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Attracting Investors to Your Bond Deal

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Hello! Welcome to the webcast.



Katie Kramer

Vice President
Council of Development Finance Agencies
Columbus, OH

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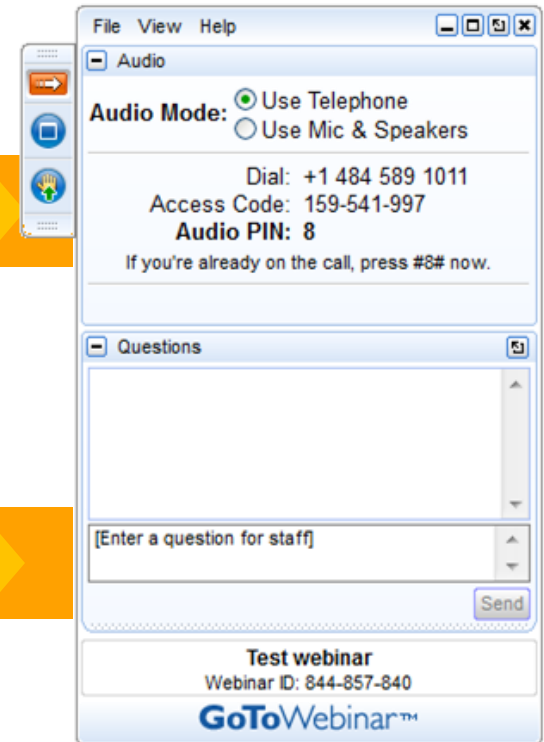
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Listen through the telephone for best audio quality.

Submit your questions to the panelists here.



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Panelists

David Safer, *Moderator*

Vice President
BNY Mellon

Matt Posner

Managing Director
Municipal Market Advisors



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David Safer

Vice President
BNY Mellon
New York, NY

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Matt Posner

Managing Director
Municipal Market Advisors
Concord, MA

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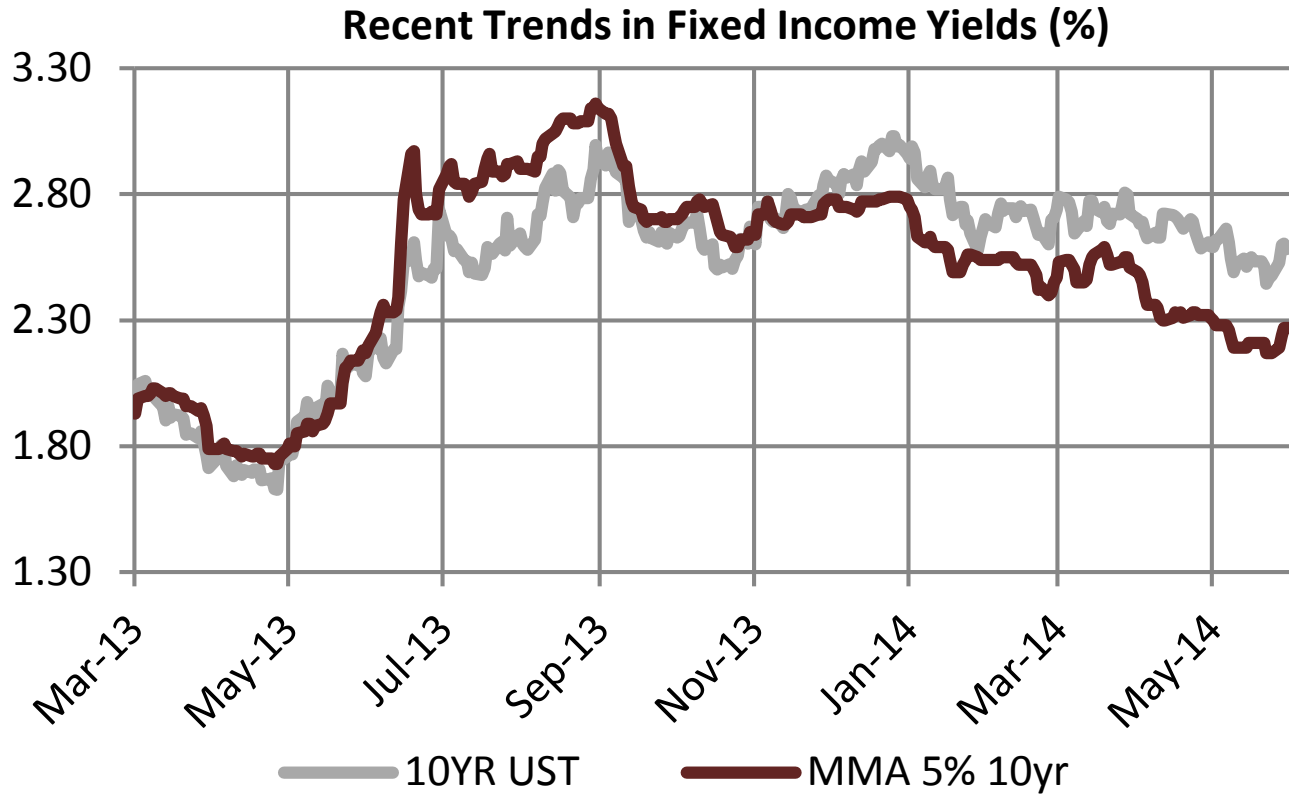
Municipal Market Context

