



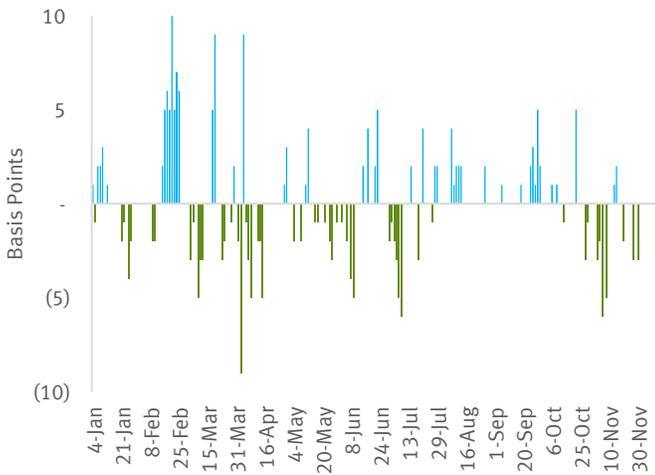
Municipal Market Update

Week of December 13, 2021

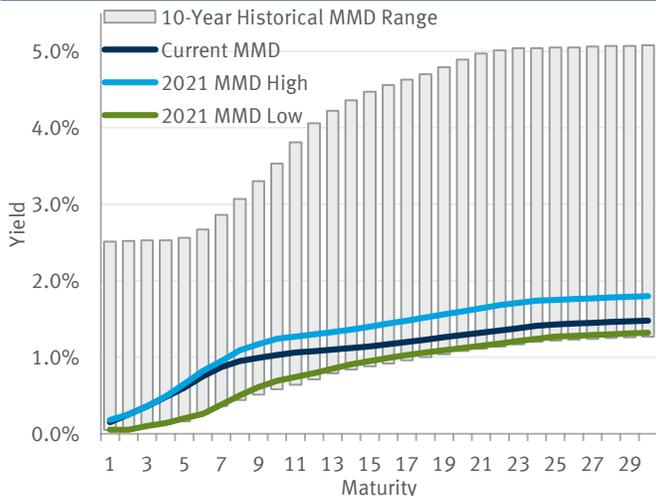
Tax-Exempts Remain Stable While Treasuries Experience Volatility

- The AAA MMD yield curve saw little change throughout the course of the week. There was no change in year 1 and in years 5 through 30. Maturities in years 2 through 4 saw a 1 to 2 basis point increase.
- The US Treasury yields finished out a volatile week with yield increases in nearly every maturity. The 1-year yield rose by 1 basis point, the 2-year yield rose by 7 basis points, the 3 and 5-year yields rose by 12 basis points each, the 7 and 10-year yields rose by 13 basis points each, the 20-year yield rose by 14 basis points, and the 30-year yield closed up 19 basis points from the previous week's close.

Daily Changes in 30-Year MMD in 2021



Interest Rate Movement – AAA MMD Index Comparison



Sources: Lipper, TM3, Bloomberg.



