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MUNICIPAL MARKET WEEKLY UPDATE

Thursday, November 12, 2020

Primary and Secondary Market Recap

By John Kozak, Managing Director and Head of Municipal Sales and Trading

LULL IN NEW MUNI ISSUES CONTINUES

Issuance continued to be light due to the Veteran's Day holiday that fell mid-week. Louisiana priced \$425 million in gas and fuel tax bonds. These bonds had mandatory tenders in 2022 and 2023. In California, the City of Gardena priced \$100 million in taxable pension obligation bonds. The short and long end of this deal was oversubscribed and repriced tighter, while the 10-year area remained the same as its indication of interest levels. All eyes will be on the \$4 billion scheduled to price for the State of New Jersey general obligation COVID-19 emergency bonds next week.

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<Back> to Return		Negotiated Calendar: Deal Details							
97) Options ▾ 104) Settings		St CA	Tax	FED TAXABLE/ST TAX-EX_	Type	NEGT	93) Financials	93) Attachments	
GARDENA-REV-TXBL		✓							
Summary			Maturity	Amt(M)		Cpn	P/Y CUSIP	FIGI	
Sale Date	11/09/20	1)	04/01/2021	210.0		1.081	1.081365471AA9	BBG00Y4RRP60	
Amount	101,490,000.00	2)	04/01/2022	2995.0		1.131	1.131365471AB7	BBG00Y4RRP88	
Manager	BANK OF AMERICA MERRILL	3)	04/01/2023	3665.0		1.303	1.303365471AC5	BBG00Y4RRP97	
Bond Type	REVS	4)	04/01/2024	4210.0		1.502	1.502365471AD3	BBG00Y4RRPB4	
Dated Date	11/24/20	5)	04/01/2025	4800.0		1.702	1.702365471AE1	BBG00Y4RRPC3	
1st Coupon	04/01/21	6)	04/01/2026	5075.0		2.066	2.066365471AF8	BBG00Y4RRPD2	
Deal number	457451	7)	04/01/2027	5175.0		2.366	2.366365471AG6	BBG00Y4RRPF0	
Rating/Enhancement		8)	04/01/2028	5295.0		2.663	2.663365471AH4	BBG00Y4RRPG9	
Moody's		9)	04/01/2029	5440.0		2.763	2.763365471AJ0	BBG00Y4RRPH8	
S&P	AA-	10)	04/01/2030	5590.0		2.863	2.863365471AK7	BBG00Y4RRPJ6	
Fitch		11)	04/01/2031	5750.0		2.963	2.963365471AL5	BBG00Y4RRPK4	
KBRA		12)	04/01/2032	5920.0		3.093	3.093365471AM3	BBG00Y4RRPL3	
Enhancement		13)	04/01/2033	6105.0		3.163	3.163365471AN1	BBG00Y4RRPM2	
Schedules		14)	04/01/2034	6295.0		3.263	3.263365471AP6	BBG00Y4RRPN1	
Prem Call		15)	04/01/2035	6500.0		3.363	3.363365471AQ4	BBG00Y4RRPP9	
Par Call	04/01/30	16)	04/01/2039	28465.0		3.854	3.854365471AR2	BBG00Y4RRPQ8	
Other Info									
1st Settle	11/24/20								
Form/Dep	BOOK-ENTRY,DTC								
Price Status	FINAL								
Notes			DENOMS: \$5,000/\$5,000 -BOND ARE SUBJECT TO MAKE WHOLE CALL @ T + 35 bps PENSION OBLIGATION						
			Australia 61 2 9777 8600 Brazil 55 11 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2377 6000 Japan 81 3 4565 6900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2020 Bloomberg Finance L.P. SN 890862 EST GMT-5:00 H270-5740-0 12-Nov-2020 13:47:46						



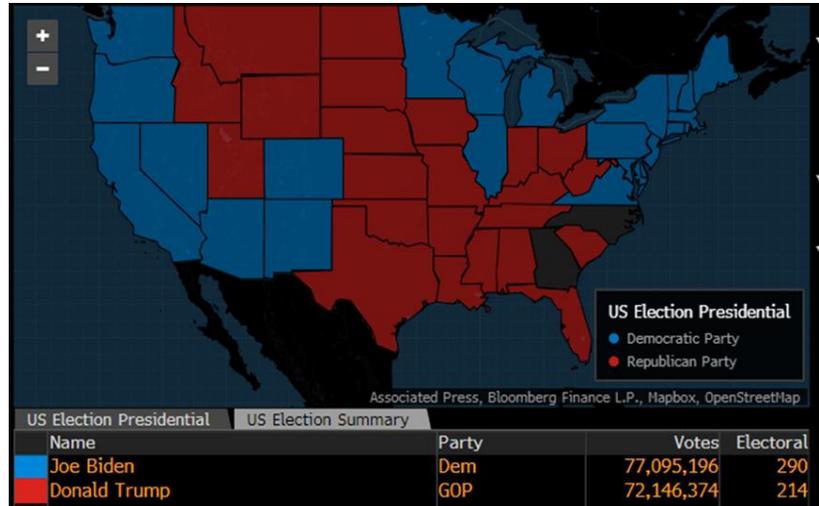
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CURRENT EVENTS

Due to the Veteran’s Day shortened work week combined with internal meetings, this week’s edition of Cabrera’s Muni Market Commentary will focus on recent headlines. For a more in-depth discussion of recent municipal bond market events, Cabrera’s banking and trading team is available for conference calls and/or virtual meetings.

While still legally contested by the Trump Administration, Joe Biden has seemingly won the US Presidential election. While this would appear to be good news for municipal bond credit, a Republican controlled Senate is still a strong possibility that would be a roadblock for the stimulus plan proposed by the House of Representatives. There are still two seats up for grabs in Georgia. Those two Senate seats will not be decided until a runoff between the various candidates is resolved.



Democrats must win both runoffs to gain a 50% share of the Senate. If achieved, Vice President Elect Kamala Harris would give Senate Democrats a slight advantage with her tie-breaking vote. Georgia’s runoff election will take place on January 5th, 2021.

Because President Trump has refused to concede (for the moment) and appears intent on extending the process as long as possible, there is virtually no chance of a stimulus plan being enacted until the new administration is in office. As of this writing, the Senate has proposed a \$1.4 trillion stimulus package to initiate discussion with Democrats, but it may be a non-starter. Democrats immediately blasted the bill for its lack of relief funds dedicated toward the pandemic, as much of the bill is focused on funding to keep the government running through September 2021.

STATE INCOME TAX RATE CHANGES

As we reported last week, Illinois (Baa3/BBB-) failed to pass an amendment that would have allowed the State to enact a graduated income tax rate. Currently, the State has a flat rate of 4.95% that applies to all taxpayers. There were two other states with ballot measures involving state income tax rates:

Arizona (AA/Aa3): Voters passed Prop. 208 – incomes over \$250k will be taxed at 8% versus the current rate of just 4.5%

Colorado(AA/AA): Passed Prop. 15 – reduces its flat tax to 4.55% from its current 4.63% rate