**A Discussion of
Market & Current Issues**

**Municipal Market Advisors, Inc. (MMA)
Matt Posner, Managing Director**

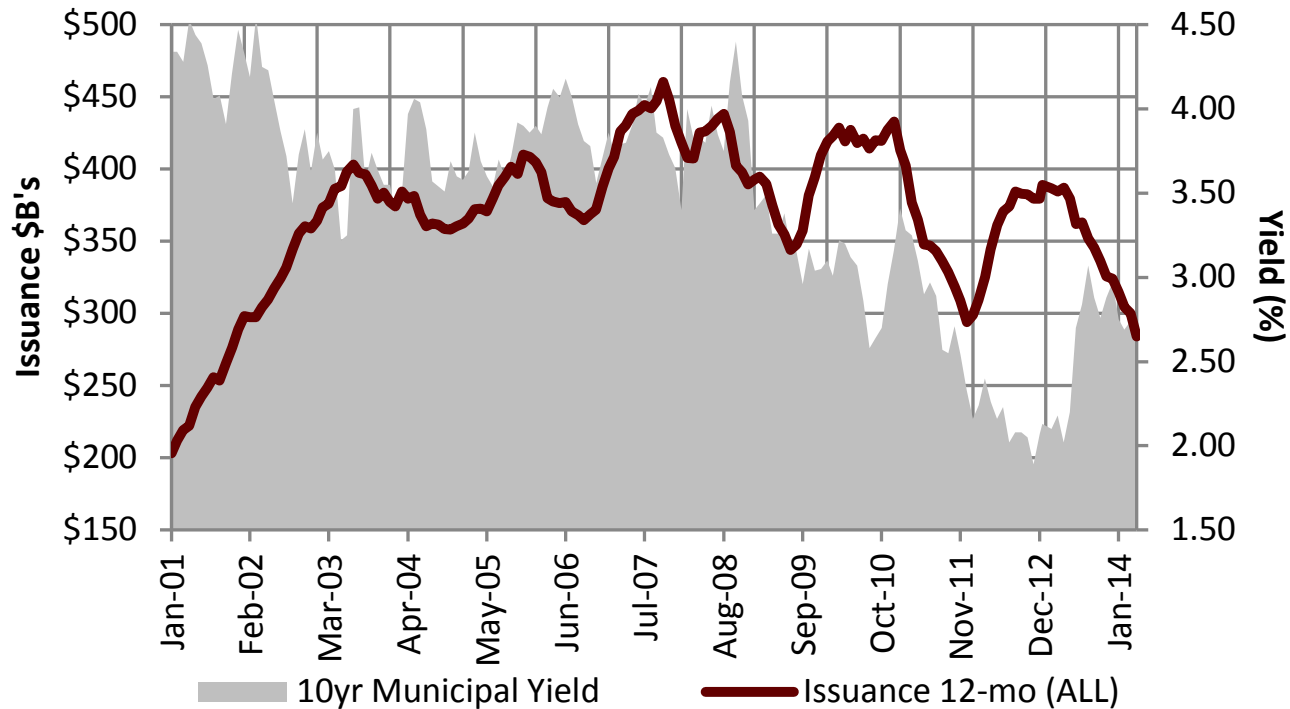
June, 2014

Bounce Back From Last Year



Rolling 12-Month Issuance Lowest Since 2002

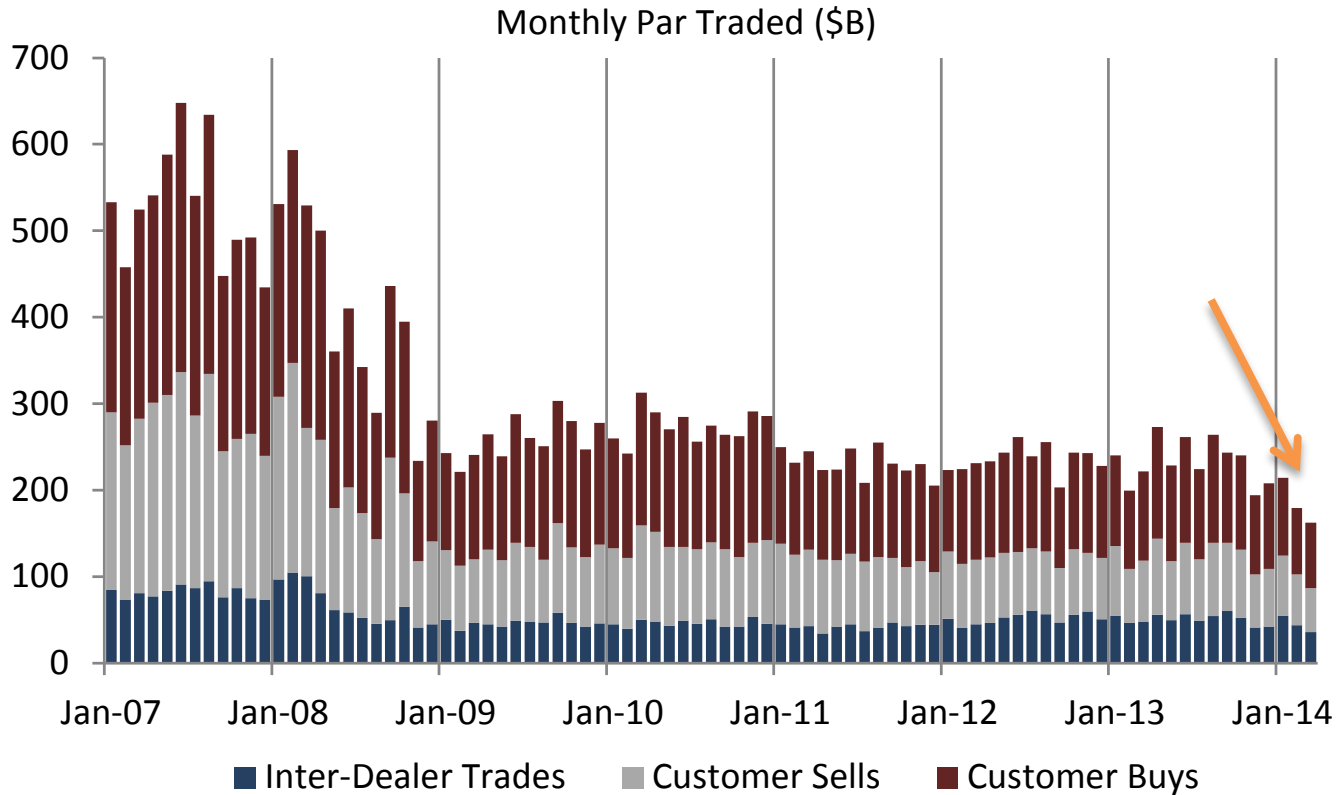
Municipal 12-Month Issuance v. MMA 10-Year Yield



