

- [Forbes: AI And The Municipal Bond Market.](#)
 - [GFOA Utility Finance Forum Virtual Networking Event.](#)
 - [Reminder: 118th GFOA Annual Conference](#)
 - [WSJ: Texas Ban on 'Woke' Banks Opens Door for Smaller Firms.](#)
 - [Bonds for Florida High-Speed Rail Pop in Market 'Starved' for High-Yield Munis.](#)
 - [Muni Bond Sales Soar as Issuer Needs Exceed Worry on Fed.](#)
 - And Finally, Home Sweet Home is brought to us this week by [T&C Construction Services, LLC v. City of St. Albans](#), in which “The City of St. Albans first inspected the premises after a *tenant* contacted the Fire Marshal to inform him about a fire. Inspection revealed a number of fire hazards including exposed wires, exposed electric panels, storage of combustible materials under the stairs, no fire extinguishers, combustible fuel sources and combustible carpet directly in front of the heating source, inadequate alarm systems, a portable space heater built into the steps, abandoned wiring, permanent use of extension cords throughout, and combustible fuel engine equipment in the building.” Other than that, nice place to raise a family. We’re thinking that “slum lord” fails to capture the majestic flaunting of the laws of god and man, so we’re gonna move these folks up the peerage. Slum Viscount? Slum Duke? Either way, it’s Relocation, Relocation, Relocation. for the tenants of this lovely locale.
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STATUTE OF LIMITATION - IDAHO

[Hastings v. Idaho Department of Water Resources](#)

Supreme Court of Idaho, Boise, - February 2024 Term - April 24, 2024 - P.3d - 2024 WL 1750063

Landowner brought action seeking declaratory judgment that Department of Water Resources could no longer pursue an enforcement action against him under Stream Channel Alteration Act, and Department counterclaimed for enforcement of consent order concerning landowner’s unauthorized river alterations.

The Fourth Judicial District Court granted summary judgment for Department on counterclaim after taking judicial notice and denying motion for a continuance to conduct discovery. Landowner appealed.

In a case of first impression, the Supreme Court held that:

- Two-year statute of limitations for enforcement action under Act began running when landowner brought declaratory judgment action;
- Trial court acted within its discretion in taking judicial notice of conditional permit issued by Department for river restoration work;
- Trial court acted within its discretion in denying motion for a continuance to conduct discovery; and

Department was not entitled to statutory attorney fees on appeal as prevailing party.

EMINENT DOMAIN - ILLINOIS

[Alan Josephsen Co. Inc. v. Village of Mundelein](#)

Appellate Court of Illinois, First District - March 8, 2024 - N.E.3d - 2024 IL App (1st) 230641 - 2024 WL 1005468

Recycling company sought judicial review of village's administrative decision, denying certain relocation expenses under federal Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (URA) claimed by recycling company whose property was taken by village through eminent domain.

The Appellate Court held that:

- Village did not violate URA by basing its relocation payments to recycling company on multiple estimates from different moving companies;
 - Recycling company failed to demonstrate that village's designee for administrative official adjudged the facts or the law prior to hearing the case, as required for recycling company to show that administrative official was biased;
 - Administrative proceedings comported with due process and did not require an evidentiary hearing or additional discovery;
 - Village's estimates of self-move relocation costs under URA for recycling company satisfied language of regulations; and
- Sufficient evidence supported village's relocation payments to recycling company under URA, such that administrative official's factual findings were not against manifest weight of the evidence.
-

MUNICIPAL CORPORATIONS - LOUISIANA

[Broome v. Rials](#)

Supreme Court of Louisiana - April 26, 2024 - So.3d - 2024 WL 1825148 - 2023-01108 (La. 4/26/24)

Mayor-president of city-parish and member of council for city-parish filed petition challenging incorporation of area adjacent to city as new municipality against proponents of incorporation.

Proponents filed exceptions of no right of action, which the District Court denied. Following bench trial, the trial court entered judgment for plaintiffs, finding incorporation was unreasonable and would adversely affect city. Proponents appealed, and the First Circuit Court of Appeal granted proponents' re-urged exception of no right of action as to mayor, but denied it as to council member, and affirmed denial of incorporation. Proponents filed separate applications for writ of certiorari.

The Supreme Court held that:

- Member lacked standing to challenge sufficiency of petition for incorporation;
- Member had standing to challenge whether area could provide services within reasonable period of time, and whether incorporation was reasonable;
- Area had sufficient revenue to provide non-parish-provided services within reasonable time, supporting incorporation;

- Factor considering whether area proposed for incorporation had definite characteristics of village weighed in favor of finding that incorporation was reasonable;
 - Factor considering whether area residents had taken initial steps toward incorporation weighed in favor of finding that incorporation was reasonable;
 - Factor considering whether nearby city had initiated preliminary proceedings toward annexation weighed in favor of finding that incorporation was reasonable; and
 - Factor considering whether there had been any financial commitments toward incorporation weighed in favor of finding that incorporation was reasonable.
-

EMINENT DOMAIN - NEW YORK

[Brinkmann v. Town of Southold, New York](#)

United States Court of Appeals, Second Circuit - March 13, 2024 - 96 F.4th 209

Property owners filed § 1983 action alleging that town violated Takings Clause by exercising eminent domain to take their property for creation of park as pretext for defeating their commercial use.

