
Gastonia, North Carolina: Fitch New Issue Report

Revenue Framework: 'aa': The city has strong revenue-raising ability with current property tax rates well below the statutory cap. Assessed value and appreciation and sales tax revenue trends have generated revenue growth that exceeds inflation. Expenditure Framework: 'aa': The city retains significant control over spending in the absence of collective bargaining despite moderate fixed carrying costs for debt service and retiree benefits. Long-Term Liability Burden: 'aaa': The city's long-term liability burden is low relative to personal income and is expected to remain stable over time based on manageable debt plans and a modest aggregate net pension liability. Operating Performance: 'aaa': The city's superior budgetary flexibility and maintenance of healthy general fund balance positions it to manage comfortably through economic downturns without diminishing its overall financial flexibility.

ACCESS REPORT

Fri 24 Mar, 2023

UPMC Health System, Pennsylvania: Fitch New Issue Report

Revenue Defensibility: Fitch assesses UPMC's revenue defensibility as midrange. This is based on its leading market position enhanced by a large insurance division that drives a significant level of revenue diversification, a large physician component and a large delivery network in Pennsylvania. Operating Risk: Despite profitability metrics that are somewhat below Fitch's midrange assessment, partially due to the large insurance component, Fitch views the almost half of UPMC revenues that are derived from insurance premiums as a stabilizing factor and expects that, over time, operations will strengthen. Financial Profile: Fitch's stress scenario shows UPMC's liquidity and leverage metrics as recovering to levels consistent with the strong assessment in the context of midrange revenue defensibility and a midrange operating profile.

ACCESS REPORT

Fri 24 Mar, 2023

State of New Hampshire: Fitch New Issue Report

The 'AA+' Issuer Default Rating (IDR) and GO rating reflect New Hampshire's low liabilities and strong budgetary controls, which are offset by somewhat limited financial resilience and growth prospects from a taxation regime that does not fully capture economic growth. The state's well-educated workforce is an asset as it continues along its long-term transition from manufacturing. Economic Resource Base: New Hampshire is a prosperous and well-educated state that has shifted rapidly from manufacturing to services as its economy becomes more like that of the nation. The state's population and job growth benefitted from the expansion of Boston, MA's suburbs into New Hampshire, and growth in the trade, transportation and utilities segment, as well as other service sectors.

ACCESS REPORT

Fri 24 Mar, 2023

Harrisburg Pays Off Multi-Million Dollar Bond Insurance Debt.

Harrisburg is finished paying a multi-million dollar debt that has burdened the city for more than a decade.

City leaders said Thursday they had submitted a final $8.3 million payment to bond insurer AMBAC this week. Harrisburg has for years owed the insurance company money for covering a series of bond payments the city could not make.

"For me, this has been a particularly annoying and costly debt, because we've had the ability to pay this off for many years," Harrisburg Treasurer Dan Miller said at a news conference.

Continue reading.

WITF.COM

by Sam Dunklau

MARCH 16, 2023

Calif. Community Choice Aggregator Taps Green Bond to Lower Costs of Renewable Energy Procurement.

California's community choice aggregator Clean Power Alliance has arranged for the issuance of a municipal non-recourse Clean Energy Project Revenue Bond through the California Community Choice Financing Authority.

The nearly $1 billion bond issuance is expected to reduce CPA's renewable energy costs by approximately $66.7 million over the initial eight-year period of the bonds, or an average of $8.3 million annually.

Energy prepayment bonds are long-term financial transactions available to municipal agencies like CPA to provide power procurement cost savings.

Continue reading.

publicpower.com

by Paul Ciampoli

March 13, 2023

S&P Charter School Brief: California

As of March 13, 2023, S&P Global Ratings maintains 40 public ratings on bonds secured by California charter schools. In 1992, California became the second U.S. state to enact a charter school law. Today, it is home to about 1,300 charter schools that serve approximately 12% of the state's kindergarten through 12th-grade (K-12) students.

Continue reading.

S&P State Brief: Government of Guam

View the Brief.

13 Mar, 2023

S&P State Brief: Arkansas

View the Brief.

13 Mar, 2023

Renewables Rule! Illinois Law Sets Uniform Standards for Approval of Utility Wind and Solar Facilities - K&L Gates

During January's lame-duck session the Illinois General Assembly enacted, and Governor Pritzker signed into law, HB 4412, which requires counties and municipalities to adopt statewide standards for utility-scale solar and wind facilities. This law requires local zoning authorities to rewrite their zoning ordinance within 180 days to match the standards set in the law and precludes them from adopting bans or moratoria on future approvals of these renewable facilities.

HB 4412 arose from Illinois' aggressive renewable portfolio standard ("RPS") program. The Illinois Climate and Equitable Jobs Act ("CEJA") adopted in 2021 required Illinois to phase out private fossil fueled electrical generation by 2030 and municipal coal-fired power plants by 2045. CEJA required the state to be at 100% clean energy by 2050 with deadlines for 40% by 2030 and 50% by 2040. To meet those goals, CEJA more than doubled funding for the RPS and provided more than $40 million in funding for renewable initiatives.

The CEJA (along with enhanced federal incentives) had the desired effect of creating an avalanche of proposed renewable facilities. Developers proposed building the majority of these facilities in Illinois' vast agricultural Downstate (i.e., the areas of the state outside the six county Chicago area), primarily due to the abundance of affordable land and interconnection opportunities. Conflicts have arisen, however, with local communities concerned about their agricultural character. While Downstate could experience increased prosperity from wind and solar lease and tax revenues, local farming communities have sought to preserve a measure of control over their agricultural lands. Recently, some Downstate counties and municipalities began to consider moratoria or outright bans on renewable facilities in an attempt to preserve local land use decision making.

Concerned that the local backlash to renewable projects could hinder CEJA's ambitious renewables goals, the state adopted HB 4412 to limit the ability of counties and municipalities to make independent land use decisions in siting utility-scale renewable facilities. The law requires that local zoning authorities adopt a standard zoning ordinance that sets uniform allowable setbacks for solar and wind projects from surrounding houses and fish and wildlife areas. The law precludes local communities from adopting more stringent operational and decommissioning standards than those adopted by state agencies, such as the Pollution Control Board's noise standards and the Department of Agriculture's requirements in its Agricultural Impact Mitigation Agreements. It also precludes local communities from requiring renewable energy developers to construct earthen berm barriers or offer property value guarantees. The law establishes further standards for considering natural resources issues as well as limits on county and township road agreements.

HB 4412 also mandates process standards for zoning authorities, requiring hearings to be held no more than 45 days after a proposal is submitted and requiring final decisions to be made no more than 30 days after the last hearing. Zoning authorities cannot adopt moratoria or bans on approving renewable facilities, and all zoning decisions involving utility scale solar and wind projects must comply with HB 4412. Existing zoning ordinances that are inconsistent with HB 4412 must be revised within 120 days.

The law does not set out any specific penalties for failing to meet these deadlines, but it does state that a county may not place any restriction on a renewable facility unless it adopts an ordinance that complies with the law's standards. Whether that means that a noncompliant county cannot impose any restrictions on new facilities or that it can only impose the restrictions in the law may well be the subject of future litigation.

While clearly a great boon to the renewable industry, the issues HB 4412 is intended to address are not going away. The state has nearly unlimited power to establish and limit authority of counties and municipalities, but the issues dividing the renewable energy and agricultural communities will persist and potentially be exacerbated by the state's action. The law does not deprive individual landowners and local residents of their ability to bring private nuisance and other legal actions that could also be used to slow project development. Compliance with the law is also uncertain, as the deadlines both for adopting zoning ordinances and completing local approval are probably unrealistic considering the thinly staffed and voluntary nature of many Downstate governments. While HB 4412 may expedite and make zoning decisions more consistent in some communities, it will not eliminate the potential for conflict and delay in the local zoning process or bridge the differences between agricultural and renewable energy interests.

K&L Gates LLP – David L. Rieser and Buck B. Endemann

March 13 2023

New York City Transitional Finance Authority, New York: Fitch New Issue Report

Key Rating Drivers Strong Legal Framework: The bankruptcy-remote, statutorily defined nature of the issuer pursuant to state legislation and a bond structure involving a first-perfected security interest in the PIT and SUT revenues are key credit strengths. Payment of the PIT and SUT revenue to the TFA is not subject to city or state appropriation. Statutory covenants prohibit action that would impair bondholders. Robust Resilience: Fitch does not make a rating distinction between the senior and subordinate liens due to the high coverage levels and strong legal and practical protections against overleveraging. Fitch anticipates the security provided for both liens will remain highly resilient through the current economic environment and future downturns. Solid Growth Prospects: Statutory revenues benefit from the city's unique economic profile, which centers on its identity as an international center for numerous industries and a major tourist destination. Fitch believes longer-term growth of pledged revenues may slow from historical levels but remain solid at levels between inflation and U.S. GDP following record levels of personal income and sales tax revenues during fiscal 2022.

ACCESS REPORT

Tempe Union High School District No. 213, Arizona: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'bbb': Fitch expects slow revenue growth generally at the rate of inflation with increases to K-12 per-pupil state funding levels partially offset by gradual enrollment declines, Arizona school districts lack the ability to independently raise operating revenues. Expenditure Framework: 'aa': District expenditures are anticipated to grow in line with or marginally above its revenues. Expenditure flexibility is solid, reflecting moderate fixed carrying costs and strong management control over workforce spending. Long-Term Liability Burden: 'aaa': The long-term liability burden for overall debt and pensions is low at under 6% of 2021 resident personal income, inclusive of this issuance. Despite additional borrowing plans for the district and the capital needs of overlapping local governments, Fitch does not expect the debt load to significantly outpace personal income growth.

ACCESS REPORT

Wed 15 Mar, 2023

Fitch Ratings Factors Congressional Home Rule Act Oversight into District of Columbia Rating.

Fitch Ratings-San Francisco/New York-16 March 2023: Recent Congressional action to repeal a District of Columbia law is indicative of Congress' unique oversight and is unlikely to affect the District's underlying credit quality and 'AA+'/Stable Issuer Default Rating (IDR), Fitch Ratings says. Fitch incorporates risks of Congressional intervention in District fiscal matters into our assessment of the District's independent legal ability to raise revenues. Fitch also notes that since the establishment of Home Rule, Congress has not voided legislation directly related to District's fiscal policy or revenue changes.

The District's 'AA+' IDR reflects exceptionally strong budget control, long-term economic and revenue growth prospects, and commitment to long-term capital planning, including a sizable pay-go program. The federal government plays a key role in the District's credit profile given its economic importance to the District and direct fiscal support for retiree liabilities as well as Medicaid.

In a rare invocation of the District of Columbia's statutory subjection to congressional oversight under the 1973 Home Rule Act, Congress presented House Joint Resolution 26, repealing the District's Revised Criminal Code Act of 2022, to the President on March 15, 2023. Fitch expects the President to sign the resolution, as he has publicly indicated.

The Home Rule Act subjects all non-budget enacted local legislation, including revenue raising measures, to a 30- (for civil matters) or 60- (for criminal matters) legislative day congressional review period. Congress can void the legislation during the review period with a joint resolution of both houses, signed by the president. This normally represents a significant political hurdle, as prior to House Joint Resolution 26, locally approved legislation had been voided only three times and not since 1990.

The Home Rule Act also establishes the District as essentially a federal agency for budgeting purposes, requiring explicit congressional approval as part of federal appropriations bills before local budget bills become effective. Local budget bills are the only way for the District to authorize spending of revenues, including tax or fee increases implemented under separate local legislation. This places untested limitations on the District's independent legal revenue-raising capability, though Fitch views a long record of District revenue actions without Congressional interference as substantially reducing the risk we assign to this factor.

Under a local Budget Autonomy Act enacted by the District council in 2012 and a local court decision upholding it, the District believes its local funds budget is now only subject to a 30-legislative day congressional review period. Some members of Congress have challenged this assertion, and in Fitch's view, the final outcome remains somewhat unclear.

Since a 2016 decision in the District's Superior Court, the District has followed the budgeting process outlined in the Budget Autonomy Act. After council and mayoral approval, the District submits the local funds' budget bills to Congress and considers them fully enacted after a 30-legislative day congressional review period. However, Congress has continued to follow Home Rule Act provisions and included the District's local funds budget in its federal appropriation bills.

Historically, federal appropriations bills have included all provisions, including revenue changes, in the local funds budget approved at the District's level. They have also usually included additional policy riders inserted by Congress that modestly restrict the District's expenditure authority, such as provisions prohibiting any expenditure of local funds to legalize marijuana or tightly limiting expenditures for abortions. As it traditionally has, the District intends to comply with these provisions included in the federal appropriations bills. Beyond the federal provisions noted above, the District has no other legal limitations on its ability to raise revenues through tax or fee increases or base broadenings.

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Del Rio, Texas: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR), and GO and CO ratings reflect the combination of substantial revenue-raising ability, solid expenditure flexibility and superior operating performance, which allows Del Rio to withstand current and future economic cycles. Revenue growth prospects are adequate and expected to perform at the level of inflation over time. The city's long-term liability burden is low. Economic Resource Base: Del Rio has a slightly declining population that totaled about 35,000 in 2021. It is located along the Texas-Mexico border, across from the larger city of Ciudad Acuna, which has an estimated population of about 201,700. Employment is concentrated in the federal government, led by Laughlin Air Force Base (Laughlin AFB) and border security agencies. Given its border location, the city's economy is also inherently linked to the Mexican border economy and is vulnerable to international economic and governmental policy shifts, as it relies on border trade and transportation activity.

ACCESS REPORT

Thu 16 Mar, 2023

Bristol, Connecticut: Fitch New Issue Report

Revenue Framework: 'aa': Fitch Ratings expects growth prospects for revenues absent tax rate increases to trend in line with long-term national rates of inflation notwithstanding recent strong growth in assessed values based on a recent five-year revaluation. Prior to the revaluation, long-term trends in tax base values were more moderate and population growth has been relatively flat. Expenditure Framework: 'aa': Overall expenditure flexibility is solid when considering management's adequate ability to control headcount and wages. The city's fixed carrying costs associated with debt service, pension and other post-employment benefit contributions were 7% of fiscal 2022 total governmental spending. Long-Term Liability Burden: 'aaa': Bristol's long-term liability burden for debt and Fitch-adjusted net pension liabilities is low at an estimated 4% of residents' personal income including this issuance. Fitch expects the burden to remain low as a result of manageable future borrowing plans, pensions with a positive net asset position and above average principal amortization. Operating Performance: 'aaa': Fitch expects the city to manage through periods of economic decline while maintaining a high degree of fundamental financial flexibility. Conservative budget management practices have contributed to the maintenance of solid reserve levels.

ACCESS REPORT

Thu 16 Mar, 2023

State of California: Fitch New Issue Report

California's 'AA' Issuer Default Rating (IDR) and GO bond rating incorporate the state's large and diverse economy, which supports strong, albeit cyclical, revenue growth prospects, a solid ability to manage expenses through the economic cycle and a moderate level of long-term liabilities. Strong fiscal management, institutionalized across administrations and demonstrated through build-up of the budgetary stabilization account and elimination of past budgetary borrowing, has allowed the state to better withstand economic and revenue cyclicality.

ACCESS REPORT

Fri 17 Mar, 2023

S&P U.S. Local Governments Credit Brief: New York State Counties And Municipalities Means And Medians

Overview

New York State counties and municipalities (local governments) have demonstrated stable credit quality recently, which we think continued economic expansion supports, demonstrated by continuous strong sales tax revenue. Sales tax revenue remained robust despite supply chain disruptions and a tight labor market that has greatly affected local government portfolios nationwide.

S&P Global Ratings expects credit quality for New York local governments to remain stable during the next few years despite the shallow recession predicted for the first half of 2023 due largely to positive operations, subsequent to the injection of federal stimulus during COVID-19 and various transformation economic developments statewide. However, concerns over inflationary pressure and a contracting housing market throughout the Mid-Atlantic, possibly affecting mortgage tax collections, remain for local governments.

S&P Global Ratings maintains ratings on roughly 258 local governments, 228 municipalities, and 31 counties. Overall, credit quality has remained stable since March 14, 2022. We raised the ratings on Erie, Nassau, and Suffolk counties within the past year. We also raised the ratings on seven municipalities, including Syracuse and Yonkers, and lowered the ratings on three. In addition, we withdrew eight ratings across New York local governments as debt matured or due to a lack of timely information: However, we withdrew the rating on South Nyack because it dissolved. At 95%, the majority of ratings have a stable outlook while 2% have positive outlooks, 1% have negative outlooks, and 2% are on CreditWatch for a lack of timely information.

Continue reading.

14 Mar, 2023

Residents' Right to Be Rude Upheld by Massachusetts Supreme Court.

In an age of division, the court ruled that towns could not mandate polite discourse at public meetings. One official called the decision "very dispiriting."

In a decision that jangled the nerves of some elected officials, the Massachusetts Supreme Judicial Court last week reaffirmed a basic liberty established by the founding fathers: the right to be rude at public meetings.

The ruling sent waves of consternation across the state, where many local select board and school committee members have emerged battle-scarred from the coronavirus pandemic and its fierce disputes over masks, vaccines and remote learning. Stemming from a lawsuit filed against the town of Southborough, Mass., by a resident who said selectmen had silenced her unlawfully, the decision pushed back against attempts to mandate good manners.

"On its face it's very dispiriting," said Geoff Beckwith, executive director of the Massachusetts Municipal Association, which until last week had been nudging towns to develop civility guidelines for meetings. "Will it encourage the very few, very vocal individuals whose goal is to be disruptive? The S.J.C. is saying that's the price of true freedom of speech."

Continue reading.

The New York Times

By Jenna Russell

March 17, 2023

Texas' Record $3.5 Billion Muni Deal to Sell After Two-Year Saga.

- **Bonds will help utilities recoup costs from 2021 winter storm**
- **Debt has rare call option, may be redeemed in months**

A Texas agency is poised to issue the largest-ever municipal-bond deal in the Lone Star State, a historic $3.5 billion transaction designed to bail out natural gas utilities that incurred billions of dollars of unexpected costs during a deadly winter storm two years ago.

The Texas Natural Gas Securitization Finance Corp. plans to price the taxable municipal bonds on March 8 and 9. They'll be paid for by adjustable charges on the bills of customers of the nine utilities.

The deal has characteristics that could give some investors pause. For one thing, it has a provision allowing the bonds to be called if lawmakers decide to tap the state's bounty of extra cash to pay off the obligations early. Then there's the sheer size — the biggest since at least 2020 for a taxable muni, according to data compiled by Bloomberg. That heft may require higher yields to clear a volatile market.

Continue reading.

Bloomberg Markets

By Danielle Moran and Scott Carpenter

March 6, 2023 at 10:26 AM PST

American Dream Mall Owes NJ Town $8 Million, Lawsuit Says.

- **East Rutherford says mall owes tax-like payments, sewer bill**
- **American Dream has struggled in the wake of the pandemic**

A New Jersey town sued the American Dream mall and entertainment complex over its refusal to make about $7.5 million in property tax-like payments and $400,000 for sewer service.

American Dream's owner Triple Five Group agreed to make the payments in lieu of real estate taxes to the borough of East Rutherford on land surrounding the mall in exchange for rights to build a hotel, minor league baseball stadium and offices. The payments to East Rutherford, home to the $5 billion project, were supposed to commence once the mall opened to the public, according to a March 3 complaint filed by the town in Superior Court of New Jersey.

The borough said in the lawsuit that American Dream has "dubiously asserted" that the complex — which has hosted millions of guests and touted visits by reality television stars like Kim Kardashian — isn't open for business to the general public.

Continue reading.

Bloomberg

By Martin Z Braun

March 6, 2023

S&P U.S. Local Governments Credit Brief: Pennsylvania Counties And Municipalities Means And Medians

Overview

Pennsylvania counties and municipalities are generally well positioned to manage economic headwinds that include inflationary pressures, rising interest rates, and an expected shallow recession in 2023. (For more information on S&P Global Ratings' economic forecast, see "Economic Outlook U.S. Q1 2023: Tipping Toward Recession," published Nov. 28, 2022, on RatingsDirect.) Local governments across the commonwealth are emerging from the COVID-19 pandemic, having benefited from modest revenue recovery and federal stimulus funding that have bolstered reserves. S&P Global Ratings expects that healthy reserves and proactive budgetary management will allow Pennsylvania local governments to weather a potential economic downturn and preserve credit quality across the portfolio.

S&P Global Ratings maintains ratings on 245 municipalities and 39 counties. Overall, the credit quality of municipalities and counties in the commonwealth remains stable, with 3.9% experiencing rating changes in calendar 2022. Over that span, three municipalities and three counties had upgrades on general obligation bonds, and five municipalities had downgrades. Currently, 94.4% of the ratings have a stable outlook, 3.9% have a negative outlook, and 1.7% have a positive outlook.

Continue reading.

8 Mar, 2023

S&P State Brief: Michigan

View the brief.

8 Mar, 2023

Harford County, Maryland: Fitch New Issue Report

Revenue Framework: ‘aaa’: The county’s primary revenue sources are property and income taxes. Fitch expects general fund revenue growth to be solid. The county has an unlimited legal ability to raise property taxes and gains additional revenue-raising flexibility from the remaining margin below the maximum income tax rate. Expenditure Framework: ‘aa’: Fitch expects expenditure growth to be marginally above revenue growth mainly due to education, which drives the county’s spending needs. Any reduction below the maintenance of effort level would require approval from the state. Increased salary spending is expected to add to expenditure growth. Fixed costs for debt service, pension and other post-employment benefit contributions are expected to remain moderate. Long-Term Liability Burden: ‘aaa’: The combined burden of debt and unfunded pension liabilities is low at approximately 4% of personal income. Fitch expects the burden to remain low given manageable borrowing plans. Operating Performance: ‘aaa’: The ‘aaa’ operating performance assessment reflects the county’s superior gap-closing capacity relative to Fitch’s expectations of revenue sensitivity to economic cycles, with a solid level of spending flexibility supplemented by ample revenue control and a healthy reserve cushion.

ACCESS REPORT

Wed 08 Mar, 2023

State of Maryland: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aaa’: Maryland retains unlimited legal authority to raise operating revenues on its solid economic base. Revenue growth prospects are expected to be strong and comparable to overall U.S. economic growth. Risk from reliance on personal income tax is mitigated by a robust federal presence. Expenditure Framework: ‘aaa’: Maryland has a strong ability to adjust its spending commitments, of which education and Medicaid remain the largest components. Carrying costs for liabilities remain moderately low but above states’ median. Long-

Term Liability Burden: ‘aa’: Maryland’s debt and net pension liabilities are elevated for a state but moderate relative to its resource base. Pensions are the more significant burden, which the state is addressing through benefit and contribution policy changes. Operating Performance: ‘aaa’: Financial resilience is extremely strong, with well-funded budgetary reserves, consensus-oriented decision-making with a willingness to trim spending and increase revenues, and disciplined multiyear forecasting and planning.

ACCESS REPORT

Fri 10 Mar, 2023

Baltimore County, Maryland: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aaa’: Fitch’s assessment of the county’s revenue framework reflects its view of solid long-term growth prospects, which incorporate some sensitivity to fluctuations in the income tax and other economically sensitive sources through the economic cycle, coupled with the county’s high independent legal ability to increase revenue. Expenditure Framework: ‘aa’: Fitch expects expenditures to grow at a rate in line with to marginally above revenues in the absence of policy action based on historical results. Fixed carrying costs for debt service and retiree benefits are moderate as a percentage of total governmental spending. Spending flexibility is somewhat constrained by multi-year labor agreements and the difficulty to reduce education spending below maintenance of efforts levels without full county council and state approval. Long-Term Liability Burden: ‘aaa’: Overall debt combined with Fitch-adjusted net pension liabilities is low at about 7% of residents’ personal income, excluding GO-backed Metropolitan District debt. Such debt is supported by special assessments and charges levied against all property in the district for water and sewer service. Operating Performance: ‘aaa’: The county has high gap-closing capacity relative to Fitch’s expectations of revenue sensitivity during economic cycles. Baltimore’s superior level of inherent budget flexibility reflects its high revenue raising authority and solid expenditure flexibility. Conservative budget management practices have contributed to consistent reserve levels maintained at amounts above what Fitch deems adequate for an ‘aaa’ reserve safety margin. Management has a strong history of using excess reserves for pay-go capital.

ACCESS REPORT

Fri 10 Mar, 2023

State of California: Fitch New Issue Report

California’s ‘AA’ Issuer Default Rating (IDR) and GO rating incorporate the state’s large and diverse economy, which supports strong, albeit cyclical, revenue growth prospects, a solid ability to manage expenses through the economic cycle and moderate long-term liabilities. Strong fiscal management, institutionalized across administrations and demonstrated through build-up of the budgetary stabilization account and elimination of past budgetary borrowing, allows the state to better withstand economic and revenue cyclicality.

ACCESS REPORT

06 Mar, 2023

[Howard County, Maryland: Fitch New Issue Report]

Revenue Framework: ‘aaa’: Fitch expects the natural pace of general fund revenue growth to perform in line with GDP over the long term based on strong economic activity and continued investment in the county. The county has the independent legal ability to raise property tax revenues without limit, contributing to superior inherent budget flexibility. Expenditure Framework: ‘aa’: Fitch expects natural growth in spending to generally track slightly above revenue growth. Education drives the county’s spending needs and is somewhat inflexible, in that any reduction in funding would require approval from the state. Nevertheless, the county’s ability to make other spending cuts when needed is solid given its strong legal control over employee-related costs and staffing levels. Carrying costs related to debt, pensions and other post-employment benefits (OPEB) are moderate. Long-Term Liability Burden: ‘aaa’: The county’s liability burden is largely debt driven and low relative to its resource base. Projected debt needs are manageable, and future issuances will be managed in accordance with county policies based on changes in the economy, expectations for population growth and service demands.

ACCESS REPORT

[Triborough Bridge and Tunnel Authority, New York: Fitch New Issue Report]

Rating Linked to State IDR: State statute and bond documents structurally segregate city sales taxes pledged to bondholders and support a rating higher than New York State’s IDR. State statute authorizes the New York City sales tax and allocates a fixed amount to the TBTA for the CBDTP. The New York State Comptroller collects all sales tax revenue and transfers the allocation to the TBTA, without appropriation. New York State has a long history of actions to ensure sufficient resources for the MTA, whose operations are a critical component of the state’s economic profile. No City or MTA Operating Risk Exposure: Bondholders are not exposed to operating risk of New York City or the MTA. The city has no right, title or interest in the portion of city sales tax withheld by the comptroller and transferred to the TBTA first, before remaining collections are transferred to the city. State statute segregates CBDTP monies from other TBTA moneys, and the resolution requires the prompt deposit of sales tax to the trustee before remaining receipts become available for other authorized uses. State statute prohibits the MTA or its affiliates from filing for bankruptcy while bonds are outstanding.