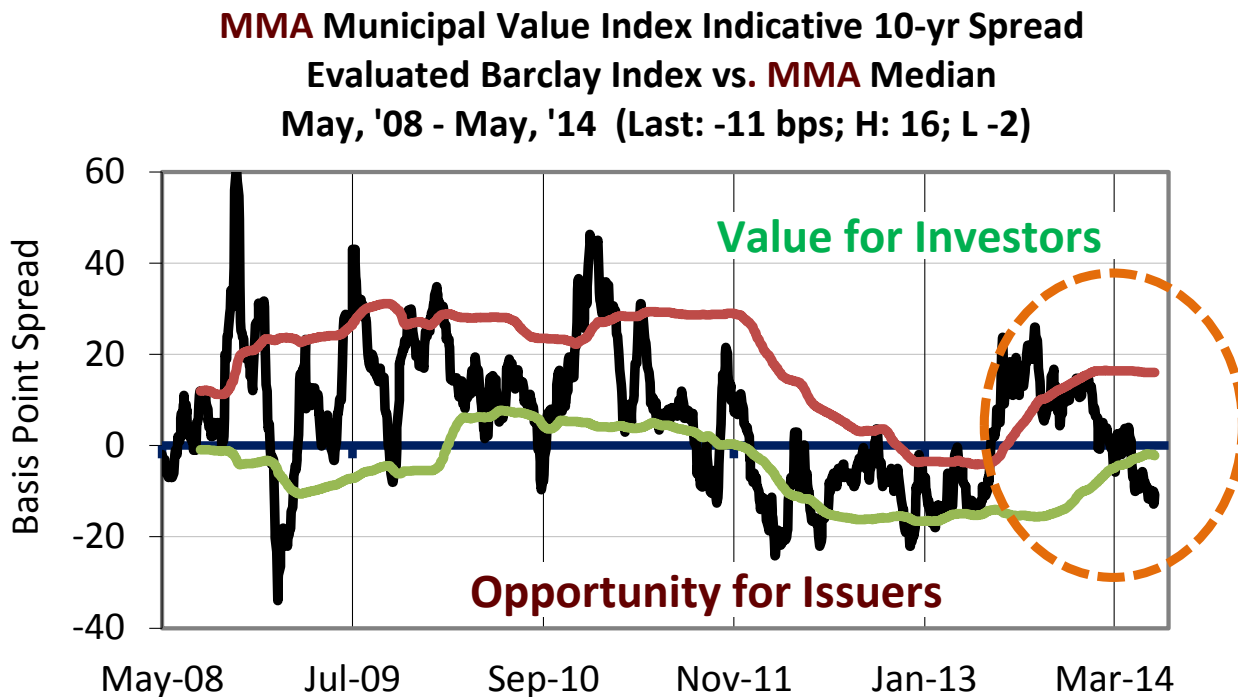
Wisconsin – Trend Among Larger Issuers?

- Locked in \$278M refunding in 2015 through a delayed draw term loan.
- Generated \$19M in savings or 7%; and complied with refunding/tax rules because of the delayed nature.
- WI not alone: As much as \$50 billion in 2013 alone with as much as \$180 billion outstanding.
 - Pros: Issuer-friendly, avoids some regulatory costs, not reliant on bank letter of credit
 - Cons: Lack of disclosure, increases reliance on banks, impact on public finance industry