The United States District Court for the Eastern District of New York denied owners' motion for preliminary injunction and dismissed complaint. Owners appealed.

The Court of Appeals held that town's exercise of eminent domain to take property for creation of park did not violate Takings Clause.

Town's exercise of eminent domain to take property for creation of park did not violate Takings Clause, even if town took land to prevent owners' commercial use; public park was public use, town paid fair compensation, and there was no indication that town meant to confer any private benefit or intended to use property for anything other than public park.

POLITICAL SUBDIVISION - RHODE ISLAND

[Preserve at Boulder Hills, LLC v. Kenyon](#)

Supreme Court of Rhode Island - April 24, 2024 - A.3d - 2024 WL 1750068

Following delays in approval of resort and hotel development project, developers brought action against town for violations of substantive due process, tortious interference with contract, tortious interference with prospective business advantages, civil liability for crimes and offenses, and a violation of the civil Racketeer Influenced and Corrupt Organizations (RICO) statute.

The Superior Court granted city's motion for judgment on the pleadings. Developers appealed, and town cross-appealed.

The Supreme Court held that:

- Three-year statute of limitations for claims in tort against a political subdivision applied to developers' claims for civil liability for crimes and offenses;
- As a matter of first impression, three-year statute of limitations for claims in tort against a political subdivision applied to developers' civil RICO claims; and
- Causes of action for tortious interference were not based on any continuing tort which tolled three-

year statute of limitations.

EMINENT DOMAIN - TEXAS

[Rhone v. City of Texas City, Texas](#)

United States Court of Appeals, Fifth Circuit - February 14, 2024 - 93 F.4th 762

Owner of three apartment buildings in city brought appeal, in state district court, from order of nuisance abatement issued by a Municipal Court of Record, asserting claims under § 1983 for inverse condemnation, denial of procedural due process, and unconstitutional seizure, and seeking declaratory judgment.

After removal by city, the United States District Court for the Southern District of Texas granted summary judgment to city on due process claim, and later granted summary judgment to city on remaining claims. Owner appealed and filed motion to restrain and enjoin damage to or demolition of buildings. The Court of Appeals denied the motion without prejudice, and buildings were demolished by city during pendency of appeal.

The Court of Appeals held that:

- Owner satisfied requirement for exception to mootness, for issues capable of repetition yet evading review, that duration of challenges, to Municipal Court of Record's nuisance finding and court's constitutionality, was too short for complete judicial review and sufficient relief;
- Theoretical possibility of future procedural due process and seizure violations did not support exception to mootness;
- Appeal was not moot as to takings claim; and
- City's imposition of compliance costs for repairing conditions at apartment buildings did not violate doctrine of unconstitutional conditions.

PUBLIC UTILITIES - UTAH

[Utah Associated Municipal Power Systems v. 3 Dimensional Contractors Inc.](#)

Court of Appeals of Utah - March 21, 2024 - P.3d - 2024 WL 1202505 - 2024 UT App 35

Interlocal electric energy services agency, a political subdivision of the state formed under Utah Interlocal Cooperation Act (UICA), sued subdivision developer for nuisance and trespass and sought declaratory and injunctive relief, alleging that developer's placement of house on subdivision lot interfered with agency's utility easement.

Developer counterclaimed for declaratory and injunctive relief, seeking removal of agency's support pole and relocation of guy wires that were near house. The Fifth District Court granted summary judgment to agency on its claim for easement interference, awarding declaratory and injunctive relief. The District Court then entered summary judgment in favor of agency on developer's counterclaims and entered final judgment, finding that the agency's trespass and nuisance claims were moot due to agency's election of remedies, and ordering developer to remove any portions of the house encroaching on the easement. The District Court also denied developer's request for attorney fees, pertaining to agency's trespass and nuisance claims, under bad-faith statute. Developer appealed.

The Court of Appeals held that:

- Developer was not required to provide notice of counterclaims to agency under Utah Governmental Immunity Act (UGIA);
- Agency was subject to easement realignment statute, which gave servient estate owners the right to realign municipal easements;
- Realignment statute included right to relocate existing utility infrastructure in the process of realigning boundaries of easement;
- Doctrine of unclean hands did not prevent developer from asserting its rights under easement realignment statute;
- Developer bore burden of proof on realignment claim;
- Expert reports of developer's engineer and surveyor complied with disclosure rule; and
- Developer was not entitled, under bad-faith attorney fees statute, to attorney fees pertaining to agency's trespass claim.

INJUNCTION - WEST VIRGINIA

[T & C Construction Services, LLC v. City of St. Albans](#)

Supreme Court of Appeals of West Virginia - April 25, 2024 - S.E.2d - 2024 WL 1793824

City brought enforcement proceeding seeking injunctive relief against operators of residential rental building in connection with citations issued and criminal fines imposed by municipal court for fire prevention and building code violations.