ACCESS REPORT

06 Mar, 2023

[University of Oklahoma Health Sciences Center: Fitch New Issue Report]

Key Rating Drivers Revenue Defensibility: ‘a’; Solid Student Demand; Diverse Revenue Base: The Revenue Defensibility assessment of ‘a’ incorporates the significant change in revenue mix that started in fiscal 2022 from the transfer of OU Physicians out of OUHSC into the legally separate OU Medicine Inc (OUMI; d/b/a OU Health [OUH]) entity. Operations were historically driven by clinical healthcare revenues related to OUHSC's large physician practice plan, roughly 46% of revenues pre-transfer. Operating Risk: 'a'; Adequate Operating Margins, Short-Term Volatility Likely: The 'a' Operating Risk assessment reflects OUHSC's modest cash flow margins for the rating category, and expected operating volatility in fiscals 2022 and 2023. In line with Fitch's expectations, OUHSC's fiscal 2022 adjusted cash flow margins declined to 6.3% due in large part to a one-time capitalization payment to OUH ($37.5 million), forgoing about $50 million in scheduled OU Physicians revenue payments, a $19 million cash payment to OUH, as well as various budget expense adjustments. Financial Profile: 'aa'; Exceptionally Strong Balance Sheet Resources: The 'aa' Financial Profile assessment for OUHSC reflects very strong debt leverage for the rating category, measured as adjusted available funds (AF) to adjusted debt. Strong leverage is sustained through a stress scenario. Fitch includes adjusted pensions in debt liabilities, which are substantial. In addition, adjusted OU Foundation (OUF) resources (OUHSC's approximate 30.5% share or $259 million in fiscal 2022) is included in the combined AF amount.

ACCESS REPORT

Tue 07 Mar, 2023

Alpine School District, Utah: Fitch New Issue Report

The 'AA+' lease revenue bond rating is one notch below Alpine School District's Issuer Default Rating (IDR), reflecting the slightly greater optionality associated with appropriation debt. The district's 'AAA' IDR reflects its strong revenue growth prospects, low long-term liability burden, and superior gap-closing capacity supported by strong general fund reserves, solid expenditure control and high independent legal ability to raise revenues. The district benefits from a positive state funding environment, flexible labor environment and low net pension liabilities (NPLs). Economic Resource Base: Alpine is the largest school district in the state of Utah, serving nearly 85,000 students across 93 schools in grades K-12, in a fast-growing suburban area south of Salt Lake City. The district occupies the northern half of Utah County (the state's second largest county) and has a population of approximately 359,000, a 25% increase over the past decade. The district's location on the economically vibrant Wasatch Front, which historically has had strong job growth, and its relative affordability have spurred sustained residential and commercial development.

ACCESS REPORT

Tue 07 Mar, 2023

Recently Proposed MA Legislation Aims to Provide Protection and Clarity for Previously Approved Projects: Bowditch & Dewey

On January 19, 2023, Representative Kevin Honan filed new legislation entitled "An Act to Safeguard Municipal Permitting" targeted at addressing special permit protections and timelines for previously approved projects. This legislation, HD2884, provides for certain additional protections for projects that have already undergone review under local zoning laws and have received a special permit or site plan approval.

In particular, the legislation proposes that a zoning ordinance or by-law shall provide that construction or operations made pursuant to local approval shall conform to any subsequent changes to ordinances/by-laws and regulations subject to the following protections and timelines:

- For work performed under a **building permit**, unless the use or construction is commenced *within one (1) year* of the issuance of the permit;
- For work performed under a **special permit(s) or site plan approva**l, unless the use or construction is commenced *within three (3) years* of the issuance of the permit; and
- In cases involving **construction**, unless such construction is continued through to completion as "continuously and expeditiously as is reasonable."

The legislation also clarifies that the word "commenced," for purposes of construction involving the redevelopment of previously disturbed land, includes any substantial investment in site preparation and/or infrastructure construction and that phased construction shall proceed expeditiously, but not continuously, among phases.

It remains to be seen how the Legislature will act, but the legislation as proposed is indicative of the desire to provide more certainty and protections to developers and investors alike in light of the uncertainties created by the COVID-19 pandemic.

Bowditch & Dewey LLP – Joseph R. Duquette

March 1 2023

How Buckhead's Secession From Atlanta Would Destabilize the Entire State.

A renewed effort to sever the whitest and wealthiest area of Atlanta from the rest of the city would have sent the region into a financial tailspin.

A group of Georgia lawmakers has revived efforts to sever the tony, upscale neighborhoods of Atlanta's Buckhead from the rest of the city — a move that city leaders say could end up financially ruining the entire Atlanta metro region, if not the whole state.

On Monday, a state senate committee passed two bills that would allow for residents of the wealthiest and whitest areas in Atlanta to vote in November 2024 to secede from the city and create a new municipality called Buckhead City. However, the full state senate rejected the legislation Thursday evening with 33 senators voting against it. Still, the movement isn't going anywhere: Proponents pledged to continue supporting secession in future legislative sessions.

Governor Brian Kemp's administration had expressed constitutional concerns earlier in the week. A Feb. 28 letter to lawmakers from Kemp's Executive Counsel David B. Dove asks lawmakers to settle dozens of questions related to how municipal bond debt will be handled, where Buckhead City students would attend school if taken out of Atlanta's public school system, how the water and sewage system would be divided up and other uncertainties concerning parks and policing.

Continue reading.

Bloomberg CityLab

By Brentin Mock

March 2, 2023

State of Oregon: Fitch New Issue Report

Oregon's 'AA+' Issuer Default Rating (IDR) and GO bond rating reflect the state's strong control over revenues and spending, low liabilities and record of prompt actions to maintain financial flexibility during challenging revenue periods. The state's operating performance is sustained by a diverse economy with strong long-term growth prospects. Strong financial management is critical to the rating, given a revenue structure largely dependent on the personal income tax (PIT; increasingly skewed toward middle- and upper-income earners), exposure to voter initiatives that can have negative fiscal impacts and constitutional "kicker" provisions limiting revenue growth captured by the state.

ACCESS REPORT

Fri 03 Mar, 2023 – 2:36 PM ET

S&P Charter School Brief: Colorado

View the Brief.

27 Feb, 2023

Nebo School District, Utah: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': Long-term general fund revenue growth is expected to outpace U.S. economic growth, reflecting a strong tax base, steady enrollment gains and increasing state per pupil funding. The district has substantial independent legal ability to raise revenues if needed with local property tax rates well below the legal limit. Expenditure Framework: 'aa': The rate of spending growth is expected to be in line with to marginally above strong revenue growth, as rising enrollment drives increases to teaching staff. The district enjoys solid expenditure flexibility, with moderate carrying costs and a flexible labor environment. Long-Term Liability Burden: 'aaa': The district's debt and net pension liabilities are low relative to its resource base. Future debt plans are manageable. Operating Performance: 'aaa': The district has superior gap-closing capacity, with limited historical revenue volatility and superior inherent budget flexibility, accompanied by sizable reserves. Budget management in times of recovery is also strong, with rapid rebuilding of financial flexibility after downturns and conservative budgeting to maintain structural balance.

ACCESS REPORT

Wed 01 Mar, 2023 – 2:55 PM ET

District of Columbia: Fitch New Issue Report

The 'AA+' rating reflects the District's exceptionally strong budget control, long-term economic and revenue growth prospects, and commitment to long-term capital planning including sizable pay-go program. The federal government plays a key role in the District's credit profile given its economic importance to the District and direct fiscal support for retiree liabilities as well as Medicaid.

ACCESS REPORT

Thu 02 Mar, 2023 – 12:26 PM ET

Louisiana Opts to Auction Bonds to Avoid GOP Anti-ESG Quandary.

- **State will sell about $270 million of bonds to lowest bidder**
- **State treasurer says he has 'no choice' but to auction bonds**

Officials in Louisiana couldn't agree on which Wall Street banks align closely enough to the state's Republican politics to underwrite an upcoming bond sale — so they decided to put the debt up for auction instead.

Members of the State Bond Commission voted Friday to sell about $270 million of general obligation bonds through a competitive offering rather than choosing banks in advance. The decision followed an intense debate over whether to allow six Wall Street banks to be considered for the state's underwriting pool because of their corporate policies on fossil fuels or firearms.

Craig Cassagne, Assistant Attorney General with the Louisiana Department of Justice, sought to exclude Barclays Plc, JPMorgan Chase & Co, Morgan Stanley, RBC Capital Markets, UBS Group AG, and Wells Fargo from managing Louisiana's negotiated municipal bond deals. And because the state had already removed Bank of America Corp. and Citigroup Inc. from its syndicate group over gun policies — it would have left few other major investment bank options.

"If you take eight of these banks off my list, I'm handcuffed," said Republican Treasurer John Schroder at the meeting in Baton Rouge. He said limiting the pool of possible banks so drastically would raise borrowing costs for taxpayers. "I have no choice but to do a competitive deal."

The decision shows how politicized the $4 trillion municipal bond market has become as the Republican anti-ESG agenda has filtered into public finance. States from West Virginia to Kentucky to Texas have passed legislation that restricts certain contracts with companies because of their environmental or social policies. That's fractured parts of the market with some companies able to conduct business in some states but not others.

There's no law in Louisiana barring certain banks from conducting business with the government like there is in Texas. That means that if the state sells the bonds through an auction, officials are obligated to take the lowest bidder regardless of which bank it is.

"This is very messy, but I didn't create the mess. I'm just trying to wade through it," Schroder said.

Schroder sent a request for qualifications in January to solicit banks for the the state's pool of underwriters. As a part of the request, respondents had to demonstrate that they don't "restrict or would otherwise infringe on the constitutionally protected rights of the citizens of the State to lawfully keep and bear arms" or have a policy that prohibits "doing business of any type with clients or customers in any fossil fuel related industry."

Twenty-seven firms responded, by and large saying they should be considered for the underwriting pool. Because the biggest banks are global corporations with various business lines, there were some caveats.

JPMorgan, for example, said it doesn't provide financing to companies that make military-style weapons for civilian use and that its risk-based assessment has them steer clear of certain activities related to coal mining. RBC had a similar statement, saying it may decline to provide services that expose the bank to undue risk and refrain from financing new greenfield coal-fired power plants, thermal coal mines, or mountain top removal coal mining projects.

The state hasn't yet made a decision on which banks will be in the ongoing pool of underwriters.

Spokespeople from JPMorgan, RBC, and Morgan Stanley didn't immediately respond to requests for comment. Spokespeople from Barclays and UBS declined to comment. Wells Fargo didn't provide an immediate comment.

A spokeswoman for Schroder didn't have further comment.

Louisiana Attorney General Jeff Landry's office provided a letter he authored to the commission urging for a competitive sale and only use pre-determined banks if they share the state's values.

Landry said he must ensure "the values of Louisiana citizens, particularly their 2nd Amendment rights and our economy that relies on the oil and gas industry are protected. I will not support any decision that both costs the taxpayers of Louisiana more of their hard-earned money and puts that money directly in the pockets of the banks who have policies contrary to our way of life."

Bloomberg Green

By Danielle Moran

February 24, 2023

[First DeSantis Took On Disney. Now He's Coming for Wall Street.]

The Florida governor's battle with Disney is a cautionary tale for corporate America and could be the launching pad for a 2024 presidential campaign.

Ron DeSantis has a warning for corporate America: Get on board, or else …

It's a message designed for Republican voters across the US and could serve as the launching pad for a 2024 presidential bid by Florida's 44-year-old-governor. It also has potential repercussions for Wall Street and the $4 trillion municipal bond market.

Ground zero is the Magic Kingdom, where representatives chosen by Walt Disney Co. have met on a monthly basis for decades to oversee the day-to-day operations of the Reedy Creek Improvement District — everything from approving building permits to issuing debt and making sure lights are on at Cinderella's castle.

[Continue reading.](#)

Bloomberg CityLab

By Nic Querolo and Felipe Marques

February 23, 2023

School Districts Face Millions in Extra Costs as Texas Program that Backs Bond Debt Hits its Limit.

A state-backed program that for decades has helped school districts get the lowest interest rates possible on bonds and keep their credit scores high has reached its debt limit — and it could cost taxpayers millions of dollars.

Texas' Permanent School Fund promises lenders who buy bonds from a school district that the state will pay them back if the district can't. But it can only vouch for so much debt.

The IRS, which has jurisdiction over tax-exempt municipal bonds, has set that limit at about $117 billion — and it was reached in December. Since then, at least 49 school and charter districts that asked the PSF to back their debt were denied due to insufficient capacity, resulting in more than $6.87 billion in unguaranteed bonds.

[Continue reading.](#)

The Texas Tribune

by Brian Lopez

February 25, 2023

Texas Has a Warning for Its Pensions: Sever Ties With BlackRock

Comptroller sends letters to state money managers warning they may not be complying with intent of divestment law

Texas Comptroller Glenn Hegar is stepping up his battle against so-called sustainable investing, telling state money managers that they haven't done enough to cut ties with BlackRock Inc. and other financial firms that he says boycott the oil and gas industry.

Hegar sent letters late Wednesday to five Texas government-employee pension funds and an entity that manages money for the public school systems, "strongly" encouraging them to sever all relationships with companies on his office's divestment list, according to copies of the missives seen by Bloomberg News. The move follows a 2021 law that requires state entities to sell their shares in financial companies or investment funds that limit business with the fossil-fuel industry. In August, Hegar released a list of 10 companies including BlackRock and UBS Group AG and more than 300 individual funds that he says discriminate against oil and gas.

The demands laid out by Hegar increases pressure on state agencies that manage hundreds of billions of dollars in assets to completely cut off the firms on the boycott list. While the state firms indicated they didn't own direct stakes in the financial companies, Hegar said that an examination of their holdings and business relationships showed some still had investment funds issued by the companies or were paying the firms for services such as analytics or risk management.

Continue reading.

Bloomberg Green

By Danielle Moran and Shelly Hagan

February 23, 2023

A California Bill Would Pull State Business From Banks That Work With Gun Makers.

- **Bill would keep some banks from underwriting California deals**
- **Proposal signals growing politicization of muni-bond market**

A California bill would pull state business from Wall Street banks who work with gun makers, in another sign of the growing politicization of the $4 trillion municipal-bond market.

Legislation filed in the state Senate earlier this month by a Democrat from Orange County would "prohibit financial institutions that do business with gun manufacturers from doing business with the state of California," according to the bill's text. If enacted, it could have major repercussions in one of the largest segments of the $4 trillion municipal-bond market.

Wall Street banks have been caught in the US debate over firearms as a handful of states consider policies limiting government business with firms that restrict the gun industry. The pending California legislation is the opposite of a 2021 law passed in Texas that bars most government contracts there with companies that curb their business with the gun industry.

Continue reading.

Bloomberg CityLab

By Danielle Moran

February 21, 2023

Bond Measure Ballot Question Fix for CA AB 195-AB 809 Requirements: Orrick

Good news! California Senator Scott Wiener, 11th Senate District, has introduced Senate Bill 532 ("SB 532"), which, if enacted into law, would provide an option to California school districts and other local governments calling bond elections to include key financial information in voter information guides rather than including the information currently required by Assembly Bill 195 (Obernolte) (“AB 195”)/Assembly Bill 809 (Obernolte) (“AB 809”) in the 75-word ballot question.

AB 809 was signed into law in 2015 and required new information to be included in ballot questions when a new tax is to be imposed or an existing tax rate is to be raised by a measure. Specifically, the amount of money to be raised annually and the rate and duration of the tax to be levied is to be included in the statement of the measure in such cases. (The statement of the measure is the 75-word ballot question voters see prior to voting.) As drafted, the requirements of AB 809 did not apply to measures placed on the ballot by a local governing body. The requirements of AB 809 only applied to initiative measures. AB 195 made the AB 809 requirements applicable to measures placed on the ballot by a local governing body, including bond measures. AB 195 defines a “local governing body” as “the governing body of a city, county, city and county, including a charter city or charter county, or district, including a school district.”

The additional information required by AB 195/AB 809 has proven problematic for bond measures because, among other things, the additional information confuses and misleads voters. Tax rates for property tax supported bonds, as well as the amount of money to be raised annually for such bonds, may vary significantly over the term of the bonds. Moreover, the duration of the tax is dependent upon many factors. To comply with the AB 195/AB 809 requirements, many school districts and other local governments use averages or other projections to present the required information. In reality, the actual tax rates and amounts to be raised might be significantly different than the averages in many of the applicable years. There are not enough words in a 75-word ballot question to adequately explain the information presented and how it may vary over the term of the bonds. As a result, the information provided is often over-simplified and can be confusing and misleading.

SB 532 provides school districts and other local governments calling bond elections the option to include key financial information in voter information guides rather than including the information required by AB 195/AB 809 in the 75-word ballot question. If the SB 532 option is selected, SB 532 requires that one sentence follow the ballot question: “See voter guide for measure information statement.” Those seven words would count against the ballot question 75-word limit.

The key financial information to be included in the voter information guide under SB 532 would include: (i) a description of the purpose of the proposed tax; (ii) a list of expected tax rates; (iii) a description of what would cause tax rate(s) to vary over time; and (iv) an explanation regarding the duration of the tax.

The following link will take you to the bill:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB532

SB 532 provides that “[i]t is the intent of the Legislature that elections officials prepare ballot materials for the March 5, 2024, primary election in compliance with this act.” In other words, the relief provided by SB 532 is intended to be effective for March 2024 elections, even though those elections will be called prior to the January 1, 2024, effective date of the bill.

Local governmental entities interested in bond measures can help support the passage of SB 532 as follows:

Contact your legislators (state Senators and Assembly Members) to encourage their support for SB 532. An email or a phone call to the Capitol or District office works great.

Rosters with contact information for legislators:

- Senators: https://www.senate.ca.gov/senators
- Assembly Members: https://www.assembly.ca.gov/
- Legislator Look-Up tool: https://findyourrep.legislature.ca.gov/

Submit an official position letter in support of SB 532 as it moves through the legislative process, starting with a letter to the author to express your organization's support. Note, this requires an updated letter each step of the way to be on record with each legislative committee. This can be done via the Legislative Letter portal: https://calegislation.lc.ca.gov/Advocates/

Share your story! If your school district or other local government entity has been affected by AB 195/AB 809, please share your story so that it can inform the legislative process. This helps to personalize the issue for legislators who serve in key leadership positions and will be critical to successful passage of SB 532. Reach out to Rebekah Kalleen, legislative advocate for Coalition for Adequate School Housing (CASH), to share your story. Rebekah can be reached at rkalleen@m--h.com.

February.21.2023

Nebraska Bill Would Require Public Vote Before School Districts Could Use 'Work Around' to Finance New Schools.

LINCOLN — Voters would have to approve agreements to finance new schools via little-used interlocal agreements under a legislative bill given first-round approval Wednesday.

State Sen. Lou Ann Linehan of Elkhorn said Legislative Bill 299 would close a "loophole" in state law that allows financing of new school construction without a public vote.

"If you're going to put people in debt, people should have the right to vote 'yes' or 'no,' " Linehan said.

Continue reading.

NEBRASKA EXAMINER

BY: PAUL HAMMEL – FEBRUARY 22, 2023

New York City Coffers are Flush With Cash as It Taps Bond Market.

- **City has $14.6 billion cash balance, double last year's amount**
- **Challenges include labor costs and office market weakness**

As New York City prepares to sell nearly $680 million of bonds Wednesday, investors are unlikely to see much short-term risk: Its coffers are flush with cash.

The city's cash balance, which includes reserves, stood at $14.6 billion in early February, twice as much as the same time a year earlier, according to the Comptroller. Although Wall Street bonus payments are projected to decline 20%, personal-income-tax revenue withheld from worker paychecks in January was almost 7% higher than the same month last year, showing that the city is still gaining from the strong labor market.

“The city’s financial position is much stronger than it was before the pandemic,” said Vikram Rai, head of Citigroup Inc.’s municipal bond strategy group.

Continue reading.

Bloomberg CityLab

By Martin Z Braun

February 22, 2023

Pennsylvania Makes Progress Toward Public Employee Pension Sustainability.

How a series of reforms has put the Keystone State on a positive trajectory

Pennsylvania’s public employee pension plans are on a path to long-term fiscal sustainability thanks to a multiyear effort by policymakers to address the state’s sizable unfunded pension liability. Although the plans’ funded level remained relatively low in 2020 at 58%—below the national average of 70%—the state made three consecutive years of payments to the plans that were sufficient to cover benefits and reduce debt, which is real progress. In addition, a new benefit plan put in place to better manage financial risk, along with efforts to reduce investment fees by billions, limits the threat of developing new unfunded liabilities.

It will take decades for Pennsylvania’s pension plans to achieve full funding, but an understanding of how policymaker decisions created a more positive trajectory can inform efforts elsewhere to improve the fiscal sustainability of public employee pensions.

Pennsylvania serves as both a cautionary tale and a turnaround story. The Pennsylvania State Employees’ Retirement System (SERS) and the Pennsylvania School Employees’ Retirement System (PSERS) were fully funded in 2000, thanks largely to strong investment gains in the 1990s stock market. But unfunded benefit increases and a longtime pattern of not fully funding annual required contributions meant that the state went from a $20 billion surplus in 2000 to a $60 billion deficit in 2015—one of the largest dips recorded nationwide.

Continue reading.

The Pew Charitable Trusts

By: David Draine, Greg Mennis & Keith Sliwa

February 21, 2023

New London, Connecticut: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Fitch expects future revenue growth to approximate long-term U.S. inflation, supported by modest property appreciation and new construction that should add to the local tax base. Property taxes and state aid comprise the majority of the city's revenues. There is no legal limit to the property tax rate or levy. Expenditure Framework: 'aa': Fitch expects the natural pace of spending growth to remain in line with to marginally above that of revenue. Fixed costs related to debt service, pension and other-post employment benefits (OPEB) are expected to climb but remain moderate over the next few years as pension costs increase and the city continues to issue additional debt to support school construction projects. Control over headcount, wages, benefits and work rules is somewhat limited by staffing and labor contract requirements. Long-Term Liability Burden: 'aa': New London's debt and Fitch-adjusted net pension liabilities (NPL) represent a moderate share of personal income. Fitch expects that the city's liability burden will increase though remain consistent with the 'aa' assessment given future debt plans associated with city and school construction projects and pension liability trends. Operating Performance: 'aa': Fitch believes the city's substantial inherent budgetary flexibility and improved reserve levels support management's ability to maintain high fundamental financial flexibility through future downturns.

ACCESS REPORT

Tue 21 Feb, 2023 – 10:52 AM ET

New York City, New York: Fitch New Issue Report

The upgrade of the city's Issuer Default Rating (IDR) and GO bond rating to 'AA' reflects the improved financial foundation coming out of the pandemic, which places the city in a much stronger position to manage through future economic downturns, including near-term challenges due to an expected deceleration of revenue growth. The record revenue performance and strong recovery from the pandemic, as well as improvement in reserve levels following the removal of restrictions on such activity, will help management mitigate these pressures and other uncertainties associated with inflation and future labor costs. Collective bargaining agreements with the bulk of city employees are in negotiations and the potential impact to the budget remains to be seen.

ACCESS REPORT

Wed 22 Feb, 2023 – 1:10 PM ET

Cambridge, Massachusetts: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': Revenues are derived primarily from property taxes, and total annual general fund revenue growth over the past 10 fiscal years has exceeded U.S. GDP rates, reflective of strong growth in Cambridge's economy and tax base. Prospects remain strong for future economic advancement. The city maintains significant excess levy capacity under the state's Proposition 2 1/2 law, providing for a high legal ability to raise revenues. Expenditure Framework: 'aa': The natural pace of spending growth is expected by Fitch to be in line with or slower than natural revenue growth over time. Carrying costs for debt and retiree benefits claim a moderate proportion of governmental spending. Fitch expects carrying costs to remain moderate even with future debt issuances and budgeted annual increases in other-post employment benefit (OPEB) and pension contributions. The city maintains strong legal control over headcount and other key employment terms as provided by state statute. Long-Term Liability Burden: 'aaa': Cambridge's direct debt, net of water and sewer debt paid from user charges, and Fitch-adjusted net pension liabilities (NPL) are low at approximately 5% of residents' personal income. Fitch anticipates Cambridge's long-term liability burden will remain in line with the 'aaa' assessment based on expected growth in the city's population and personal income, future debt plans, and a rapid pace of principal amortization. OPEB liabilities compared to personal income are high when compared to debt and NPLs, but management is actively managing these costs.

ACCESS REPORT

Wed 22 Feb, 2023 – 4:20 PM ET

Illinois Faces Hurdles Steering Budget to Navigate a Recession.

- **Governor Pritzker to give fiscal 2024 budget address Wednesday**
- **Investors look for more progress on pensions, reserves**

Illinois, back from the brink of a junk rating, faces more challenges than other US states maneuvering its budget to weather an impending recession.

Governor J.B. Pritzker, the billionaire Democrat who was reelected in November, will deliver the first state of the state and budget address of his second term on Wednesday. Investors in the lowest-rated US state said they want to know how he plans to prepare for the expected economic slowdown that risks dimming the outlook for the coming fiscal year.

Illinois won a string of upgrades from the three major credit raters starting in mid-2021, which pulled it back from the verge of a non-investment grade rating. Its revenue topped forecasts, and general funds through the first seven months of fiscal 2023 beat the same stretch in the prior year by almost $2 billion. The state used some of that cash to build up its rainy-day fund, pay back pandemic-era federal loans, and put more into its underfunded pensions.

Continue reading.

Bloomberg Politics

By Shruti Singh

February 14, 2023

DeSantis Proposes Barring ESG Criteria in Florida Muni-Bond Sales.

- **State, local governments wouldn't be able to use ESG criteria**
- **Republican's proposal builds on plan announced late last year**

Florida Governor Ron DeSantis said he will propose legislation that would bar the state and its local governments from using environmental, social, governance criteria when issuing municipal bonds, expanding his push against what he has called a "woke agenda."

DeSantis released new details on Monday about his plan to require state and local government investments only be guided on potential returns. The Republican governor has previously said the state's asset managers must stop using ESG investing strategies if they want to keep overseeing Florida's money, including $220 billion of pension funds.