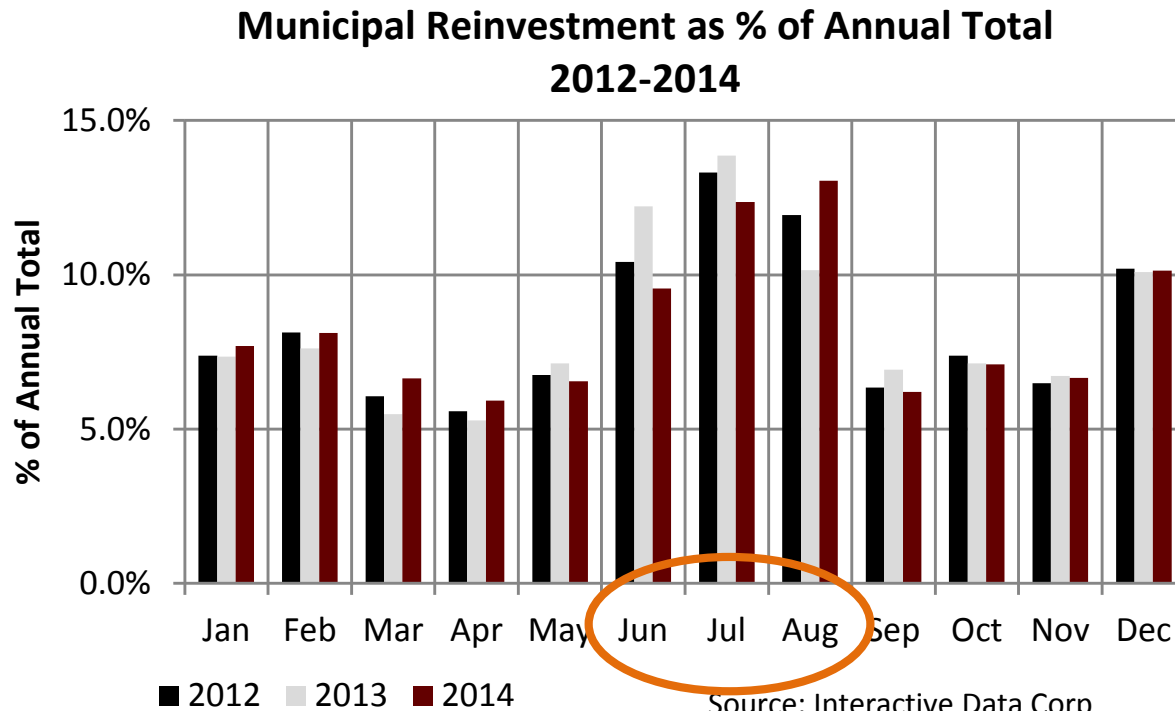
Liquidity Severely Constrained



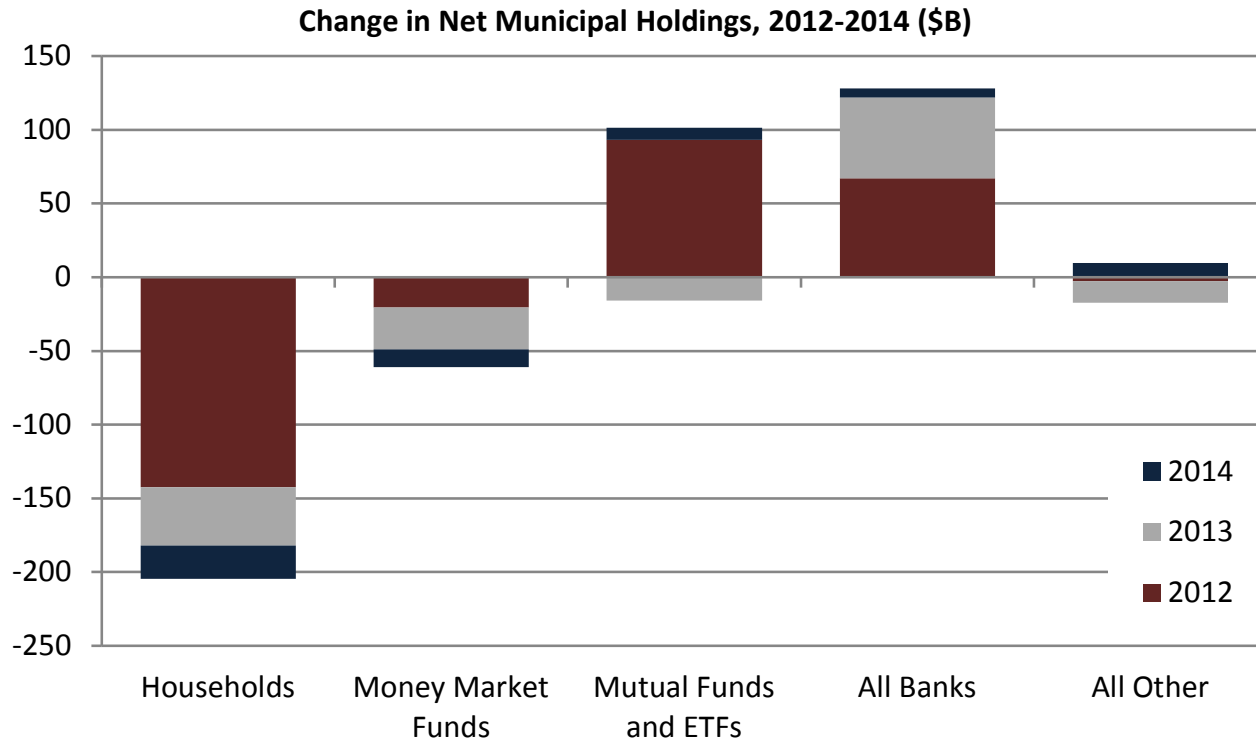
Market Strength Has Distorted Conditions – Issuers in Best Position



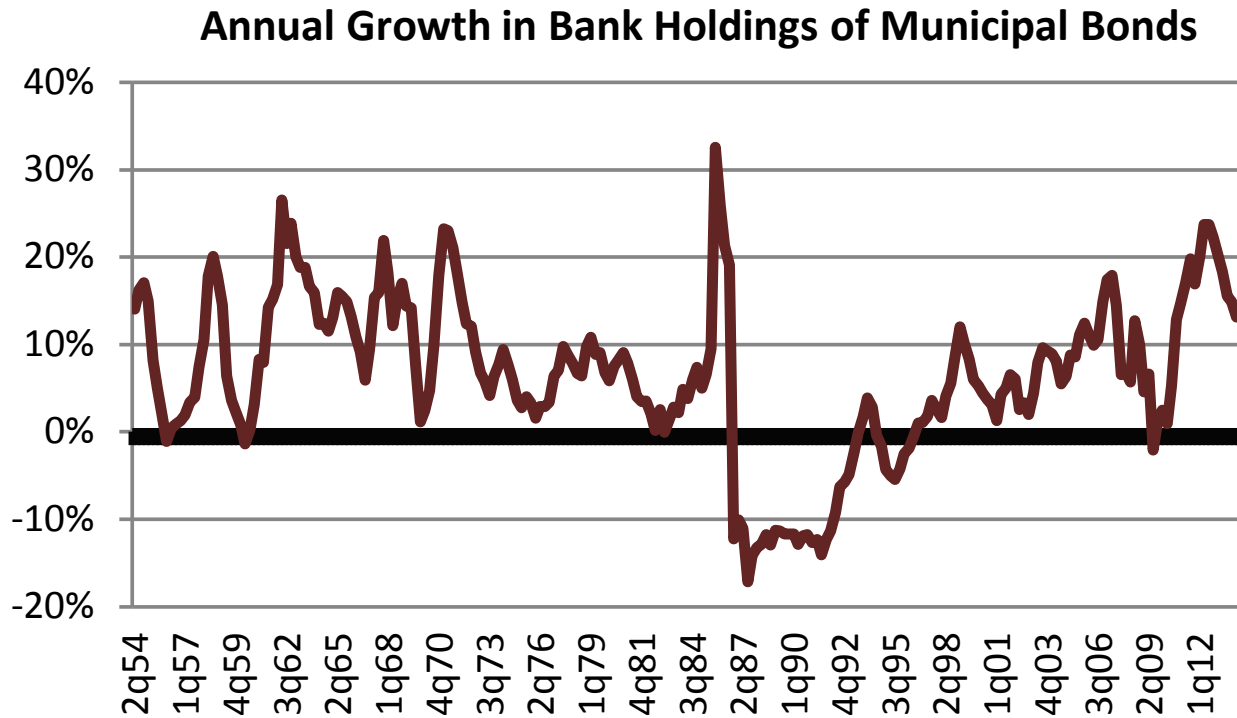
Reinvestment and the Amount of Outstanding Bonds