The Circuit Court issued a cease-and-desist order that enjoined operators from operating rental business at building, granted city a money judgment for the criminal fines, and appointed city's counsel as special commissioner to sell the property and satisfy the judgment. Operators appealed.

The Supreme Court of Appeals held that:

- Statute that specifically applied to every judgment for a fine rendered by a circuit court, or other court of record having jurisdiction in criminal cases, rather than statute that referred generally to liens resulting from a judgment, applied;
- City had authority to bring a civil action in Circuit Court to obtain an injunction to enjoin operators from violating city's building and fire prevention codes;
- Circuit Court had jurisdiction to grant city's request for injunctive relief;
- Sufficient evidence supported circuit court's decision to grant injunctive relief; and
- Circuit Court's failure to follow fieri facias statutory process for execution of money judgment precluded, as premature, appointment of city's counsel as special commissioner to sell property to satisfy money judgment.

ZONING & PLANNING - WISCONSIN

[Greenwald Family Limited Partnership v. Mukwonago](#)

United States Court of Appeals, Seventh Circuit - April 29, 2024 - F.4th - 2024 WL 1854665

Developer brought action against village which challenged the use of eminent domain to take land for road from developer's five-acre parcel. After the village returned that strip of land, developer filed an amended complaint adding a class of one equal protection claim under the Fourteenth

Amendment and several new claims under state law regarding previous unfavorable land use decisions.

Following removal to federal court, the village filed a motion for summary judgment on the equal protection claim. United States District Court for the Eastern District of Wisconsin granted the motion, entered summary judgment for the village, and relinquished jurisdiction over the state-law claims. Developer appealed.

The Court of Appeals held that:

- Village's requirements for final approval of developer's certified survey map before approving developer's proposed division of four-acre parcel from vendor's larger property were clearly rational;
- Village had a rational reason for refusing to construct developer's preferred north-south road connection;
- Villages' refusal to take over the maintenance of a private, unimproved roadway on developer's property without a developer's agreement in place was not a violation of developer's equal protection rights;
- Village's refusal to remove trees from one of developer's properties was reasonable;
- Village's denial of developer's request for tax-incremental financing (TIF) was rational; and
- Imposition of a special assessment on all properties, including developer's property, that benefited from the municipal improvements in development area was rational.

Fitch: US Credit Momentum Will Be Tempered by Rate Uncertainty

Fitch Ratings-New York-03 May 2024: Interest rates remain a key risk for U.S. credit following a strong 1Q24 characterized by robust domestic demand, improved market liquidity and a sharp rise in bond issuance, Fitch Ratings says in its new U.S. quarterly credit brief Fitch Wire+ report.

Sticky inflation has renewed uncertainty about the extent and timing of future rate cuts by the Federal Reserve. The likelihood of a no-landing scenario, in which growth and interest rates remain largely unchanged, has increased, elevating credit risks for rate-sensitive asset classes, including real estate, high yield corporate debt, certain financial institutions and subprime consumer securitizations. This could cause commercial real estate and lower credit quality consumer loan delinquencies and corporate defaults to rise more than currently anticipated.

Increased risk appetite and investor confidence, as reflected in primary and secondary credit market data and lending, were contingent upon a more aggressive rate cutting agenda than is now likely. Credit spreads and other risk assets have reversed some of their bullish momentum in the early weeks of 2Q24 as investors rein in their expectations for significant monetary policy easing.

Fitch revised its 2024 U.S. real GDP growth forecast to 2.1% in March from 1.2% in December and expects growth will slow to a significantly below-trend rate later this year. Our forecasts for individual sectors point to a relatively benign base case, and we expect broad ratings stability across asset classes, reflecting the strong economy, robust ratings cushions, and structural protections.

Upgrades and downgrades were broadly balanced in the first three months of 2024, while Positive Outlooks and Watches exceeded Negative Outlooks and Watches at the end of the quarter. However, the higher percentage of sub-investment-grade ratings on Negative Outlook versus investment-grade ratings reflects pressures related to higher leverage, refinancing risk and deteriorating asset quality.

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[SIFMA US Municipal Bonds Statistics.](#)

SIFMA Research tracks issuance, trading, and outstanding data for the U.S. municipal bond market. Issuance data is broken out by bond type, bid type, capital type, tax type, coupon type and callable status and includes average maturity. Trading volume data shows total and average daily volume and has customer bought/customer sold/dealer trade breakouts. Outstanding data includes holders' statistics. Data is downloadable by monthly, quarterly and annual statistics including trend analysis.

YTD statistics include:

- Issuance (as of April) \$143.2 billion, +26.2% Y/Y
- Trading (as of April) \$12.5 billion ADV, -1.5% Y/Y
- Outstanding (as of 4Q23) \$4.1 trillion, +0.5% Y/Y

[Download xls](#)

May 3, 2024

[S&P U.S. State Ratings And Outlooks: Current List](#)

[View the Current List.](#)

2 May, 2024

[Forbes: AI And The Municipal Bond Market.](#)

AI is rapidly reengineering the \$4 trillion Municipal Bond Market. No part of the market is going to

be untouched. Trading, pricing, underwriting, credit analysis, compliance, disclosure, regulations—every bit of it is being transformed. In five years, the municipal bond market as it exists today will look vastly different. Wringing out existing inefficiencies and opaqueness, AI will ultimately create billions in value for investors and save issuers billions in interest expenses.

