BNYMellon

Major players like Goldman Sachs have recently introduced four new actively managed municipal ETFs: the Ultra Short Municipal Income ETF, the Municipal Income ETF, the Dynamic California Municipal Income ETF, and the Dynamic New York Municipal Income ETF. These additions have elevated the total assets in municipal ETFs to \$125 billion, with passively managed ETFs comprising \$108 billion and actively managed ETFs accounting for \$17 billion. The introduction of these new Goldman Sachs ETFs, just two years after the launch of their first municipal ETF, the Goldman Sachs Community Municipal Bond ETF, reflects the positive impact and revenue growth achieved during that period. Morgan Stanley Research expects the value of municipal ETFs to hit \$200 billion in assets under management by 2026.

All recent data points to a burgeoning market for municipal ETFs. With benefits such as cost savings and improved liquidity, municipal ETFs represent a more efficient investment for municipal bond buyers. ETFs' lower costs are expected to boost participation in municipal bonds by affluent households and create a buffer between demand from banks and ultra-wealthy investors, particularly during mutual fund outflow cycles. We expect municipal issuers to benefit from such a market expansion with increased demand and improved pricing. And hopefully, an expanded market will also contribute to the longevity of the tax exemption for municipal bonds.

Interest Rate Chart



GENERAL OBLIGATION TAX-EXEMPT INTEREST RATES

	September 3, 2024					1 Month Ago - August 1, 2024					1 Year Ago - September 1, 2023				
Term	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa	Aaa	Aa	Insured	A	Baa
1 yr.	2.53%	2.57%	2.65%	2.63%	3.00%	2.83%	2.87%	2.95%	2.93%	3.30%	3.25%	3.28%	3.37%	3.37%	3.74%
5	2.42	2.47	2.59	2.60	3.01	2.69	2.74	2.86	2.87	3.29	2.88	2.94	3.05	3.08	3.47
10	2.71	2.81	2.99	3.05	3.54	2.76	2.86	3.04	3.10	3.28	2.94	3.06	3.23	3.28	3.84
15	2.98	3.16	3.34	3.39	3.84	3.00	3.18	3.36	3.41	3.59	3.42	3.66	3.80	3.91	4.37
20	3.32	3.52	3.71	3.75	4.20	3.34	3.54	3.73	3.77	3.86	3.65	3.94	4.08	4.18	4.64