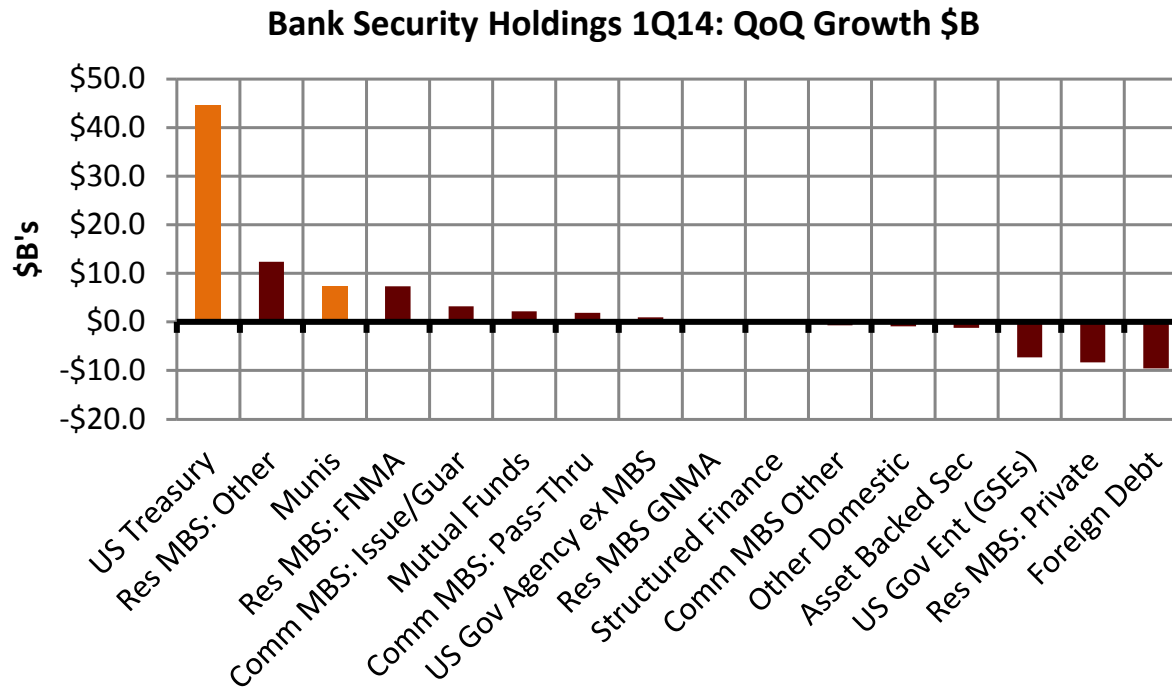
Municipal Investor Trends Shifting



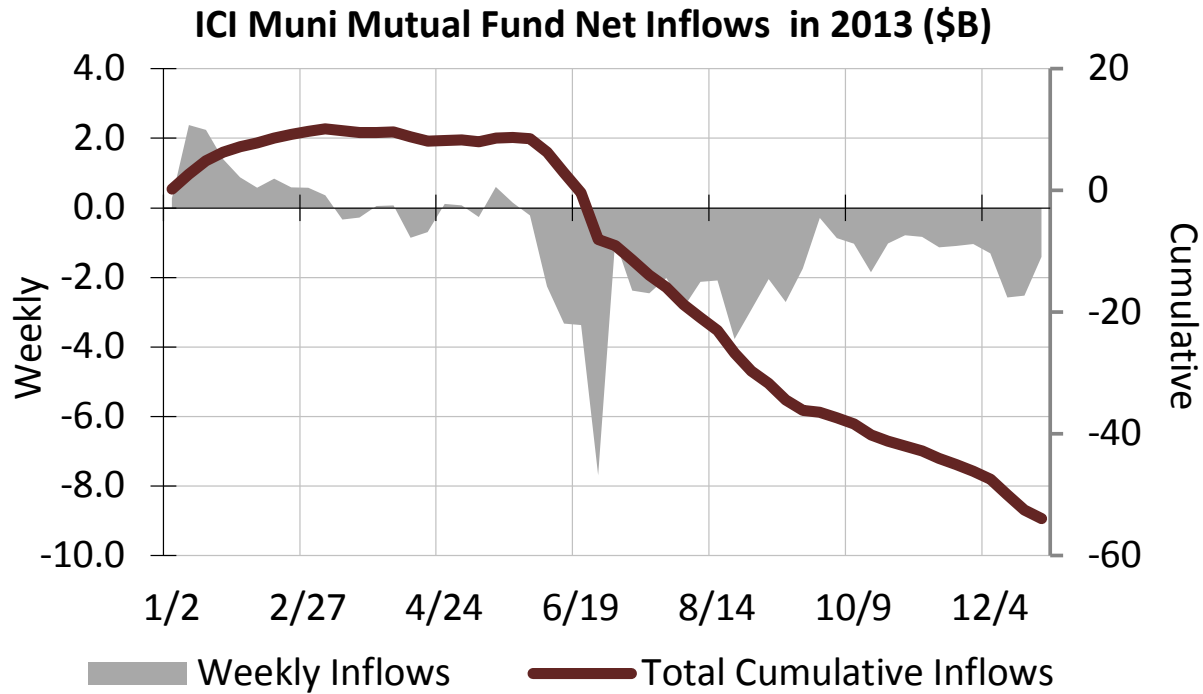
Bank Security Holdings - Pace of Municipal Ownership Waning Somewhat