Okay, okay. That sounds a bit hyperbolic, but I'm going to stand by it. Yes, AI has been hyped to atmospheric levels, with grandiose pronouncements that it will surpass human intelligence in just two years. On the other hand, one wag quipped when I mentioned I was writing about Artificial Intelligence in the muni market, "I thought most intelligence in the muni market was artificial."

Snark all you want or dismiss this as starry eyed overenthusiasm for the latest shiny new toy, but AI is driving the world forward in incalculable ways. Be it robotics or breast cancer detection or fashion choices, AI often does it better than its human counterparts.

The municipal bond market is not immune. AI is moving the market into the 21st century, whether some like it or not.

[Continue reading.](#)

Forbes

by Barnet Sherman

May 6, 2024,

[U.S. State Medicaid Transition: Stable Condition Near Term, With Outyears Demanding Care - S&P](#)

Key Takeaways

- U.S. states' credit quality has held steady after Medicaid and Children's Health Insurance Program (CHIP) reimbursement rates returned to unenhanced levels following the Jan. 1, 2024, stepdown of the pandemic-related eFMAP.
- States' compressed 12- to 18-month timeline to work through the backlog of eligibility redeterminations could complicate financial forecasting and budgeting for the state-share of Medicaid costs in fiscal 2025 and beyond.
- Medicaid could consume a larger share of state budgets, which could have credit implications if they are compounded by other operating pressures.
- Supplemental federal government support could wane in the future, necessitating proactive program management and making long-term planning integral to states' financial stability and credit quality.

[Continue reading.](#)

2 May, 2024

WSJ: Texas Ban on ‘Woke’ Banks Opens Door for Smaller Firms.

Megabanks are in retreat in the \$4 trillion municipal-bond market

The political conflict over socially conscious finance is a boon for smaller investment banks in one contentious market: Texas.

The clash over environmental, social and corporate-governance investing follows state restrictions passed in 2021 on government business with financial firms perceived as taking a stand against firearms or fossil fuels. Wall Street heavyweights such as Bank of America and Wells Fargo have pulled back in Texas, even as the state’s growth has made it the nation’s top issuer of state and local debt, with \$42 billion last year.

Even beyond Texas, big banks are in retreat in the \$4 trillion municipal-bond market. Higher rates and depressed borrowing have dented profits, which weren’t that spectacular to begin with. Large firms are pulling back at varying rates as a result.

[Continue reading.](#)

The Wall Street Journal

By Heather Gillers

May 4, 2024

Barclays Is the Latest Firm to Face Anti-ESG Wrath in Oklahoma.

- **Treasurer added company to state list of oil boycotters**
- **Move could hurt bank’s public finance business in Oklahoma**

Oklahoma State Treasurer Todd Russ announced on Friday that Barclays Plc would be added to his list of companies that he claims have boycotted the fossil fuel industry — a gesture that aims to limit the governmental business the bank can conduct in the state.

The Republican treasurer’s office justified the move by saying the British bank has “publicly committed to boycott fossil-fuel companies,” according to an emailed statement. Barclays’ [2024 climate change statement](#) says the bank does not provide project financing, or other direct financing to energy clients, for upstream oil and gas expansion projects or related infrastructure.

According to the 2022 Republican-backed law, Oklahoma state agencies and political subdivisions can’t contract with a company unless it provides a written verification that it doesn’t boycott energy companies.

[Continue reading.](#)

Bloomberg Markets

By Amanda Albright

May 3, 2024

Wells Fargo, RBC Bankers Met Texas AG Staff Regarding ESG Probe.

- **Paxton's office is investigating banks' stance on fossil fuels**
- **Meetings took place in Austin last month, emails show**

The Texas Attorney General's staff met with municipal finance executives from Wells Fargo & Co. and RBC Capital Markets as Ken Paxton's probe into whether the Wall Street banks "boycott" the fossil fuels industry drags on.

Bankers from RBC, including Bob Spangler, the New York-based head of municipal finance for the firm, met with Paxton's staff on Tuesday at the attorney general's office in Austin, according to emails obtained by Bloomberg News through a public records request.

Earlier in April, Wells Fargo also met with members of the attorney general's office, other emails between the bank's employees and Paxton's staff show. Attendees included Scott Fontenot, senior vice president for state and local government relations at the bank, and Blaine Brunson, a Texas public finance banker. They were joined by the bank's lawyers.

[Continue reading.](#)

Bloomberg Green

By Amanda Albright and Danielle Moran

May 1, 2024

What Could Ken Paxton's Bank Bans Mean for the Dallas Bond?

As banks are banned from the Texas bond industry, interest rates are inflating and taxpayers are footing the bill.

Finance experts from across the state gathered in Austin last month for The Bond Buyer's Texas Public Finance conference, where they lamented, among other things, the cost of Ken Paxton's bank bans.