"We're also finally going to make sure that ESG is not infecting other decisions at both the state and local government," DeSantis said during a press conference in Naples on Monday. "So no investment decisions at the state or local government with ESG, no use of ESG in procurement and contracting and no use of ESG when issuing local or state bonds."

Continue reading.

Bloomberg Green

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

S&P U.S. Local Governments Credit Brief: Florida Municipalities, Counties, And School Districts

Overview

Florida municipalities, counties, and schools (or local governments [LGs]) have demonstrated stable credit quality in recent years, which we believe is supported by continued economic development and growth despite the recent pandemic, supply chain disruptions, and a tight labor market that has affected local government portfolios nationwide. S&P Global Ratings expects credit quality for Florida LGs to remain stable in the near term despite the shallow recession predicted for the first half of 2023, due in large part to the added financial flexibility most of the portfolio has realized subsequent to injection of federal stimulus funds during the pandemic and ongoing economic development. Employment growth in Florida exceeds the national rate. Recovery in the leisure and hospitality sector was achieved during the last two years due to stronger domestic visitor activity, while international visitor activity remains depressed compared with pre-pandemic levels. All the while, business and professional services, financial, and information sectors continue to expand. Florida's unemployment rate has continued to trend below the national rate, at 2.7% as of October 2022, whereas the annual population growth at 1.9% has exceeded the national rate of 0.4% during 2022.

S&P Global Ratings maintains ratings on 101 LGs: 22 schools, 19 counties, and 60 municipalities. Overall, Florida LG credit quality remained stable during 2022, with only 1% experiencing rating movement. Two LGs within the portfolio experienced one-notch upgrades. Hernando County's upgraded rating reflects material improvement in reserves, coupled with stronger financial management policies and practices, whereas Seminole County's credit quality improvement reflects positive operations and economic growth within the county, supported by robust and forward-looking policies and practices. In addition, the portfolio realized one outlook revision, for Indian River County School, to stable from negative due to the district's improved financial profile during the past two years as a result of prudent expense management and revenue growth. The majority of the ratings have a stable outlook, with Winter Haven the only credit on positive outlook due to improving per capita market values, which we expect will continue to support a strong economic profile, while Hillsborough County School District is the only credit on negative outlook, reflecting uncertainty in the district's ability to balance recurring revenues and expenditures, without federal stimulus support, while facing expenditure uncertainty from labor contracts.

Continue reading.

10 Feb, 2023

Fitch to Affirm ST 'F1+' Rating on Houston GO CP Notes Series E-2

Fitch Ratings-New York-13 February 2023: On the effective date of Feb. 15, 2023, Fitch Ratings will affirm the short-term (ST) rating assigned to the $100,000,000 City of Houston, Texas General Obligation Commercial Paper Notes Series E-2 (notes) at 'F1+'. A maximum of $100,000,000 aggregate principal amount of authorized notes may be outstanding at any given time.

The rating action is in connection with (i) the substitution of the current liquidity facility issued in the form of a Credit Agreement provided by Wells Fargo Bank, National Association (Wells Fargo; AA-/F1+/Stable) supporting the notes, with a substitute liquidity facility in the form of a Credit Agreement also to be provided by Wells Fargo and (ii) the reoffering of the notes.

KEY RATING DRIVERS:
On the effective date, the short-term 'F1+' rating will be affirmed based on the support of the substitute liquidity facility to be provided by Wells Fargo. The substitute liquidity facility provides coverage for the principal amount and interest on the maturity dates of the notes.

The substitute liquidity facility will expire on April 22, 2025, unless such date is extended, or upon any prior termination of the substitute liquidity facility. For information on the long-term rating on the City of Houston, TX (AA/Stable), see the press release dated July 28, 2022 "Fitch Affirms Houston, TX's IDR and LT Bond Ratings at 'AA'; Outlook Stable" available on Fitch's website at www.fitchratings.com.

U.S. Bank Trust Company, National Association acting as Issuing and Paying Agent (IPA) will continue as the Issuing and Paying Agent for the notes, and as IPA, is directed to request an advance under the substitute liquidity facility whenever proceeds of the sale of rollover notes and other funds of the City of Houston are insufficient to pay maturing notes. The substitute liquidity facility provides sufficient coverage for the principal amount of notes and 270 days of interest calculated at 10% based upon a 365 day year.

All notes will be issued at par, with interest due at maturity. Following the occurrence of an event of default under the liquidity facility, Wells Fargo may direct the IPA to immediately stop the issuance of any additional notes. In such event, the substitute liquidity facility will expire after all the notes supported by such liquidity facility mature and have been paid from funds drawn on the substitute liquidity facility. In addition, the substitute liquidity facility may be terminated by Wells Fargo upon the occurrence of specified immediate termination events.

RATING SENSITIVITIES:
Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term 'F1+' rating is Fitch's highest short-term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the notes will be adjusted downward in conjunction with the short-term rating of the bank providing the substitute liquidity facility and, in some cases, the long-term rating of the issuer.

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Additional information is available on www.fitchratings.com

Lynchburg, Virginia: Fitch New Issue Report

Revenue Framework: 'aa': Revenues have been rising at a pace approximating the rate of inflation. Fitch Ratings expects growth to generally match inflation over the long term, reflecting continued population growth and economic development activity. The city enjoys strong revenue flexibility given its independent legal ability to increase the property tax rate or levy without limitation. Expenditure Framework: 'aa': The natural pace of spending growth is expected to remain in line with to marginally above revenue growth. Moderate carrying costs and broad flexibility to manage labor-related costs allow the city solid leeway to adjust spending throughout economic cycles. Long-Term Liability Burden: 'aa': The combined burden of debt and the net pension liabilities is moderate relative to personal income. Fitch expects this metric to remain relatively stable over time due to the city's manageable future debt needs and relatively modest net pension liability. Operating Performance: 'aaa': The city's healthy financial reserves are well in excess of its target policy. In conjunction with a superior ability to adjust revenues and spending, this leaves the city very well positioned to address cyclical revenue declines.

ACCESS REPORT

Thu 16 Feb, 2023

Florida Seaport Investment Program: Fitch New Issue Report

The 'AA+' rating is based on the 'aaa' level resilience of the bond structure with exceptional coverage of debt service from the $47 portion of MV title fees deposited to the STTF. Revenues are expected to grow at a pace above inflation consistent with an 'aa' assessment reflecting the solid underlying economic and demographic characteristics of the state. The allocation of pledged revenues to the STTF is subject to appropriation by the state, which limits the rating to one notch below the state's Issuer Default Rating (IDR; AAA/Stable). Key Rating Drivers Exceptional Resilience: The $47 portion of the MV title fee deposited to the STTF generated $268.7 million in fiscal 2022, 9.5% higher than three years prior, before pandemic-related disruptions. Of this amount, $10 million is statutorily directed to the SIP, subject to appropriation, and pledged to bondholders. Following the refunding sale, maximum annual debt service (MADS) is estimated to be $7.8 million in 2041; debt service is limited to the current $10 million STTF allocation to the SIP. Solid Growth Expectations: Fitch expects MV title fee revenues to exceed inflation over time underpinned by the state's favorable in-migration record and prospects for ongoing economic expansion. The state is forecasting flat revenue trends over the next several years but actual results tend to outperform estimates

ACCESS REPORT

Fri 17 Feb, 2023

Anti-Environmental Investing Law Costing Texas Taxpayers $445 million a Year

Vindictive and meaningless political gestures costing Texas taxpayers

Over the past decade, many industries have placed more emphasis on managing their ESG (environmental, social and governance) risks and investors have been rewarding firms that use ESG data in their investing with increased capital inflows and higher equity valuations. Investment firms also have added offerings that avoid environmentally dangerous industries or invest in companies that are focused on energy efficiency, water conservation, or wildlife protection. To maximize shareholder value, some banks have also adopted ESG investing practices that evaluate companies on how well they are managing relevant risks including climate risk and governance practices as compared to their peers.

Because of Texas' large oil and gas industry, some Texas lawmakers have chosen to interpret this as an attack on the state, rather than a shift in the priorities and preferences of a functioning market. In 2021, legislators introduced Senate Bill 13, which banned banks that had divested from the oil and gas sector from participating in public finance markets in the state. A similar bill, Senate Bill 19, banned state and local governments from contracting with lenders that are limiting business in the firearms industry. Both laws took effect in September 2021.

Continue reading.

environmentamerica.org

FEBRUARY 9, 2023

Florida Lawmakers Move to Take Over Disney’s Special-Tax District.

If approved, bill would give Gov. Ron DeSantis the power to appoint members to oversee the district, instead of eliminating it, as governor had pledged

Walt Disney Co.’s dominion over its magic kingdom in Florida may be coming to an end.

Republicans in Florida’s House of Representatives on Monday filed a bill that would dramatically alter the governance—and even change the name of—the Reedy Creek Improvement District, a special-tax district near Orlando that has allowed Disney to self-govern the land that houses its Walt Disney World Resort for more than 50 years. The move is the culmination of GOP efforts floated last year to rein in Disney’s special tax status, though it stops short of eliminating it outright.

The bill, sponsored by Orlando Rep. Fred Hawkins, would rename Reedy Creek as the Central Florida Tourism Oversight District and give Gov. Ron DeSantis the authority to appoint members to its governing body, the five-member board of supervisors. Florida’s state Senate would have to approve any such appointments.

Continue reading.

The Wall Street Journal

By Robbie Whelan

Feb. 6, 2023

Disney Special Tax-District Bill Is Approved by Florida Senate.

Measure, which Gov. DeSantis is expected to sign, would move control of the Reedy Creek district to the state

The Florida Senate on Friday approved a bill that would dramatically alter the governance of a special-tax district near Orlando that has allowed Walt Disney Co. to self-govern the land that houses its theme parks, sending the measure to Republican Gov. Ron DeSantis, who is expected to sign it into law.

The bill would rename the Reedy Creek Improvement District—which houses Walt Disney World Resort and other parks and has existed for more than 50 years—the Central Florida Tourism Oversight District. The measure would give Mr. DeSantis the authority to appoint members to its governing body, the five-member board of supervisors, which under current law is essentially handpicked by Disney.

Disney would remain liable under the bill for nearly $1 billion in municipal debt issued by the district to pay for roads, sewers and other infrastructure, rather than shifting that burden to the taxpayers of nearby Orange and Osceola counties. The new district also would retain the ability to levy taxes and issue bonds.

Continue reading.

The Wall Street Journal

By Arian Campo-Flores and Robbie Whelan

Feb. 10, 2023

DeSantis Proposes Barring ESG Criteria in Florida Muni-Bond Sales.

- **State, local governments wouldn't be able to use ESG criteria**
- **Republican's proposal builds on plan announced late last year**

Florida Governor Ron DeSantis said he will propose legislation that would bar the state and its local governments from using environmental, social, governance criteria when issuing municipal bonds, expanding his push against what he has called a "woke agenda."

DeSantis released new details on Monday about his plan to require state and local government investments only be guided on potential returns. The Republican governor has previously said the state's asset managers must stop using ESG investing strategies if they want to keep overseeing Florida's money, including $220 billion of pension funds.

"We're also finally going to make sure that ESG is not infecting other decisions at both the state and local government," DeSantis said during a press conference in Naples on Monday. "So no investment decisions at the state or local government with ESG, no use of ESG in procurement and contracting and no use of ESG when issuing local or state bonds."

Continue reading.

Bloomberg

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

Citi Dropped from Texas $3.4 Billion Muni Deal on Gun Policy.

- **State AG said the bank 'discriminates' against gun industry**
- **Bank spokesperson declined to comment on the removal**

Citigroup Inc. has been dropped from the group of banks poised to handle the biggest-ever municipal-bond transaction from Texas after the state's attorney general's office determined the firm "discriminates" against the firearms industry, barring it from underwriting most government borrowings in the state.

The Texas Natural Gas Securitization Finance Corp. board met on Thursday and took action to "reconstitute" the syndicate on the $3.4 billion deal, according to Lee Deviney, executive director of the Texas Public Finance Authority, the state agency overseeing the borrowing. Citigroup had been listed in the original iteration of the underwriting firms approved by the board in May and is no longer included in the final group.

A spokesperson for Citigroup declined to comment.

Continue reading.

Bloomberg Markets

By Danielle Moran

February 9, 2023

Ron DeSantis to Take Control of Disney's District Board in New Bill.

- **Local governing body would have a change in leadership**
- **Legislation would not impact outstanding debt obligations**

Florida lawmakers are proposing to give Ron DeSantis full control over the board overseeing Walt Disney Co.'s special district, as the Republican governor escalates his fight with the entertainment giant.

A new bill filed Monday would give the governor power to appoint the five-member board of supervisors that runs what is now known as the Reedy Creek Improvement District, a special government entity that's granted sweeping benefits to Disney for half a century. Those appointees will then have to be confirmed by state senators. The new rules prevent anyone with ties to a theme park in the past three years from serving on the board.

"Florida is dissolving the corporate kingdom and beginning a new era of accountability and transparency," Bryan Griffin, DeSantis' press secretary, said in an emailed statement. The former rules "gifted extraordinary special privileges to a single corporation."

Continue reading.

Bloomberg Markets

By Nic Querolo and Felipe Marques

February 6, 2023

S&P U.S. Local Governments Credit Brief: Florida Municipalities, Counties, And School Districts

Overview

Florida municipalities, counties, and schools (or local governments [LGs]) have demonstrated stable credit quality in recent years, which we believe is supported by continued economic development and growth despite the recent pandemic, supply chain disruptions, and a tight labor market that has affected local government portfolios nationwide. S&P Global Ratings expects credit quality for Florida LGs to remain stable in the near term despite the shallow recession predicted for the first half of 2023, due in large part to the added financial flexibility most of the portfolio has realized subsequent to injection of federal stimulus funds during the pandemic and ongoing economic development. Employment growth in Florida exceeds the national rate. Recovery in the leisure and hospitality sector was achieved during the last two years due to stronger domestic visitor activity, while international visitor activity remains depressed compared with pre-pandemic levels. All the while, business and professional services, financial, and information sectors continue to expand. Florida's unemployment rate has continued to trend below the national rate, at 2.7% as of October 2022, whereas the annual population growth at 1.9% has exceeded the national rate of 0.4% during 2022.

S&P Global Ratings maintains ratings on 101 LGs: 22 schools, 19 counties, and 60 municipalities. Overall, Florida LG credit quality remained stable during 2022, with only 1% experiencing rating movement. Two LGs within the portfolio experienced one-notch upgrades. Hernando County's upgraded rating reflects material improvement in reserves, coupled with stronger financial management policies and practices, whereas Seminole County's credit quality improvement reflects positive operations and economic growth within the county, supported by robust and forward-looking policies and practices. In addition, the portfolio realized one outlook revision, for Indian River County School, to stable from negative due to the district's improved financial profile during the past two years as a result of prudent expense management and revenue growth. The majority of the ratings have a stable outlook, with Winter Haven the only credit on positive outlook due to improving per capita market values, which we expect will continue to support a strong economic profile, while Hillsborough County School District is the only credit on negative outlook, reflecting uncertainty in the district's ability to balance recurring revenues and expenditures, without federal stimulus support, while facing expenditure uncertainty from labor contracts.

Continue reading.

10 Feb, 2023

Fitch: Bolingbrook (IL) Rating Actions Point to Analytical Differences

Fitch Ratings-San Francisco/New York/Chicago-10 February 2023: The Village of Bolingbrook, IL's recent default on a series of nonrecourse sales tax revenue bonds backed by a narrow area of its tax base would not affect Fitch Ratings' view of the municipality's overall credit quality. While Fitch does not rate the Bolingbrook's dedicated tax or general obligation (GO) bonds, Fitch believes the recent downgrade of Bolingbrook's GO bond ratings by another rating agency highlights a meaningful difference in our approach to the distinctions between dedicated-tax bond obligations ratings and an issuer's GO and Issuer Default Ratings (IDR).

Our ratings definitions state that IDRs "opine on an entity's relative vulnerability to default…on financial obligations whose non-payment would best reflect the uncured failure of the entity," and a default of nonrecourse bonds does not meet this criteria. Fitch determines the legal obligations of issuers and specific pledged tax revenue stream when assigning ratings to dedicated-tax bonds. Transaction documents generally include explicit language that informs bondholders that issuers are not responsible for curing pledged revenue shortfalls. A default on a dedicated-tax bond that does not have any recourse to the issuer's general revenues would not trigger negative rating action on the issuer's IDR because it does not reflect the issuer's general credit quality or willingness to pay its financial obligations.

Fitch generally caps the ratings of local government dedicated-tax bonds at the IDR because we believe such pledges are unlikely to survive the filing of a bankruptcy by the municipality absent legal protections such as a statutory lien. We frequently rate dedicated-tax bonds like Bolingbrook's 2005 sales tax revenue bonds substantially below the local government's IDR, reflecting our view of the limited pledge and its lower resilience to revenue pressures.

The limited offering memorandum for Bolingbrook's unrated bonds explicitly warns that the bonds are payable solely and only from the sales taxes on a concentrated, small retail area encompassing existing retailers and speculative development potential, which makes them "subject to a high degree of risk." The offering statement further explains that the bonds are not general obligations and offered investors "neither the full faith and credit nor the general taxing power" of the municipality as security.

In some cases, municipal market issuers have intervened to prevent payment defaults on dedicated-tax bonds, including hotel tax bonds during the pandemic, even though they were not obligated to do so under the bond's legal structure/terms of the offering agreement. Fitch rates to the explicit obligations of the issuer under the terms of the legal documents and does not assume that a local government would step in to cover the payment obligations of a nonrecourse bond.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

S&P: California's Fiscal 2024 Executive Budget Proposal Closes A Projected $22.5 Billion Budget Gap

Key Takeaways

- We believe the governor's fiscal 2024 budget, as proposed, would largely maintain structural budget balance, although, state-projected revenues could prove optimistic; the California

Legislative Analyst’s Office forecasts slightly lower fiscal 2024 revenue than the governor’s proposal, and neither the office nor the governor anticipates a recession
- The governor’s executive budget proposal identifies a $22.5 billion potential general fund budget gap over the next year and a half, which would mostly be closed through reduction of previously approved one-time spending, spending delays, and shifting costs to other state funds
- The governor’s proposal would spend down significant amounts of unreserved fund balance, but still increase the restricted budget stabilization fund slightly to $22.4 billion (10.0% of proposed general fund expenditures) in 2024, while at the same time paying down about $1.9 billion of long-term pension and other postemployment benefit liabilities
- While the executive budget forecasts substantial operating deficits throughout its five-year projection, these deficits would be eliminated or reduced to relatively small levels if what the state self-identifies as one-time spending is netted out. The state currently counts $32.4 billion of one-time spending in fiscal 2023, before proposed adjustments.

Continue reading.

7 Feb, 2023

City of Austin Must Pay $90 Million to Acquire Disputed Airport Terminal.

- **Operator resisted city takeover bid for airport expansion plan**
- **Demand for flights has surged as city seeks to add terminals**

A Texas probate court ordered the City of Austin to pay $90 million — nine times more than it had once offered — to the operator of a privately-run airport terminal that municipal officials want to demolish as part of a planned expansion project.

Lonestar Airport Holdings, the operator, had resisted the city’s effort to take over the South Terminal at Austin Bergstrom International Airport, accusing officials of engaging in “municipal thuggery” by attempting to end the New York company’s 40-year lease 34 years early. The city initiated eminent domain proceedings in June, after Lonestar rejected a $10 million offer to buy their lease rights.

The $90 million price tag for the takeover was determined late Monday by three court-appointed special commissioners in Travis County probate court, which administers the area’s eminent domain cases.

Continue reading.

Bloomberg

By Madlin Mekelburg

February 7, 2023

Lubbock, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: ‘aa’; Very Favorable Service Area; Some Affordability

Pressure: The overall service area assessment considers the very strong customer growth and unemployment rates, as well as household income figures that trail state and national averages. Affordability is incrementally pressured due to moderately elevated rates, and the aforementioned lower-than-average income metrics. The service area is home to Texas Tech University (TTU), which adds to the region's economic stability. Operating Risk: 'aa'; Very Low Operating Cost Burden; Manageable Capital Needs: Historical capital investment has been sound, as reflected by the system's very low life cycle ratio. Operating costs are very low despite the exposure to a wholesale supplier, which represents 60% of water supply. Financial Profile: 'aa'; Improving Leverage; Stable Financial Margins: The system's debt amortization and manageable capital spending contribute to the currently very low leverage. Liquidity and coverage of full obligations (COFO) are sound, and thus neutral to the financial profile assessment.

ACCESS REPORT

Thu 09 Feb, 2023

Victoria, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Favorable Service Area Characteristics; Affordable Service Costs: Revenues are derived entirely from the system's exclusive right to provide retail water and sewer service within the service area. Service area characteristics are favorable with midrange growth, income and unemployment attributes. The system has independent rate-setting authority, and rates are affordable for the vast majority of the population. Operating Risk: 'a'; Very Low Operating Cost; Life Cycle Ratio Increasing: The operating risk assessment is supported by the system's very low operating cost burden, although the system displays elevated investment needs with a high life cycle ratio of 53% in fiscal 2021, up from 43% in fiscal 2017. Estimated capital spending over the next five years focuses primarily on renewal and replacement. Financial Profile: 'aa'; Very Strong Financial Profile: The system's very strong financial profile is supported by decreasing leverage over the last five fiscal years, largely attributable to rapid debt amortization. Leverage will increase slightly in Fitch's scenario analysis from the current 2.9x but remain supportive of the assessment. Fitch expects the liquidity profile to remain neutral to the assessment.

ACCESS REPORT

Tue 07 Feb, 2023

University of California: Fitch New Issue Report

Revenue Defensibility: 'aa'; Leading Statewide Public Research System; Strong State Support: The 'aa' assessment reflects UC's very strong demand characteristics, as well as a sizable and accretive clinical enterprise and good state operating support. Despite a meaningful decline in summer 2022 enrollment yoy, overall yoy enrollment was steady. The enrollment pipeline remains healthy; freshman applications for fall 2022 were up a sizable 3.5%, though transfer activity was softer due largely to community college enrollment pressures. Selectivity, matriculation and retention levels have remained solid and are reflective of UC's role as the state's land-grant research institution system. Operating Risk: 'a'; Solid Cash Flow at System and Healthcare Enterprise, and Meaningful but Manageable Capital Plans: Solid cost flexibility and consistent cash flow margins are reflected in the ‘a’ assessment, based on systemwide performance indicators. Through 2022, UC generated sufficient cash flow and coverage (adjusted for pension/other post-employment benefits [OPEB]). Margins remain susceptible to growth in compensation and inflation, reflecting UC’s significant pension obligation and union presence. However, systemwide efforts on operating efficiency, collaboration across campuses and medical centers, and continued growth in revenue have preserved operating performance through the worst of the pandemic and have been sufficient to partially support a sizable capital investment program. Financial Profile: ‘aa’; Sizable and Resilient Financial Profile: UC maintains a strong financial position, with generally improving available funds relative to expenses and adjusted debt over time.

ACCESS REPORT

Wed 08 Feb, 2023

Tarrant County Hospital District, Texas: Fitch New Issue Report

The ‘AA’ Issuer Default Rating (IDR) and limited tax bond rating reflect Tarrant County Hospital District’s (TCHD, or the district) very strong revenue defensibility, strong historical and projected operating margins, and financial profile consistent with Fitch’s ‘AA’ category, inclusive of this series 2023 debt. The district has been building liquidity for the past several years in preparation of its two-phase capital improvement plan. TCHD carries only a very modest amount of long-term debt, but under its $800 million bond authorization, it will issue $450 million (including premium) of series 2023 bonds and follow up with a second issuance of approximately $350 million in the next four to five years. In addition to the debt, TCHD’s $1.5 billion of capital spending plans will be partially funded from operating cash flow and reserves.

ACCESS REPORT

Wed 08 Feb, 2023

Lower Colorado River Authority Transmission Services Corp., Texas: Fitch New Issue Report

The ‘A+’ rating reflects the strong financial profile of Transmission Services Corp. (TSC) in the context of its very low operating risk and the strength of its regulated revenue framework in the ERCOT market, in which TSC operates. Transmission revenues are regulated by the Public Utility Commission of Texas (PUCT) and collected from all retail customers within ERCOT. The largest utilities contributing to TSC’s transmission revenues have a collective midrange purchaser credit quality and consist primarily of the largest electric utilities operating within the state. Leverage (measured by net adjusted debt to adjusted funds available for debt service) remained consistently in the range of 8.0x over the last decade, despite large additional capex investments in new and existing transmission assets, primarily funded from new debt. The regulatory process in ERCOT allows capex additions to be included in the transmission tariff in a timely manner, allowing revenues to keep pace with the increased debt costs.

ACCESS REPORT

Wed 08 Feb, 2023

[State of Ohio: Fitch New Issue Report]

Revenue Framework: ‘aa’: Like most states, Ohio has an unlimited legal ability to raise operating revenues. Its revenue base is diverse and relies on broad-based income and sales taxes. Revenue growth has historically been slow, with state-source revenues expanding in line with, or slightly above, inflation when factoring in the effect of tax policy changes. Direct revenue effects of the tax cuts that Ohio has implemented over the past several biennia have so far been manageable, aided by favorable economic and fiscal trends. Expenditure Framework: ‘aaa’: Ohio retains ample flexibility to cut spending throughout the economic cycle. As in most states, the natural pace of spending growth is likely to be somewhat above revenue growth, requiring ongoing budget management. Carrying costs for debt and retiree benefits are below the median for states. Long-Term Liability Burden: ‘aaa’: Debt levels are conservatively managed and debt primarily consists of GO bonds. On a combined basis, outstanding debt and net pension obligations are below the U.S. states’ median. Operating Performance: ‘aaa’: The state generally has a careful approach to financial operations, consistently achieving budgetary balance and restoring its Budget Stabilization Fund (BSF) during the last economic expansion.

ACCESS REPORT

Thu 09 Feb, 2023

Washington Suburban Sanitary District, Maryland: Fitch New Issue Report

Revenue Defensibility: ‘aa’: Very Strong Revenue Source Characteristics; Very Favorable Service Area: Washington Suburban Sanitary District (WSSD) serves an expansive and very favorable service area that encompasses portions of two counties. Enhancing the district’s independent ability to raise revenues is the authority to levy ad valorem taxes for debt service; to date, this authority has not been utilized. Operating Risk: ‘aa’: Very Low Operating Cost Burden; Moderate Investment Needs: The district’s operating risk profile is very strong, reflected in the very low operating cost burden and low life cycle ratio. Financial Profile: ‘aa’: Stabilizing Financial Profile with Expectations for Declining Leverage: The district’s financial profile assessment reflects its 8.9x leverage ratio in fiscal 2022, moderating from a recent peak of 11.1x as the effects of pandemic-related revenue stresses began to abate. Although leverage is expected to rise in fiscal 2023, Fitch anticipates leverage will decline thereafter, through at least fiscal 2027.