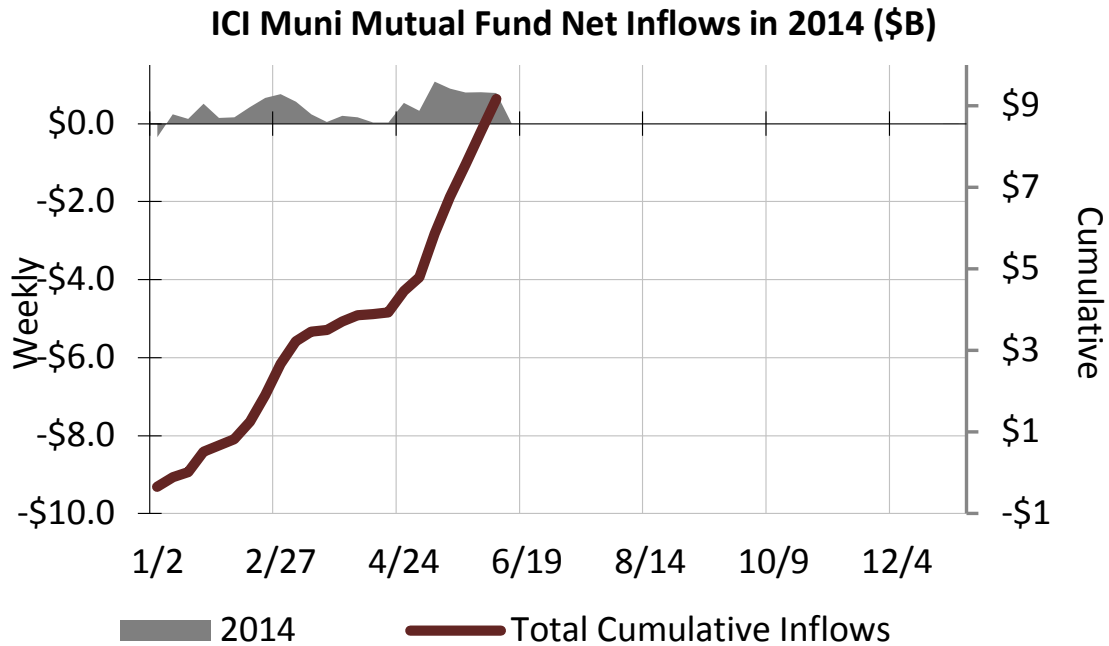
But They Are Still Allocating To Municipals Over Other Assets