The bans stem from a 2021 anti-ESG (environment, social and governance) state law barring banks from underwriting municipal bonds if the bank is seen as boycotting or discriminating against the fossil fuel or firearm industries. The law pertains to any local government contract over \$100,000, and has been enforced through investigations by Attorney General Ken Paxton.

So What Does That Mean for Dallas?

When voters approve a bond package, city officials go to major banks for the loans. Once local governments find underwriters for the bonds, Paxton signs off on the deals, per state law. With a \$1.25 billion bond package approved by Dallas voters on May 4, the city now has to find a bank or banks to loan the money. But now they have fewer options than they did with previous bond measures.

[Continue reading.](#)

By Emma Ruby

May 6, 2024

Fitch: FTC Ban on Non-Competes Complicates NFP Hospital Staffing Issues

Fitch Ratings-Austin/New York/Chicago-02 May 2024: The recently announced Federal Trade Commission (FTC) rule banning non-compete clauses could add staffing complications to not-for-profit (NFP) hospitals that are still adapting to the upward reset of wages and have only recently begun to rein in labor costs, Fitch Ratings says.

The rule prohibits non-compete provisions in employment contracts, with the exception of existing agreements with senior executives. The rule, which would go into effect 120 days following publication in the Federal Register on April 30, 2024, has already been challenged in court and implementation is likely to be delayed as the rule is litigated.

The FTC indicates in the rule that non-profit organizations are “not categorically beyond” the FTC’s jurisdiction and that it looks to whether an entity or its members derive a profit. The rule notes that employees of a physician group that work at an NFP hospital would fall under the FTC’s jurisdiction and are therefore subject to the rule.

[Continue reading.](#)

S&P: Preliminary 2023 Medians For U.S. Acute Health Care Providers Indicate Continued Operating Pressures For Many

Key Takeaways

- U.S. acute health care providers’ preliminary 2023 performance-related medians show only modest, if any, improvement from the 2022 medians; we expect slight improvement once we have reviewed the full group of 2023 audits.
- Days’ cash on hand continues to fall, as providers’ expenses rise, with growth in unrestricted reserves having limited impact on this ratio in the near term.
- Outlook revisions in first-quarter 2024 could suggest potential stabilization slowly emerging, but rating actions still vary month to month.

[Continue reading.](#)

30 Apr, 2024

S&P: U.S. Not-For-Profit Health Care Covenant Violations Will Continue To Affect Pressured Issuers

Key Takeaways

- S&P Global Ratings has observed an increased number of technical covenant violations in U.S. not-for-profit health care over the past two fiscal years, largely attributable to operating weakness stemming from persistent industry difficulties and inflationary pressure on expenses.
- Providers have avoided bond acceleration as a result of covenant violations, as most organizations received waivers or forbearance agreements from lenders to allow time to remedy covenants or execute financial improvement plans, while a few merged with a larger and financially stable organization.
- The majority of providers that have breached covenants have been in the 'BBB' and speculative-grade rating category.
- While many providers are on a path to recovery, we expect some will still experience heightened covenant violation risk in 2024 as they continue to face significant operating pressures.

[Continue reading.](#)

29 Apr, 2024

Bonds for Florida High-Speed Rail Pop in Market 'Starved' for High-Yield Munis.

- **Florida rail firm tapped muni, corporate bond market last week**
- **Muni high-yield fund flows helped drive demand for the issue**

Municipal bonds issued last week for Florida's private rail operator, Brightline, climbed in the secondary market as investors clamored for new high-yield securities.

Prices on large block trades for the BBB- rated securities issued with a 5.5% coupon rose as high as 105.4 cents on the dollar Tuesday, up from 102.3 cents when they were priced last week. Eager investors drove risk premiums, or the spread over top-rated debt, on the bonds tighter to about 75 basis points from 120 basis points.

Brightline's Florida route where trains can reach speeds as fast as 125 miles per hour, is the first new US private passenger railroad in the US in more than a century. The railroad issued about \$3.2 billion of municipal bonds as part of a debt restructuring and recapitalization last week. With backing from Fortress Investment Group, Brightline is also building a new, faster train line connecting Las Vegas to Southern California.

[Continue reading.](#)

Bloomberg Markets

By Martin Z Braun

April 30, 2024

Muni Bond Sales Soar as Issuer Needs Exceed Worry on Fed.

- **Year-to-date sales reach \$142.8 billion, highest since 2015**
- **States, cities still see debt costs as relatively attractive**

States and municipalities sold \$142.8 billion in long-term municipal bonds during the first four months of 2024, the most in almost a decade, as the need to borrow outweighed concerns over higher interest rates that afflicted investors in the market.

This year's surge follows a 20% decline in issuance in 2022 and a flat 2023, according to data compiled by Bloomberg. The amount of borrowing so far is 33.3% higher than last year and the most for the period since \$144.3 billion in 2015.

The sales boom runs counter to munis' performance, with a year-to-date loss of 1.62%, according to Bloomberg indexes. Treasury and other debt markets have dropped as economic data signal sticky inflation likely will push the Federal Reserve to keep borrowing costs at a more than two-decade high.

