



LOCAL GOVERNMENT ACADEMY

Promoting Excellence in Local Government

Municipal Market Update

May 15, 2025

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RAYMOND JAMES

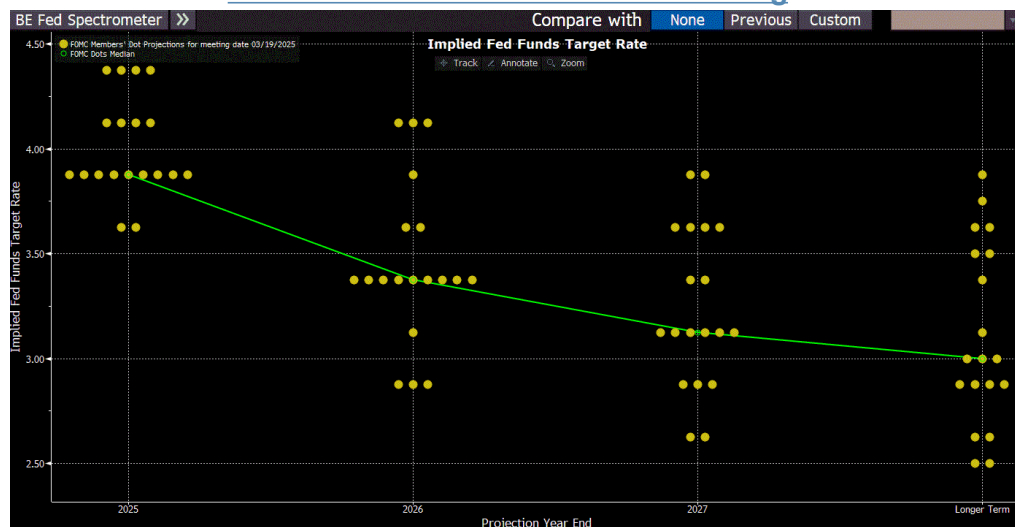
- **Municipal Bonds:** Municipal bonds saw mixed results this week with shorter yields lower by 3 basis points while longer maturities gained 2 basis points. The municipal 10-year yield is at 3.29% and the 30-year yield at 4.38%.
- **U.S. Treasury:** Treasury yields moved higher this week in hopes that a recession may be avoided after a trade deal was announced with the UK, leading markets to anticipate the possibly for additional deals. Market volatility has quieted (evidenced by the VIX and MOVE indexes) over the past few weeks as the trade tensions have toned down. U.S. Treasury yields rose across the curve, with 2-, 5-, 10-, and 30-year yields increasing by 7, 8, 7 and 4 basis points, respectively.
- **Ratios:** With better seasonal reinvestment demand arriving in May and increasing through the summer months municipal bonds outperformed treasuries this week. However, ratios are tight and the bias leans to higher near-term underperformance (higher ratios), with ratios sitting at the lower end of the range, RSIs in the mid-40s and a hefty new issue calendar. The 2-year ratio closed at 74% (-2.1%), the 5-year at 74% (-2.3%), the 10-year at 75% (-1.2%), and the 30-year at 91% (-0.4%).
- **Economic Data:** Next week economic data releases including CPI (Tues), Retail Sales and PPI (Wed), Import Prices and University of Michigan Sentiment (Thurs).

Key Interest Rates

	This Week 5/9/2025	Last Week 5/2/2025	Last Month 4/9/2025	Last Year 5/8/2024
Federal Funds Rate	4.50	4.50	4.50	5.50
Prime Rate	7.50	7.50	7.50	8.50
Treasury - 2 yr	3.89	3.82	3.73	4.82
Treasury - 10 yr	4.38	4.31	4.29	4.45
10-Year AAA MMD ^[1]	3.29	3.29	3.54	2.69
30-Year AAA MMD ^[1]	4.38	4.36	4.54	3.77

