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MUNICIPAL MARKET WEEKLY UPDATE

Thursday, December 16, 2021

Primary and Secondary Market Recap

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

THIS WEEK'S PRIMARY MARKET ACTIVITY

The State of Connecticut priced a \$800M Tax-Exempt deal. The deal was slightly oversubscribed which allowed a 1 basis point bump in a few maturities. New York Liberty Development Corporation for 1 World Trade Center priced a \$638M Tax-Exempt transaction. This deal was oversubscribed and bumped 2-4 basis points. The maturities on this issue ranged from 2041 through 2044 and no 5% coupons were used. Coupons ranged from 2.25% to 4%. Quincy, Massachusetts priced \$475M Taxable Pension Obligation Bonds. The deal was tightened 5-15 basis points 2022 through 2026 and had to widen 5-15 basis points 2028 through 2039.

Brian King, Managing Director
Public Finance Investment Banking
(312) 931-6680
bking@cabreracapital.com

John Kozak, Managing Director
Municipal Sales and Trading
(312) 931-6686
jkozak@cabreracapital.com

Merita Kulpinski, Senior Vice-President
Lead Municipal Underwriter
(312) 931-6654
mkulpinski@cabreracapital.com

97) Options ▾		104) Settings		Negotiated Calendar: Deal Details					
NY LIBERTY DEV CORP-1WTC		St NY	Tax FED TAX-EXEMPT	Type	NEG	93) Financials	95) Attachments		
Summary			Maturity	Amt(M)	Cpn	P/Y	Sprd	CUSIP	FIGI
Sale Date	12/13/21		1) 02/15/2041	70000.0	2.250	2.480	118	649519EK7	BBG01424HBG9
Amount	638,805,000.00		2) 02/15/2042	175000.0	3.000	2.270	96	649519EL5	BBG01424HBH8
Manager	SIEBERT WILLIAMS SHANK ...		3) 02/15/2043	160000.0	4.000	1.830	48	649519EM3	BBG01424HBJ6
Bond Type	REVS		4) 02/15/2044	233805.0	2.750	2.720	134	649519EN1	BBG01424HBK4
Dated Date	12/22/21								
1st Coupon	08/15/22								
Deal number	476084								
Rating/Enhancement									
Moody's									
S&P	A+								
Fitch	A+ (A+)								
KBRA									
Enhancement									
Schedules									
Prem Call									
Par Call	02/15/30								
Other Info									
1st Settle	12/22/21								
Form/Dep	BOOK-ENTRY,DTC								
Price Status	FINAL								
Notes	DENOMS: \$5,000/\$5,000 -REF								



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THIS WEEK'S SECONDARY MARKET ACTIVITY

RECORD SALES IN 2021: 2021 municipal issuance is going to come in just shy of \$456 billion. The Fed has taken an aggressive posture indicating a rise in rates and a reduction in their bond buying in an effort to tamp inflationary pressures. This policy transition has issuers concerned about future rate volatility. Despite tax-free advance refundings not being a part of the market, issuers were able to refinance debt with taxable bonds. Taxable and municipal backed corporate issuance totaled \$138 billion in 2021, representing approximately 30% of all issuance.

ILLINOIS SELLS THOMPSON CENTER: Illinois is selling a majority stake of the James R. Thompson Center. The \$70M sale is for the redevelopment of the property rather than for its demolition.

The state agreed to purchase back one third of the newly renovated space for \$148M. They expect to occupy ~445,000 square feet and will have the option for a 30-year installment payment rather than paying the full amount in a lump sum.

The sale will save the state a projected \$20M per year over the 30-year agreement by reducing operating and maintenance costs on the structure. The agreement also allows the state to retain a large workforce in the Loop, which will help contribute to the downtown economy, and also places the historic building back on the real estate tax rolls for the city.



Renderings by Jahn Architecture Inc. for a remodeled James R. Thompson Center. (Jahn Architecture Inc / HANDOUT)

MICHIGAN INCENTIVES: The state of Michigan passed bills creating a \$1 billion pool in an attempt to lure big business. Governor Gretchen Whitmer supports the legislation and will sign it once it arrives on her desk. These bills are in response to an earlier Ford Motors decision to invest \$11 billion into new electric vehicle and battery plants in Tennessee and Kentucky.



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Michigan is currently vying for a new \$2.5 billion General Motors battery plant. If a deal can be struck, the plant would be located in Lansing and would employ as many as 1,700 workers. The deal on the table includes a 95% state and local tax break.

In total, the state is competing for as many as 11 large projects worth \$74 billion and potentially employing 27,000 workers.



STATES SEEK EXTENSION: Eight states asked U.S. Treasury Secretary Janet Yellen to waive interest due on loans taken as a result of the pandemic. In total, eleven states and the Virgin Islands owe \$39.4 billion to the federal Treasury for advances to provide unemployment insurance. The interest on those loans is accruing at a 2.27% annual rate. The current interest payment waiver expired on September 6th. The states are seeking an extension of the waiver thru June 30th, 2022.

State	Interest on Advances as of Dec. 14 th
California	\$91MM
Colorado	\$4.7MM
Connecticut	\$2.5MM
Hawaii	\$0.02MM
Illinois	\$20.7MM
Massachusetts	\$10.6MM
Minnesota	\$5.1MM
New Jersey	\$2.1MM
New York	\$42.8MM
Pennsylvania	\$3.6MM
Texas	\$19.8MM
Virgin Islands	\$0.5MM



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The states believe the original waiver expiration date was based on the assumption that the pandemic would be over and the economy would be rebounding from pandemic lockdowns. With the growth of the Delta and now Omicron COVID variants, governments are still struggling to contain the public health crisis.

CHICAGO TAPS SPORTSWAGERING FOR REVENUES: Chicago agreed to lift a ban on sports betting while simultaneously imposing a 2% tax on gross revenues from it. This will allow sportsbooks to open in and around Soldier Field (Chicago Bears), Wrigley Field (Chicago Cubs), Guaranteed Rate Field (Chicago White Sox), the United Center (Chicago Bulls) and Wintrust Arena (Chicago Sky). The tax is projected to bring in \$400,000 - \$500,000 annually.

Sports wagering in Illinois began in June and has since grown to more than \$7 billion in wagers. Taxes and other state revenues total \$86 million on \$538 million of sportsbook revenues thru Dec 13th. The 2% tax is limited to these five sportsbook agreements and does not include what the city expects to earn on future full casino operations yet to be built. The city is evaluating bids for as many as five casino locations that will total more than a \$1 billion investment. A decision on the various bids could take place as early 2022.



Credit: City of Chicago

We will next publish in January 2022. Happy Holidays!