[Continue reading.](#)

Bloomberg Markets

By Joseph Mysak Jr

May 1, 2024

Worst Returns Since September Show Munis Vulnerable to Fed Talk.

- **April's 1.24% loss tracks credit markets drop on rates review**
- **Pickup in supply, slack funds demand also weighed on muni debt**

Municipal bonds this month showed that all credit markets are vulnerable to the worry over interest rates remaining high, producing their worst performance since September.

US state and local debt is on track to post a loss of 1.24% in April, according to Bloomberg indexes. Treasury and other debt markets have been selling off as economic data indicates persistent inflation pressures.

Wall Street firms and investors have tempered their expectations for interest-rate cuts in 2024, now anticipating the Federal Reserve will hold borrowing costs at a more than two-decade high at its meeting on Wednesday.

[Continue reading.](#)

Bloomberg Markets

By Aashna Shah

April 30, 2024

Connecticut Waterfront Real Estate Project to Tap Muni Market.

- **Roughly \$30 million in bonds are expected to be issued**
- **Bridgeport district's first phase now calls for 420 apartments**

A district set up by Bridgeport, Connecticut, to transform a waterfront steelworks site off of Interstate 95 into a new residential neighborhood with shops and parks plans to sell more municipal bonds to fund the project.

The Steel Point Infrastructure Improvement District — on behalf of a subsidiary of developer RCI Group — will issue \$30 million of additional debt in May, according to an investor presentation disclosed Monday on the Municipal Securities Rulemaking Board's EMMA website. Since the sale of about \$50 million in unrated muni bonds in 2021, plans for the first phase of the massive 2.8 million-square-foot development have changed, necessitating extensive site clean up and infrastructure.

Proceeds of the latest bond offering will cover public improvements and remediation.

[Continue reading.](#)

Bloomberg Industries

By Martin Z Braun

April 29, 2024

Are Your Traffic-Impact Fees Tied to Your Land-Use Interests and Roughly Proportional to the Development's Impact on Those Interests? If Not, They Should Be.

Developers often bemoan the costs they incur before breaking ground on new residential projects. But the developer isn't the only party that experiences costs. New residential developments require new (or stress existing) municipal services, like water and sewer systems, roads, schools, libraries, parks, and recreation facilities.

To address these costs, municipalities commonly assess reasonable impact fees (sometimes called "exactions") on developments. Some fees are assessed on an *ad hoc* basis by administrators after an individualized review of the development. Others are assessed by legislation through impact schedules.

On April 12, 2024, the U.S. Supreme Court addressed a question about development impact-fee schedules that most municipal officials probably hadn't ever asked themselves: Does the so-called *Nollan/Dolan* exactions test—which applies to *ad hoc* permit conditions—apply also to permit conditions imposed by legislation? *See Sheetz v. County of El Dorado, California*, 144 S.Ct. 893 (2024) (slip op.).

The Supreme Court held unanimously that it does. Thus, all permit conditions that constitute compensable takings—whether enacted by legislation or adopted by administrators—must have: (1) an "essential nexus" to the government's land-use interest; and (2) "rough proportionality" to the development's impact on the land-use interest, *i.e.*, they must not require a landowner to give up (or pay) more than is necessary to mitigate harms resulting from the new development. *See Nollan v.*

California Coastal Comm'n, 483 U.S. 825 (1987); *Dolan v. City of Tigard*, 512 U.S. 374 (1994).

If the permit does not satisfy these *Nollan/Dolan* elements, then it might be an unconstitutional taking. Why only might? Because the controlling opinion answered only the narrow question stated above. The Supreme Court did not address whether the permit fee at issue was a compensable taking that triggered the *Nollan/Dolan* test in the first place or whether legislative permit conditions must be tailored with the same degree of specificity as a permit condition that targets a particular development. It left these questions for the lower courts, and each affects the takings analysis.

Despite its limited scope, the Supreme Court's *Sheetz* opinion isn't feckless. Rather, it puts on notice municipal officials that impose permit conditions—such as impact fees—on new developments through legislation. It signals that municipalities should carefully consider whether their legislative permit conditions have an essential nexus to their land-use interests and are roughly proportional to the development's impact on those interests. If they are not, then municipal officials would be wise to devise permit conditions that do satisfy those elements.

Frost Brown Todd LLP - Yazan S. Ashrawi, Thaddeus M. Boggs and Anthony R. Severyn

April 30, 2024

TAX - NEW YORK

[Brookdale Physicians' Dialysis Associates, Inc. v. Department of Finance of City of New York](#)

Court of Appeals of New York - March 21, 2024 - N.E.3d - 2024 WL 1199333 - 2024 N.Y. Slip Op. 01583

Building owner, which was a not-for-profit healthcare fund, filed, along with its tenant, which was a for-profit corporation that provided dialysis services for a fee, petition commencing hybrid article 78 and declaratory-judgment action to annul city department of finance's revocation of building's status as exempt from real-property taxation.

The Supreme Court, New York County granted petition. Finance department appealed. The Supreme Court, Appellate Division, affirmed. The Court of Appeals granted the finance department leave to appeal.