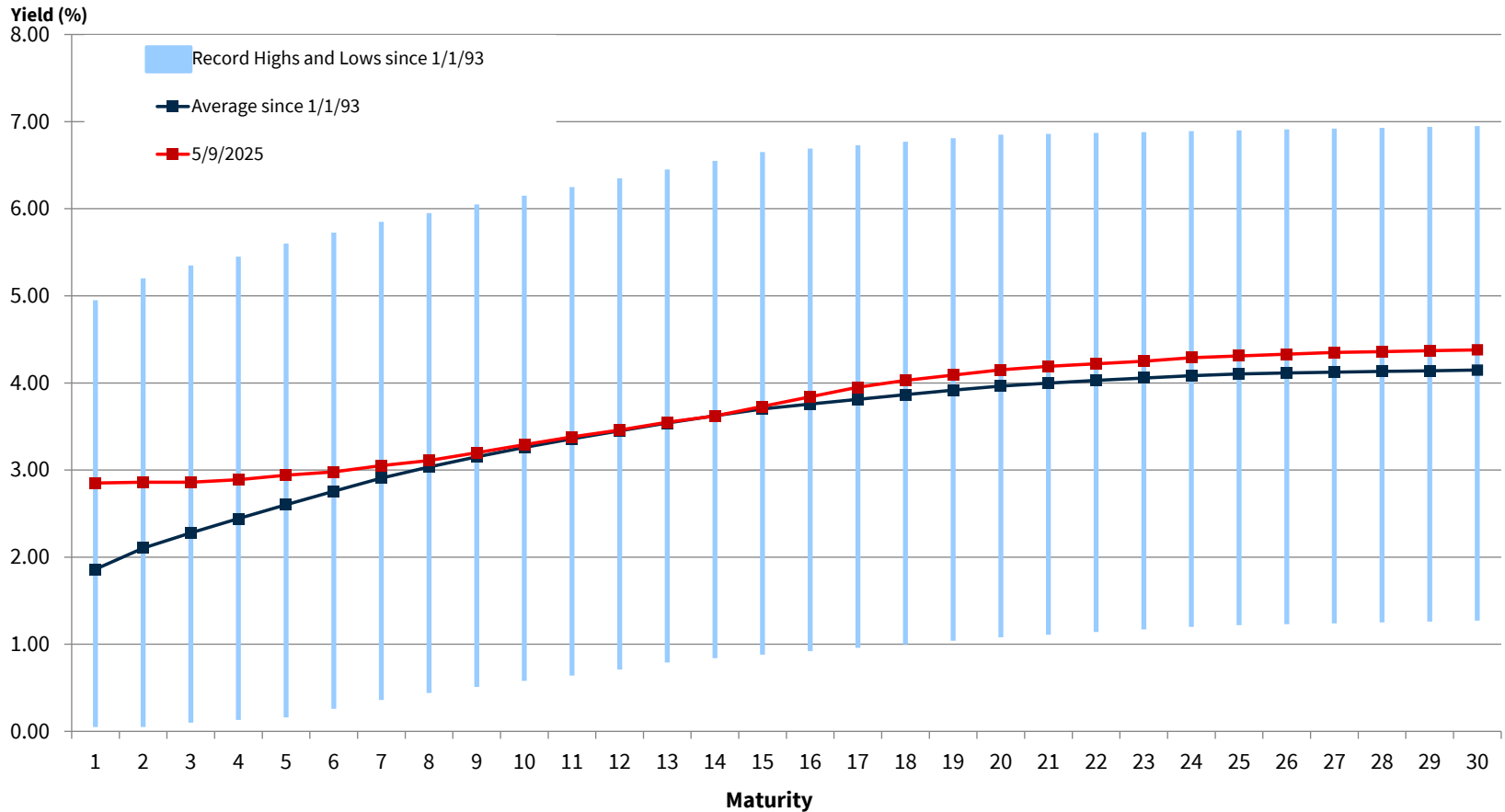
^[1] Represents the benchmark yield for high grade municipal issues, based on a natural "AAA" rated general obligation bond issue. "AAA" MMD is the benchmark for pricing of all tax-exempt municipal issues.

Fed's Dot Plot After March 2025 Meeting



HISTORICAL AAA MMD RATES

- The graph below shows the range between the record highs and lows of AAA MMD at each maturity since 1993, along with average rates over this time frame and the current rates.

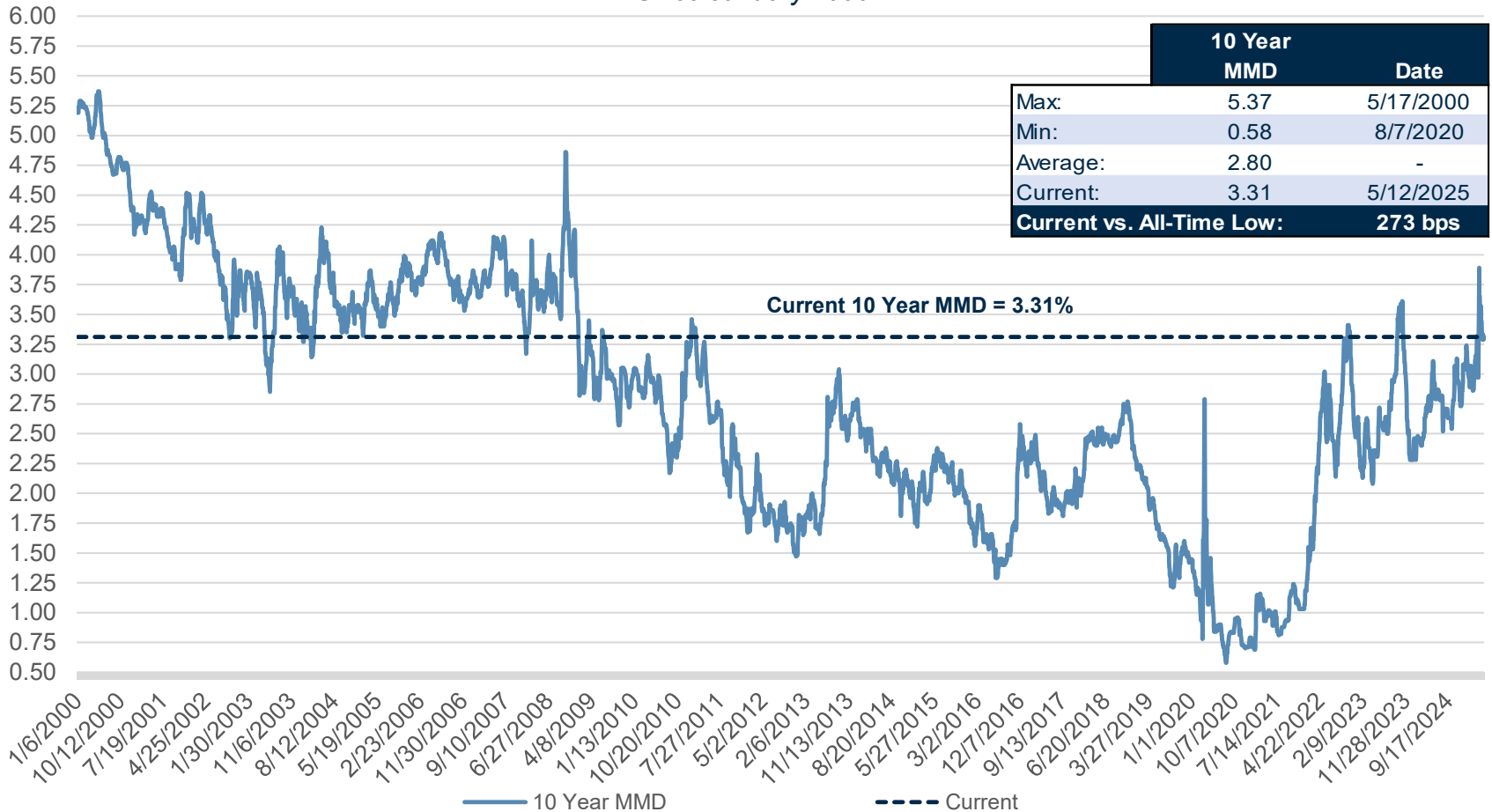


	1	5	10	15	20	25	30
Record Low since 1/1/93	0.05	0.16	0.58	0.88	1.08	1.22	1.27
Record High since 1/1/93	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average since 1/1/93	1.92	2.61	3.24	3.68	3.94	4.09	4.13
Current (05/09/25)	2.85	2.94	3.29	3.73	4.15	4.31	4.38

