



CABRERA CAPITAL MARKETS LLC

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MUNICIPAL MARKET WEEKLY UPDATE

Thursday, September 17, 2020

Primary and Secondary Market Recap

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

PRIMARY MARKET IS PREPARED FOR LIFTOFF.

New York TFA priced \$1.1 billion tax-exempt bonds this week. Almost \$3 billion in orders were received and the deal was bumped as much as 5 bps. Houston Airport priced \$825 million bonds which included taxable, AMT and tax-exempt bonds. There was good demand on each series and they were bumped anywhere from 0-15 bps. Next week, \$1.2 billion Chicago O'Hare and \$800 million New York Industrial Development (Yankee Stadium Project) will be the focus of the Negotiated Calendar.

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| NYC TRANSITIONAL FIN -C-1 | St NY | Tax | FED & ST TAX-EXEMPT | Type | NEG | 93 Financials | 95 Attachments |
|---------------------------|---|-----|---------------------|---------------|------------|------------------|----------------|
| Summary | | | Maturity | Amt(M) | Cpn | P/Y CUSIP | FIGI |
| Sale Date | 09/14/20 | 1) | 05/01/2022 | 23060.0 | 3.000 | 0.260 64971XTP3 | BBG00X5CSR23 |
| Amount | 900,000,000.00 | 2) | 05/01/2023 | 23755.0 | 5.000 | 0.320 64971XTQ1 | BBG00X5CSR32 |
| Manager | JEFFERIES LLC | 3) | 05/01/2024 | 24940.0 | 5.000 | 0.400 64971XTR9 | BBG00X5CSR41 |
| Bond Type | REVS | 4) | 05/01/2025 | 10480.0 | 5.000 | 0.500 64971XTS7 | BBG00X5CSR50 |
| Dated Date | 09/24/20 | 5) | 05/01/2031 | 32335.0 | 5.000 | 1.410 64971XTT5 | BBG00X5CSR69 |
| 1st Coupon | 11/01/20 | 6) | 05/01/2032 | 33950.0 | 5.000 | 1.520 64971XTU2 | BBG00X5CSR78 |
| Deal number | 452796 | 7) | 05/01/2033 | 35645.0 | 5.000 | 1.600 64971XTV0 | BBG00X5CSR87 |
| Rating/Enhancement | | 8) | 05/01/2034 | 37430.0 | 5.000 | 1.680 64971XTW8 | BBG00X5CSR96 |
| Moody's | Aa1 | 9) | 05/01/2035 | 39300.0 | 4.000 | 1.900 64971XTX6 | BBG00X5CSRB3 |
| S&P | AAA | 10) | 05/01/2036 | 40875.0 | 4.000 | 1.970 64971XTY4 | BBG00X5CSRC2 |
| Fitch | AAA (AAA) | 11) | 05/01/2037 | 42510.0 | 5.000 | 1.840 64971XTZ1 | BBG00X5CSR1 |
| KBRA | | 12) | 05/01/2038 | 44635.0 | 4.000 | 2.080 64971XUA4 | BBG00X5CSR9 |
| Enhancement | | 13) | 05/01/2039 | 46420.0 | 4.000 | 2.130 64971XUB2 | BBG00X5CSRG8 |
| Schedules | | 14) | 05/01/2040 | 48275.0 | 4.000 | 2.180 64971XUC0 | BBG00X5CSR7 |
| Prem Call | | 15) | 05/01/2041 | 50205.0 | 4.000 | 2.220 64971XUD8 | BBG00X5CSR3 |
| Par Call | 11/01/30 | 16) | 05/01/2042 | 52215.0 | 4.000 | 2.260 64971XUE6 | BBG00X5CSRL2 |
| | | 17) | 05/01/2043 | 54305.0 | 4.000 | 2.290 64971XUF3 | BBG00X5CSR1 |
| Other Info | | 18) | 05/01/2044 | 56475.0 | 4.000 | 2.320 64971XUG1 | BBG00X5CSR0 |
| 1st Settle | 09/24/20 | 19) | 05/01/2045 | 58735.0 | 4.000 | 2.350 64971XUH9 | BBG00X5CSR8 |
| Form/Dep | BOOK-ENTRY,DTC | 20) | 05/01/2046 | 45485.0 | 4.000 | 2.360 64971XUJ5 | BBG00X5CSR7 |
| Price Status | FINAL | 21) | 05/01/2047 | 47300.0 | 4.000 | 2.370 64971XUK2 | BBG00X5CSR5 |
| | | 22) | 05/01/2048 | 51670.0 | 3.000 | 2.570 64971XUL0 | BBG00X5CSRT4 |
| Notes | DENOMS: \$5,000/\$5,000 -AUTH -MULTI MODAL BONDS -FUTURE TAX SUBORDINATE BONDS | | | | | | |