The Court of Appeals held that:

- Building was not property-tax exempt under statutory provision allowing for a property-tax exemption for property that was owned by certain not-for-profit entities and that was used for certain not-for-profit purposes, and
- Building was not tax exempt under statutory provision governing that same not-for-profit tax exemption for property that was leased for non-exempt purposes.

Building was not property-tax exempt under statutory provision allowing for a property-tax exemption for property that was owned by certain not-for-profit entities and that was used for certain not-for-profit purposes; building owner was a not-for-profit healthcare fund that did not reside on the premises or otherwise itself use the building in whole or in part for its exempt fundraising purpose, and owner's tenant was a for-profit corporation that had sole occupancy and used the building during the lease term exclusively to perform its for-charge dialysis services.

Building that was owned by a not-for-profit healthcare fund that did not reside on the premises or otherwise itself use the building in whole or in part for its exempt fundraising purpose was not property-tax exempt under statutory provision governing the property-tax exemption for property that had a particular kind of not-for-profit owner but was leased for non-exempt purposes; building was leased and used solely for pecuniary gain by a for-profit corporation that performed dialysis services for a fee.

TAX - MINNESOTA

[Huizenga v. Independent School District No. 11](#)

United States District Court, D. Minnesota - March 29, 2024 - F.Supp.3d - 2024 WL 1345173

Taxpayers brought § 1983 action against school district and teachers union, alleging that political advocacy by teachers while on paid leave, under provision of collective-bargaining agreement (CBA) allowing paid leave for the conduct of union business, violated taxpayer's free-speech rights under the First Amendment and the Minnesota Constitution and violated the Minnesota Public Employee Labor Relations Act.

The District Court dismissed taxpayers' federal claims for lack of Article III standing and declined to exercise supplemental jurisdiction over state-law claims. On taxpayers' appeal, the United States Court of Appeals for the Eighth Circuit vacated and remanded, holding that taxpayers had sufficiently alleged municipal taxpayer standing as school-district taxpayers. On remand, after discovery, the parties filed cross-motions for summary judgment.

The District Court held that:

- Wife whose husband paid property taxes as a county taxpayer did not establish that she paid municipal taxes relevant to school district, and wife thus lacked municipal taxpayer standing;
- Taxpayers failed to show that school district spent any money providing paid leave under challenged provision of CBA, and taxpayers thus lacked municipal taxpayer standing; and
- Even if school district lost money providing paid leave under challenged provision of CBA, that loss was not clearly tied to municipal tax revenues, and taxpayers thus lacked municipal taxpayer standing.

[BlackRock Cuts Jobs in Muni Business Under New Leadership.](#)

- **Patrick Haskell took over muni group from Peter Hayes in 2024**
- **BlackRocks' muni ETF dwarfs its largest actively-managed fund**

BlackRock Inc., the world's largest money manager, cut fewer than 10 jobs in its municipal bond department under the new leadership of Patrick Haskell, according to a person familiar with the matter.

Haskell, a former co-head of fixed-income capital markets at Morgan Stanley, took over the group this year from Peter Hayes, who retired after nearly four decades managing state and local government debt.

"BlackRock continuously organizes its teams to better serve the market and our clients, and this

week aligned our municipal bond investment team to help us accelerate processes, improve information sharing and drive performance,” a BlackRock spokesperson wrote in an emailed statement.

[Continue reading.](#)

Bloomberg Markets

By Martin Z Braun

May 6, 2024

Municipal Bond Q1 2024 Performance.

The first quarter of 2024 brought some notable shifts in the municipal bond landscape, reflecting broader economic trends and market dynamics. Although interest rate fluctuations drove a slight decline broadly, investment-grade municipals held up better than most comparable quality taxable fixed income sectors, and high yield munis performed on par with high yield corporates. By the end of the quarter, we saw muni yields rising particularly in the short end of the curve, an increase in issuance and narrowing spreads, which may create buying opportunities for investors. The first quarter of 2024 brought some notable shifts in the municipal bond landscape, reflecting broader economic trends and market dynamics.

The ICE Broad Municipal Bond Index (MUNI) experienced a modest decline of -0.28% during this period, following a robust 5.99% return in 2023. This dip was primarily influenced by interest rate volatility, driven by stronger-than-expected economic data and inflation figures. Consequently, expectations for policy rate cuts in 2024 were pushed back, causing municipal yields to rise across the curve. Short-term yields saw a more pronounced increase compared to intermediate and long-term yields, resulting in a flatter municipal yield curve.

The changing outlook on policy rates also impacted the U.S. Treasury (UST) curve, albeit to a lesser extent. The term structure shift indicated a decreased risk premium for interest rates. Longer-dated bonds underperformed shorter-dated ones due to their higher interest rate sensitivity. However, A-rated and BBB-rated bonds outperformed among quality cohorts, as their higher yields helped offset the impact of rising rates.

[Continue reading.](#)

VANECK

By Michael Cohick, Director of Product Management

MAY 4, 2024

Today's Municipal Bond Opportunity in Two Charts.

Higher yields and a steeper muni curve may signal an attractive entry point for investors.