Source: Thomson Reuters

- MMD stands for Municipal Market Data; which is the daily index off of which most municipal bonds are priced

10 Year AAA MMD (Municipal Market Data)
Since January 2000



Source: Thomson Reuters

- **What are tax-exempt municipal bonds?**

- The tax-exempt municipal bond market is a widely used source of capital for states, local governments and non-profit borrowers that finances more than 63% of the nation's public infrastructure.
- Unlike Federal Treasury bonds, tax-exempt municipal bonds are subject to strict limitations under the Internal Revenue Code and state constitutions. As a result, they are predominantly used to fund new infrastructure projects such as roads, bridges, schools, and essential utilities like water, sewer, and power systems.
- Unlike corporate debt issues, the interest received by holders of tax-exempt bonds is exempt from federal income taxes and may also be exempt from state and local income taxes. Consequently, investors accept a lower interest rate on these investments.
- For over 100 years, this lower rate meant reduced borrowing costs for state and local governments, which directly benefits tax and rate payers.

- **Why are tax-exempt municipal bonds important?**

- Tax-exempt municipal bonds are fundamental to financing vital infrastructure projects, supporting economic growth, and providing cost-effective solutions for state and local governments.
- Eliminating the tax exemption would have significant negative impacts, including:
 - **Increased Borrowing Costs:** Without the exemption, state and local governments would face an additional \$823.9 billion in borrowing costs over the next decade.
 - **Higher Taxes or Service Fees:** These increased costs could translate into an estimated \$6,500 additional financial burden per American household over the same period.
 - **Delayed or Canceled Projects:** Essential infrastructure improvements—such as schools, hospitals, roads, and water systems—would be at risk, impacting public safety and economic growth.
- Moreover, tax-exempt bonds are critical to our economic stability:
 - They fund over 63% of public infrastructure projects nationwide.
 - They support local economies by creating jobs and stimulating business activity.
- The benefits of tax-exempt municipal bonds extend beyond infrastructure—they keep borrowing costs low, preserve vital public services, and mitigate tax hikes for residents. At a time when our communities are facing increased economic challenges, we cannot afford to lose this essential financing tool.

- **Financial impact of losing tax-exemption**

- Should the federal government enact an elimination of tax-exemption on municipal bonds, that will have a very serious effect on the cost of financing any of your future capital projects.
- We have estimated that a \$10,000,000 bond issue at today's current **taxable** interest rates would cost an issuer an additional **\$2,250,000** in interest expense over the life of a 20-year amortization versus today's **tax-exempt** interest rates.

- **What advocacy steps can be taken?**

- 1) **Engage with Lawmakers:** Reach out to local, state and federal representatives to explain the importance of municipal bonds for funding essential infrastructure projects.
- 2) **Demonstrate the Local Benefit:** The Government Finance Officers Association (GFOA) is collecting information about how municipal bonds have helped communities build infrastructure and other facilities. Visit builtbybonds.com to enter basic information on your project and help compile a collective database to show lawmakers.
- 3) **Join Advocacy Groups:** Organizations like the National League of Cities (NLC) and the GFOA actively work to protect tax-exempt municipal bonds. Joining these groups can amplify your voice and provide resources for effective advocacy. Many of the advocacy groups have templates for letters posted on their websites that you can update and send to your party leadership to encourage them to oppose any efforts to eliminate or reduce the federal tax-exemption for municipal bonds in upcoming legislation.

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

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FUNDING OPPORTUNITIES

May 17, 2025

Terri Cunkle
Local Government Policy Specialist
PA Department of Community and Economic Development
Governor's Center for Local Government Services

GRANT OPPORTUNITIES

- Where do you find opportunities
 - Local Development Districts
 - Planning Commissions
 - Municipal Associations
 - PSATS, PSABS, PML, etc.
 - Counties
 - Planning Department



BUILD RELATIONSHIPS!!!!!!!!!!!!!!

STATE GRANT SEARCH

<https://pa.gov/en/grants.html>

A screenshot of the 'Discover State Grants' search interface. It has a light purple background. At the top, the title 'Discover State Grants' is in a large, bold, dark blue font. Below it, a paragraph of text reads: 'Pennsylvania offers grants for many uses. This funding supports growth and success across the state. Enter your details below to find grants available to you.' Underneath the text are three dropdown menus. The first is labeled 'Applicant type' and has 'All' selected. The second is labeled 'Funding agency' and has 'All' selected. The third is labeled 'Funding type' and has 'All' selected. Below these three dropdowns is a dark blue button with the text 'Search grants' followed by a right-pointing arrow.