ACCESS REPORT

Fri 10 Feb, 2023

Aurora, Colorado: Fitch New Issue Report

Revenue Defensibility: ‘aa’: Very Strong Revenue Defensibility Supported by Very Favorable Demand Characteristics: Very strong revenue defensibility reflects the city’s autonomy to adjust rates, monopolistic service provision and very affordable rates. Robust growth underpins the very favorable service area, further supporting the assessment. Operating Risk: ‘aa’: Very Low but Rising Operating Costs; Low Life Cycle Ratio: The system’s operating cost burden has been rising and is approximated at $5,400 per million gallons (mg) of treated flows in 2021, excluding estimated stormwater costs. Financial Profile: ‘aaa’: Extremely Strong Financial Profile Supported by Robust Liquidity: The system’s leverage was 2.1x in fiscal 2021 (ended Dec. 31) and is expected to peak in 2023 with the system’s new debt issuance. However, leverage is typically not expected to exceed 3.0x through 2026, which is supportive of the ‘aaa’ assessment.

ACCESS REPORT

Fri 10 Feb, 2023

Prosper Independent School District, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘a’: Rapid taxable assessed value (TAV) and enrollment growth have led to strong revenue gains, outpacing U.S. GDP, and post-pandemic revenue growth prospects remain strong. Fitch expects future enrollment and revenue trends to mirror recent trends, based on current economic development. As is the case with other Texas school districts, Prosper ISD’s independent legal ability to raise revenues is limited by state law. Expenditure Framework: ‘aa’: Fitch expects the natural pace of spending growth to remain slightly above revenue growth, reflecting operating costs for new schools and additional teachers and staff. State support for pension and other post-employment benefits (OPEBs) costs helps keep the fixed-cost burden moderate, and expenditure flexibility is solid. Long-Term Liability Burden: ‘a’: Fitch expects the long-term liability burden to remain elevated but still within the moderate range given the district’s significant capital needs and needs of overlapping issuers over the medium to longer term. Operating Performance: ‘aaa’: Fitch anticipates the district will maintain a high level of operating flexibility due to its sound expenditure flexibility and supplemented by a sound reserve cushion. Fitch believes the district is well positioned to address challenges posed by future economic cycles. Conservative budgeting practices have helped management navigate the recent rapid growth.

ACCESS REPORT

Fri 10 Feb, 2023

Orrick Team Prevails in Long Court Fight to Preserve Approximately $4.5 Billion in Bay Area Transportation Funding.

Removing a significant legal roadblock to an estimated $4.5 billion in transportation funding for the San Francisco Bay Area, the California Supreme Court this week let stand a series of lower court decisions orchestrated by a cross-practice Orrick team through five years of litigation.

This action by California’s high court involves a challenge by the Howard Jarvis Taxpayers Association to legislation and a voter-approved ballot measure providing for a $3 toll increase on seven state-owned toll bridges in the region to fund transportation projects to relieve traffic congestion.

Our team has led the successful defense of the legislation and ballot measure on behalf of the Metropolitan Transportation Commission and the Bay Area Toll Authority. This has included four favorable judgments in the trial courts, as well as the precedent-setting appeals court decision in 2020 which the state Supreme Court let stand this week.

The Orrick team has been led by partners Devin Brennan and Eric Shumsky, associate Max Carter-Oberstone, as well as partner Christine Reynolds, former partner Brian Goldman, of counsel Michael Weed and former associates Monica Haymond and Ethan Fallon.

January.30.2023

Community Members Voice Concerns Over Buffalo Bills Stadium Deal.

- **Public hearing held Thursday in Orchard Park, New York**
- **Several residents were skeptical of the stadium proposal**

Community members expressed skepticism at a public hearing Thursday evening about a proposed deal to build a new National Football League stadium near Buffalo, New York, with $850 million in municipal subsidies.

The concerns raised at the Orchard Park meeting included the potential use of eminent domain, pollution stemming from construction, the lack of a dome in the Buffalo Bills arena's design and whether this is an appropriate use of public funds.

Since there was "substantive negative comment" at Thursday's meeting, the Erie County Stadium Corporation will hold another public hearing on the stadium plan at the end of February, Stephen Gawlik, senior counsel for the corporation who ran the session, said in an interview during a hearing recess.

"I love the Bills. I have my Bills mafia hat," said Jay Knavel, a 20-year veteran of the Orchard Park Fire District. "At the same time, a lot of respect needs to be paid to the homeowners who have been around longer than the Bills. And since they're not paying as much taxes as the residents, that respect needs to be paid."

Proposals for new professional sports stadiums have long touched off debates over whether the benefits justify the costs, as well as the question of public funds helping teams that are private businesses.

Patrick Dell is also a Bills fan but had mixed emotions about the new stadium.

"I'm happy that this new stadium will keep the team in Buffalo, but I'm not happy with the amount of money they're spending," added Dell, 34. "Buffalo is not a wealthy area. It's the definition of a middle class city."

The Bills and the National Football League will contribute $550 million to the $1.4 billion 60,000-seat stadium, with Erie County and New York State providing the rest.

Buffalo native Erik Ortiz, 27, thought the stadium being built in Orchard Park, an affluent suburb about 15 miles (24 kilometers) southeast of Buffalo, wasn't ideal.

"I wish it was more inner city," Ortiz said. "I think building the stadium closer to the waterfront would bring the city together and bring in a lot of revenue.”

The new home of the Bills would rise across the street from Highmark Stadium, where the team has played since 1973.

In the coming days, the legal team of New York’s principal economic development public-benefit corporation, will review all oral and written remarks from the hearing and determine if there was “substantive negative comment,” in which state officials will publicly review the comments, according to Laura Magee, a spokesperson for Empire State Development.

Bloomberg Markets

By Maxwell Adler

February 2, 202

[Buffalo Bills Stadium Deal Faces Public Vetting as Final Approval Nears.]

Project has secured among the highest public funding for a stadium in US sports history

The Buffalo Bills and New York State officials are nearing final approval to build a new National Football League stadium in Orchard Park, New York, with $850 million in municipal subsidies.

On Thursday, the Erie County Stadium Corporation, a subsidiary of New York’s principal public-benefit corporation, will hold a public hearing on the $1.4 billion stadium project at 5 p.m. local time. Residents will have the chance to weigh in on the merit of the deal — which ranks among the largest taxpayer contributions ever for a pro football facility — as well as the community benefits agreement.

Locals from Erie County could hold up the project if there are substantive negative comments. If the hearing goes smoothly, the deal will be sent to the Erie County legislature and executive for signoff before construction can commence, according to Laura Magee, a spokesperson for Empire State Development. The NFL has already approved the deal.

Continue reading.

Bloomberg CityLab

By Maxwell Adler

February 2, 2023

[Fitch: TX Perm School Fund Cap Has Minimal School District Credit Impact]

Fitch Ratings-Austin/New York-31 January 2023: Fitch Ratings expects minimal negative effects on the credit profiles of school districts that issue debt without the benefit of the Texas Permanent School Fund’s (PSF, or the program) ‘AAA’ guarantee as a result of the program’s currently limited capacity.

School districts must have an investment-grade rating in order to qualify for the PSF guarantee. School districts with a weaker demographic profile, which are often lower rated, will receive priority under the program, and available capacity will be allocated based on need. Those districts forced to issue without the guarantee will face increased borrowing costs, but these costs should be easily absorbed by wealthy, higher-rated districts. Although the prioritization of lower credit quality school districts could weaken the program's aggregate pool quality over time if the program's guarantee cap is not raised, Fitch's cash flow modelling demonstrates that the program has ample cushion to mitigate this risk.

The program's leverage capacity is restricted by both state statute and IRS rules. The IRS limit (currently the constraining limit) is capped at 5.0x the fiscal-year 2009 book value of the fund, or $117.3 billion. The amount of guaranteed bonds was approximately $109 billion at the end of October 2022.

PSF management is working with state and federal regulators to expand the capacity limit, but timing of a resolution is uncertain. Until then, guarantee capacity will be based on bonds maturing or bond issuance amounts that are lower than the authorized amount. As of 4Q22, approximately $4.3 billion of bonds were scheduled to mature in 2023, or about 4% of the total.

Wealthier school districts' strong and growing tax bases support their ability to absorb higher borrowing costs and repay debt. Tax base growth has been driven by population inflows and home price appreciation. Home prices in Texas have softened slightly in the past few months, but generally remain near peak levels observed over the past three years.

In addition to potentially higher borrower costs, building materials and labor cost inflation may also cause some school districts to pause capital projects and postpone debt issuance. Non-residential construction materials and labor costs have trended up since the beginning of the pandemic, and issuers may wait until building supply availability improves and costs decrease. Other districts may not be able to wait on much-needed improvement and repairs due to strong enrollment growth and the need for additional classroom space.

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Pendergast Elementary School District No. 92, Arizona: Fitch New Issue Report

The ‘AA–’ Issuer Default Rating (IDR) reflects the district’s sound operating performance, supported by its solid expenditure flexibility and healthy financial cushion. The IDR also incorporates the district’s low long-term liability burden and weak revenue framework. The Arizona Legislature in its 2016 and 2017 sessions (52nd and 53rd Legislatures) approved amendments to various sections of the Arizona Revised Statutes that provide unlimited tax (ULT) bondholders with a statutory lien on ad valorem taxes of cities, towns, counties, school districts, community college districts and various special districts in the state.

ACCESS REPORT

31 Jan, 2023

Manchester, Connecticut: Fitch New Issue Report

The ‘AAA’ Issuer Default Rating (IDR) and GO bond rating reflect Manchester’s capacity to sustain a high level of fundamental financial flexibility throughout economic cycles. The town’s high gap-closing capacity is supported by its unlimited legal ability to raise revenues and solid expenditure flexibility. Fitch Ratings expects the town’s long-term liability burden will remain low relative to its economic resource base and fixed-cost spending to remain a moderate portion of total governmental spending.

ACCESS REPORT

31 Jan, 2023

Residents of Suburban Atlanta's Newest City Are Already Trying to Secede.

The ink isn’t even dry on the incorporation charter for the new City of Mableton in Georgia, and already there’s a sizable faction that is trying to secede from it.

Residents of Atlanta’s unincorporated Cobb County suburbs voted in November to establish a diverse new city of roughly 71,000 residents called Mableton. That city isn’t even today-years-old — it won’t become a working municipality until leaders are elected in March — but there is already a sizeable faction vying to de-annex, or secede, from it.

Hundreds of would-be Mableton city residents flooded the Cobb County Police Training Center auditorium on Jan. 18 to voice their dissent at a town hall hosted by Georgia state Representative David Wilkerson, who is also against the incorporation of Mableton in its current form. The discussion centered around how people could legally carve their residential areas out of the

Mableton city boundaries. Wilkerson said a bill was in the works that would allow them to de-annex, but that they would have to pressure state lawmakers in their local delegation.

Continue reading.

Bloomberg CityLab

By Brentin Mock

January 24, 2023

S&P: California's Atmospheric River Brings Widespread Damage But Has Limited Credit Impact To Date

Key Takeaways

- A Presidential disaster declaration was issued for 58 counties, providing federal aid to recovery efforts and typically covering 75% of the cost of repairs. However, FEMA reimbursements typically cover only infrastructure repair and replacement costs and not related revenue stream disruptions.
- As of Jan. 20, 2023, California estimates $533 million in governmental infrastructure damage incurred by local jurisdictions and an additional $113 million incurred by the state itself, for a total of $646 million.
- Issuers with available cash on hand to cover initial cleanup costs and that employ emergency and financial planning practices tend to fare best in the aftermath of major storms. FEMA reimbursements are also an important part of rebuilding but may take time to receive, so an issuer's liquidity and reserves are instrumental in the period following an event.
- Historically, many communities hit by storms see a temporary bump in sales taxes during rebuilding. While this provides revenue enhancement during a difficult time, rebuilding generally replaces what was lost rather than generating new economic growth.

Continue reading.

26 Jan, 2023

Fitch: California 2024 Budget Proposal Benefits from Prior Budgetary Actions

Fitch Ratings-New York/San Francisco-25 January 2023: California is well-positioned to address weaker revenue performance both in the current fiscal year 2023 and in the upcoming fiscal 2024, says Fitch Ratings.

California Governor Newsom's executive budget proposal for fiscal 2024 addresses lower than anticipated revenues by tapping resilience built into the fiscal 2023 and previous budgets without dipping into the rainy day fund (the budget stabilization account) or taking deep cuts to spending. The state now projects fiscal 2023 general fund revenues, prior to transfers, will be $12 billion (5.5%) lower than the June 2022 enacted budget estimate and down 5.6% yoy. General fund revenues are forecast to be essentially flat to fiscal 2023 at $209.7 billion in fiscal 2024, $23.7 billion (10.2%) lower than the June 2022 estimate, but still well above pre-pandemic levels.

The lower revenue forecast is driven largely by weakness in the personal income tax (PIT) that began to be evident at the start of fiscal 2023 in both withholding and estimated payments cash receipts. Lower withholding and capital gains are expected to be the main drivers of lower PIT revenues in the forecast. The PIT is highly sensitive to changes in the economy and the forecast reflects slower economic growth after the very rapid pace of growth immediately following the pandemic recession. The economic assumptions underlying the governor’s budget proposal assume slightly stronger growth than does Fitch’s economic outlook for the U.S., with the state assuming 0.9% real national GDP growth in 2023 versus Fitch’s outlook of 0.2%. Fitch anticipates a mild recession beginning in 2Q23 while the governor’s economic forecast anticipates slower economic growth, but no recession, leaving the state’s revenue forecast susceptible to downside risk.

Balancing Actions

Prior enacted budgets enhanced financial resilience that will allow the state to address the current moderate slowdown. These budgets reduced budgetary and other debt, limited growth in on-going spending, applied non-recurring revenues to one-time spending including for capital investment rather than debt issuance, placed revenue triggers on new programs, and built reserves.

The bulk of the budget balancing actions proposed by the governor involve some form of spending reduction rather than revenue enhancement and are focused on funding delays, reductions and pullbacks, and trigger reductions that can be restored if the revenue picture improves. The budget also eliminates $3 billion that was available but not allocated in the fiscal 2023 budget to address potential inflation costs, withdraws a proposal to retire $1.7 billion in general obligation bonds using cash, shifts anticipated cash funding of capital projects to lease revenue bond issuance, and eliminates supplemental deposits to the budget stabilization account and other reserves.

The budget proposal continues programmatic spending that was funded in the fiscal 2023 budget, although in some cases funding is delayed or subject to trigger reductions. This includes initiatives in climate resilience, child care investments, transitional kindergarten, universal school meals, higher education investments and expanding health care access. The budget continues a multi-year investment in various state-wide infrastructure projects and housing development to address homelessness and affordability. The budget also maintains the accelerated paydown of state retirement liabilities as required by Proposition 2, with $1.9 billion in additional payments in fiscal 2024.

Fitch anticipates the details of the enacted budget will vary from the governor’s plan, which will be updated in May to reflect any changes in the economy. If the economic situation deteriorates, the governor may propose additional program reductions as well as use of the budget stabilization fund, which is fully funded at $21.5 billion as of fiscal 2023 (10.2% of fiscal 2023 revenues). It is Fitch’s expectation that the state will continue to make decisions that support a structurally balanced budget and that it will take the steps necessary to align expenditures with revenues as the revenue outlook develops.

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Fitch: CA Weather Events Underscore Climate Risks to Local Govts, Utilities

Fitch Ratings-Austin/San Francisco/New York-26 January 2023: Recent extreme weather events in California underscore the state's challenges in addressing storms, drought, wildfires and widely fluctuating temperatures, Fitch Ratings says. Mitigating climate risk is an important part of the state's current fiscal 2023 budget, which provided $54 billion over five years in climate-related spending that will help local governments, utilities and other entities reduce greenhouse gas emissions and build resilience to environmental risks. These funds will also supplement municipal governments' resources and help preserve general fund flexibility.

To date, state and federal disaster relief funds have largely mitigated the financial impact of weather-related events on Fitch-rated local governments. However, local government credit quality could be affected if there are reductions in state and federal disaster support, and local resources are insufficient to address adverse effects.

The state now projects fiscal 2023 general fund revenues, prior to transfers, will be $12 billion (5.5%) lower than the June 2022 enacted budget estimate with general fund revenues forecast to be essentially flat to fiscal 2023 at $209.7 billion in fiscal 2024, $24 billion (10.2%) lower than the June 2022 estimate. One of the balancing solutions proposed by Governor Newsom in his recently released FY 23-24 budget would reduce the five-year climate spending to approximately $48 billion.

The fiscal 2022 and 2023 budgets committed $649 million to combat extreme heat and $1.9 billion for community resilience investments over multiple years to promote climate resilience in low-income and underrepresented communities. These funds may help local communities and governments reduce general fund spending or debt financing to address weather and climate issues. While lower, the most recent budget plan maintains $444 million (68%) of extreme heat funding and $1.6 billion (85%) of community resilience funding.

Recent rainstorms that have destroyed property and left thousands without power, primarily along California's coast and Sacramento valley, illustrate the impact that extreme weather events have on the state. Counties, cities and utilities that saw damage from the storms are expected to face significant clean up and rebuilding costs; however, affected entities are highly rated and have financial resources, including federal and state disaster aid, to address repairs. The Federal Emergency Management Agency (FEMA) is making federal disaster assistance available to supplement local and state resources, including funding, equipment and personnel. The state's fiscal 2021 and 2022 budgets committed a total of $1.3 billion for coastal resilience, which may be available to help these communities prepare for and mitigate future flood events.

The fiscal 2023 budget also funded programs that provided support to the electric grid during the September 2022 extreme heat event. The California Independent System Operator (ISO) declared an Energy Emergency Alert amid record breaking temperatures and energy usage across the state, asking residents and businesses to reduce their electricity use to avoid blackouts. Droughts reduced hydro generation, straining the ability of the energy grid to meet demand and thrusting reliance back on fossil fuels for energy generation. In turn, purchased power prices, already elevated from higher natural gas prices, spiked further due to scarcity, increasing costs for electric utilities.

Utilities with pass through fuel adjustment cost mechanisms in their rate structures that allow rates to be adjusted in response to mid-year power cost increases are better positioned to manage the financial burden of grid strain and recoup higher power costs. Conversely, increased costs may pressure the financial margins of utilities without automatic adjustment mechanisms if rate increases are not approved.

Chicago 'Social Bond' Issue Deemed a Success with Big and Small Investors.

The $160 million offering will fund neighborhood projects that include vacant-lot cleanups, affordable housing expansion and tree planting.

Chicago's first effort in years to market its municipal bonds to everyday buyers instead of financial institutions was a success, resulting in lower interest rates for the city and strong investor support for community projects, officials said Tuesday.

Last week, the city went to market with $160 million in what it called "social bonds" to fund sundry work, including construction of affordable housing, cleanup of vacant lots and the promised planting of 75,000 trees over five years.

The offering was structured to give first crack at the bonds to individual investors, especially Chicago residents. Municipal bonds typically are gobbled up by institutions.

As a result, 8% of the bond sales went to Chicago residents and 24% went to Illinois investors, said Jennie Huang Bennett, the city's chief financial officer. She said the city generally sees only about 0.3% of bond sales going directly to individuals.

The bonds had high overall demand, she said. The greater the demand, the lower the interest the city must pay.

Bennett said the yields on bonds not subject to federal tax ranged from 2.56% to 3.86%, depending on maturities that ranged from 2026 to 2044. Also issued were taxable bonds that produced yields of 4.408% to 5.293%, depending on maturities from 2026 to 2041.

While participation by individuals was emphasized, large investors also gravitated to the bonds. Bennett said the city saw substantial activity from investment funds focused on environmental, social and governance standards, known as ESG.

She said 11 ESG-focused investment funds acquired $88 million worth of bonds.

Bennett called the offering "a unique social bond which allowed Chicagoans to invest in historic investments in their own community."

Bond sales to individuals were encouraged in the city's marketing, as well as by a decision to reduce the minimum investment to $1,000 from the standard $5,000. Individuals were given a one-day head start in purchasing the bonds before they were made available to institutions.

In addition, 43 participating banks and brokerages cooperated on streamlined procedures for taking individual orders.

Jack Brofman, the city's deputy chief financial officer, said the last time the city took a direct-to-t-e-people approach with a bond sale was in 2005-06.

Bennett said recent improvements in the city's bond ratings by outside firms reduced the overall interest it must pay. Higher bond ratings give investors more assurance they will be paid. The bonds were issued by the Sales Tax Securitization Corp., which is connected to the city but doesn't have its pension debt. It repays bondholders from sales taxes.

Other programs the social bonds will fund include the city's purchase of electric vehicles for its fleet and grants to rehabilitate vacant buildings along neighborhood commercial streets.

The Chicago Sun-Times

By David Roeder

Jan 24, 2023

Connecticut AG Says P3 for New London Pier Redevelopment is Legal.

Connecticut's attorney general has given the legal stamp of approval to a high profile public-private partnership that has come under fire for cost overruns.

After an investigation by a state watchdog commission into the contracts behind the Connecticut Port Authority's flagship redevelopment of the State Pier in New London, Attorney General William Tong issued an opinion Tuesday saying the public-private-partnership behind the $255 million project is legal.

The Port Authority is redeveloping the State Pier as an base for offshore wind installations, a project that has received kudos from the Biden administration as part of its larger efforts to create an offshore wind infrastructure that would deploy 30 gigawatts of offshore wind by 2030, enough, the administration says, to power 10 million homes with clean energy.

The P3 arrangement the that port authority, investor-owned New England electric utility Eversource, and Danish renewable energy developer Orsted struck in late 2020 is supposed to turn the pier into a one-stop, state of the art hub for the production and shipping of windmill turbines.

But the Connecticut State Contracting Standards Board, which oversees state agency contracting and procurement policies, has raised questions about rising costs and delays.

The board and acting chair Robert Rinker say the port authority lacked the clear authority to enter into the P3 arrangement driving the pier's development.

The attorney general, in a response published Tuesday to a request by the contracting board, said otherwise.

"The Port Authority is a quasi-public agency and retains the authority to enter into all necessary, desirable, or incidental contracts and into partnerships with governmental or private entities," Tong wrote.

"Some of these partnerships might be characterized colloquially, in business documents and by the General Assembly as public-private partnerships since they are literally partnerships between government and private entities," he continued, further referring to the arrangement as a "special type of public private partnership."

It was not the result the 14-member contracting board had hoped for.

The board plans to draft an immediate response, Rinker said.

"Calling it a public-private-partnership has to fit in under a statutory construct," Rinker said, adding that the AG's ruling doesn't help tack down where it fits. "The legislature is going to have to take a look at this, because the bottom line is that this quasi-public agency spending hundreds of millions of dollars of taxpayers' dollars without oversight."

The contracting board says it is problematic that the State Pier deal was approved before the passage of a law in June 2021 banning the formation of new P3's for any agency but the state Department of Transportation without prior approval from the legislative.

"Now the General Assembly has some oversight by having legislative hearings on these partnerships," Rinker said. However, contracts for the CPA's "biggest procurement now and probably for a very long period of time" were inked in the latter half of 2020, a little under a year before the new law passed and avoided such scrutiny.

A spokesperson for the port authority said the Attorney General's opinion was "welcomed confirmation that the CPA's statutory authority to enter into public-private partnerships is clear and consistent with the CPA's position when this was first raised one year ago."

The traditional argument for P3s is that they benefit both governments and private partners by splitting the costs and risks of joint ventures. However, costs have skyrocketed at the New London Pier project and only the government has so far shouldered the burden, according to a report submitted to the state's General Assembly by the SCSB in February.

The original projected cost in 2020 was $93 million, and under the agreement, the private partners fronted $75 million to cover a majority of the price. Today costs stand at $255 million and the state has covered the entirety of the difference, to the ire of the contracting board.

The port authority's latest request for $20 million of state bond funds was approved by the State Bond Commission in May; more is expected to be needed to complete the project.

Port authority officials attributed the over two-fold increase to inflation, rising material costs, and other unforeseen difficulties. While that's true, Rinker said the board's audit revealed the organization wasn't the best manager for such a large project.

"They didn't fully understand the scope of the project and it's a relatively small organization that doesn't do construction, involved in one of the more high scale, high-priced infrastructure projects," Rinker said.

Construction services within other agencies, like the state DOT, may have been more up to the task.

"Going from $93 million to $255 million, and maybe north of that, is a matter of public debate," Rinker said.

In his ruling, Tong left the door open for other avenues of investigation by the SCSB.

“This opinion does not speak to the legality, propriety, or ethics of any particular public-private partnership,” he said. “We do not assume that any specific project or development characterized as a public-private partnership is or should be a partnership within the meaning of the General Statutes.”

The SCSB investigation also looks at instances of self-dealing in the contracting of construction services.

The SCSB found that Omaha-based construction contractor Kiewit, awarded an $87 million contract to manage most of the pier’s construction, had assigned at least five subcontracts to itself, which were then approved by the port authority.

“In terms of proper procurement everybody has to be on the same, level playing field,” Rinker said. “There was a sense that some people had information that other people did not when they were putting their proposals or their bids.”

While the state contracting board can’t penalize or stop the project, it can make recommendations to legislators.

A bill introduced last week by Sen. Cathy Osten, D-Sprague, and Rep. Christine Conley, D-Groton, would prohibit construction managers on capital projects like Kiewit from subbing work to themselves or subsidiaries.

By Thomas Nocera

BY SOURCEMEDIA | MUNICIPAL | 01/27/23 01:45 PM EST

[Alabama-Based Investment Bank Dominates Bond Industry within its Home State, Statistics Show.]

The Frazer Lanier Company landed first in the number of Alabama bond deals, with 42 transactions totaling $1.172 billion, according industry data

MONTGOMERY , ALABAMA , US , January 26, 2023 /EINPresswire.com/ — In an industry dominated by firms from around the nation, a locally owned, Alabama-based investment bank is celebrating recent figures that place it first in the state for bond work in 2022.

