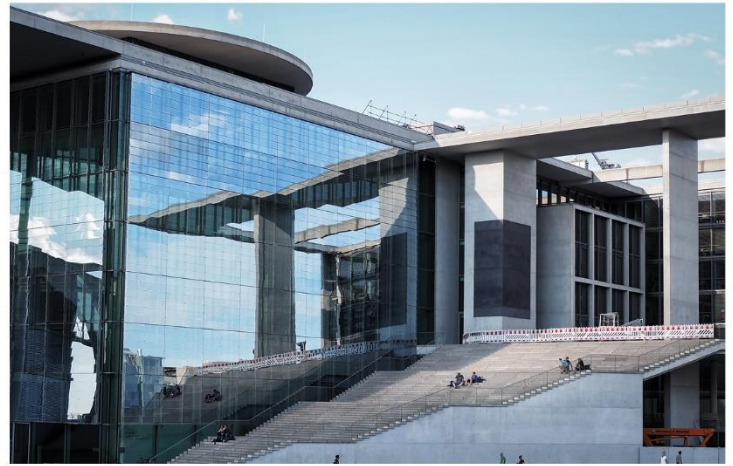


Second Quarter 2021

Public Development Finance Quarterly



Market Snapshot

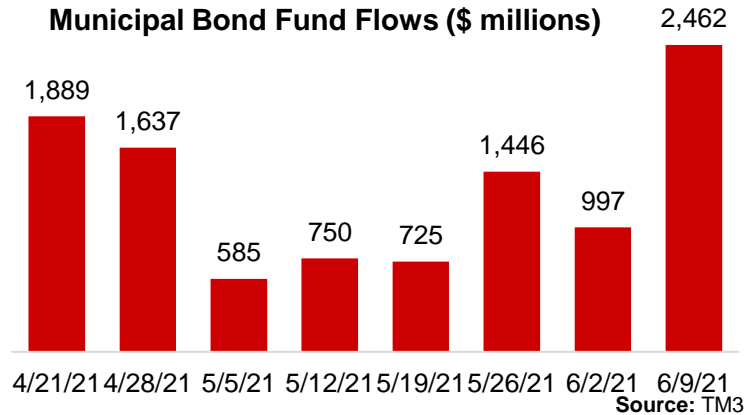
Municipal bond yields remain low as a result of steady treasury rates and positive fund flows outweighing new issue supply in recent weeks. In particular, munis are performing well compared to Treasuries with the 10-year MMD / TSY ratio averaging around 64% since a high of about 80% on March 2nd. Funds have seen 13 consecutive weeks of inflows since March, with a dip leading into tax payments due May 17th. While flows decreased in the week of June 2nd, the four-week moving average increased to \$984 million from \$881 million. Also of note are high dealer inventories, standing around \$11 billion at their highest point since last November. Supply-demand imbalances have driven the performance of municipals so far this year and appear poised to continue with this week's negotiated new issue calendar at just over \$4 billion. As investor views on where the market goes next diverge, treasury rates stabilized since March and volatility as measured by the VIX saw a slight uptick the week of June 1st. Inflation and potential rate movements remain on investors minds following the April CPI release, which indicated a 3.0% increase in the index without food and energy for the year.

Interest Rate Environment (Benchmark Rates)

MMD (Tax-Exempt)	6/17/2021	3-Months Prior	Change
10-year	0.96%	1.11%	15 bps ↓
20-year	1.27%	1.56%	29 bps ↓
30-year	1.44%	1.76%	32 bps ↓
TSY (Taxable)	6/17/2021	3-Months Prior	Change
10-year	1.57%	1.45%	12 bps ↑
20-year	2.13%	2.11%	2 bps ↑
30-year	2.20%	2.23%	3 bps ↓

Source: TM3

Municipal Bond Fund Flows (\$ millions)



Source: TM3

Industry News

- **State of Washington Adopts Tax Increment Financing** – Governor Inslee signed HB 1189 into law May 10 allowing local governments in the state of Washington to create “increment areas” and use tax increment financing to fund public improvements. A local government can only have two nonoverlapping increment areas at a time, with caps on size based on the assessed valuation of the area. Despite limitations, the law provides a new tool for local governments to fund developments involving public improvements. ([JD Supra](#) May 2021)
- **Senate Adopts Drinking Water and Wastewater Infrastructure Act** - In a nearly unanimous vote, the Senate approved \$35 billion in new investment in water infrastructure. The funds are allocated towards both existing and new programs, including the Clean Water State Revolving Fund and new grants to assist drinking water infrastructure in small and disadvantaged communities. A considerable portion of the Act aims to address lead pipes in water supply systems, providing grants to address lead in school drinking water systems. The Act is a significant step towards the American Jobs Act, which promises \$111 billion on water infrastructure priorities. ([JD Supra](#) May 2021)

KBCM identifies and executes the most cost-effective bond financing solutions for development projects.