STATE GRANT PROGRAMS

State Grant and Funding Program Directory

[Grant and Funding Directory 2023.pdf \(pabudget.com\)](#)

- **DCED** <https://dced.pa.gov/program/>
 - Grants, Loans
 - Government, Non-Profit, Businesses
 - Local Shares Account Statewide
 - Multimodal
 - Act 13 Grants
 - Main Street Matters
 - NAP/NPP
 - Water & Sewer
 - MANY MORE



- **Penn Dot**
 - **Multimodal**
<https://www.penndot.pa.gov/ProjectAndPrograms/MultimodalProgram/pages/default.aspx>
 - **Automatic Red-Enforcement (ARLE)**
<https://www.dot.state.pa.us/public/Bureaus/BOMO/Portal/TSPortal/FUNDARLE.html>
 - **Green Light Go**
<https://www.dot.state.pa.us/public/Bureaus/BOMO/Portal/TSPortal/FUNDGLG.html>

Projects and Efforts	ARLE	Green Light-Go	PennDOT Multimodal Fund	Transportation Alternatives Set-Aside	Local Share Account - Statewide
Brief Description	ARLE aims to mitigate existing, documented safety issues through low cost safety improvements.	GLG is designed to improve safety and mobility by reducing congestion and improving traffic signal efficiency.	The MTF provides financial assistance for transportation infrastructure projects that enhance communities, improve pedestrian safety, and/or revitalize transit."	The TA Set-Aside provides funding for smaller-scale transportation projects such as bike/ped facilities, rec trails, safe routes to school, historic preservation, vegetation management, stormwater and habitat connectivity.	The LSA provides funding for projects in the public interest, including projects that improve the quality of life of citizens in the community.

- DCNR <https://apps.dcnr.pa.gov/grants/>
 - Community Conservation Partnership Program
 - Volunteer Fire Assistance
 - Wild Resource Conservation Program
- DEP <https://www.dep.pa.gov/citizens/grantsloansrebates/Pages/default.aspx>
 - Residents
 - Businesses
 - Schools
 - Non-profits
 - Local Government



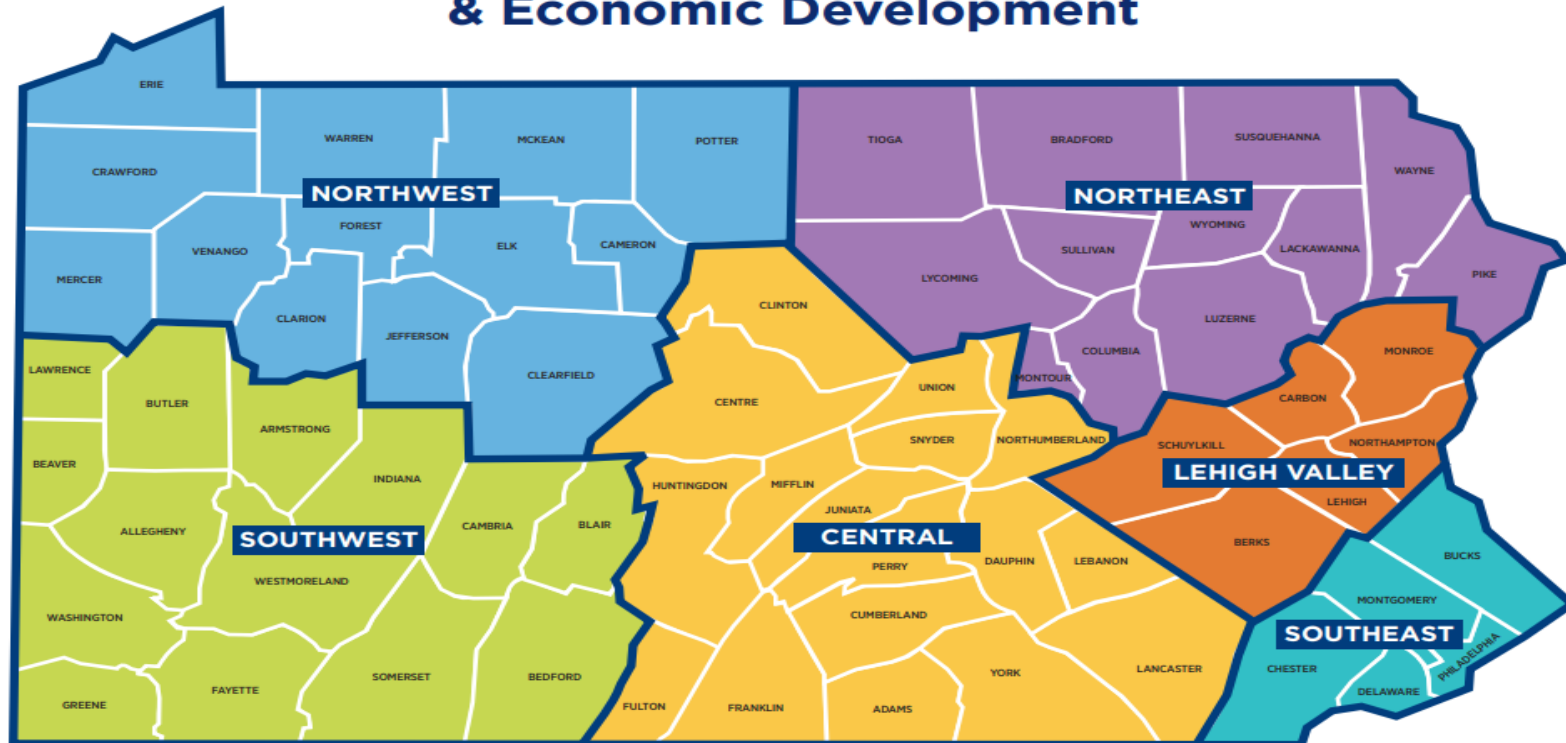
- Pa Commission on Crime and Delinquency (PCCD) <https://www.pccd.pa.gov/Funding/Pages/default.aspx>
 - Sign up for alerts for upcoming funding opportunities
- PENNVEST www.pennvest.pa.gov
 - Grant/Loan Funding
 - Drinking Water, Wastewater, Stormwater
- Federal Programs
 - Work with you local planning commission
 - Bipartisan Infrastructure Law (BIL)
 - Appalachian Regional Commission (ARC)
 - Transportation Alternative Set Aside (TASA)
 - Safe Streets and Roads for All (SS4A)