The Frazer Lanier Company, Inc. landed first in the number of Alabama bond deals, with 42 transactions totaling $1.172 billion, according to available industry data from Thomson Reuters. Transaction totals include Frazer Lanier’s role as both senior manager and co-manager.

Continue reading.

Beacon Communications

January 26, 2023

[Minnesota Bill to Expand Municipal Investment Authority Advances.]

Bill would allow limited investment with the State Board of Investment or index mutual funds.

The [House State and Local Government Finance and Policy Committee] on Jan. 24 will consider HF 159 (Rep. Mike Freiberg, DFL-Golden Valley). The bill would extend investment options available to cities with credit ratings of at least AA by a national rating organization (e.g., Moody's, S&P, and Fitch) to include certain long-term equity investments like index mutual funds and available investments with the Minnesota State Board of Investment.

Background on the bill

In 2017, the Legislature authorized local governments with populations over 100,000 and those with ratings of AAA to invest up to 15% of certain reserves, including unassigned cash, cash equivalents, deposits, and investment in these additional equity options.

The bill would extend the expanded 2017 authorization to AA-rated jurisdictions and also allow local government insurance pools that provide property insurance and workers' compensation insurance to many local governments, including the League of Minnesota Cities Insurance Trust, to invest in the same type of investments that the state of Minnesota invests in through the State Board of Investment.

Long-term investment options needed for local government

Currently, cities and counties under [Chapter 118A] have a limited number of investment options such as U.S. Treasuries, highly rated U.S. Government Agencies, highly rated state and local municipal bonds, and certificates of deposit (CDs) from banks that are FDIC-insured.

These investments work well for short-term investments of a few months to a few years for purposes such as cash to pay operating expenses between the time a local government receives property tax payments.

However, these fixed income bonds and CDs do not work as well for long-term investments; for example, when a city is setting aside long-term capital funds to pay for replacing a water treatment plant or for local government insurance pools that are paying workers' compensation benefits to an injured employee over 15 or more years.

League of Minnesota Cities

January 23, 2023

[State of Wisconsin: Fitch New Issue Report]

Revenue Framework: 'aa': Wisconsin's sound revenue framework relies on broad-based taxes that generally reflect economic performance and which Fitch Ratings anticipates will continue to grow in line with long-term expectations for inflation. Wisconsin has an unlimited legal ability to independently raise revenues. Expenditure Framework: 'aaa': Fitch anticipates Wisconsin will continue to effectively manage a natural pace of spending growth expected to be slightly above annual revenue growth, reflecting the primary drivers of Medicaid and education. The state benefits from low fixed carrying costs and has demonstrated ample ability to cut spending if needed. Long-Term Liability Burden: ‘aaa’: Long-term liabilities are low and below the U.S. state median. The state benefits from strong pension funding and a benefit structure that shares the risk of investment underperformance with beneficiaries. Operating Performance: ‘aa’: State fiscal performance in recent biennia has improved, with less reliance on one-time resources, stronger liquidity and reserves boosted from historically modest levels relative to the state’s operating budget. The state maintains considerable flexibility through careful spending management.

ACCESS REPORT

Wed 25 Jan, 2023

Dallas, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: ‘aa’; Very Strong Rate Flexibility; Expansive Service Area: The system’s revenue defensibility is supported by DWU’s extensive service area that includes the city and much of the neighboring suburban communities on a wholesale basis. The city anchors the large and diverse Dallas-Fort Worth regional economy. Rate increases have been regular and measured, yet rates remain low relative to other large utilities both within and outside of the state. The assessment is further supported by the monopolistic nature of DWU’s revenues and its legal independent authority to raise rates. Operating Risk: ‘aa’; Very Low Operating Cost Burden: DWU’s operating risk assessment reflects its very low operating cost burden and favorable life cycle ratio. DWU continues to invest in system maintenance to address aged facilities while also investing in additional water resources in partnership with TRWD. Financial Profile: ‘aa’; High Leverage Driven by High Capital Investment and Pipeline Partnership Project: The system’s leverage remains somewhat elevated due to inclining debt and reduced FADS. Based on planned debt issuances over the next few years, which include obligations associated with the final phase of the IPL, leverage is expected to remain around 9.0x. The liquidity cushion and coverage of full obligations (COFO) are sound and considered neutral to the assessment.

ACCESS REPORT

Fri 27 Jan, 2023

An Iowa Town’s $60 Million Plan to Span the Broadband Gap.

In a bid to boost digital access, West Des Moines is building its own fiber-optic conduit network — and committing Google to provide citywide service.

Ben McAlister, principal engineer for West Des Moines, Iowa, shows off a small hunk of flexible plastic tubing roughly three inches in diameter, filled with narrower tubes that look like thick colored straws.

It’s a section of fiber-optic conduit — the small, multilane tunnel through which internet cables run, and a critical piece of the town’s developing digital infrastructure. Nearly 1,000 miles of conduit like this is being laid in West Des Moines, bringing lightning-fast internet to every home and business, thanks to a $60 million municipal bond and a novel public-private partnership

The municipality, a suburb of Des Moines with a small, historic downtown and about 67,000 residents, is like many communities in less-populous parts of the US in that residents rely largely on outdated internet infrastructure. Most West Des Moines residents get their internet either through coaxial cable originally intended for cable television or through copper lines initially laid for telephone service, known as DSL internet. DSL typically boasts maximum speeds of around 30 megabits per second download speed, which is barely faster than the federal government's minimum speed required to be considered broadband (25 Mbps). Cable internet is better, but both are far slower than fiber — the gold standard in internet access, wherein data is encoded as light signals and sent across hair-thin glass threads.

Continue reading.

Bloomberg CityLab

By Katie Thornton

January 27, 2023

Pharrell Williams-Backed Surf Park to Tap $121 Million of Bonds.

- **It's one part of a $330 million development in Virginia Beach**
- **The city to help fund with $140 million of its own dollars**

Clap along for Grammy-winning singer and producer Pharrell Williams, whose long-awaited effort to build a surf park in his hometown of Virginia Beach, Virginia, will mark one of the biggest high-yield deals so far this year.

In a two-part transaction split between the Virginia Small Business Financing Authority and the Atlantic Park Community Development Authority, the issuers plan to sell a combined $121 million of unrated revenue bonds on behalf of private developer Venture Realty Group.

Proceeds from the sale will help fund a 4-acre surf park dubbed The Wave. It's the pièce de résistance of a gargantuan $330 million development project, Atlantic Park, which is the largest public-private partnership in the city's history, according to bond documents.

Continue reading.

Bloomberg Markets

By Allison Nicole Smith

January 27, 2023

Texas AG Says Citi 'Discriminates' Against Gun Industry, Halting Muni Business.

- **Texas AG rules that bank 'discriminates' against gun industry**
- **Citigroup disputes finding and maintains bank is in compliance**

Citigroup Inc. is once again facing an ouster from the booming Texas municipal-bond market after the state's Attorney General Ken Paxton's office determined the bank "discriminates" against the firearms industry.

The ruling indicates that the New York-based bank runs afoul of a Republican-backed law passed nearly two years ago that bars most government contracts with companies that engage in anti-gun business practices. The decision appears to halt the bank's ability to underwrite most municipal-bond offerings in the state.

It's a whipsaw moment for Citigroup. The bank had temporarily halted its work in the Texas muni market after the law went into effect in September 2021 but had revived that business two months later, saying it complies with the law. Paxton's ruling ends a months-long probe into Citi's corporate policy.

Continue reading.

Bloomberg Markets

By Danielle Moran

January 19, 2023

Texas AG to Halt Most of Citigroup's Municipal Offerings on Gun Law Row.

(Reuters) -Citigroup Inc has discriminated against the firearms sector, the office of Texas Attorney General Ken Paxton said, making a decision that "has the effect" of Texas halting Citi's ability to underwrite most municipal bond offerings in the state.

Republicans have been ramping up pressure on the finance industry over environmental, social and governance (ESG) investment practices. Texas enacted a law in 2021 prohibiting government contracts with entities that discriminated against the firearms industry.

"It has been determined that Citigroup has a policy that discriminates against a firearm entity or firearm trade association", the assistant attorney general chief of the public finance division of Texas AG wrote on Wednesday in the letter seen by Reuters.

"Citi's designation as an SB-19 discriminator has the effect of halting its ability to underwrite most municipal bond offerings in Texas," Paxton's office told Reuters, referring to the law.

Until further notice, The Texas AG will not approve any public security issued on or after Wednesday in which Citigroup purchases or underwrites the public security, she added in the letter.

"Citi does not discriminate against the firearms sector and believe we are in compliance with Texas law", a Citigroup spokesperson said in an emailed statement to Reuters, adding that the company would remain engaged with the Texas AG office to review options.

In 2018, Citigroup put restrictions on new retail business clients that sell guns, requiring that they pass background checks. That followed a high school shooting in Florida in February of that year in which 17 people died.

Bloomberg News first reported the news on Thursday.

By Reuters

Jan. 19, 2023

(Reporting by Lavanya Ahire and Akanksha Khushi in Bengaluru,Additional reporting by Urvi Dugar and Mrinmay Dey; Editing by Bradley Perrett, Bernadette Baum and David Gregorio)

[The Man Enforcing Texas' Crackdown on Wall Street Over ESG.]

- **Republican anger over woke investing puts focus on Glenn Hegar**
- **He's a gatekeeper for $330 billion of state investment assets**

The crackdown started last year with a letter from a little-known Texas politician. Sent to more than 100 of the world's largest financial firms, the missive demanded they make clear whether they restrict business with the fossil-fuel industry. If so, they'd risk getting shut out of working with the fastest-growing US state.

The responses pushing back poured in from BlackRock Inc., the Vanguard Group and other industry titans, addressed to someone who'd likely never crossed their desks before: Texas Comptroller of Public Accounts Glenn Hegar, the chief financial officer for the world's ninth-largest economy.

The showdown with Wall Street has lifted the 52-year-old Republican from relative anonymity and made him a gatekeeper to the state's roughly $330 billion of investment assets. He's been thrust into the center of one of the most divisive issues in American politics as GOP officials from Florida Governor Ron DeSantis to former Vice President Mike Pence reject efforts to align investment policies with social and environmental goals.

[Continue reading.]

Bloomberg Markets

By Danielle Moran

January 20, 2023

[Texas Limits Citi Bond Business, Saying Bank 'Discriminates' Against Gun Industry.]

Citigroup will no longer be able to underwrite most municipal bonds in Texas after state Attorney General Ken Paxton's office said the bank "discriminates" against the gun industry.

In a Wednesday letter, Mr. Paxton's office rejected a document that had allowed Citigroup to lead public debt sales in Texas, where it was previously the largest underwriter of municipal bonds.

Citigroup limited its business with gun retailers in response to the mass shooting in Parkland, Fla., in 2018. Texas passed a law in 2021 that barred government contracts with banks that discriminated against firearms and ammunition companies and groups.

Continue reading.

The Wall Street Journal

Jan 19, 2023

Community Reinvestment Area Act Major Overhaul for Ohio.

Signed into law by Governor Mike DeWine on January 2, Ohio Senate Bill 33 (SB 33) delivers significant changes to the Community Reinvestment Act. These changes can be organized into the following categories: (1) Facilitation of the creation and implementation of Community Reinvestment Areas (CRA) (2) Benefits to project owners; (3) New allocation of tax revenue and potential impact to school districts; and (4) Increased access to CRA information. This law will be effective on April 2.

What is a CRA?

A CRA is an economic development program first introduced in Ohio over 50 years ago and governed by Ohio Revised Code Sections 3735.65 to 3735.70 (the "Act"). A CRA is a bounded area that has been designated through an ordinance (municipality) or resolution (county or limited home rule township, under the new law) as "one in which housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged." (R.C. 3735.65(B)).

Once designated, the CRA allows the granting of real property tax exemptions of up to 100% on *residential, commercial, or industrial* projects within the bounded area for the building of new structures or the remodeling of existing structures. Depending on the nature of the project, tax exemptions granted under the CRA program can extend up to 15 years (or 30 years in the case of a qualifying Megaproject). (R.C. 3735.67(D)(1)). For commercial or industrial projects in CRAs created after 1994, the property owner and the legislative authority for the subdivision granting the exemption must enter an agreement specifying terms of the exemption (R.C. 3735.671).

Effect of SB 33

Facilitation of the Creation and Implementation of CRAs

Inclusion of Limited Home Rule Townships. Previously, CRAs were able to be created and utilized only by municipalities and counties. SB 33 revises the language of the Act to include limited home rule townships as a political subdivision with authority to create a CRA. (R.C. 3735.65(F)).

Elimination of Requirement for State Certification. The current process for establishing a CRA involves a petition to the Ohio Department of Development (ODOD) for the certification of the area. (R.C. 3735.66). Under SB 33, this requirement is eliminated, and instead, the political subdivision will be required to send a copy of the resolution and the map of the CRA to the ODOD upon adoption. While the ODOD would no longer be involved in the determination of the validity of the CRA, the ODOD would still need to provide a unique designation for each CRA prior to the political subdivision's ability to grant any tax exemption.

Model Agreement. Under Section 3735.671(A) of the Act, proposed commercial and industrial projects for tax exemption within a CRA require a written agreement between the project owner and the legislative authority of the municipality or county. SB 33 requires the ODOD to adopt a model agreement in conformity with the requirements as outlined in Section 3735.671.

Increased Threshold for Municipal Income Tax Sharing. Under R.C. 5709.82(C) and (D), municipalities were required to provide school districts compensation if the exemption granted under a CRA would create $1 million or more in increased municipal income tax revenue due to new employees in the commercial or industrial project. Under SB 33, income tax sharing is only required for $2 million or more in increased municipal income tax revenue (as adjusted for inflation each year). The $1 million threshold will continue for other tax incentive programs, including tax increment financing and enterprise zones.

Reduction of Annual Report Requirements. Under Section 3735.672 of the Act, the municipality or county is required to send an annual report to the ODOD and the board of education of each school district. Under SB 33, the municipality or the county is only required to send the annual report to the ODOD. Additionally, the required content of the annual report is reduced, including the elimination of the requirement to provide employment data, tax incentive review council action data, the number of rescinded agreements, and additional previously required information.

Benefits to Project Owners

Increased Exemption Threshold. Under Section 3735.671(A)(1) of the Act, approval is required by the school district’s board of education in which the project property is located within the territory. However, former law only requires school district approval if the exemption exceeds 50% of the value of new or remodeled structures. (R.C. 3735.671(A)(2)). SB 33 further limits this approval requirement only if the exemption exceeds 75% of the value of new or remodeled structure(s).

Elimination of Annual Fee. Section 3735.671(D) of the Act, commercial and industrial project owners are required to send a CRA fee to the state annually. Under SB 33, this annual fee would be eliminated.

Reduction of Waiting Period Following Discontinuation. Under Section 3735.671(E) of the Act, for a period of five years following the discontinuation of operations or the expiration of the term of the agreement, the parties to the CRA agreement may not enter into another agreement under the CRA program or an enterprise zone agreement under R.C. Section 5709.62, 5709.63, or 5709.632. SB 33 reduces this period from five to three years.

New Allocation of Tax Revenue and Potential Impact to School Districts

SB 33 increases the approval threshold by an affected school district’s board of education to exemptions which exceed 75% of the value of new or remodeled structures. This could lead to higher tax exemptions on real property for CRA projects, potentially resulting in more forgone revenue for school districts and other political subdivisions.

As previously discussed, SB 33 increased the required threshold for income tax sharing to $2 million or more in increased municipal income tax revenue, which would benefit municipalities, but reduce additional revenues available to school districts.

Increased Access to CRA Information

Under SB 33, the ODOD is required to publish and update annually on its website a list of all Ohio CRAs, including for each CRA: (a) boundaries on a map, (b) authorizing resolutions, and (c) applicable agreements for any commercial or industrial properties.

Frost Brown Todd LLP – Thaddeus M. Boggs and Emma H. Mulvaney

January 13 2023

Fitch: Illinois Bill Would Add to Chicago Public Schools' Labor Challenges

Fitch Ratings-New York/Chicago-17 January 2023: Chicago Public School (CPS) principals are likely to soon gain collective bargaining rights long held by their peers in other states should Illinois House Bill 5107 (HB5107) be signed into law. Efforts to enhance K-12 labor rights in Chicago highlight dynamics occurring in school districts across the country in which public school employees have sought higher wages and improved working conditions after a difficult few years of reduced staffing, low wages, pandemic concerns and teaching adaptations, Fitch Ratings says.

If HB5107 becomes law, CPS will likely see an already contentious labor environment grow more complex. CPS will need to negotiate with both its teachers through Chicago Teachers Union (CTU) and its administrators through their own separate, elected bargaining unit. This adds another layer of labor negotiation in a district well-known for its standoffs between mayors and CPS and union leadership.

CPS saw upticks in resignations and retirements for CPS principals in 2022, substantially above 2021 and 2020 totals. Within CPS, seasoned teachers may be dissuaded from pivoting to an administrative role that may pay less than what they currently earn. HB5107 could potentially lead to hiring more administrators from within a school's teaching ranks if principals successfully bargain to adjust wages.

As Fitch previously commented, US public school districts are facing heightened labor cost pressures due to wage inflation, pre-existing staff shortages exacerbated by the pandemic and a tight post-pandemic labor market. Nationwide teacher and other school staffing challenges will continue to compel districts to make salaries more competitive to attract and retain staff.

CPS spends approximately two-thirds of its general fund budget on employee salaries and benefits, and its budget reflects efforts to absorb the spending pressures associated with the negotiated wage increases and multi-year commitment to increased staffing levels included in the 2020-2024 CTU collective bargaining agreement. CPS is notable compared to most of its peers due to both its large proportion of fixed and essential spending commitments and its challenging labor environment, which may constrain its ability to achieve meaningful expenditure savings in response to an unexpected decline in revenue. While HB5107 will not affect CPS's rating in the short-term, CPS's ability to manage labor conflict could affect credit quality over time.

CPS has a Fitch ESG Relevance Score of '4' (on a 1 to 5 scale, with '1' indicating irrelevance and '5' signifying high relevance for the rating) for Labor Relations & Practices, which reflects the influence of labor-related issues and spending pressures on the credit profile. Fitch recently affirmed the Chicago Board of Education general obligation bond rating at 'BB+'/Stable.

Historically, principals in Illinois have been precluded from unionizing because state labor law classifies them as managerial employees. HB5107 updates collective bargaining rights language for CPS principals specifically to include supervisory individuals engaged predominantly in executive and management functions, in contrast with managerial individuals who have significant roles in the negotiation of collective bargaining agreements and/or the formulation and determination of employer-wide management policies and practices. The bill, however, prohibits administrators who are required to hold administrative licenses from striking, unlike Illinois teachers, who are generally able to strike over pay and working conditions.

HB5107 was initially publicly opposed by both CPS and Chicago Mayor Lori Lightfoot; however, both have since issued statements of support. Having passed the state House and Senate, the bill is now awaiting signature by Governor Pritzker.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

Virginia College Building Authority: Fitch New Issue Report

Revenue Framework: 'aa': Fitch expects Virginia's principal revenue sources, primarily income and sales taxes, will continue to reflect the depth and breadth of the economy as well as its above-average sensitivity to cyclical downturns. The commonwealth has complete control over its revenues, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework: 'aaa': Virginia maintains ample expenditure flexibility, with a low burden of carrying costs for liabilities and a broad ability to cut expenses common to most U.S. states. As with most states, Medicaid remains a key expense driver, but one Fitch expects the commonwealth will be able to actively manage without threatening fiscal stability. Long-Term Liability Burden: 'aaa': Virginia's long-term liability burden is low and well managed. Debt issuance is carefully monitored through both constitutional limitations and stringent institutional practices. Virginia's ratio of net pension liabilities to personal income remains below those of most states.

ACCESS REPORT

Tue 17 Jan, 2023

Fitch to Upgrade New York City GO Bonds, Fiscal 2019 Ser D Subseries D-4 S-T Rating to 'F1+'

Fitch Ratings-New York-18 January 2023: On the effective date of Jan. 19, 2023, Fitch Ratings will upgrade the short-term rating assigned to the $150,000,000 City of New York General Obligation Bonds, Fiscal 2019 Series D Subseries D-4 to 'F1+ from 'F1'. The Short-Term rating action is in connection with the substitution of the current liquidity support provided by Barclays Bank PLC (Barclays, A+/F1/Stable) in the form of a Standby Bond Purchase Agreement (SBPA) with a SBPA to be provided by State Street Bank and Trust Company, (State Street, AA/F1+/Stable).

KEY RATING DRIVERS:

On the effective date, the Short-Term 'F1+' rating will be based on the liquidity support to be provided by State Street in the form of a substitute SBPA, which has a stated expiration date of Jan. 19, 2028, unless extended or earlier terminated, during the daily, two-day and weekly interest rate modes only.

The Long-Term 'AA-'/Positive Outlook rating continues to be based on the rating assigned to the New York City General Obligation Bonds. For more information on the Long-Term rating, see the press release "Fitch Rates NYC's $1.35B Fiscal 2023 Ser B GO Bonds 'AA-'; Outlook Positive, dated Sept. 26, 2022 on www.fitchratings.com.

The substitute SBPA provides for the payment of the principal component of purchase price plus an amount equal to 35 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the daily, two-day and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 19, 2028, the stated expiration date, unless such date is extended, upon conversion to a mode other than the daily, two-day or weekly rate mode; or upon the occurrence of certain events of default which result in a mandatory tender or other events of default related to the credit of the City of New York which result in an automatic and immediate termination.

The bonds are not subject to a mandatory tender in connection with the SBPA substitution, under the terms of documents mandatory tender is not required if the substitution does not result in a downgrade or withdrawal of the current short-term rating assigned to the bonds. The remarketing agent for the subseries D-4 bonds is Barclays Capital Inc.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The Short-Term rating assigned to the bonds is Fitch's highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The Short-Term rating assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank, and, in some cases, the long-term rating of the bonds.

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Oklahoma Water Resources Board: Fitch New Issue Report

Sound Financial Structure: Fitch Ratings' cash flow modeling demonstrates that state revolving fund (SRF) program's pledged resources are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using its Portfolio Stress Model (PSM). Loss Protection Provided by Overcollateralization and Reserves: OWRB's aggregate outstanding bonds benefit from overcollateralization, as surplus loan repayments provide minimum annual debt service coverage of 1.4x. In addition, reserves under the prior indenture protect related bondholders from losses on a senior lien basis, and are available to all bondholders on a subordinated basis.

ACCESS REPORT

Wed 18 Jan, 2023

Greenville County, South Carolina: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': Fitch expects long-term revenue growth to exceed the pace of national economic growth due to the county's continued rapid population gains and the expansion of the local economy. While state law limits annual increases in property tax millage rates, the current allowable capacity to raise property tax revenues and the county's ability to adjust fees and charges provides considerable revenue-raising authority. Expenditure Framework: 'aa': County spending growth is projected to be consistent with, or slightly above, the pace of revenue growth in the absence of policy action. Management's considerable spending flexibility is supported by its ability to control labor terms and moderate carrying costs. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low, with most of the liability consisting of debt of the overlapping school district. The burden is expected to remain fairly stable given regional growth needs, rapid debt amortization and expectations for continued growth in personal income. Operating Performance: ‘aaa’: The county’s consistently strong reserve levels are the result of conservative budgeting and prudent financial practices. Fitch expects management to utilize its significant revenue and expenditure flexibility to maintain sound reserves throughout economic cycles.

ACCESS REPORT

Thu 19 Jan, 2023

Heber Light & Power Company, Utah: Fitch New Issue Report

Heber Light & Power Company’s ‘AA–’ long-term rating and Issuer Default Rating imply a very strong financial profile. HL&P’s leverage ratio, as measured by net adjusted debt to adjusted funds available for debt service averaged 6.2x over the past three years ending fiscal 2021, during which time its sales grew by a CAGR of 3.6%. However, the Negative Outlook reflects expectations that lower operating margins and higher spending will weaken financial metrics and Fitch Ratings’ growing concern that future rate increases may not keep pace with rising costs. The lack of timely cost recovery during fiscal 2022 resulted in a $2 million operating loss and spike in leverage to 10.3x from an average 6.3x over the preceding three years.

ACCESS REPORT

Fri 20 Jan, 2023

State of Washington: Fitch New Issue Report

Washington’s ‘AA+’ Issuer Default Rating (IDR) and GO bond rating reflect the state’s broad and steadily growing economy, with solid long-term revenue growth prospects, a demonstrated commitment to fiscal balance and combined long-term liabilities that place a low burden on resources. The ratings also reflect the state’s very strong financial resilience supported by a statutory requirement for a balanced multiyear budget and formulaic funding of the budget stabilization account (BSA) leading to solid reserves. Education poses a unique spending pressure for the state given both steady population growth and the state’s role as the primary funder for K-12 schools across the state.

ACCESS REPORT

Fri 20 Jan, 2023

Milwaukee, Wisconsin: Fitch New Issue Report

The ‘A’ Issuer Default Rating (IDR) and GO ratings reflect Milwaukee’s recent trend of structural operating deficits, temporarily mitigated by federal pandemic stimulus funds, rising but still moderate long-term liability burden, stagnant revenue growth prospects, inability to independently raise revenue and adequate expenditure flexibility. The Negative Rating Outlook continues to reflect the city's long-term structural budget gap, with Milwaukee reliant on appropriations of its tax stabilization fund and stimulus funds in recent years to balance the budget.

ACCESS REPORT

Fri 20 Jan, 2023

Hoosier City Takes on Debt in Bet on Kids Sports.

- **Mishawaka's $36 million bond project is play for tourism money**
- **Developer sees $65 million in revenue, economist is skeptical**

Mishawaka, Indiana, is serious about high-school athletics, no surprise in a state whose nickname inspired the movie *Hoosiers*, an archetype of small-town sports heroics.

The depth of the city's commitment was on display earlier this month with its sale of almost $36 million of taxable lease-revenue bonds to finance the Mishawaka Fieldhouse. Developer Card & Associates forecasts the youth sports complex can generate $65 million in annual revenue once operation starts next year.

The city of 51,000 joins a growing list of municipalities with plans to attract tourism dollars by providing facilities for young athletes who otherwise would have limited opportunity to compete and to receive regional and national attention. But not all of the new public sites have seen immediate success. In Mesa, Arizona, a bond-financed park defaulted after opening a year ago.

Continue reading.

Bloomberg Markets

By Maxwell Adler

January 20, 2023

A Small City's Descent Into Bankruptcy.