Mutual Funds Last Year



Mutual Funds This Year

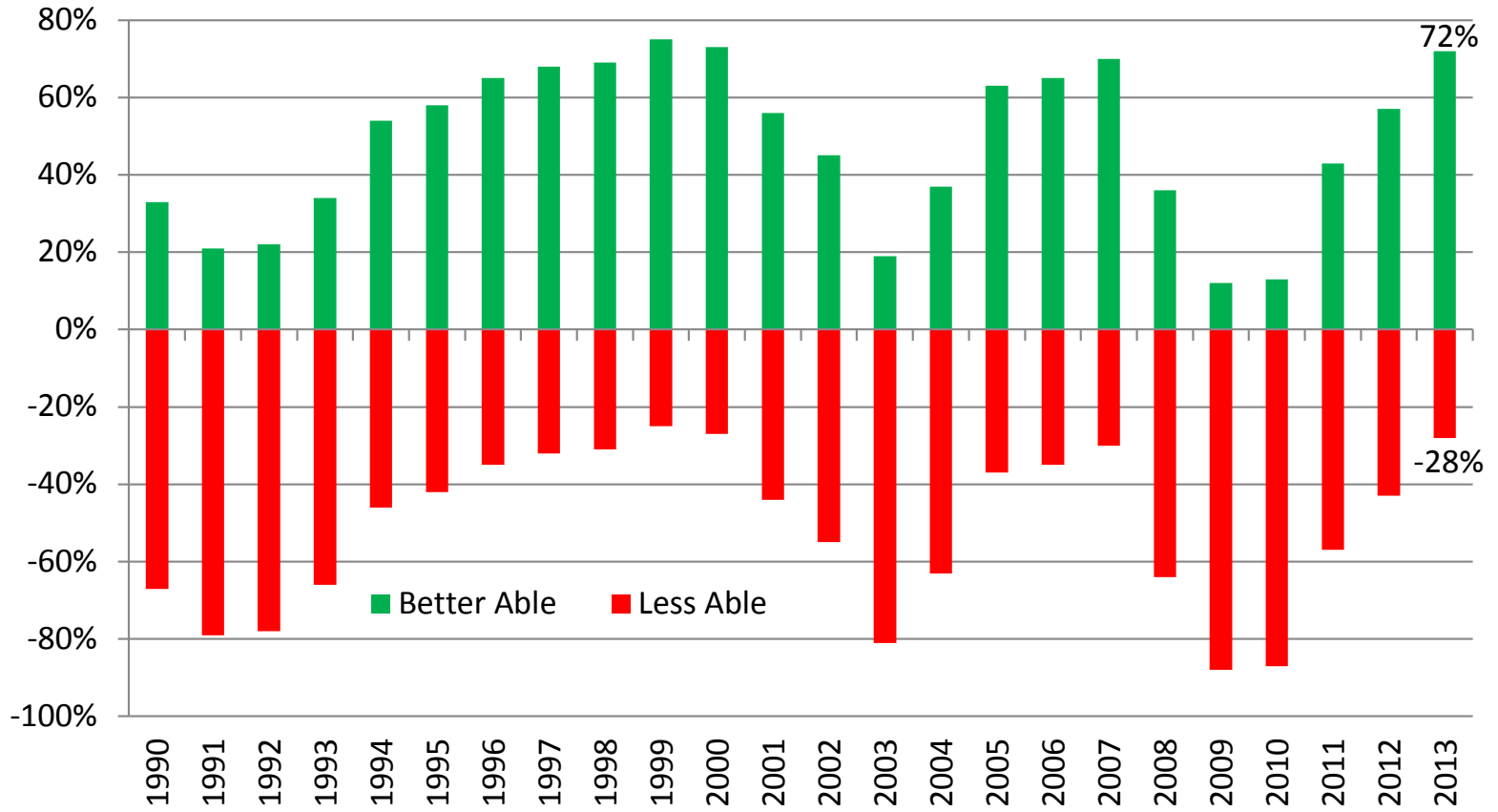


Underlying Credit Conditions Are Improving

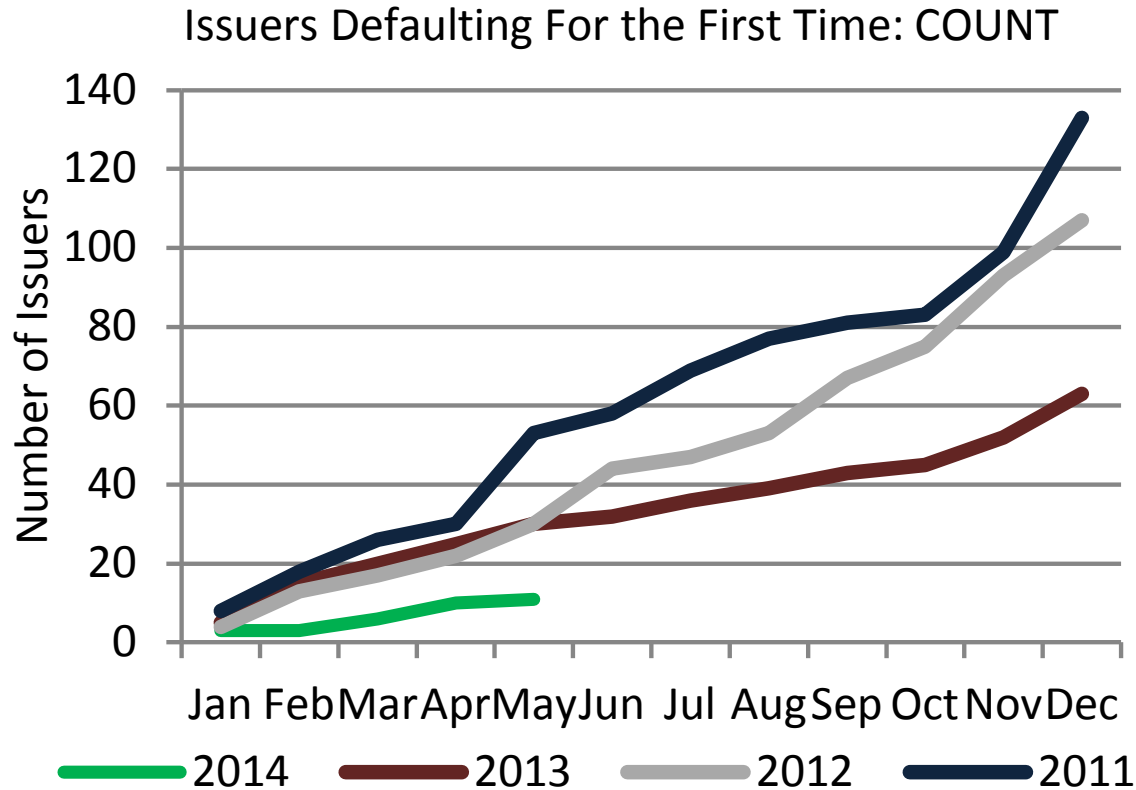
- State Revenues Up 3% in 4Q: Slower than in prior quarters but total revenues are above pre-recession peaks.
- Local government revenues facing fewer cutbacks from the state; property taxes are likely stabilizing with better real estate values.
- Rating trends continue to diverge; massive upgrades at S&P.
- Municipal defaults are much lower by number (higher by dollar value); still concentrated on non-rated and risky-sector issuers.
- Bankruptcy trends are more about headlines than bankruptcies.

Perceptions of Credit Conditions Are Improving Rapidly

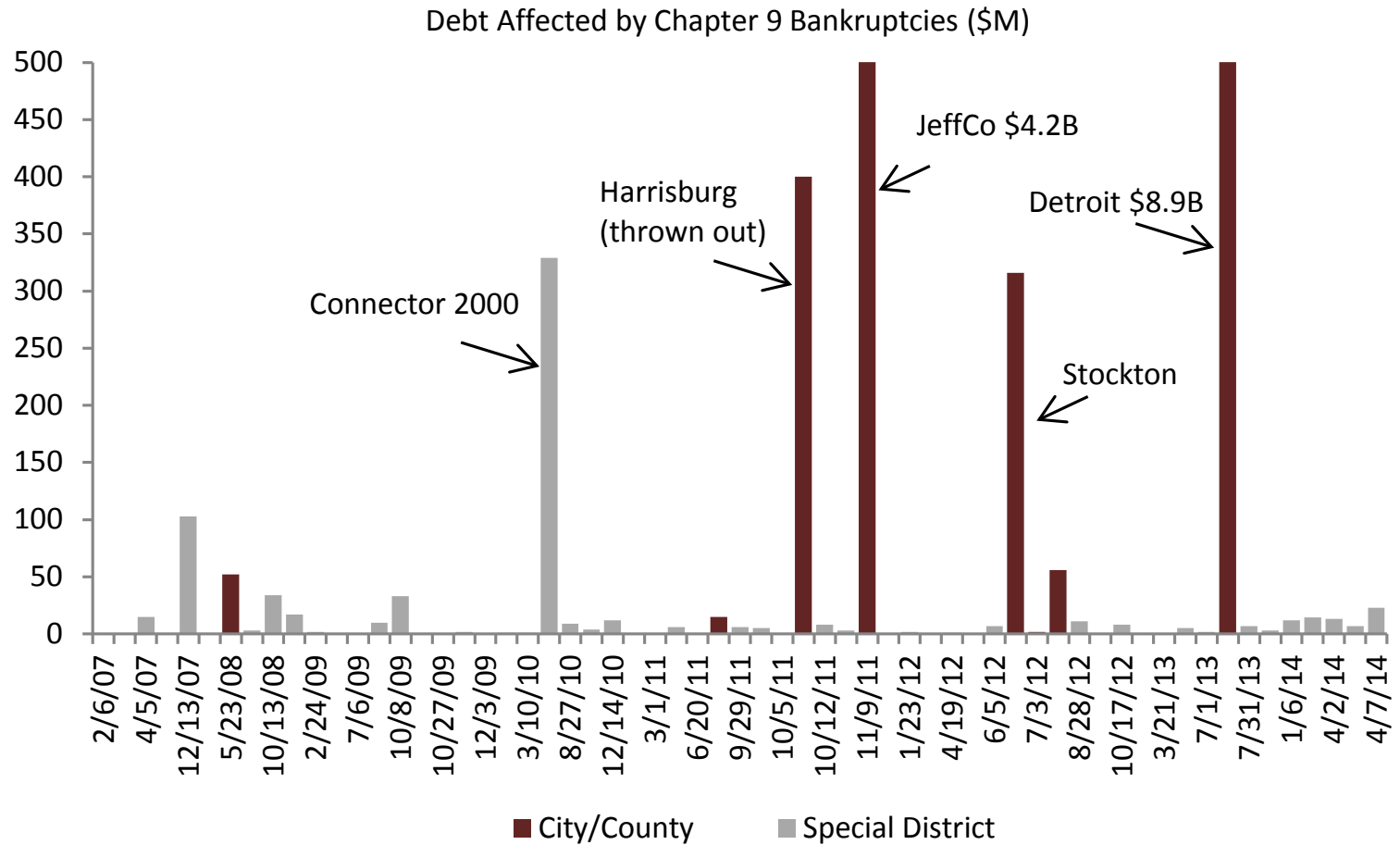
NLC City Fiscal Conditions Survey, 2013:
"Is City Better Able to Meet Fiscal Needs than Last Year?"



