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## **Meet the Canadian Who Developed a Ranking System for All 3,141 U.S. Counties.**

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If nothing else the numbers are staggering — two million data points.

But that's the outcome when you set out to build the first of its kind in the U.S., a ranking system based on social and economic factors for all of the 3,141 counties in that country.

In all, the rankings, compiled in Canada, are based on 36 data inputs. There's information on demographics; environment (including data on climate change and declarations of disaster); home ownership; real estate taxes; social indicators (including education and crime levels) and personal infrastructure (such as levels of police and teaching.) That information came from more than a dozen different government or government-related sources.

Known officially as The American County Review (ACRe), the work represents more than eight months of toil by John McLean, who for the past 23 years had focused his attention on bond analytics, bond pricing and developing bond indexes, initially at Scotia Capital and most recently with the Toronto Stock Exchange.

"There are 36 different measurements used for each county. We roll those up on an equal weight basis, and that's how you get the top ranking within the state and [then] in the nation," said McLean who developed the product to assist individuals and institutions make important living and investment decisions.

McLean, who has filed a patent on his work, called the past eight months a "labour of love." He said he developed an interest a few years back when he became aware of the information gaps that existed in the U.S. municipal bond market. The muni-market is huge - almost US\$4 trillion outstanding - with many issues being done on a tax-exempt basis.

"It seemed that ratings on municipal bonds were often assigned but never reviewed or updated," said McLean, who then set out to develop a unique and non-arbitrary risk assessment of issuers at the county level. (Apart from county government issuers, school boards, redevelopment agencies, school districts, and publicly owned airports and seaports also issue.)

News that the rating agencies "may not be on top of their game, and may not be doing their best," surprised McLean. "I always thought there was a better way, an easier way and a more frequent way to measure than [that done by the] rating agencies which is very subjective."

In other words, he would target the U.S. municipal market by developing a better model, by providing better services but do it in a manner that is transparent and open.

"By looking at all the different economic and social factors, that are not interpretative, you get a

good picture of what's going on," he said. Such information could be used for both individuals and corporations to make decisions.

"It works both ways," said McLean. "It's not just a case of attracting attention in investment because you are ranked high. You are trying to get more information into the hands of people who make those decisions."

So who is going to purchase McLean's product? The data providers — Thomson Reuters and Bloomberg — are a possibility as are commercial real estate investors; muni-bond issuers, investors and ratings agencies. Another possibility is to use the information to develop so-called Smart Beta bond indexes. Meantime users can obtain a free look at some data on the website [www.acredata.com](http://www.acredata.com).

So what are the three top ranked counties with above 100,000 populations? Hamilton (Ind.); Sumter (Fla.) and Weld (Col.).

### **Financial Post**

Barry Critchley | February 9, 2016 | Last Updated: Feb 10 12:39 PM ET

[bcritchley@nationalpost.com](mailto:bcritchley@nationalpost.com)

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