"By far the worst that we have encountered," is how one person involved in resolving the fiscal mess described it. This first article in a three-part series, looks at how the troubled city's situation resembles another municipal bankruptcy about a decade ago.

Welcome back to the Route Fifty Public Finance Update! I'm Liz Farmer and this week's newsletter will be the first in a three-part series about Chester, Pennsylvania, a small city outside Philadelphia that filed for bankruptcy late last year. We'll start off by looking at how the situation in Chester compares to another Chapter 9 bankruptcy that took place about a decade ago. But first, here's the backstory.

Chester is an old city with a long history of manufacturing due to its location along the Delaware River. In fact, a marker in the city along the river commemorates the site where William Penn first landed in 1682. Its former courthouse was built in 1724 and is the longest continuously-used public building in the country. In the late 1800s, textile mills gave way to factories and by the mid-20th century, more than 66,000 people lived in Chester. During World War II, the shipyard along the Delaware River was home to 28 ship bays and employed 36,000—greater than the entire population of the city today.

Continue reading.

Route Fifty

by Liz Farmer

Jan 10, 2023

S&P Second Party Opinion: Connecticut Housing Finance Authority's Sustainability Framework

CHFA's sustainability objectives are guided by its 2020 Strategic Plan, which identifies its key policy priorities, including the expansion of safe and energy-efficient housing choices for low- to moderate-income households across the state of Connecticut and the empowerment of these households to build wealth and security through first-time homeownership.

Download.

Colorado's DOT Goes from Building Roads to Building Homes.

In an effort to attract and retain workers, the department is taking on the role of developer to provide affordable housing. It is just one way the public sector is working to fill vacancies.

In Colorado's ski towns, the snow is really only fun on the slopes. That's where the people who plow the roads come in. They keep these communities safe and mobile. But sky-high home prices are keeping them from residing in the very mountain towns they serve, and it's fueling a shortage of road maintenance operators.

To fix it, the Colorado Department of Transportation (CDOT) is taking on the role of developer and building homes for its employees.

It's no secret the public sector nationwide is struggling to fill vacant positions. As of November, there were 881,000 job openings in state and local government. As agencies attempt to attract and retain workers, they're getting creative. While not all may be going so far as to build housing, they are looking beyond compensation to fill vacancies.

Continue reading.

Route Fifty

by Molly Bolan

JAN 13, 2023

[Dallas Independent School District, Texas: Fitch New Issue Report]()

The ‘AA+’ Issuer Default Rating (IDR) and ULT and maintenance tax note bond ratings reflect Dallas Independent School District’s (Dallas ISD, or the district) highest level of financial resilience, solid expenditure flexibility, a sound revenue framework led by solid growth prospects and a moderate liability burden. Fitch Ratings believes, over the long term, business activity should produce economic, population and tax base gains consistent with historical performance.

[ACCESS REPORT]()

10 Jan, 2023

[Fitch to Upgrade NYC Muni Water & Sewer Series 2010CC Rating to ‘F1+’]()

Fitch Ratings-New York/Chicago-12 January 2023: On the effective date of Jan. 19, 2023, Fitch Ratings will upgrade to ‘F1+ from ‘F1 the short-term rating assigned to the $200,000,000 New York City Municipal Water Finance Authority Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2010 Series CC. The rating action is in connection with the substitution of the liquidity support currently provided by Barclays Bank plc (Barclays, A/F1/Stable), in the form of a standby bond purchase agreement (SBPA), with a substitute SBPA to be provided by State Street Bank and Trust Company (State Street, AA/F1+/Stable).

KEY RATING DRIVERS

On the effective date, the short-term rating will be based on the liquidity support provided by State Street in the form of a substitute SBPA.

The substitute SBPA provides for the payment of the principal component of purchase price plus an amount equal to 35 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the daily, weekly or two-day rate mode in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 19, 2028, the stated expiration date, unless such date is extended; upon conversion to a mode other than a daily, weekly or two-day rate mode; or upon the occurrence of certain other events of default which result in a mandatory tender or other termination events related to the credit of the issuer which result in an automatic and immediate termination. The remarketing agent for the bonds is TD Securities.

The current long-term ‘AA+’, Stable Outlook rating continues to be based on the underlying rating assigned to the bonds. For more information on the long-term rating, see the press release “Fitch Rates New York City Muni Water Fin Auth’s Water and Sewer Revs ‘AA+’; Outlook Stable”, dated Dec. 8, 2022, available on Fitch’s website at www.fitchratings.com.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term rating assigned to the bonds is in the highest rating category and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the SBPA and in some cases the long-term rating of the issuer.

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[California Infrastructure and Economic Bank (Clean Water and Drinking Water State Revolving Fund Bonds): Fitch New Issue Report]()

Fitch Ratings' cash flow modeling demonstrates that the California State Water Resources Control Board's (SWRCB) revolving fund programs (collectively, the program) can continue to pay bond debt service even with loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM).

[ACCESS REPORT]()

12 Jan, 2023

[Kansas Development Finance Authority: Fitch New Issue Report]()

Key Rating Drivers Programs Surpass Fitch Ratings' 'AAA' Rating Threshold: Fitch's cash flow modeling demonstrates that the CWSRF and DWSRF programs (collectively, the program) can continue to pay bond debt service, even with hypothetical loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM). Above Average Pool Diversity: The aggregate CWSRF and DWSRF pool consists of 338 obligors, with the top 10 participants representing approximately 48% of the total portfolio (versus Fitch's 'AAA' median of 57%). Single-borrower concentration is also relatively low. Thus, overall, the pool is more diverse and less concentrated than comparable municipal finance pool programs rated by Fitch. Sound Pool Credit Quality: Approximately 72% of the aggregate programs' portfolio consists of obligors exhibiting investment grade (IG) credit quality, in line with the 'AAA' median (73%) of other municipal programs. Obligor security is very strong as all are secured by either a combination of general fund and utility revenue pledges or utility system revenue pledges. Effective Management: KDFA's loan underwriting and administration have proven effective as its revolving funds have never experienced a loan payment default.

ACCESS REPORT

13 Jan, 2023

BondLink Honored with GovTech 100 Award for Fifth Consecutive Year.

Industry-leading investor transparency platform recognized by foremost government technology awards program in 2023

BOSTON, MA / ACCESSWIRE / January 5, 2023 / BondLink, the cloud-based investor transparency and debt management platform for the $4 trillion municipal bond market, has been honored by Government Technology as a GovTech 100 company for 2023. BondLink earned the recognition for its technologies that help governments, schools, public utilities and non-profits connect directly into the capital markets to more efficiently access capital to fund public infrastructure projects.

This is the fifth consecutive year that BondLink has been recognized as one of the top technology companies serving governments across the country. The GovTech 100 list highlights the top companies delivering innovative solutions to support state and local governments across the United States.

"Governments do some of the most important work in this country, and we're proud of the solutions we can provide to further their mission when it comes to building new roads and bridges and schools," said Colin MacNaught, CEO and co-founder of BondLink. "As one of the only fintech companies in the municipal bond market, we're incredibly proud to be part of the GovTech 100 again, as it reflects the impact we're having on an essential market in this country."

BondLink's rapid adoption by issuers and investors in 2022 was joined with many other notable successes. The company increased its team size by nearly 50% and opened its new Boston headquarters to provide a collaborative space for the team to work and meet in person. It launched two new resources: a fully automated debt management database and a personalized ESG and green bond solution. BondLink also announced its partnership with InspereX in May 2022, which provides thousands of independent registered investment advisors (RIAs) access to the financial data and reports that municipal bond issuers share via BondLink directly within the leading fixed-income platform, BondNav®.

"This year we have seen an exponential increase in gov tech market activity – from new companies starting up to help government tackle complex challenges, to existing companies joining forces for scale through consolidations, gov tech as an industry is clearly showing its recession-proof characteristics," said Dustin Haisler, Chief Innovation and Strategy Officer for Government Technology. "Each of the GovTech 100 companies demonstrates the energy of our market across all gov tech segments."

The latest GovTech 100 class will be featured in the January/February 2023 issue of Government Technology magazine. To view the full 2023 GovTech 100 list, please visit www.govtech.com/100. To learn more about BondLink, please visit www.BondLink.com and request a demo today.

About BondLink
BondLink, a cloud-based investor transparency and debt management platform for the municipal bond market, helps issuers engage more bond investors through transparency and actionable insights. Founded by CEO Colin MacNaught, who spent seven years issuing nearly $25 billion in bonds on behalf of the Commonwealth of Massachusetts, and CTO Carl Query, BondLink went live in 2016. BondLink clients issued more than $50 billion in bonds in 2021. BondLink provides its issuer clients with tools to manage their capital financing programs more efficiently while providing investors with the interim financial reports and data they need to close information gaps and make informed decisions through a single platform. The company is backed by top investors within the municipal bond market, including Intercontinental Exchange and Franklin Templeton. For more information, visit www.bondlink.com, and connect on LinkedIn and Twitter.

Rockwall County, Texas: Fitch New Issue Report

Revenue Framework: 'aaa': General fund revenues should continue a strong growth trajectory over the medium term based on the expectation of additional population and economic expansion. The county's independent legal ability to increase operating revenues remains strong despite recent legislative changes that restrict annual property tax rate increases. Expenditure Framework: 'aa': Fitch expects growth-related spending demands to generally track projected strong revenue gains. The county has demonstrated a willingness to curtail spending during times of economic decline due to its ability to adjust its labor and operating costs. Carrying costs are expected to rise with upcoming debt issuances but are a moderate burden related to total expenses. Long-Term Liability Burden: 'aa': The long-term liability burden as a percentage of local personal income is moderate and driven primarily by overlapping debt. Fitch believes the combined liability total will likely climb due to expected additional borrowings by both the county and other area governments but will be offset by further expansion of the resource base. Operating Performance: 'aaa': Solid expenditure flexibility, abundant revenue-raising authority and modest revenue volatility, in conjunction with a historically strong reserve cushion, should enable the county to maintain a high level of financial resilience through a typical economic cycle.

ACCESS REPORT

Tue 03 Jan, 2023

Municipal Electric Authority of Georgia (MEAG): Fitch New Issue Report

The ratings primarily reflect the credit quality of the Municipal Electric Authority of Georgia (MEAG) Power Project participants and two PPA off-takers that are unconditionally obligated to purchase the Vogtle Units 3 and 4 output, coupled with asymmetric risks related to nuclear construction and start-up operations uncertainty. The ratings further reflect higher leverage and higher retail rates expected to occur for certain participants resulting from construction costs related to MEAG Power's 22.7% overall ownership of Vogtle Units 3 and 4. The Project P Outlook is Negative, reflecting the underlying credit quality of PowerSouth as the off-taker for the first 20 years of project operation. The Outlook on the Project J and Project M Bonds is Stable.

ACCESS REPORT

Tue 03 Jan, 2023

Fitch Ratings to Affirm ST Rating of LADWP Power System VRDBs Series 2001 B-1 to B-3 and B-5 to B-8.

Fitch Ratings-New York-04 January 2023: On the effective date of Jan. 12, 2023, Fitch Ratings will affirm the 'F1' short-term (ST) rating assigned to the $322,800,000 Department of Water and Power of the City of Los Angeles (LADWP) power system variable rate demand revenue bonds (VRDBs), 2001 series B consisting of:

–$55,900,000 Subseries B-1;
–$59,200,000 Subseries B-2;
–$59,200,000 Subseries B-3;
–$42,500,000 subseries B-5;
–$45,200,000 subseries B-6;
–$45,200,000 subseries B-7;
–$15,600,000 subseries B-8.

The rating action will be in connection with (i) the consolidation of the liquidity support currently provided by Barclays Bank PLC (A+/F1/Stable) in the form two separate Standby Bond Purchase Agreements (SBPAs) supporting the Subseries B-1 and B-3 Bonds and the Subseries B-5 to Subseries B-8 Bonds, respectively, into a single SBPA and (ii) the substitution of the liquidity support for the Subseries B-2 Bonds currently provided by Bank of the West (A/F1/Rating Watch Positive), with the above referenced Barclays SBPA and (iii) mandatory tender of the bonds.

KEY RATING DRIVERS
On the effective date, the short-term 'F1' rating for each subseries will be based on the liquidity support provided by Barclays Bank PLC, in the form of a single SBPA.

The substitute SBPA will provide for the payment of the principal component of purchase price plus an amount equal to 34 days of interest calculated at a maximum rate of 12%, based on year of 365 days for tendered bonds during the daily and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 21, 2027, the stated expiration date, unless such date is extended, upon conversion to an interest rate mode other than a daily or weekly rate mode; or upon the occurrence of certain other events of default that result in a mandatory tender, or other termination events related to the credit of the bond obligor that result in an automatic and immediate termination.

The current long-term ‘AA-’/Stable rating will continue to be based on the long-term rating assigned to LADWP’s Power System. For more information on the long-term rating, see the press release dated Oct. 14, 2022, available on Fitch’s website at www.fitchratings.com.

RATING SENSITIVITIES
Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term rating assigned to the bonds will be adjusted upward in conjunction with the short-term rating of the bank providing the SBPA and, in some cases, the long-term rating of issuer

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the SBPA and, in some cases, the long-term rating of the issuer.

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San Angelo, Texas: Fitch New Issue Report

The ‘AA+’ Issuer Default Rating (IDR), and GO and CO ratings reflect the city of San Angelo’s favorable revenue framework, strong reserve position and low liability burden. Additionally, the city’s strong budgeting practices and substantial revenue-raising capacity provide flexibility in the event of economic downturns. Economic Resource Base: San Angelo is the seat of Tom Green County and has an estimated population of 100,000, encompassing 59 square miles in west-central Texas. Population growth has been modest but steady in recent years.

ACCESS REPORT

Thu 05 Jan, 2023

Sand Creek Metropolitan District, Colorado: Fitch New Issue Report

Dedicated Tax Key Rating Drivers Strong Revenue Growth Prospects: Fitch expects the district's revenue growth to moderate as the district approaches maturity but remain above U.S. GDP given its favorable location along a major transportation corridor within the expanding economic base of the Denver MSA. Ample Cushion/Resilience: Fitch assesses the district's resilience to economic declines to be high given the ample debt service cushion under the mill limit, modest expected revenue volatility and limited future debt plans. High Taxpayer and Sector Concentration: The rating reflects an asymmetric economic risk consideration that reflects the district's high taxpayer concentration that is dominated by commercial properties. Dedicated Tax Credit Profile Fitch expects pledged revenues to grow at a slower rate but still remain above U.S. GDP as the district approaches full build-out. The mature district is approximately 88% developed and benefits from a favorable location along Interstate 70 near DIA in the city and county of Denver and the city of Aurora. Due to numerous tax policy changes, Fitch uses AV as a proxy for the district's revenues. After posting steady gains to its tax base since its inception, the district's AV declined moderately by a cumulative 10.8% in 2011–2012, fueled by rising vacancy rates and exacerbated by the delay or cancellation of planned projects. AV stabilized in 2013 and subsequently grew by a strong 10-year CAGR of 8% through 2022.

ACCESS REPORT

Fri 06 Jan, 2023

Birdville Independent School District, Texas: Fitch New Issue Report

The 'AA+' IDR reflects the district's historically strong operating performance and solid flexibility to manage downturns and moderate economic cycles. With the issuance of newly authorized debt, carrying costs and long-term liabilities are expected to remain moderate. Due to the maturity of the district, enrollment is expected to follow a flat to modestly negative trajectory. Economic Resource Base: The district is located in Tarrant County, north of Fort Worth and near the Dallas-Fort Worth International Airport. Its 42-square mile service area is largely built out and includes the cities of North Richland Hills, Haltom City, Richland Hills, and Watauga, as well as a portion of the city of Hurst. Key Rating Drivers Revenue Framework: 'a': Fitch believes the district's revenue growth prospects are solid and will exceed inflation over the long term. Recent increases in state per pupil funding have also supported revenue gains. The district's independent legal ability to raise revenues is limited by state law. Expenditure Framework: 'aa': The natural pace of spending growth should remain marginally above that of revenue growth. Solid expenditure flexibility is a result of moderate carrying costs that benefit from primary state funding of retiree benefit costs and the district's ability to adjust its labor costs, if needed. Long-Term Liability Burden: 'aa': The long-term liability burden is moderate, reflecting strong state support for retiree benefits and an affordable amount of outstanding district debt.

ACCESS REPORT

Mon 09 Jan, 2023

Hilltop Adds 12 Investment Bankers to Public Finance Group.

Hilltop Securities Inc. has added a dozen investment bankers to build out its public finance group, bringing on a team from Prager & Co., a boutique underwriter dealing primarily in higher education transactions.

The team led by Fred Prager, includes David Hertz. Both join Hilltop as senior managing directors in New York according to a statement released late Tuesday.

The Dallas-based Hilltop was the 18th ranked manager of long-term municipal debt in 2022, having underwritten $4.2 billion of such securities, according to data compiled by Bloomberg.

“We are excited to welcome such an accomplished team of municipal finance professionals whose deep experience serving higher education institutions and other public entities is expected to enhance our public finance efforts across the country,” said Brad Winges, Hilltop’s president and chief executive officer, in a statement.

Bloomberg Markets

By Danielle Moran

January 4, 2023

Deer Valley Unified School District No. 97, Arizona: Fitch New Issue Report

The Positive Outlook reflects Deer Valley Unified School District No. 97’s (Deer Valley USD, or the district) recent trend of positive general operating performance and a strengthening reserve cushion, enabled by sound budget management in a period of economic recovery. Persistence of this trend along with the current strong level of financial resilience beyond the use of existing one-time federal stimulus funds and despite potential post-pandemic average daily membership (ADM) volatility could support an upgrade. The ‘AA-‘ Issuer Default Rating (IDR) and ‘AA+’ ULT bond rating are based on the district’s sound operating performance, supported by its solid expenditure flexibility and healthy reserve levels maintained relative to Fitch Ratings’ expectations of revenue sensitivity through economic cycles. The ratings also incorporate the district’s low long-term liability burden, slow revenue growth prospects, and the lack of independent ability to increase revenues.

ACCESS REPORT

20 Dec, 2022

Fitch Withdraws Ratings on Chicago, IL GO Bonds Ser 2022C.

Fitch Ratings – New York – 20 Dec 2022: Fitch Ratings has withdrawn the ratings on the following bonds as they did not sell:

–Chicago (IL) (Chicago Recovery Plan – Social Bonds) general obligation bonds (taxable) series 2022C. Previous rating: 'BBB'/Positive Outlook.

For other ratings on outstanding debt of this entity, see Fitch's website at www.fitchratings.com.

Fitch has withdrawn the ratings as the forthcoming debt issue carrying an expected rating is no longer expected to proceed as previously envisaged.

Supporting Texas, U.S. Investment with Conduit Bond Financing.

As manufacturing looks at opportunities for investment in the U.S., Texas is an attractive location with access to a well-educated work force, existing infrastructure to support manufacturing investment, access to global markets and a global reputation as the best state for business.

Gulf Coast Authority (GCA) can support investment opportunities through conduit bond financing.

GCA has long provided bond financing options for industrial projects in Texas. Through its Gulf Coast Industrial Development Authority (GCIDA), GCA now has the unique ability among Texas providers to offer nationwide bond conduit financing. This capability was accomplished through the passage of HB 2390, sponsored by Texas State Representative Dennis Paul and Senator Larry Taylor, in the last Texas Legislative session.

"GCA is proud to be the first entity in Texas that can offer nationwide conduit bond financing," explained Liz Fazio Hale, GCA GM/CEO. "With investment and growth in the state, GCA has seen an increase in inquiries about leveraging Private Activity Bonds (PABs) to fund projects."

Continue reading.

Orrick Advises on US$2.4 Billion PennDOT Pathways Major Bridge P3 Program.

Orrick advised Bridging Pennsylvania Developer I, a consortium comprised of Macquarie Capital and Shikun & Binui USA, as borrowers counsel for the first phase of the PennDOT Pathways Major Bridge Public Private Partnership ("P3") project that will replace six bridges in critical need of repair across the Commonwealth—I-81 Susquehanna, I-80 Nescopeck Creek, I-78 Lenhartsville, I-80 Lehigh River, I-80 Canoe Creek and I-80 North Fork—out of the nine bridges included in the program. The Major Bridge P3 initiative was designed to address the state's growing backlog of major bridge replacement and rehabilitation needs.

The first phase of the project will consist of the design, build, financing and maintenance of the six bridges and related roadway and supporting infrastructure delivered under an availability-based P3 structure that will conclude between September 2027 and June 2028. The financing includes approximately $202 million in equity and approximately $1.8 billion in private activity bonds. The project will support Pennsylvania's interstate transportation system and local job market, with the vast majority of the work being delivered by local Pennsylvania suppliers and contractors. By taking a P3 approach, it will enable the stakeholders to accelerate the repair and construction of the six bridge projects more efficiently than any other alternative procurement process.

The project is the first transportation-related P3 to close utilizing a pre-development agreement (PDA) structure. The PDA enabled the team to work collaboratively with PennDOT to identify the key risks, work on permits, and led to significant progress on the project's design, providing certainty around schedule and costs.

The project was led by Young Lee and included Matthew Neuringer, Susan Long, Ian Busche, Jesse Brown, Richard Chirls, Chas Cardall, Eileen Heitzler, Sue Cowell, Helen Pennock, Marlowe Mitchell, Joe Lawlor, Eric Newman, Thomas Kidera and John Ansboro.

December.27.2022

Orrick Advises MTA on Historic Subway Station Accessibility P3.

Orrick's Infrastructure team advised the Metropolitan Transportation Authority (MTA) on its historic US$965.2 million subway station accessibility P3 to upgrade 12 New York City stations under standards that are compliant with the American Disabilities Act. The project includes installation of 21 new elevators, path-of-travel improvements and associated state of good repair work to 14 existing elevators to make stations accessible. The work is part of the MTA's current Capital Program, now pegged at $56 billion with more than $5 billion dedicated to making stations accessible with elevators and ramps as part of the MTA's larger commitment to make the New York City subway system accessible by 2055. **This is the first project in MTA's history to be awarded using the P3 model.**

The Orrick team led the MTA in a complex public procurement throughout the two stage procurement process, completing the second stage of the procurement from issuance of the request for proposal in June 2022 to commercial close on December 28, 2022. Halmar International LLC will serve as the design, construction and maintenance contractor, and will engage Otis Elevator Co. as the elevator supplier and maintainer. ASTM North America will be the equity member. The contract has a 15-year maintenance period, which commences at substantial completion of the project, and has two additional five-year option periods. The contract is structured as an availability payments P3 with ongoing payments to the developer for capital and maintenance throughout the term of the contract.

Our team was led by Vincent Casey and included Victoria Boyne, Matt Neuringer, Kevin Roche, Marlowe Mitchell, Rebecca Lemish, John Grant, Robbie Newell, Crissi Berger, Sara Forden and Joshua Bonney.

December.30.2022

Bankrupt Pennsylvania City Pushes to Sell Water System to Raise Cash.

Mediation talks started this week, with officials in Chester, Pennsylvania, pushing for privatization, while the water authority and some residents are against the sale.

Chester, Pennsylvania, a city near Philadelphia propelled into bankruptcy last month after decades of financial stress, is now roiled by a fight over whether to privatize one of its biggest assets: its water authority.

The Chester Water Authority has long served the city's residents and those in neighboring municipalities. And in the eyes of Chester city council members and its state-appointed receiver, selling the $410 million asset to bidder Aqua Pennsylvania could help dig the city out of its financial hole. But some residents worry that a private company would increase their rates, and the authority itself is also against such a move.

The potential sale has been tied up in Pennsylvania state courts. All of that litigation was put on hold when the city filed for Chapter 9 in November. In a court hearing this month, the federal judge overseeing the bankruptcy appointed US Bankruptcy judge Mary Walrath to mediate talks that include privatizing the water authority. That court-ordered mediation began Wednesday, according to Frank Catania, solicitor of the authority.

Continue reading.

Bloomberg CityLab

By Hadriana Lowenkron

December 22, 2022 at 8:21 AM PST

Chicago's Shaky Pension Funds Face New Hit From Looming Downturn.

- **City has advanced $500 million to the funds since September**
- **Pensions could take bigger hit as economists warn of recession**

As 2022 unfolded, Chicago's long-troubled pension funds faced a new shortfall: A delay in property tax receipts left the system without enough money to pay the city's retirees.

Pension managers contended with the difficult decision of whether to sell off pension assets to raise cash quickly. Instead, they got an advance from Mayor Lori Lightfoot's administration to plug the gap. In the end, Chicago funneled in at least $512 million that was earmarked for payments later in the year and early 2023.

The payout was the largest advance ever in one year in Chicago, a sign of just how fragile the pension system is, especially at a time when markets are headed for their worst annual return since 2008. Looking ahead, the third-most populous US city's pensions could take an even deeper hit in 2023 if the market rout continues to erode returns and the looming recession economists are warning of hurts Chicago's revenue.

Continue reading.

Bloomberg CityLab

By Shruti Singh

December 27, 2022

JPMorgan Topples Citi as No. 2 Muni Underwriter in 2022 Rankings.

- **Issuance of muni bonds down about 21% from last year's record**
- **JPMorgan has managed about $38 billion of sales this year**

JPMorgan Chase & Co. is the clear winner this year in an increasingly competitive municipal-bond market, encroaching on Bank of America Corp.'s stranglehold on the top slot of underwriting rankings.

The New York-based bank managed $38.2 billion of long-term state and local government debt as of Dec. 15, or roughly 11% of the overall issuance, according to data compiled by Bloomberg. That marks a nearly 3 percentage point jump from the bank's share last year, the biggest increase among the 91 managers who have run at least one deal this year, the data shows.

"We were fortunate this year to have a very balanced performance across numerous sectors in the market, however, our market leadership in the energy space with rate-payer securitizations was a key differentiator for us," said Jamison Feheley, head of public finance investment banking at JPMorgan.

Continue reading.

Bloomberg Markets

By Jennah Haque

December 15, 2022

Disney Investor Demands Files Over Opposition to Florida's 'Don't Say Gay' Law.

- **Criticism of Florida law said to have 'far-reaching' effects**
- **Statute bans sexual-orientation talks in some school classes**

Walt Disney Co. created "far-reaching" financial risks for itself by opposing a Florida law limiting instruction on sexual orientation or gender identity in elementary schools, according to an investor who is demanding the company turn over internal records about the decision.

By criticizing the state for enacting the restrictions – which critics dubbed the "Don't Say Gay" law — Disney lost control over tax and improvement issues at its Orlando-area theme park, investor Kenneth Simeone said in a lawsuit unsealed Friday in Delaware Chancery Court.