Municipal Payment Defaults Continue to Subside



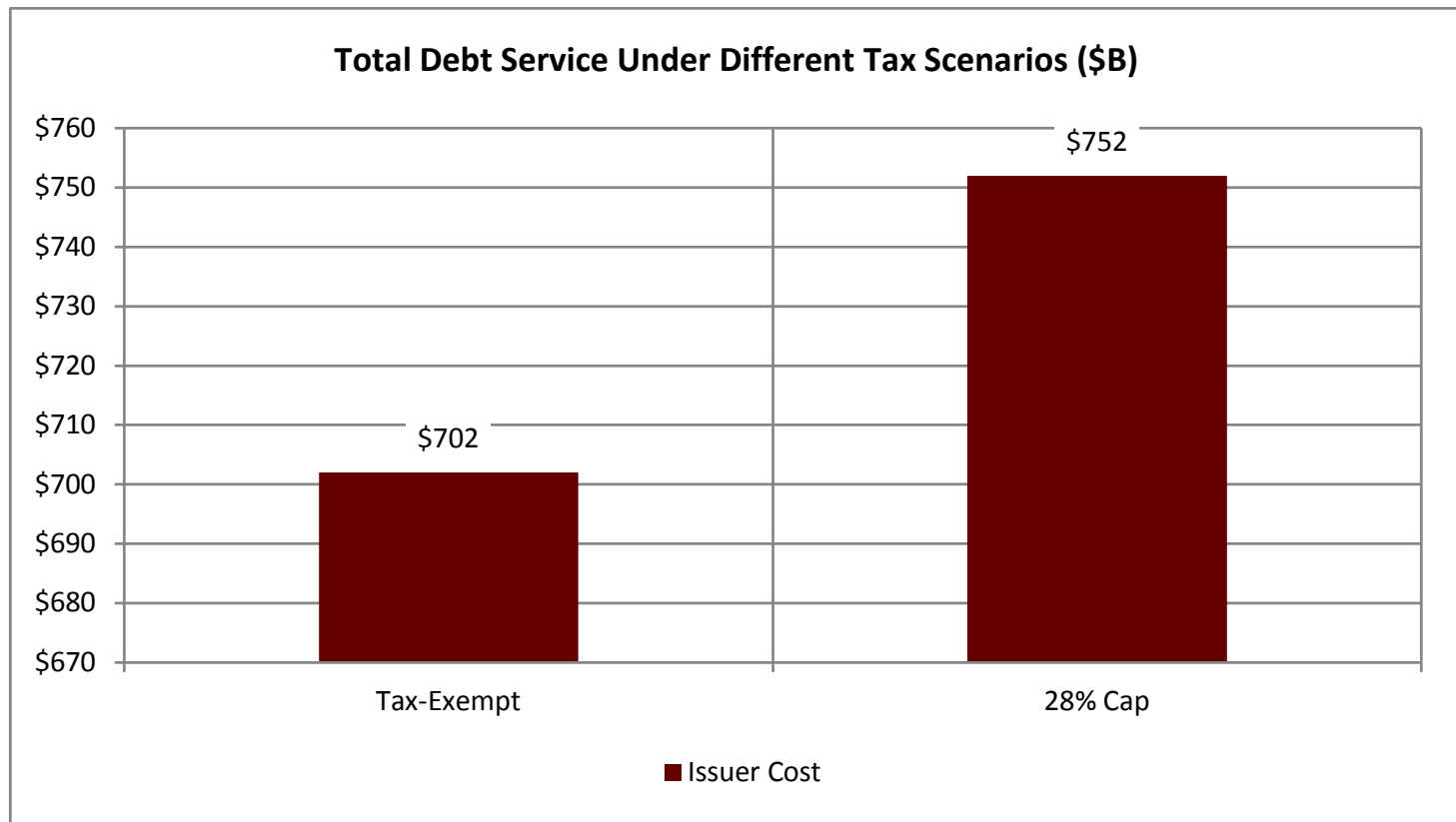
Chapter 9 Remains More About Headlines Than Bankruptcies



DC As the 'X' Factor

- Tax Reform On the Radar
 - 60% chance tax-code changed to impact municipal securities over next 5-years
 - Private investment vs. Public Finance
- New Rules:
 - MCDC
 - Best Execution
 - IRS Price Guidance
 - Bank investments

Case Study: Dallas/Fort Worth International Airport



Any Questions?

Matt Posner

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Tuesday, July 15 @ 1:00 pm EDT

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