STATE AGENCY CONTACTS

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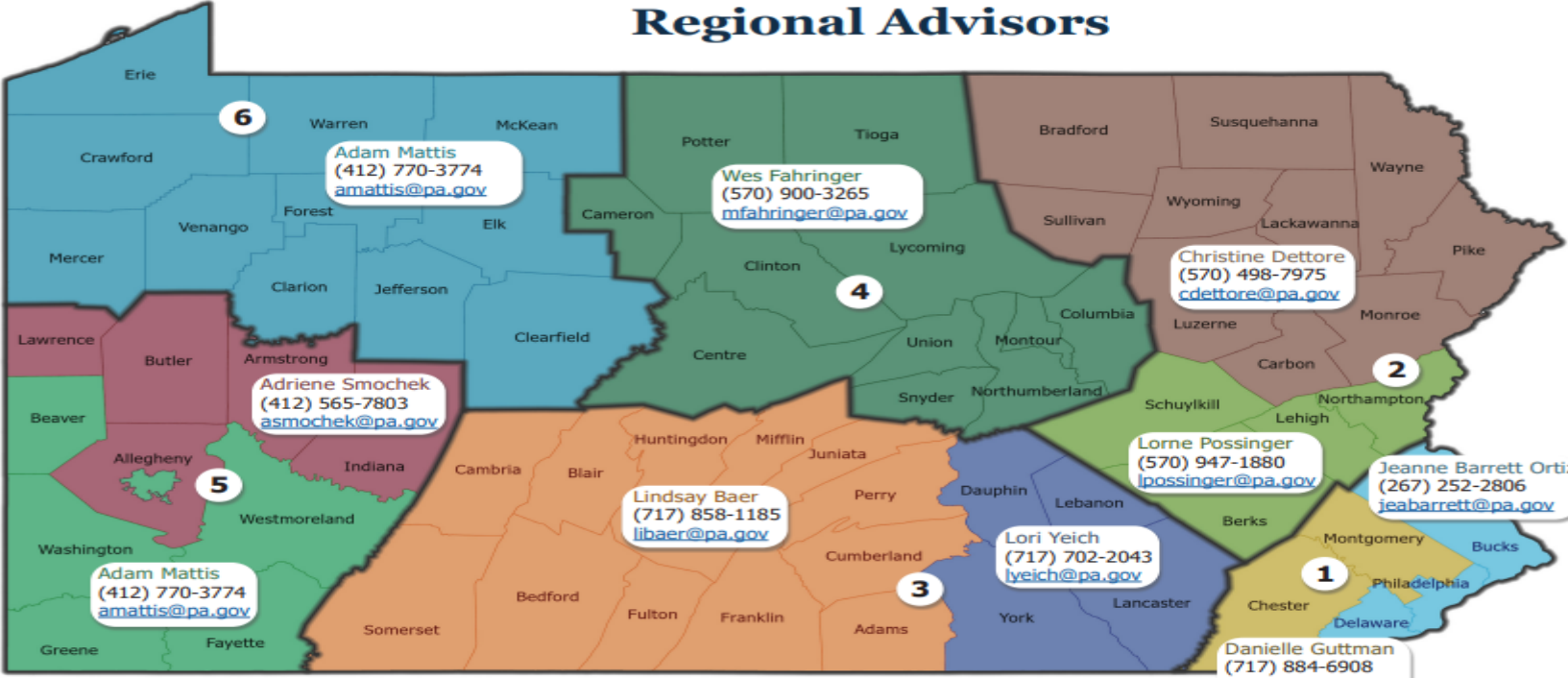
DCNR Contacts

https://elibrary.dcnr.pa.gov/GetDocument?docId=1753442&DocName=d_001184.pdf



Pennsylvania
Department of Conservation
and Natural Resources


Bureau of Recreation and Conservation Regional Advisors




Region	Adviser	Phone	Email
1	Danielle Guttman	(717) 884-6908	dguttman@pa.gov
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3	Lori Yeich	(717) 702-2043	lyeich@pa.gov
4	Wes Fahringer	(570) 900-3265	mfahringer@pa.gov
5	Adam Mattis	(412) 770-3774	amattis@pa.gov
6	Adam Mattis	(412) 770-3774	amattis@pa.gov

The DCNR Bureau of Recreation and Conservation (BRC) provides grants and technical assistance for community projects related to park and recreation facilities, trails, rivers, and open space. Regional advisors are a first point of contact for technical, funding, and partnership-building assistance to advance these types of projects.

Scan or click this QR code to learn more about BRC grants and programs.