In April, Governor Ron DeSantis signed legislation eliminating the special-municipal district Disney has operated in the state since the late 1960s. It's part of a drive to punish the company for its stand against the 'Don't Say Gay" law, which was championed by DeSantis and imposed limits on instruction from kindergarten through third grade.

Continue reading.

Bloomberg

By Jef Feeley

December 12, 2022

[Fitch: Hurricane Ian Compounds Florida Homeowners' Insurer Vulnerability]

Fitch Ratings-Chicago/New York-05 December 2022: The Florida homeowners' insurance market's already precarious position will weaken further with the destruction generated by Hurricane Ian, a storm that is potentially the second largest hurricane in terms of insured losses, Fitch Ratings says. Losses will resonate through primary and assumed reinsurance markets with sharp changes in pricing and underwriting terms, and future primary market capacity and reinsurer risk appetite uncertain.

The broader concern is that a lack of property coverage availability for Florida residents could promote economic repercussions affecting the state's real estate, mortgage and labor markets. Hurricane Ian could lead to further market exits by Florida homeowners' insurers, as many private carriers face capital concerns, coupled with reduced availability and sharply higher costs for reinsurance.

Catastrophe modeling experts have pegged insured loss estimates for Ian of between $35 million and $73 billion, with economic losses from the event likely exceeding $100 billion. Losses from November's category 1 storm, Hurricane Nicole, will incrementally compound this total with insured loss estimates of between $1 billion and $2 billion.

The effects of Ian losses on different types of (re)insurance organizations will vary but will still influence future pricing and market conditions and the ability of (re)insurers to withstand the next major Florida weather event. Signs of new insurers entering the Florida homeowners primary market are few, which will lead to further policy count growth at insurer of last resort, Citizens Property Insurance Corporation (Citizens/AA Stable).

Incurred loss information on Ian continues to accumulate as insurers report estimated losses in third-quarter results. A compilation of reported net losses for 42 individual entities currently totals approximately $30 billion, with over 40% associated with state-sponsored entities Citizens and the Florida Hurricane Catastrophe Fund (FHCF; AA/Stable).

[Central Utah Water Conservancy District: Fitch New Issue Report]

The 'AA+' ratings primarily reflect Central Utah Water Conservancy District's (the district) very strong purchaser credit quality, supported by its independent rate-raising ability, unconditional purchaser contracts and unlimited ability to reallocate costs. The district and purchasers benefit from very favorable demographics within the primary service area of Utah County and Salt Lake County. The district's operating risk profile is very strong, given a very low operating cost burden, reflected as total costs relative to water production, and a very low lifecycle ratio. District leverage, measured as net-adjusted debt to adjusted funds available for debt service, based on consolidated audited financial statements, registered an exceptionally low 2.9x in fiscal 2022, up modestly from 2.8x the year prior.

ACCESS REPORT

Fitch to Upgrade CA GO Commercial Paper Notes Series A-8 & B-8 Rating to 'F1+'

Fitch Ratings-Chicago/New York-14 December 2022: On the effective date of Dec. 15, 2022, Fitch Ratings will upgrade the rating assigned to the $125,000,000 California General Obligation Commercial Paper Notes Tax-Exempt Series A-8 and Taxable Series B-8 (notes) to 'F1+' from 'F1'. A maximum of $125,000,000 aggregate principal amount of Series A-8 and B-8 authorized notes may be outstanding at any given time.

The rating action is in connection with: (i) the substitution of the current irrevocable letter of credit (LOC) provided by Bank of the West (rated 'A/F1'/Rating Watch Positive) which currently supports both series of notes, with a LOC to be provided by Bank of Montreal (BMO, rated 'AA-/F1+'/Outlook Negative); and (ii) the reoffering of the notes from time to time.

KEY RATING DRIVERS:

On the effective date, the rating on the notes will be upgraded to 'F1+' from 'F1' based on the support of the BMO LOC. The LOC has a stated expiration date of Dec. 12, 2025, unless extended or earlier terminated. The BMO substitute LOC will provide sufficient coverage for the principal amount of the notes and 90 days of interest calculated at 11%, based on a 365-day year.

U.S. Bank Trust Company National Association will continue acting as Issuing and Paying Agent (IPA) for the notes, and as IPA, is directed to request a drawing on the substitute LOC to pay principal and interest on maturing notes to the extent proceeds from rollover notes or other funds supplied by the State of California are insufficient to make such payment in full.

All notes will be issued at par, with interest due at maturity. Following the occurrence of an event of default under the Reimbursement Agreement, BMO may direct the IPA to stop issuing additional notes. The substitute LOC will terminate after all the notes supported by the LOC and issued prior to receipt of such no-issuance notice have been paid. US Bancorp Investments, Inc. and & J.P. Morgan Securities LLC are the dealers of the notes.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The Short-Term rating assigned to the notes is the highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The Short-Term 'F1+' rating assigned to the notes will be adjusted downward in conjunction with the Short-Term
rating of the bank.

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Additional information is available on www.fitchratings.com

Texas Attorney General to Rule on Citigroup's Underwriting Status by Next Month.

- **Letter to bond counsels says announcement to be made promptly**
- **Citi has been doing business in Texas during AG's review**

The Texas Attorney General's office will decide by Jan. 13 whether Citigroup Inc. "discriminates" against the firearms industry, a ruling that will determine the bank's ability to underwrite most municipal-bond offerings in the state.

The New York-based bank has been under review by Attorney General Ken Paxton's office because of a Republican-backed state law that aims to punish financial firms for instituting anti-gun policies. In a Dec. 13 letter viewed by Bloomberg, Leslie Brock, assistant attorney general, said in order to "minimize disruption to the municipal public securities market," the office would make its determination and "promptly" announce its decision.

Governments in Texas that have chosen to work with Citigroup during the review have been required to ask the bank for additional assurance that they do not run afoul of the law. The bank has been stating for over a year that it can comply with the legislation and has managed about $3.5 billion of bond sales in Texas in 2022.

Continue reading.

Bloomberg Markets

By Danielle Moran

December 13, 2022

San Francisco Mayor Warns of Budget Deficit as Remote Work Hits Revenue.

- **Mayor needs to cut costs for $728 million two-year deficit**
- **Tech hub struggles with vacant offices and uncertain recovery**

San Francisco is projecting a $728 million budget gap over the next two fiscal years as the technology hub reels from the economic hit of remote work and the depletion of one-time federal aid.

Mayor London Breed asked municipal departments Thursday to find ways to reduce costs by 5% in the next fiscal year and by 8% in the year after that as part of the budget process for the city, which has a $6.8 billion general fund. The fiscal plan for the years beginning in July 2023 and July 2024 must balance by June 1 when she submits it to the board of supervisors for approval.

San Francisco, suffering from some of the nation's weakest office occupancies and stubbornly low transit ridership, is now expecting business taxes over the next two years to decline by $179.3 million from previous estimates. Significantly, property taxes — usually a stable revenue source in downturns — are now projected over the same period to drop by $261 million from the earlier forecast.

Continue reading.

Bloomberg CityLab

By Romy Varghese

December 15, 2022

Ohio Supreme Court Rules in Favor of Online-Streaming Providers on Municipal Fee Issue.

By way of brief background, in August 2020, the City of Maple Heights, Ohio, ("Maple Heights") filed a complaint in the U. S. District Court for the Northern District of Ohio against Netflix and Hulu based on their alleged violations of the Fair Competition in Cable Operations Act — R.C. Chapter 1332.21 et seq. ("Act"). Essentially, the Act requires video-service providers to obtain authorization from the director of commerce prior to providing video services within Ohio. Video-service providers are then typically required to pay a fee, based on their revenues, to the municipalities in which they operate. Maple Heights sought a declaration that Netflix and Hulu are video-service providers who must pay video-service provider fees to Ohio municipalities. Maple Heights also sought damages for Netflix and Hulu's previous failures to comply with the Act.

In October 2021, Netflix and Hulu filed motions to dismiss Maple Heights' complaint. Netflix and Hulu both argued that they do not qualify as video-service providers under the Act. Hulu argued that Maple Heights did not have statutory authority to bring suit to enforce the Act. Prior to ruling on the motions to dismiss, the Federal District Court certified two state law questions to the Ohio Supreme Court, which they accepted. The certified questions were: (i) "Whether Netflix and Hulu are video-service providers under Ohio law?" and (ii) "Whether Maple Heights can sue Netflix and Hulu to enforce Ohio's video-service provider provisions?"

On the first question, the Court held that Netflix and Hulu are not video-service providers under Ohio law because their services do not meet the definition of “video service” under the Act. The director of commerce determines whether a particular entity is a “video-service provider” under the Act, and there is no authorization for municipalities to challenge that determination. Further, under R.C. 1332.21(J), “video service” means providing video programming over wires or cables located, at least in part, in the public right of way. Video programming provided as part of a service that allows users to access content through the internet does not qualify as “video service.” Therefore, the Court determined that because Netflix and Hulu provide access to their online-streaming services over the internet, without placing wires or equipment in the public right of way, they are not video-service providers subject to the video-service authorization provisions of the Act.

On the second question, the Court held that Maple Heights did not have the authority to sue Netflix and Hulu to enforce Ohio’s video-service provider provisions for three reasons. First, Maple Heights does not have authority to bring an action to enforce the video-service provider provisions of the Act because under the statute the director of commerce has the sole authority to provide the video-service authorizations and to investigate violations of the Act. Second, Maple Heights does not have the authority to bring an action to enforce the video-service provisions of the Act because the Act expressly limits the authority of local governments and grants them only the authority to dispute fee calculations – not whether fees should be paid. Lastly, Maple Heights does not have the authority to bring suit to enforce the video-service provider provisions of the Act because there is no implicit right for Maple Heights to enforce the Act under the Cort v. Ash, 422 U.S. 66 (1975) test for implicit rights of action.

Frost Brown Todd LLP – Philip K. Hartmann and MacKenzie B. Newberry

December 9 2022

[S&P U.S. Local Governments Credit Brief: Texas Municipal Utility Districts Means And Medians]

Overview

Continued stability in Texas municipal utility district (MUD) credit quality is expected despite recessionary pressures. The inherent strengths of traditional market value growth patterns, debt issuance oversight, and rapid population growth across the state will likely contribute to stability of Texas MUDs across the portfolio.

S&P Global Ratings maintains general obligation (GO) ratings on 371 districts in Texas. Currently, 53.0% of those ratings are in the ‘A’ category, 42.0% in the ‘BBB’ category, and 4.8% in the ‘AA’ category. Upgrades outpaced downgrades in 2022, with 15 upgrades to just one downgrade (as of Oct. 13, 2022), but we anticipate this will slow given our view of a baseline case of recession..

Continue reading.

6 Dec, 2022

Los Angeles Department of Water & Power, California: Fitch New Issue Report

Revenue Defensibility: 'aa'; Diverse and Favorable Service Area, Unique Rate Structure: The system's very strong revenue defensibility is supported by a service area with a strong and diverse economy. A rate structure implemented in fiscal 2016 includes automatic pass-through adjustments and a mechanism that largely decouples demand from revenue generation, resulting in stable financial performance. Operating Risk: 'aa'; Very Strong Operating Risk Profile, Solid Operations Work to Expand Local Supply: The system's operating risk assessment reflects a very low operating cost burden and sustained capital investment that averaged about 360% of annual depreciation costs for the five fiscal years ended in 2021. Capital projects are focused on infrastructure rehab and renewal (R&R) and expanding the recycled water program to reduce dependence on purchased water supplied by MWD. Financial Profile: 'aa'; Very Strong Financial Profile; Increase Possible: LADWP's financial profile is very strong. Leverage in fiscal 2021 was 8.3x but could tick up to about 8.8x in fiscal 2022. A sustained trend at that level would likely pressure the financial profile and rating. The liquidity profile is considered neutral to the assessment. Asymmetric Additive Risk Considerations: No asymmetric additive risk considerations affected this rating determination.

ACCESS REPORT

06 Dec, 2022

Mansfield, Texas: Fitch New Issue Report

Revenue Framework: 'aaa': The city of Mansfield has realized strong revenue growth over the past 10 years, which is expected to continue due to steady economic development. Underpinning the revenue framework assessment is high revenue-raising flexibility despite recent legislative action limiting property tax revenue increases. Expenditure Framework: 'aa': The city maintains discretion with respect to employee-related expenditures, contributing to the overall adequate expenditure flexibility. Carrying costs, of 24% of fiscal 2021 governmental spending, are elevated. Fitch Ratings expects carrying costs to remain within this range based on projected alignment with overall spending. Long-Term Liability Burden: 'aa': The city's long-term liabilities, largely related to overlapping debt, are a moderate burden at nearly 16% of personal income. The burden is expected to remain stable given an expanding resource base accommodating additional growth-driven borrowings by the city and overlapping governments. Operating Performance: 'aaa': Significant revenue-raising ability and adequate expenditure control, supplemented by a strong reserve cushion relative to low expected revenue volatility, should enable the maintenance of a high level of financial flexibility during cyclical downturns.

ACCESS REPORT

Wed 07 Dec, 2022 – 12:13 PM ET

Park Creek Metropolitan District, Colorado: Fitch New Issue Report

The 'A' rating reflects Fitch's expectation that the district's strong pledged revenue growth will moderate over the longer term and that revenues may become more vulnerable to cyclical pressures as full build-out approaches. The rating assumes the district continues its practice of issuing to a prospective ABT based on a three-year projection of assessed value (AV), which poses a risk in a downturn scenario. The rating recognizes the small size of the tax base and its concentration among taxpayers and sector type. Economic Resource Base: The service area of the district and WCMD is located between downtown Denver and the Denver International Airport. The district's diverse development includes sizeable retail and industrial sectors as well as growing residential investments. The district covers approximately 4,000 acres and serves a relatively affluent population of about 35,000. Key Rating Drivers Dedicated Revenue Stream Growth Prospects: Using WCMD's AV as a proxy for revenues, near-term tax base growth prospects are strong, although Fitch expects AV expansion to moderate to a solid pace over time as the district approaches full build-out. Resiliency of Pledged Revenues: Fitch views the long-term resilience of the structure as adequate considering potential cyclical pressures that could be compounded by the district's practice of issuing to a liberal prospective ABT.

ACCESS REPORT

Thu 08 Dec, 2022 – 4:23 PM ET

Mintz: A Pair of Awards for the $2.6 Billion Commonwealth of Massachusetts Social Bond.

BOSTON – Mintz congratulates The Commonwealth of Massachusetts on winning a pair of awards for its $2.6 billion Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A & B (Federally Taxable)(Social Bonds). The Commonwealth won the ESG Deal of the Year by the Bond Buyer and Smith's Research 2022 All-Star Deal of the Year. Mintz's Public Finance team served as bond counsel on the transaction.

Bond Buyer recognizes "the year's most outstanding municipal finance transactions" in its Deal of the Year awards, while Smith's Deal of the Year gives a nod to the "achievements and fine work of municipal professionals".

Mintz Public Finance Member Poonam Patidar led the team advising the Commonwealth of Massachusetts on the bond deal. The team included Member Christie Martin and Paralegal Lorraine Lydon. Mintz was instrumental in crafting legislation that authorized the issuance of this special obligation bond to replenish the unemployment fund and creating the bond documents for the transaction.

The bond was likely the largest ever municipal Environmental, Social, and Corporate Governance (ESG) bond issued at the time. Proceeds from the bond, issued in August, kept Massachusetts' unemployment trust fund – significantly depleted as a result of the COVID-19 crisis – paying benefits and paid back advances from the federal government. The bond received AAA ratings from Fitch Ratings and the Kroll Bond Rating Agency, and an Aa1 rating from Moody's Investors Service.

For nearly 50 years, Mintz's Public Finance practice has earned a reputation for taking a client-oriented, problem-solving approach to the specialized field of public finance. Mintz is a leader in the public finance field, and is consistently ranked among the top bond counsel firms in New England. We have unsurpassed breadth and depth of experience as bond counsel for governmental and quasi-governmental issuers in New England. In addition to representing some of the region's most active bond issuers as bond counsel, we regularly serve as counsel to major higher educational institutions, cultural institutions, health care systems and major national and regional investment banking firms. Our public finance practice also includes an active and unique nationally renowned practice in the representation of institutional municipal bondholders.

by Poonam Patidar & Christie L. Martin

December 07, 2022

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo

California Pension Fund Relies on Muni Bond Sales for New Office.

- **Calstrs sold $15.7 million in debt to finish headquarters**
- **Hybrid work schedule for employees to continue next year**

The California State Teachers’ Retirement System sold more municipal debt for a new office building, with yields on some maturities lower than that on benchmark debt, despite the shift to remote work.

The public pension, the second biggest in the nation, offered $15.7 million in tax-exempt bonds Wednesday with yields ranging from 2.27% to 4.11% for a 4% coupon bond due in 2049, according to data compiled by Bloomberg. It was the fund’s second foray into the municipal market since it sold $272.6 million of tax-free debt in 2019 for the project.

While the remote work shift has hollowed out economic cores in cities such as San Francisco and as rising interest rates and expectations of recession hit commercial property values, Calstrs’s new headquarters is considered an investment for the pension, which has a prodigious $297.6 billion under management. It also helps that municipal-bond investors are largely unflappable when it comes to the impact of working from home on credit markets.

Continue reading.

Bloomberg Markets

By Romy Varghese and Allison Nicole Smith

December 7, 2022

Florida Lawmakers Review Ways to Restore Some Disney Privileges.

- **DeSantis vows not to make ‘U-turns’ on stripping Disney perks**
- **Benefits axed in feud over schools gender teaching law**

Florida lawmakers are reviewing ways to restore some of the privileges that the state stripped from Walt Disney Co., still reducing the company’s benefits dramatically without going as far as ending them all, a key legislator said.

Earlier this year, Florida Governor Ron DeSantis signed a law that in 2023 would dissolve a special government district that’s granted sweeping benefits to Disney for half a century, called Reedy

Creek, unless it's reinstated by the legislature. The move was triggered by what the Republican governor saw as Disney's criticism of a law he signed that limits elementary school teachings about gender identity.

The sponsor of the law axing the entertainment giant's Florida perks, state Representative Randy Fine, said he's encouraged by last month's ouster of Disney Chief Executive Officer Bob Chapek, who led opposition to DeSantis's so-called "Don't Say Gay" law. Fine said discussions were helped by signs that Disney's returning CEO Bob Iger will steer clear of Florida politics.

Continue reading.

Bloomberg

By Michael Smith

December 3, 2022

Florida Mulls Reversal of Disney Special Tax District Revocation.

Florida lawmakers could possibly reverse the state's decision to strip Disney (DIS) of its special self-governing status.

According to a report from the Financial Times, state lawmakers are working on a compromise that would "allow Disney to keep the arrangement largely in place with a few modifications." The report added that Bob Iger's return as CEO is fueling sentiment around a resolution.

Republican lawmaker Randy Fine, who drafted the bill, told the FT that Chapek's ousting suggests "something will get sorted out."

Continue reading.

Yahoo News

Alexandra Canal – Senior Reporter

Fri, December 2, 2022

Florida Prepares U-turn on Disney's 'Don't Say Gay' Punishment.

Lawmakers seek compromise preserving theme park operator's right to run private government

Florida lawmakers are working on plans to reverse a move that would strip Disney of its right to operate a private government around its theme parks, potentially resolving the fallout from the "Don't Say Gay" controversy that dragged the entertainment giant into the culture wars.

In April, the Florida legislature voted to dissolve Disney's 55-year-old special tax district following a public feud between Ron DeSantis, the state's governor, and then-chief executive Bob Chapek over a new state law restricting discussion of LGBT+ issues in classrooms.

The set-up allows Disney to tax itself to cover the costs of providing water, power, roads and fire services in the area, known as the Reedy Creek Improvement District. The special district is seen as essential for the theme park operator to maintain high standards for visitors.

Continue reading.

Financial Times

Christopher Grimes in Orlando, Florida

DECEMBER 2 2022

BlackRock, UBS Ask to Be Removed From Texas' Energy Boycott List.

- **Firms seek to clarify they don't boycott a key Texas industry**
- **Efforts emerge in correspondence with comptroller's office**

BlackRock Inc. and UBS Group AG are among major financial firms taking steps to be removed from a list of companies that Texas has classified as "boycotting" the fossil fuel industry.

Representatives from at least five companies have asked the office of state Comptroller Glenn Hegar to remove them from the divestment list he published in August, arguing that they shouldn't have been included to begin with, according to documents Bloomberg obtained through a public records request.

The efforts underscore how crucial Texas' booming economy and population are as a source of growth for the finance world. Firms on the Republican comptroller's list may struggle to win underwriting business from the state's myriad issuers of municipal debt or gain access to entities like the Teacher Retirement System of Texas.

Continue reading.

Bloomberg Green

By Shelly Hagan and Danielle Moran

November 28, 2022 at 6:54 AM PST

A Texas Program that Backs School Districts' Bond Debt is About to Reach its Limit — And It Could Mean Raising Taxes.

Under the state's Permanent School Fund's Bond Guarantee Program, schools get the best interest rate on bonds. That soon may be over if the federal government doesn't act.

A state-backed program that for decades has helped school districts get the lowest interest rates possible on bonds is about to reach its limit — and if it does, districts might find themselves having to ask for more money from taxpayers.

The Permanent School Fund is a state endowment of about $56 billion funded through investments and land holdings. It was created in 1854 to give Texas' public schools another form of revenue other than tax dollars. Through its bond guarantee program, when a school district passes a bond package, the PSF promises lenders who buy the bonds that the state will pay them back if the school district can't. Having the PSF as a guarantor helps school districts get the best interest rates on those bonds.

But the PSF's guarantee program has a limit on how much debt it can cover at any given time. The IRS, which has jurisdiction over tax-exempt municipal bonds, has set that limit at about $117 billion. As of Oct. 31, the program only has about $652.6 million left in capacity before the program shuts down, according to the latest state projections. That's down from $3 billion at the end of September.

Continue reading.

TEXAS TRIBUNE

BY BRIAN LOPEZ

DEC. 5, 2022

Atlanta Raises $410M from Impact Bond Sale.

Issuance follows rocky period for social, sustainability, and municipal fixed income markets

The City of Atlanta, Georgia, has raised $410 million in an impact-linked municipal sale, the city announced last week.

The bonds were significantly oversubscribed, reflecting high levels of investor demand for social bonds. The proceeds of this sale will go towards funding the city's 'Moving Atlanta Forward' package, which will invest as much as $750 million in various infrastructure projects across Atlanta, including transportation, public safety and recreational facilities.

Mohamed Balla, chief financial officer of the City of Atlanta, said: "This bond sale shows that the City of Atlanta is able to attract strong investor demand based upon the strong credit quality of the City.

"Additionally, we were able to tap into the growing investor demand for social and sustainable investments, while providing an attractive cost of capital for these vital capital projects."

In the third quarter of this year alone, municipal bonds with ESG links raised $13.3 billion, more than 13% of total municipal issuance for the quarter, according to S&P Global Market Intelligence. Of this total, social bonds raised $6.6 billion.

Sustainability bonds worldwide have taken a hit as a knock-on effect from the Russia-Ukraine conflict as well as rising inflation, and the municipal market has also been affected. Longer-term, however, bonds with a social link have attracted significant interest due to Covid-19 issues.

Research from S&P Global published in August forecast that global sustainable bond issuance was set to exceed $1.5 trillion this year, driven by investor demand and the rise of climate-related finance and other ESG-related investment themes.

Banking Exchange

11/29/2022

N.Y. Public Service Commission Approves Pole Attachment Rental Rate Increase for Municipally Owned Utilities: Davis Wright Tremaine

The New York Public Service Commission ("Commission") entered an Order this month authorizing municipally owned electric utilities to significantly increase the annual rental rates charged to cable system operators and telecommunication carriers for the attachment of communications infrastructure to their utility poles. Specifically, the Order allows municipally owned electric utilities to increase annual pole attachment rental rates by 23 percent, from $13.62 to $16.75,[1] which will increase pole attachment expense for communications service attachers by a like amount.

The Commission approved such an increase based upon its "proxy rate approach," which it adopted in 2007 for municipal electric companies in lieu of the Federal Communications Commission's (FCC) cable pole attachment formula to establish pole attachment rates.[2] The Commission explained that its "proxy rate approach" works better for municipal electric companies because it is the "simplest and most cost-effective method for a municipality to establish a pole attachment rate, without detailed analysis and accounting."[3] In practice, under the Commission's "proxy rate approach," municipalities establish pole attachment rates equal to the lowest attachment rate currently in effect among investor-owned electric utilities.[4] Through the Commission's Order, it has aligned municipal electric companies' pole attachment rates with the lowest currently in effect among investor-owned electric utilities in New York. In doing so, the Commission has allowed municipal electric companies to nearly double their rental rates since 2017, when they were $8.51.[5]

This new Order comes at a time when cable system operators and telecommunication carriers across the country are making considerable investments to expand broadband access, both in New York State and nationwide, to underserved and unserved areas where utility poles are often owned by municipalities. Cable system operators and telecommunication carriers have consistently invested in expansive broadband deployment, both through private investment and in connection with various government grant initiatives; however, pole attachment rate increases like that approved here could dampen or impede operators' and carriers' expansion plans and lessen their investment in providing video, voice, and broadband services to underserved or unserved communities.

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[1] Case 22-E-0435, Tariff Filing by the New York Municipal Power Agency to Modify Its Electric Tariff Schedule P.S.C. No. 1 – Electricity, to Update the Pole Attachment Proxy Rates Used by Its Municipal Utility Members, Order Establishing Updated Pole Attachment Rates (issued November 18, 2022) (Order).

[2] Case 06-E-1427, Municipal Pole Attachments, Order on Municipal Pole Attachment Rates (issued May 9, 2007) at p. 4.

[3] Id.

[4] Case 06-E-1427, Municipal Pole Attachments, Order Denying Petition for Rehearing (issued May 28, 2008).

[5] Case 17-E-0243, Petition of the New York Municipal Power Agency to Determine Pole Attachment Rates for Municipal-Owned Poles, Order Approving Municipal Pole Attachment Rate Increase (issued August 4, 2017).