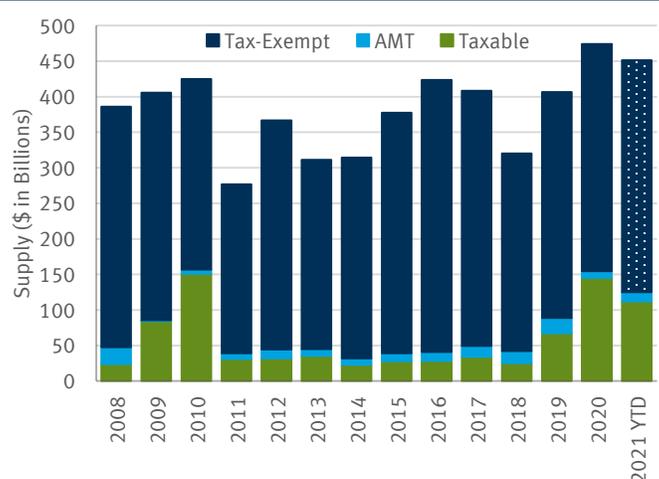
Top Takeaways from Last Week

- The AAA MMD yield curve remained stable, with little change from last week. The 30-year MMD yield is 9 basis points higher than at the beginning of 2021, and 21 basis points higher than the all-time-low from August 7, 2020.
- The US Treasury yields experienced volatility last week, with increases throughout the curve ranging from 1 to 19 basis points.
- Municipal supply increased last week to \$19.4 billion, the largest supply week recorded in 2021, up from \$9.3 billion for the week ending December 3rd. Average weekly supply in 2021 increased to \$9.1 billion. Supply for the upcoming week is projected to decrease to \$6.6 billion, but could exceed \$8.2 billion according to the day-to-day calendar.
- Municipal bond funds reported a 40th consecutive week of net inflows totaling \$804 million. The 4-week moving average fell to \$740 million. High-yield funds reported inflows of \$702 million.
- CPI rose 6.8% in November from a year earlier, marking a 39-year high. Year-over-year, core CPI increased 4.9%, the largest annual increase since June 1991.

Weekly Municipal Supply



Historical Supply



Municipal Market Update

Week of December 13, 2021



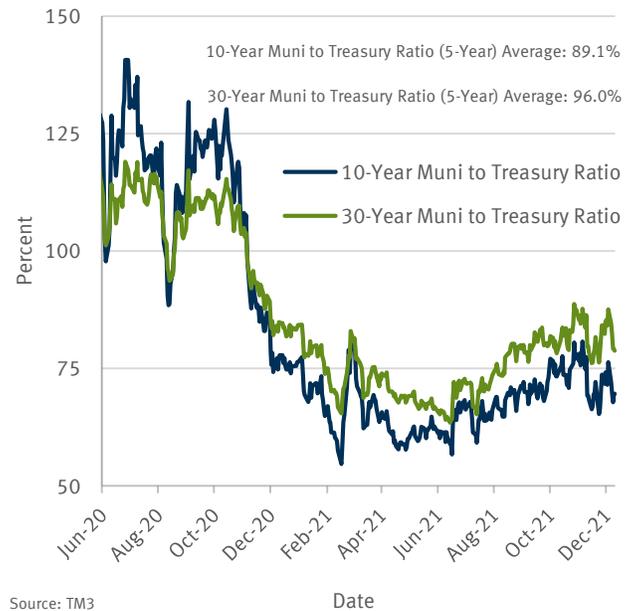
Inflation Reaches Highest Mark Since 1982

- CPI rose 6.8% in November year-over-year, marking a 39-year high. Core CPI increased 4.9%, the largest annual increase since June 1991.
- Investor demand remains steady showcased by 40 consecutive weeks of net inflows to municipal mutual funds.
- Supply last week exceeded expectations by 40%, resulting in the largest weekly supply recorded year-to-date at \$19.4 billion.
- 48 out of the past 53 weeks have recorded net inflows into high-yield muni bond funds.
- Employers continue to face difficulty in addressing labor shortages. A record number of job vacancies paired with low numbers of new hires could exacerbate inflation.
- Market participants are eagerly awaiting the Federal Reserve meeting on Tuesday and Wednesday of this week (12/14 - 12/15), where we expect to hear more news on asset tapering and interest rate hikes by the end of 2022.