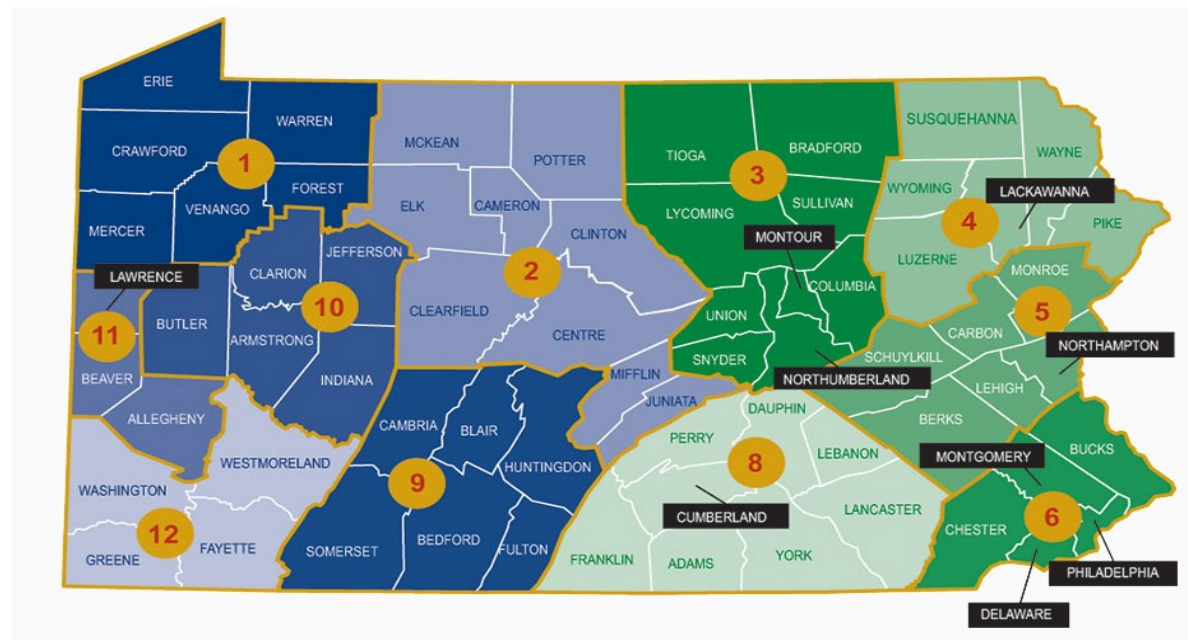


Updated: March 31, 2025

Penndot Regional Offices

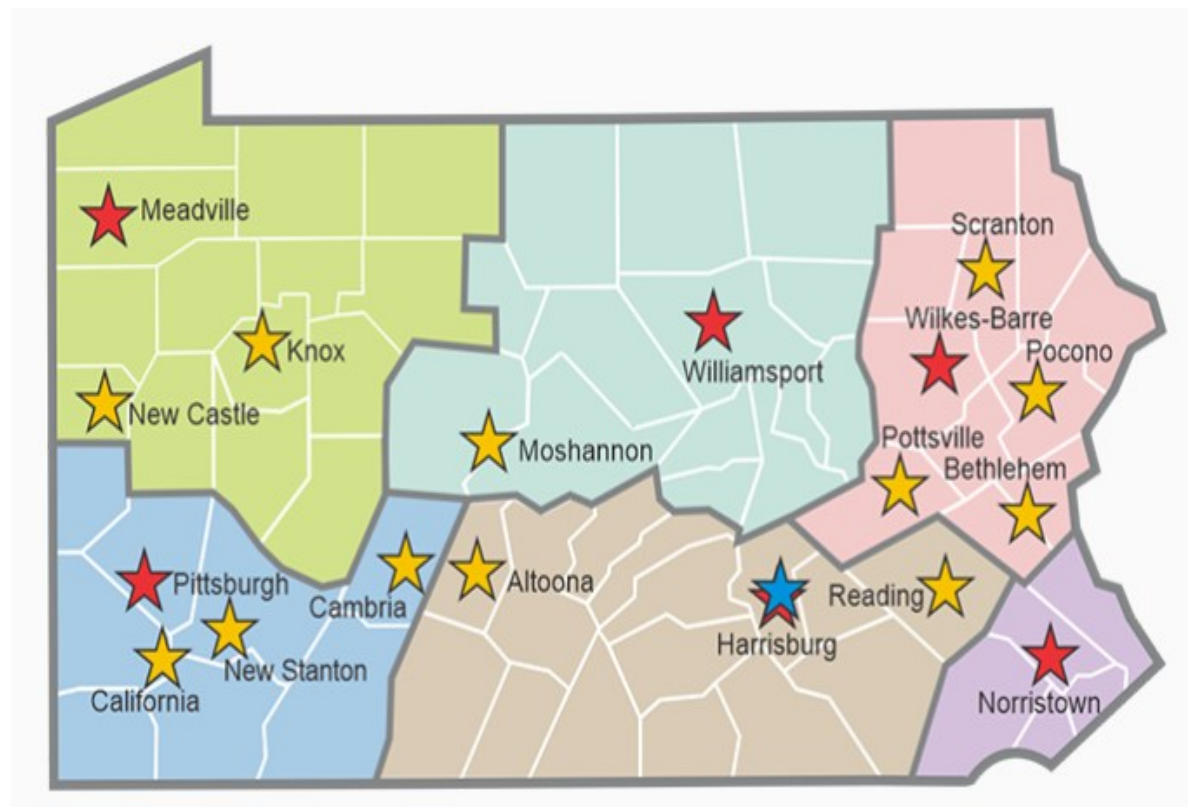
www.penndot.pa.gov/RegionalOffices/Pages/default.aspx

District 1	814-678-7085
District 2	814-765-0400
District 3	877-723-6830
District 4	570-963-4061
District 5	610-871-4106
District 6	610-205-6700
District 8	717-787-6653
District 9	814-696-7250
District 10	724-357-2800
District 11	412-429-5000
District 12	724-439-7315

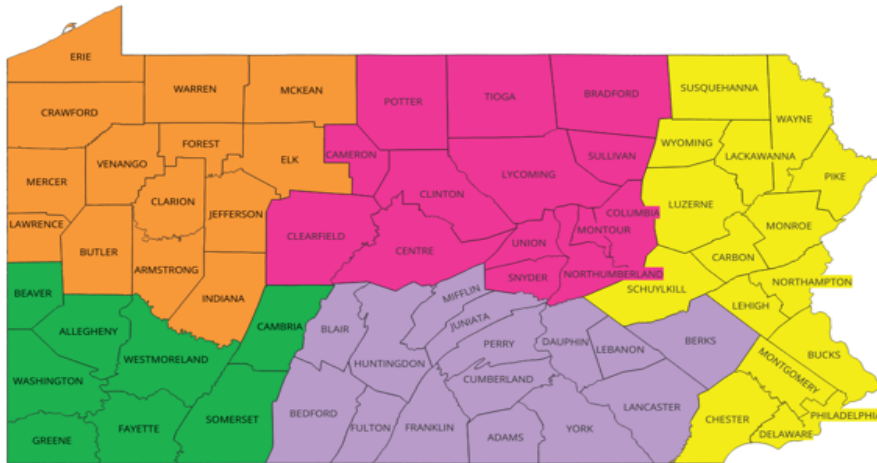


DEP Regional Offices <https://www.dep.pa.gov/about/regional/pages/office-locations.aspx>