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HIGHER EDUCATION – TIME TO HIT THE BOOKS

Most higher education facilities are being challenged with the proposition of declining enrollment while simultaneously seeing expenses rise to battle the spread of Covid-19. A recent Bloomberg article also pointed out that full-time enrollment at four-year universities was already facing headwinds. Enrollment peaked in 2010 and has declined every year since. This is not an across the board problem and flagship universities in most states are weathering the pandemic better than smaller, private institutions.

Higher Education versus General Market Revenue



As detailed in this graph put together (source: E Kazatsky/Bloomberg) you see that pre-pandemic, “A” and “AA” rated higher education bonds had a fairly well defined spread relationship. This spread has widened beginning in March due to the tighter operating margins some smaller schools are faced with. Ironically, it may be the larger universities that help pave the way for the smaller schools to get back to business as usual. The University of Illinois is being praised for their development of a rapid saliva test for Covid-19. The test is being administered routinely at 10,000 per day with results in hours not days. Faster results mean the spread of the virus can be controlled more effectively allowing all parts of society to function more freely. Also worth noting is that the University has successfully maintained a consistent enrollment (33,500 students) versus previous years despite the pandemic.



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NOTABALE AWAY PRINTS

| Size (\$m) | Issuer | Coupon | Maturity | Yield | Spread |
|------------|----------------------|--------|------------|-------|--------|
| 1535 | FOX VY PK DIST IL GO | 5.00 | 12/15/2025 | 0.50 | 25 |
| 1610 | FOX VY PK DIST IL GO | 5.00 | 12/15/2026 | 0.64 | 28 |
| 1480 | KANE CNTY IL CMNTY U | 4.00 | 01/01/2025 | 0.53 | 33 |
| 5MM | CHICAGO IL GO BDS 20 | 5.50 | 01/01/2049 | 4.55 | 298 |
| 3500 | ILLINOIS FIN AUTH BD | 4.00 | 11/01/2030 | 2.38 | 153 |
| 2000 | CA VAR PURP GO REF B | 5.00 | 11/01/2030 | 1.06 | 21 |
| 1100 | LOS ANGELES CA USD | 5.00 | 07/01/2033 | 1.25 | 18 |
| 5MM | TURLOCK CA IRR DIST | 5.00 | 01/01/2044 | 1.68 | 18 |
| 1845 | ANAHEIM CA PFA LEASE | 5.00 | 05/01/2032 | 1.53 | 55 |
| 2000 | SAN FRANCISCO CA CIT | 5.00 | 11/01/2045 | 1.67 | 14 |
| 3000 | LOS ANGELES CNTY CA | 5.00 | 06/01/2030 | 1.03 | 20 |
| 3500 | LOS ANGELES CA DEPT | 5.00 | 05/15/2033 | 1.50 | 44 |
| 1500 | SAN FRANCISCO CA CIT | 5.00 | 11/01/2050 | 1.58 | 0 |
| 1500 | MENIFEE CA USD SPL T | 5.00 | 09/01/2048 | 3.23 | 167 |
| 2000 | UNIV CA GEN BDS 2016 | 5.00 | 05/15/2041 | 1.20 | -21 |
| 1000 | TOBACCO SECURITIZATI | 5.00 | 06/01/2037 | 1.76 | 50 |
| 2535 | LOS ANGELES CA MUN | 5.00 | 11/01/2039 | 1.63 | 29 |
| 1300 | PA TPK COM TPK BDS A | 5.00 | 12/01/2025 | 0.63 | 38 |
| 890 | PA TPK COM TPK MTR L | 5.00 | 12/01/2027 | 1.23 | 72 |