Contact:

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216-689-0885
jrink@key.com

Bond Attributes:

- Non-recourse
- Pre- or post-construction
- Tax increment financing (TIF)

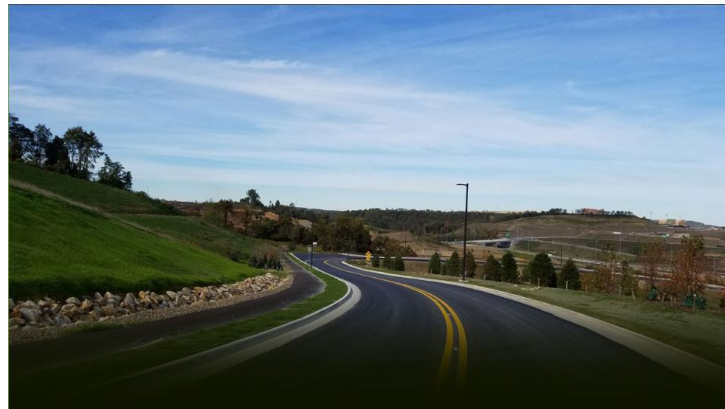
How Can KBCM Help?

- Identify/evaluate financing solutions
- Leadership throughout the transaction process
- Pricing execution

Public Development Finance Quarterly

KBCM Transaction Spotlight

- **Issuer:** County Commission of Monongalia County, West Virginia
- **Project:** WestRidge Business and Retail Park
- **Location:** Monongalia County, West Virginia
- **Project Type:** Mixed Use (Primarily Retail)
- **KBCM Role:** Underwriter
- **Closing Date:** June 9, 2021
- **Par Amount:** \$49,195,000 total
- **Term:** 22 Years
- **Credit Rating:** Not Rated
- **Interest Rate:** 4.125% Series A, 4.875% Series B
- **Security:** Net Excise Tax Revenues



Transaction Summary: On June 9th, 2021, KBCM, as Underwriter, successfully closed on \$49,195,000 of tax-exempt excise tax revenue, refunding, and improvement bonds issued to finance components of the University Town Centre Economic Opportunity Development District. Located four miles northwest of Morgantown, home of West Virginia University, the district will include over 1.4 million sq. ft of retail space upon completion.

The Series A and Series B bonds are secured by a first and second lien on Net Excise Tax Revenues generated within the district, respectively. The bonds ultimately sold at interest rates of 4.125% for the about \$32 million in Series A and 4.875% for the about \$16 million in Series B.

Other Select Recent KBCM Development Transactions

Placement Agent



Allentown Neighborhood Improvement Zone Development Authority

Senior Tax Revenue Bonds (615 Waterfront Project)

\$61,455,000 Series 2021

Placement Agent

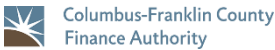


Development Finance Authority of Summit County

Jobs & Investment Fund Program Taxable Development Revenue Bonds (Crystal Clinic Orthopaedic Center Project)

\$4,295,000 Series 2021B

Sole Underwriter




Columbus-Franklin County Finance Authority

Taxable Development Revenue Bonds (Central Ohio Regional Bond Fund)

\$4,420,000 Series 2021D

Sole Underwriter



Arizona Industrial Development Authority

Economic Development Revenue Bonds (Linder Village Project) (Meridian, Ada County, Idaho)

\$28,515,000 Series 2020

Select Upcoming Transactions

Project 1:

- **Project Type:** Mixed-Use Residential, Retail and Office
- **Approximate Bond Size:** \$45mm
- **Expected Timing:** Q3 2021
- **Security:** TIF Revenues
- **Term:** Approximately 35 years
- **Expected Rating:** Non-rated

Project 2:

- **Project Type:** Mixed-Use Office, Retail and Residential
- **Approximate Bond Size:** \$22mm
- **Expected Timing:** Q3 2021
- **Security:** TIF Revenues
- **Term:** Approximately 20 years
- **Expected Rating:** Non-Rated

Project 3:

- **Project Type:** Mixed-Use Office and Hotel
- **Approximate Bond Size:** \$10mm
- **Expected Timing:** Q3 2021
- **Security:** TIF Revenues
- **Term:** Approximately 22 years
- **Expected Rating:** Non-Rated