	Meadville	814-332-6945
	Williamsport	570-327-3636
	Wilkes-Barre	570-826-2511
	Norristown	484-250-5900
	Harrisburg	717-705-4700
	Pittsburgh	412-442-4000



PENNVEST Regional Contacts



For more information on PENNVEST
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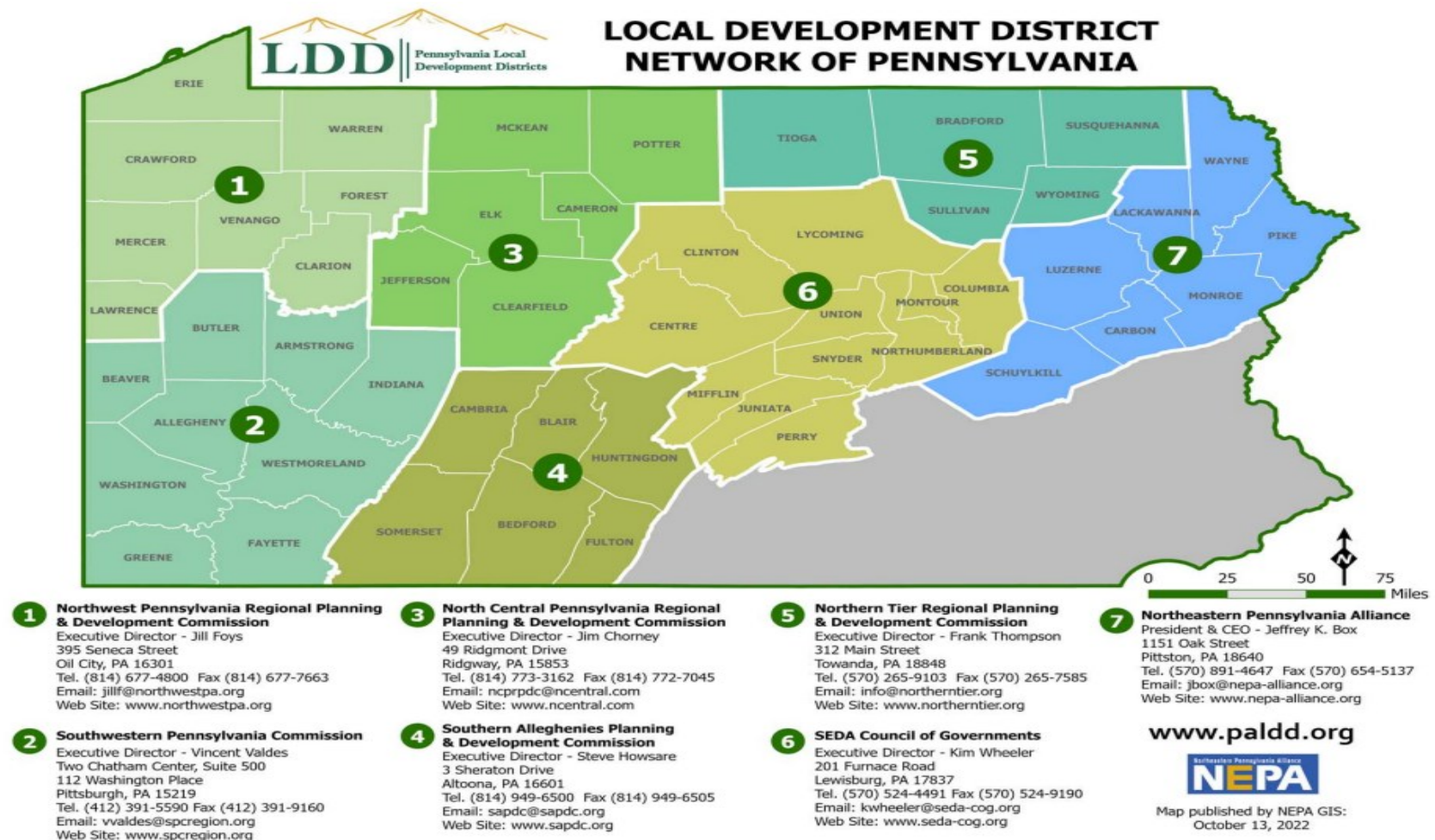
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TESRA SCHLUPP **Southcentral**
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FEDERAL FUNDS

- Local Development Districts



- USACE United States Army Corp of Engineers
 - **Anything Water...**new funding and tech assist programs



- Buffalo District Dave Schulenberg 716-879-4263
- Baltimore District Karl Kerr 410-962-4417
- Pittsburgh District Mark Glowczewski 412-395-7555
- Philadelphia District Adrian Leary 215-656-6559

Terri Cunkle
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FROM SURVIVING TO THRIVING: GREAT IDEAS FOR MAKING ENDS MEET