“Now’s the time,” as music legends Charlie Parker and Led Zeppelin have urged listeners (in different recordings, of course). Based on two current market trends, that message may be one municipal bond investors may also wish to heed.

Why? As the illustrations below will show, municipal bond yields remain near their highest levels in over 10 years, while the municipal yield curve is close to its steepest level in over a decade. We believe these conditions present investors with an extremely attractive entry point for new investments in munis, or to add to existing holdings.

Let’s take a closer look at these trends.

[Continue reading.](#)

Lord Abbett

By Donald A. Annino – Investment Strategist

May 2, 2024

TAX - HAWAII

[Tax Appeal of West Maui Resort Partners LP v. County of Maui](#)

Supreme Court of Hawai’i - April 23, 2024 - P.3d - 2024 WL 1738908

Taxpayers, which were plan managers for nearly 700 time share units, sought judicial review of decision of County Board of Review which upheld county tax assessments on time shares.

The Tax Appeal Court granted county’s summary judgment motion, and denied taxpayers’ cross-motion for summary judgment. Taxpayers appealed to the Intermediate Court of Appeals (ICA), and the cases were transferred to Supreme Court and were consolidated.

The Supreme Court held that:

- Taxpayer’s appeal from Tax Appeal Court was required to be filed within 30 days of orders denying taxpayer’s summary judgment motion and granting county’s summary judgment motion;
- Application of the equitable doctrine of “unique circumstances” was in the interests of justice and appropriate in connection with taxpayer’s untimely appeal;
- County’s time share tax classification and its rate acted as a real property tax based on the assessed property value, rather than as a tax assessed on individual time share unit users and value of their stay;
- Time share units were not required to be assigned to a real property tax classification according to their use;
- State’s comprehensive transient accommodation tax (TAT) scheme did not cover the same subject matter as county’s time share tax classification;
- County’s time share tax classification and rate did not duplicate, contradict, or enter an area fully occupied by state’s general law; and
- County’s creation of a separate real property tax classification for time share units was reasonably related to legitimate policy purposes.

[State of Illinois: Fitch New Issue Report](#)

The 'A-' Long-Term Issuer Default Rating (IDR) of Illinois reflects its solid operating performance, albeit still weaker than most other states', and long record of structural imbalance, primarily related to pension underfunding offset by continued progress toward more sustainable budgeting practices. The 'A-' IDR also reflects the state's elevated long-term liability position and resulting spending pressure. Illinois' deep and diverse economy is only slowly growing, but still provides a strong fundamental context for its credit profile.

[ACCESS REPORT](#)

Wed 01 May, 2024

[Why This Top-Rated Muni-Bond Fund Is Betting Big on Puerto Rico.](#)

The municipal-bond market is often driven by retail investors, who can be spooked into selling by negative headlines. Scott Diamond finds opportunity there.

The co-manager of the \$9.3 billion Goldman Sachs Dynamic Municipal Bond fund has the flexibility to snap up beaten-up issues wherever he spots inefficiencies in the muni-bond market, as the go-anywhere approach allows him to deviate from the fund's benchmark duration and credit.

That flexibility—and Diamond's two decades-plus experience managing Dynamic Muni—allowed the fund to beat 93% of its muni-bond peers over a 10-year period, with a 2.6% annualized return versus 1.9% for its peers, according to Morningstar. It has also outperformed its benchmark Bloomberg Municipal Bond 1-10 Year index, which also returned 1.9% over that time.

[Continue reading.](#)

Barron's

By Debbie Carlson

May 01, 2024,

[Reminder: 118th GFOA Annual Conference](#)

June 9-12, 2024

**Orange County Convention Center
9800 International Drive West Building
Orlando, Florida**

Details:

Registration and housing for GFOA's 118th Annual Conference is now open. The conference will take place on June 9-12, 2024, at the Orange County Convention Center in Orlando, Florida. Join us

for 70+ CPE-accredited sessions that will address current issues facing government finance professionals, inspiring keynote sessions, interactive discussions, leadership workshops, and networking opportunities.

IMPORTANT INFORMATION ABOUT THE REGISTRATION PROCESS

GFOA has streamlined the registration process combining both the preconference seminars and full conference registration into a single transactional flow. After clicking the “Register” button below, please select all of your options prior to checking out of your shopping cart. Once you have completed a registration, you will not be able to add or remove products through your GFOA account. To add preconference seminars at a future date, please fill out the selected options on this PDF and submit it to training@gfoa.org. Learn more about the Closing Event and purchase tickets [here](#).

[REGISTER](#)

[GFOA Utility Finance Forum Virtual Networking Event.](#)

May 17, 2024 | 2 pm - 3 pm ET

Details:

We’re happy to announce over 150 new members to the Utility Finance Forum (UFF) this past month, bringing membership close to 700! To foster connections among our growing community, we’re hosting a virtual Networking Event on May 17th, and we want you to join us. This event will provide an opportunity to share insights, exchange ideas, and shape the future direction of the UFF. Don’t miss a chance to meet your colleagues from across utility organizations and municipalities, forge new connections, and lay the groundwork for an exciting year ahead!

Member Price: Free

Non-member Price: Free

[REGISTER](#)