Transaction Summaries

- **Of the 280 transactions totaling approximately \$19.4 billion in par that priced last week, Stifel served as underwriter or financial advisor on 40 transactions (14% market share) totaling \$2.5 billion in aggregate par. Notable Stifel transactions include:**
- **Town of Andover (MA) Taxable General Obligation Pension Bonds, Series 2021 (\$165.0 million):** Stifel served as lead manager on the Town's taxable pension bonds, rated 'AAA' (S&P). The proceeds were used to fund a portion of the Town's pension UAAL and to bring the funded ratio to approximately 89%. The Bonds were structured for level debt service with serial maturities in 2022 through 2036 and a term bond in 2039, with a 10-year par call. Despite benchmark Treasury rates increasing by up to 18 bps since the prior week and very heavy taxable volume, the deal was extremely well-received, allowing Stifel to tighten spreads across the curve by 8-13 bps, producing an All-In TIC of 2.39%. With this borrowing cost and the level debt service structure, the Town expects to realize significant potential NPV savings over time. In an effort to remain as conservative as possible, the Town created a pension reserve fund that will be funded annually from the general fund and a 1% contribution from employees, expected to total approximately \$24 million over the term of the Bonds. This pension reserve fund is not pledged to bondholders but rather is designed to help mitigate risks from future investment performance and changes in actuarial assumptions.
- **Stonegate Village Metropolitan District (CO) Taxable Water and Wastewater Revenue Refunding Bonds, Series 2021 (\$24.08 million):** Stifel served as sole manager on Stonegate Village Metropolitan District's Taxable Water Revenue Refunding Bonds, Series 2021 and Taxable Wastewater Revenue Refunding Bonds, Series 2021. Both series of bonds were issued to advance refund the District's Water Revenue Bonds, Series 2014 and Wastewater Revenue Bonds, Series 2015. The District is located approximately 20 miles southeast of downtown Denver. The District's Wastewater Revenue Bonds received an 'A' (S&P) underlying rating, while the District's Water Revenue Bonds received an 'A-' (S&P) rating due to reliance on future growth required for upcoming projects. Both series of bonds were insured by Build America Mutual; however, the underlying ratings had a small impact on the overall pricing with the Wastewater Revenue Bonds ('A') pricing approximately 5 basis points tighter than the Water Revenue Bonds ('A-'). Both series of bonds priced with 10-year par calls and had more investor demand on the front end of the curve, with banks, insurance companies and money managers being the largest participants. The Wastewater Revenue Bonds priced with a TIC of 3.11% (12/1/2044 final maturity) and achieved net present value savings of 9.04%, and the Water Revenue Bonds priced with a TIC of 3.21% (12/1/2045 final maturity) and achieved net present value savings of 9.53%.
- **Festus R-VI School District (MO) Lease Participation Certificates, Series 2021B (\$16.75 million):** Stifel served as sole manager on the Festus R-VI School District's Series 2021B Lease Participation Certificates. The proceeds were used (1) to acquire property to be used for an Early Childhood Center, (2) for the construction of a Wellness Center, and (3) for the renovation of the District's Gymnasium. The Certificates were rated 'A+' (S&P). The issuance was structured with a mix of serial and term certificates, with the 2023-2027 and 2040-2042 maturities structured as serial certificates. The term certificates were the 2037, 2039, 2044, and 2046 maturities. The deal was structured to wrap around the District's outstanding lease debt for debt service purposes. The Certificates were received well by the market, and were 3.4x oversubscribed in total, with the large majority of investors being institutional. The deal was repriced and received a 1 bps reduction in the 2023 and 2024 maturities; the 2039-2046 maturities were reduced by 2-6 bps. There was a 1-2 bps increase for the 2025-2027 maturities, and a balance remaining in the 2023, 2024 & 2025 maturities equaling \$375,000. The deal ultimately achieved a TIC of 2.65%.

Muni to Treasury Ratio



Municipal Market Update

Week of December 13, 2021



Disclosure

Stifel, Nicolaus & Company, Incorporated (“Stifel”) has prepared the attached materials. Such material consists of factual or general information (as defined in the SEC’s Municipal Advisor Rule). Stifel is not hereby providing a municipal entity or obligated person with any advice or making any recommendation as to action concerning the structure, timing or terms of any issuance of municipal securities or municipal financial products. To the extent that Stifel provides any alternatives, options, calculations or examples in the attached information, such information is not intended to express any view that the municipal entity or obligated person could achieve particular results in any municipal securities transaction, and those alternatives, options, calculations or examples do not constitute a recommendation that any municipal issuer or obligated person should effect any municipal securities transaction. Stifel is acting in its own interests, is not acting as your municipal advisor and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the municipal entity or obligated party with respect to the information and materials contained in this communication.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.