EMILY BROWN, DIRECTOR OF
GOVERNMENT FUNDING

SWPAHUB.ORG



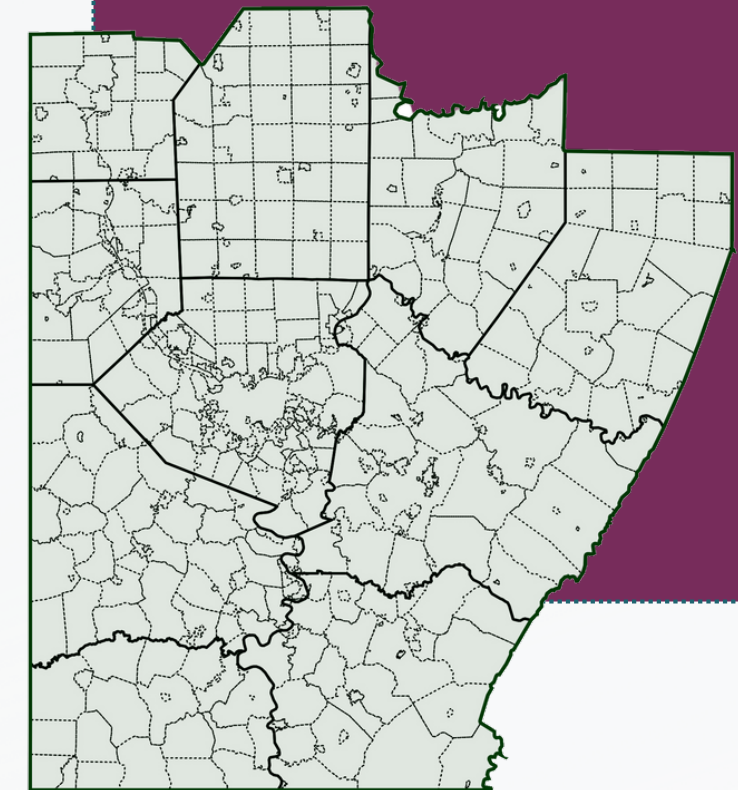
ABOUT THE HUB

We help communities access and leverage investment by **coordinating the no - cost technical assistance they need to conceptualize, fund, and implement** sustainable development projects.

Established in February 2024, the Hub is a fiscally sponsored program of the Community Foundation of the Alleghenies, with philanthropic support.

OUR REGION

We serve municipalities, schools, and nonprofits in the 10-county SWPA region of **Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Lawrence, Washington, & Westmoreland.**



WHY COGS ARE UNIQUELY POSITIONED TO ACCESS PHILANTHROPIC AND FEDERAL FUNDING.

NATURAL COLLABORATORS

By their nature, COGs are designed to bring governments together, resulting in increased collaboration, which is increasingly important to accessing funding.



CLOSE LOCAL CAPACITY GAPS

COGs can step in to administer grants, which increases COG revenue and meets needs of municipalities.



PLANNING AT THE REGIONAL LEVEL JUST MAKES SENSE

COGs show value by delivering regional results where individual municipalities cannot. Things like event scheduling, emergency response, and infrastructure projects should be lead by a regional organization.



PHILANTHROPIC FUNDING

Values:



- Foundations (local, regional, national) are increasingly interested in **cross -sector collaboration** to address complex community issues.

- Philanthropy can provide flexible funding, capacity-building, and expertise that complement public resources.

Provides:



PHILANTHROPIC FUNDING

- How:
 - Build relationships
 - Do your homework
 - Leverage sources of funding

BUILD RELATIONSHIPS

- You need to know who your local foundations are, and what national foundations might be interested in your work.
 - Build a CRM
 - Attend their convenings etc
- When you have a good relationship, invite them to learn more about your organization and strive to find out about theirs - i.e. strategic plans etc
- Incorporate them into your design process

DO YOUR HOMEWORK

- Who have they funded before? And was it successful?
- What does their 990 look like?
- Who is on their board?
- Does their funding align with community needs?
 - Example: A community foundation that has a focus on providing scholarships to out-of-state-schools in a region that is losing population?

LEVERAGE SOURCES OF FUNDING

- Can you show how a philanthropic investment will leverage other sources of capital - i.e. federal, state, private?

FEDERAL FUNDING

Values:



- Recent trend toward regional collaboration
- Accurate reporting and timely meeting of metrics

- Federal sources offer planning grants, implementation grants, loans and education and TA.

Provides:



A WORD...

- This presentation is being provided on May 15, 2025, as the current administration seeks to cut \$4.5 trillion in spending over the next ten years.
- Federal funding is as volatile as it has ever been, so 1) call your reps, and 2) track of potential sources of funding to see if they still exist.

FEDERAL FUNDING

- How:
 - Lead regional planning efforts
 - Offer essential grant services
 - Fill a financing need
 - Provide technical assistance

LEADING REGIONAL PLANNING EFFORTS

- First, understand where planning is not taking place - CEDS? Disaster planning?
- What are the major problems in your area and should they be handled regionally?
 - e.g. workforce, transportation, etc
- Evaluate options
 - Appalachian Regional Commission, Economic Development Administration
- Work WITH your Economic Development District, your Local Development District, state, etc.

OFFER GRANT SERVICES

- COGs can step in as grant administrators
 - Apply for grant and administer, subcontract with munis/counties
 - Be subcontractor to municipalities to help administer grant, manage budget, provide reporting
- Allowable fees for admin range from 5-10% of total grant, over grant period.
- Alternatively, COGs can provide implementation services for larger state/regional/county grants

FILL A FINANCING NICHE

- A Revolving Loan Fund (RLF) is a pool of money used to provide loans, typically for small businesses or specific projects (like clean energy or brownfield remediation) with the key characteristic that repaid principal and interest are re-lent, creating a self-replenishing cycle.
- COGs can provide a revolving loan fund, with part of the fees going toward administration costs (5-10%).
- RLFs can be capitalized via different federal departments based on focus:
 - USDA - Rural Business Development Grants
 - EDA - Economic Adjustment Assistance Grants
 - EPA - Brownfields Revolving Loan Fund

PROVIDE EDUCATION AND TA

- Sometimes federal grants provide an allowance for technical assistance
 - For example, EDA Disaster Funding is available through their Economic Adjustment Assistance program, which can facilitate technical assistance such as planning, business continuity training, revitalization etc in areas that experienced disaster.

LET'S STAY IN TOUCH

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Sign up for our monthly newsletter, *What's the Hubbub*
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