

# Bond Case Briefs

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## Munis Are Getting A Climate Risk Check From ICE Data.

ICE Climate Data flagged several municipal bond deals for elevated flood and wildfire exposure, though it says the scores are not credit ratings or investment advice.

### **What's going on here?**

Some municipal bond deals are getting extra pre-sale scrutiny after ICE Climate Data flagged elevated exposure to floods, wildfires, and hurricanes using its new risk scores.

### **What does this mean?**

ICE's Climate Risk Score runs from 0.0 to 5.0 and rolls up modeled physical hazards, with 3.0+ labeled "high" risk. This week, several new muni offerings landed above that line, including Virginia Beach's flood score (4.2), Finney County, Kansas' flood score (4.0), San Diego County's wildfire score (3.5), and overall scores like Volusia County, Florida (4.6) and Port Neches-Groves ISD, Texas (4.3). The point isn't to replace credit ratings: ICE says the metrics aren't NRSRO ratings or assessments of creditworthiness. But by putting a comparable number next to an issuer's location, the data can surface questions about infrastructure, insurance, and how quickly a tax base could be hit by extreme weather.

### **Why should I care?**

**For markets:** *Muni pricing may get a new input.*

Munis are usually judged on budgets, tax bases, and traditional ratings. Add a standardized climate metric and investors can more easily split "similar bonds, different physical risk," potentially demanding a bit more yield from higher-scoring areas to compensate for disruption or rebuilding costs - even if the score is not a rating.

**The bigger picture:** *Resilience spending could move from nice to necessary.*

Once physical risk is quantified and shows up in deal coverage, issuers may face more pressure to explain mitigation plans and long-term maintenance. Over time, that can influence what projects get financed, how insurers and lenders price exposure, and how cities defend their ability to raise revenue after major weather events.