Davis Wright Tremaine LLP – Matthew R. Tuchman

November 29 2022

California Infrastructure & Economic Development Bank: Fitch New Issue Report

Key Rating Drivers Sufficient Financial Structure: Fitch's cash flow modeling demonstrates that the ISRF program can continue to pay bond debt service even with hypothetical loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced by the Portfolio Stress Model (PSM). Adequate Pool Credit Quality: Pool quality is average to slightly below average in comparison to other 'AAA' sector peers. In addition, approximately 67% of the pool is considered investment grade versus Fitch's 'AAA' median of 73%, which drives pool quality down slightly lower. Favorable Pool Diversity: The largest borrower and top-10 borrowers represent less than 10% and 50% of the pool total, respectively. Each of these metrics is more favorable than Fitch's equivalent 'AAA' medians for the sector. Sound Program Management: Program management adheres to a formal underwriting policy that includes, among other things, minimum coverage requirements for most borrowers. To date, there have been no pledged loan payment defaults in the ISRF program.

ACCESS REPORT

Fri 02 Dec, 2022

Fitch to Take Actions on Triborough Bridge and Tunnel Authority, NY Series 2018E Bonds.

Fitch Ratings-New York-02 December 2022: On the effective date of Dec. 8, 2022, Fitch Ratings will downgrade the Long-Term rating to 'AA+' from 'AAA' and affirm the 'F1+' Short-Term rating assigned to the $148,470,000 Triborough Bridge and Tunnel Authority general revenue variable rate refunding bonds, series 2018E (federally taxable). The Rating Outlook for the Long-Term rating will be Stable.

The rating action is in connection with: (i) the substitution of the irrevocable direct-pay letter of credit (LOC) currently provided by Bank of America, N.A. (AA/F1+/Stable) with a substitute LOC to be provided by UBS AG (UBS, AA-/F1+/Stable), acting through its Stamford branch; (ii) the mandatory tender of the bonds on Dec. 8, 2022; (iii) amendment of the related bond documents; and (iv) replacement of U.S. Bank, N.A. as trustee, tender agent and paying agent, with Bank of New York Mellon.

KEY RATING DRIVERS:

The Long-Term rating will continue to be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying rating assigned to the bonds by Fitch (AA-/Stable) and the rating assigned by Fitch to UBS (AA-/Stable), the provider of the substitute LOC supporting the bonds. The Short-Term 'F1+' rating will be based solely on the Short-Term rating of the provider of the substitute LOC. For information about the underlying credit rating see Fitch's press release dated Sept. 22, 2021 and available at 'www.fitchratings.com'.

Fitch's dual-party pay criteria consider the likelihood of the failure of both a rated obligor and a bank LOC provider. The methodology results in a Long-Term rating that is up to two notches higher than the stronger of the two credits if the following conditions are met: (1) both entities have a rating of 'A' or higher; (2) the transaction is structured such that payments from both the municipal issuer and the bank are in the flow of funds and both entities would have to fail to perform before the bonds defaulted; and (3) the interest rate modes to be covered by Fitch's rating provide for either a mandatory purchase at the end of each interest rate period, or a purchase demand option. A one- or two-notch uplift will apply to the Long-Term rating depending on the frequency of the purchase demand option or the duration of the interest rate period which concludes with a mandatory tender.

The bonds provide holders with a tender option with no more than seven days' notice in the interest rate modes rated by Fitch. Fitch has applied a two-notch uplift, which results in a Long-Term rating of 'AA+' for the bonds.

Pursuant to the substitute LOC, the bank will be obligated to make regularly scheduled payments of principal of and interest on the bonds in addition to payments due upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The substitute LOC will have a stated expiration date of Dec. 5, 2025, unless extended or earlier terminated, and provide full and sufficient coverage of the principal amount of the bonds plus an amount equal to 53 days of interest at a maximum rate of 11% based on a year of 365 days and purchase price for tendered bonds, while in the weekly and daily rate modes. UBS Financial Services will serve as remarketing agent for the bonds.

RATING SENSITIVITIES
Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The Long-Term rating will be tied to the underlying Long-Term rating assigned to the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds;

–The Short-Term rating assigned to the bonds will be at the highest rating level and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The Long-Term rating will be tied to the underlying Long-Term rating assigned to the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds. Additionally, if either the underlying bond rating or the bank rating were downgraded to 'A-' or lower, the dual-party pay criteria could no longer be applied, and the Long-Term rating assigned to the bonds would then be adjusted to the higher of the bank rating and the underlying bond rating;

–The Short-Term rating assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank providing the LOC.

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Additional information is available on www.fitchratings.com

Dallas College, Texas: Fitch New Issue Report

Revenue Framework: 'aaa': The district's natural revenue growth prospects are strong, and Fitch expects that revenue growth will continue to equal or exceed U.S. GDP. The superior ability of the district to raise property tax and tuition/fee revenues in the event of a normal cyclical decline supports the 'aaa' assessment. Expenditure Framework: 'aa': The pace of spending growth should remain more or less aligned with revenues over time. Modest carrying costs and the district's ability to adjust its labor costs, if needed, provide solid expenditure flexibility. Long-Term Liability Burden: 'aa': The long-term liability burden is about 8% of 2021 per capita personal income and largely consists of overlapping debt. Fitch expects the burden to increase but remain moderate. Operating Performance: 'aaa': Fitch expects the district to maintain the highest level of financial flexibility throughout the economic cycle given the various budgetary tools at its disposal. Modest expected revenue volatility, as indicated in the Fitch Analytical Sensitivity Tool (FAST), underpins the assessment.

ACCESS REPORT

Fri 02 Dec, 2022 – 4:47 PM ET

Carolina Panthers' Owner Tepper Under Investigation for Scrapped NFL Facility.

- **Investigation focused on public dollars sent to Tepper company**
- **The company building facility went bankrupt earlier this year**

Billionaire David Tepper and his real estate company are facing a criminal investigation into the now-scrapped plans to build a training facility for his Carolina Panthers football team.

Tepper, who bought the NFL franchise for $2.3 billion in 2018, had proposed constructing an $800 million facility in South Carolina's York County, near the team's stadium in Charlotte, North Carolina. But the plans were ditched after disputes between local officials and Tepper over the project.

The South Carolina Law Enforcement Division and the York County Sheriff's Office opened an investigation into the use of public funds for the project earlier this month, according to a joint statement from York County Sheriff Kevin Tolson and Solicitor Kevin Brackett.

Continue reading.

Bloomberg

By Madlin Mekelburg and Amanda Albright

December 2, 2022

Orrick Public Finance Team Served as Bond Counsel in the First Flood Prevention P3 Project in North America.

P3 Awards 2022 Winner – Best Financial Structure-Fargo-Moorhead Metropolitan Area Flood Risk Management P3 Project

Orrick advised the Public Finance Authority, a nationwide governmental entity, as bond counsel in the first flood prevention public private partnership (P3) project in North America. The US$2.1 billion Fargo-Moorhead Metropolitan Area Flood Risk Management P3 includes the design, construction, financing operations and maintenance of a proposed diversion channel that will protect the Fargo-Moorhead-West Fargo metro area in times of extreme flooding.

The project features 30 miles of channels, a 20-mile embankment, as well as two aqueducts, two river inlets, four railroad bridges, four interstate highway bridges and 10 county road bridges and the channel outfall. This project is also the first in U.S. Army Corps of Engineers' (USACE) history to use a P3 structure that could benefit other federal projects and is the inaugural pilot project under its Revolutionize USACE Civil Works initiative to demonstrate the viability of new delivery methods that significantly reduce the cost and duration of project delivery. Funding for the $2.75 billion Fargo-Moorhead Area Diversion combines revenues, including $1.1 billion from voter approved local sales taxes in the City of Fargo and Cass County with critical funding and financing support from the states of North Dakota ($870 million) and Minnesota ($86 million) and the Federal Government ($750 million).

The project also included a $273 million tax-exempt "green" bond issued through the Wisconsin-based Public Finance Authority to help fund the $2.75 billion P3.

One key to the advancement of the Fargo Moorhead P3 was the "split procurement" model, which had three different sales taxes dedicated revenues to the project. This innovative model is being used as a template for future projects such as the LA River P3 Project and the Brazos Island Harbor Channel Improvement Project.

This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings. This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings.

November.18.2022

The Bond Buyer Announces its Annual Municipal Finance Deal of the Year Award Finalists for 2022.

The national Deal of the Year winner will be selected from the ten finalists at the annual gala, which will also celebrate two winners of the Freda Johnson Award for Trailblazing Women in Public Finance

NEW YORK, Nov. 22, 2022 /PRNewswire-PRWeb/ — The Bond Buyer, Arizent's essential resource serving the municipal finance community, has announced its 2022 Deal of the Year award finalists. This marks the 21st year the program has recognized outstanding achievements in municipal finance, and the 12th year the Deal of the Year event will include the presentation of the Freda Johnson Award for Trailblazing Women in Public Finance.

The Deal of the Year finalists span ten categories: five awards in regional areas and five in additional categories. The winning deals helped deliver relief to a battered electric utility provider, assisted a school district in Arizona's Navajo Nation and helped a city manage a dwindling water supply, among other projects:

SOUTHEAST REGION: Louisiana Utilities Restoration Corp.'s $3.2 billion offering sought low-cost financing to give relief to a battered electric utility provider and its ratepayers.

FAR WEST REGION: The San Diego County Regional Airport Authority's $1.94 billion transaction pays for the replacement of Terminal 1, roadway and parking improvements and a new administration building.

NORTHEAST REGION: The District of Columbia's $309 million long-term P3 agreement with Plenary Infrastructure DC is the nation's largest urban streetlight modernization project to use the public-private partnership model.

MIDWEST REGION: The city of Joliet, Illinois' $76.6 million offering kicked off the first leg of financing of the city's preliminary 100-year agreement with Chicago to purchase treated Lake Michigan water to stave off a looming drinking-water crisis.

SOUTHWEST REGION: A $21.7 million deal for Apache County, Arizona's Window Rock Unified School District No. 8, which serves more than 390 square miles of the Navajo Nation in Arizona.

ESG/GREEN FINANCING: The commonwealth of Massachusetts' nearly $2.7 billion social bond deal — the largest social bond deal yet in the ESG space of the muni market — repaid federal dollars for the commonwealth's Unemployment Insurance Trust Fund for benefits given to people affected by the COVID-19 pandemic.

PUBLIC-PRIVATE PARTNERSHIP FINANCING: The deal financed a portion of the $2.75 billion Fargo-Moorhead Metropolitan Area Flood Risk Management Project, a public-private partnership between Red River Valley Alliance and the Metro Flood Diversion Authority to reduce local flooding risk.

INNOVATIVE FINANCING: The Alabama Federal Aid Highway Finance Authority's $1.5 billion offering introduces a new credit structure that helped the Authority garner credit ratings that remain among the highest in the nation.

HEALTH CARE FINANCING: The University of Louisville Health's $411 million deal helped fund their critical mission to reach its underserved community.

SMALL ISSUER FINANCING: Gallatin County, Montana's $65 million transaction helped fund its Bozeman Fiber project, which brings lightning-fast internet speeds to an area underserved by internet service providers.

"This year's lineup is reflective of the full range of communities and public purposes this market comprises," said Mike Scarchilli, Editor in Chief of The Bond Buyer. "The deals recognized here embody the creativity and resourcefulness of this industry, brought to bear on projects that advance the infrastructure and quality of life in the nation's municipalities."

All award winners will be honored at an invitation-only ceremony at Guastavino's in New York City on Dec. 6. The winner of the Deal of the Year award will be announced at the close of the gala. For the 12th year, the Deal of the Year ceremony will also include the presentation of the Freda Johnson Award for Trailblazing Women in Public Finance. This year marks the eighth in which the organization is honoring two public finance professionals; one from the public sector and one from the private. The 2022 honorees are Deborah Goldberg, treasurer of the commonwealth of Massachusetts, and Emilie Ninan, public finance partner at Ballard Spahr and co-chair of the firm's finance department.

Along with Ninan and Goldberg, whose awards will be presented by Freda Johnson, 12 other honorees from the public and private sectors will be recognized as Trailblazing Women in Public Finance by the Northeast Women in Public Finance at the Dec. 6 gala.

The full list of Deal of the Year winners and profiles of the transactions can be found here.

About The Bond Buyer

Since 1891, The Bond Buyer has empowered issuers, investors and other municipal finance professionals to navigate the complexities of policy, regulation, market activity, infrastructure, public/private partnerships and more. Across its journalism, events, research and benchmarking, The Bond Buyer provides insight into the most relevant topics — from ESG to innovative deal structures. As the only independent resource serving the complete municipal finance community, The Bond Buyer's authoritative content connects leaders online, in person and in print every day.

About Arizent

Arizent is a business information company that advances professional communities by providing insights and analysis and convening industry leaders. The company uses deep industry expertise and a data-driven platform to deliver its services, which include subscriptions, marketing services, live events and access to Leaders, an executive forum. Arizent also connects business communities through leading financial services brands like American Banker, The Bond Buyer, Financial Planning and National Mortgage News, as well as professional services brands like Accounting Today, Employee Benefit News and Digital Insurance.

Media Contact

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Squire Patton Boggs Advises on $4.2 Billion John F. Kennedy International Airport Terminal 6 Project.

Squire Patton Boggs utilized a multi-practice approach to provide legal advice on the bond and commercial financing for the construction of a new Terminal 6 at John F. Kennedy International Airport. The Squire team served as co-bond counsel to the New York Transportation Development Corporation (NYTDC), a local development company and affiliate of Empire State Development, which is the umbrella organization for economic development for the State of New York.

The deal was part of the public-private partnership between the Port Authority of New York and New Jersey and JFK Millennium Partners (JMP), a consortium of investors which included: Vantage Airport Group, an industry leader in developing and managing airport projects, including LaGuardia Airport Terminal B financing (which the Squire legal team was part of in 2016); American Triple I, a minority-owned investor, developer and manager of infrastructure assets; RXR, a New York real estate operating company; and JetBlue Airways. The construction of Terminal 6 is the final component of the $18 billion JFK Vision Plan which also consists of $9.5 billion development of a new Terminal 1, and the $1.5 billion expansion of Terminal 4, led by Delta Air Lines and JFK International Air Terminal (which the Squire team also served as bond counsel earlier this year).

The JMP consortium will develop the new, world-class, 1.2 million-square-foot Terminal 6 at the airport in two phases, with the first new gates opening in 2026 and project completion anticipated in 2028. The new Terminal 6, with capacity for 10 gates – including nine wide body gates – will connect seamlessly to JetBlue’s Terminal 5. British Airways, Terminal 7’s current primary tenant, will move to a modernized and expanded Terminal 8 later this year, and the 60-year-old Terminal 7 will be demolished after the first phase of Terminal 6 is completed. The development of Terminal 6 is expected to create more than 4,000 jobs, including 1,800 union construction jobs, and direct wages of $1.9 billion.

The project financing for the new Terminal 6 was structured to combat headwinds due to current market conditions. Originally contemplated with a mix of tax-exempt bonds, taxable bonds and taxable term loans, the structure evolved to include over $3 billion in taxable term loans and $435 million in privately placed tax-exempt bonds with RBC Capital Markets.

Squire Patton Boggs’s female dominated team was a key member to both the project and finance teams, providing insights on tax-exempt and taxable municipal finance. To seamlessly support the bond and term loan tranches of the transaction, the firm utilized a multi-practice approach. The team was led by Alethia Nancoo, and included public finance partner Catie Romanchek, principal Lauren Trialonas, of counsel Laurie Schwartz, counsel Gregory Johnson, and associates Jessica Ice, Ben Tobias and Ellen Steinmetz; together with public finance tax experts, led by senior associate Taylor Klavan and advised by senior partner Bob Eidnier; financial services partner Jim Schneider and of counsel Mona Ma; and real estate partner John Thomas.

Ms. Nancoo commented: "It was my pleasure to lead a primarily female team to advise NYTDC on such a complex, cutting-edge transaction. The complexity of the transaction gave us an opportunity to demonstrate our expertise on many fronts – and which will likely serve as a blueprint for similar projects in the future."

Bankruptcy Filing Filed for Sale of Senior Living Facilities in Oklahoma.

A Texas nonprofit that defaulted on bonds sold to purchase two Oklahoma senior living facilities intends to sell those assets through its recent bankruptcy filing.

Leading Life Senior Living, Inc., which filed for Chapter 11 bankruptcy with the U.S. Bankruptcy Court for the Northern District of Texas on November 18, sold $30.275 million in tax-exempt and taxable bonds through the Oklahoma Development Finance Authority in 2017, around the memory care facilities.

It defaulted on payments as of 2020. Berkeley Alternative Income Fund I, LLC, is the largest known holder of the Series A Notes in the issue, according to court documents.

US Bankruptcy Judge Mark Mullin granted initial motions in the case, including an interim motion authorizing Leading Life to access post-petition financing and use cash collateral to keep its Oklahoma City and Edmond memorial care facilities operational.

"The debtor brought this case with the intent to market and sell its assets with the knowledge and cooperation of the bond trustee and Berkeley," Leading Life attorney Rachael Smiley said at a court hearing Tuesday.

She added that while the debtor is seeking "the highest and best value for its assets through a court-sanctioned sale," it is also seeking to keep the two facilities running without disruption in the quality of care it provides to its residents to keep.

Judge Mark Mullin granted initial motions in the case, including one on an interim basis authorizing Leading Life's access to post-petition funding and the use of cash collateral to keep the Oklahoma City and Edmond facilities operational.

The financing is a senior secured loan from a Berkeley-affiliated special purpose vehicle, which Smiley also said intends to place a "stalking horse bid" to purchase the debtor's two facilities. Such bidders are used to set a purchase price floor for other bidders.

Smiley said Leading Life filed for bankruptcy after experiencing "serious liquidity problems" ahead of the appointment of a new board and manager this spring.

"Although the situation has improved under the new board and the Debtor's new management and facilities are operating at approximately 80% capacity, the Debtor still faces significant liquidity problems," she added.

In May, Leading Life and bond trustee UMB Bank entered into a forbearance agreement that avoided foreclosure proceedings based on a transition to new management and other conditions. The termination of the agreement has been extended to December 2nd.

As of November 17, the principal outstanding was $29.68 million and accrued and unpaid interest was nearly $3.25 million.

S&P Global Ratings, which rated senior bonds A-Plus and second tier bonds BBB in 2017, has downgraded the ratings since 2019, according to disclosure filings in the Municipal Securities Rulemaking Board's EMMA system. In July 2020, S&P downgraded ratings from CC to D after defaults.

Oklahoma Local Today

by Morgan Mccarthy

November 23, 2022

[Tuscaloosa, Alabama: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: 'aaa': Fitch believes revenue growth prospects are strong, reflecting favorable historical trends and expectations for growth in population, property appreciation and continued new development. The city has a high independent legal ability to raise revenues via increases to its sales taxes and other locally generated revenues such as business licenses and fees. Expenditure Framework: 'aa': Fitch expects the pace of spending to generally align with revenue growth trends. The city maintains significant expenditure flexibility, benefitting from the absence of collective bargaining and moderate fixed carrying costs for debt and retiree benefits. Long-Term Liability Burden: 'aa': The city's long-term liabilities (overall debt and pension) are currently moderate at about 13% of personal income but are expected to increase moderately over the next few years as the city undertakes several infrastructure and quality of life initiatives. The combined pension asset-to-liability ratio remains low notwithstanding recent reform efforts and full actuarially-based contributions.

[ACCESS REPORT]

Tue 22 Nov, 2022

[Transbay Transit Center Community Facilities District, California: Fitch New Issue Report]

The 'AA+' rating on the San Francisco CFD No 2014-1 (Transbay transit center) bonds is based on the city's inclusion, by resolution, of the Transbay CFD special taxes on the Teeter Plan roll, under which the city guarantees 100% remittance of the levied taxes, thereby eliminating collection risk. As such, Fitch Ratings believes the security for the bonds is essentially the same as city general obligation (GO) bonds. The 'AA+' rating on the city's GO bonds reflects the city's exceptionally strong reserve position relative to Fitch's near-term expectations for weak economic and revenue performance. Fitch expects the city's revenues to return to pre-pandemic levels, albeit over several years. The city benefits from solid spending flexibility and long-term liabilities at the low end of the moderate range. The ratings also consider the city's superior financial management, which includes strong budgetary and financial policies and practices that help maintain ample reserves and financial flexibility throughout economic cycles.

ACCESS REPORT

Tue 22 Nov, 2022

Philadelphia Charter Schools: Unexecuted Charter Contracts Are A Unique Risk

Key Takeaways

- Brick-and-mortar charter schools in Pennsylvania are authorized by local school districts. Among our rated charter schools that are authorized by the School District of Philadelphia (SDP), 70% currently have unexecuted charter contracts, compared with 11% for the schools operating elsewhere in the commonwealth.
- Unresolved charter agreements have historically been driven by a range of disagreements around charter contract terms, which have included: enrollment caps, academic standards, and relationships between schools and third-party management organizations.
- Though risks persist, we have not taken rating action for most of the schools, given that charter schools in Pennsylvania can legally continue to operate pursuant to the most recently executed charter contract, as long as the school remains in compliance with its terms.
- Frequent and ongoing conversations with the SDP Charter School Office (CSO) support S&P Global Ratings' view that compliant charter schools are not presently at risk simply for having unsigned and/or unexecuted charter contracts.

Continue reading.

17 Nov, 2022

S&P Second Party Opinion: Build NYC Resource Corp. (EHSA Charter School) Series 2022

Build NYC Resource Corp., a non-for-profit local development corporation, will issue the Series 2022 bonds in the amount of $72 million, the proceeds of which it will loan to East Harlem Scholars HS LLC (EH Scholars) and East Harlem Center LLC (EH Center); together with EH Scholars, the Borrowers. The Borrowers will use the proceeds to refinance construction loans related to the EHSA campus located at 2050 Second Avenue, New York, N.Y. (EHSA I Campus) and the new High School Facility, finance the remaining construction costs of the High School Facility, and cover transaction costs.

Download

Montgomery County, Maryland: Fitch New Issuance Report

The WQPC rate is established annually by resolution of the county council and is unlimited as to rate or amount. The county council frequently has approved increases in the WQPC rate in support of its stormwater management program. Fitch analyzes the security as a dedicated tax bond. Economic Resource Base: Montgomery County borders Washington D.C. and northern Virginia. As such, the county's employment base has a significant presence of the U.S. government and contractors within the information, intelligence, biotechnology, and high-tech manufacturing industries. Employment growth has outpaced labor force growth and unemployment rates have historically been below the region, state and national levels. The county has an estimated population of over one million, its residents are highly educated, and it remains one of the wealthiest counties in the country. Rating Sensitivities Factors that could, individually or collectively, lead to positive rating action/upgrade: • The WQPC bonds are capped at the county's Issuer Default Rating. Factors that could, individually or collectively, lead to negative rating action/downgrade: • Sustained weakening of revenue growth prospects outside Fitch's expectations for growth levels exceeding inflation. • A demonstrated unwillingness to increase the WQPC sufficiently to support annual debt service.

ACCESS REPORT

Tue 22 Nov, 2022

Annapolis, Maryland: Fitch New Issuance Report

Key Rating Drivers Revenue Framework: 'aaa': The city derives the bulk of its revenues from property taxes and there is no legal limit on the tax rate or levy. General fund revenues have generally exceeded CPI levels over the last decade, reflective of tax base growth and periodic increases in tax rates and charges. Changes in tax base values continue to reflect moderate 3%-4% annual growth and additional new development is occurring, supporting Fitch's expectations for continued solid levels of natural revenue growth. Expenditure Framework: 'aa': Fitch expects expenditure growth to be in line with, to slightly above, natural revenue growth in the absence of policy action. Total carrying costs for debt service, required pension payments and other post-employment benefits pay-as-you-go were close to 20% of fiscal 2021 total governmental spending and are expected to remain close to this level based on projected increases in debt service and pension contribution costs. Annual pay-go spending for capital and a reasonably flexible workforce environment support a solid level of expenditure flexibility. Long-Term Liability Burden: 'aa': The combined burden of long-term debt and Fitch-adjusted net pension liabilities is a moderate 11% of personal income. Fitch expects the liability burden to remain fairly stable even with potential new direct city and county overlapping debt to be issued over time based on expectations for continued growth in economic resources. The city's tax-supported debt amortization is rapid.

ACCESS REPORT

Mon 21 Nov

San Francisco Sees Risk of Lost Revenue as Remote Work Prevails.

- **Economist forecasts $200 million loss by 2028 in worst case**
- **Tech industry embraced flexible work and is now doing layoffs**

San Francisco could lose around $200 million by 2028 in property tax revenue because of offices emptied as people work from home, under the worst case scenario detailed in a report from the city's chief economist Ted Egan.

The hub of the technology industry is experiencing record office vacancies. They could rise to about 31% by the fourth quarter next year in the most pessimistic case, warned Egan in the presentation for a board of supervisors's committee hearing Wednesday.

Commercial property values would fall, and that would mean less revenue for the city from property taxes. In the short-term, the risk is lessened by long-term leases and the fact that under a California law known as Proposition 13, valuations for property tax purposes are often well below market prices. That cushions municipalities during downturns.

Continue reading.

Bloomberg

By Romy Varghese

November 16, 2022

Sun Belt Cities Hit the Big Time.

Cities in the South and Southwest aren't just luring new residents. They're growing their role as corporate headquarters towns.

The Sun Belt has long been known for its constellation of hypergrowth metros. The big global cities on the coasts, in contrast, have seen less growth in population and jobs.

The expansion of the Sun Belt has come primarily from an infusion of mid-level jobs, often back-office jobs, or the headquarters of older, workaday corporations. Meanwhile, the coastal cities, even the sluggish ones, have remained the key locations for the highest value employment and the highest skilled people, and have been the places with the greatest blend of innovation, cultural power and wealth.

But things are starting to change in the Sun Belt, as cities such as Miami, Austin and Nashville have started moving up the food chain. The pandemic, rising crime and homelessness, and dysfunctional governance have caused a number of high-end businesses further north to rethink where they should be located.

Continue reading.

governing.com

by Aaron M. Renn

Nov. 18, 2022

S&P: Florida And South Carolina Local Governments' Credit Quality Remains

Sound Despite Damage From Hurricane Ian

Key Takeaways

- We have surveyed and analyzed 21 local government issuers in Florida and South Carolina that were in the path of Hurricane Ian.
- For most, costs from storm-related damage were minimal.
- We believe credit quality for all 21 issuers remains consistent and is supported by very strong financial profiles and disaster recovery planning initiatives.

Continue reading.

10 Nov, 2022

Upper Occoquan Sewage Authority, Virginia: Fitch New Issue Report

The authority services four-member jurisdictions in northern Virginia. The largest members are the counties of Fairfax (sewer revenue bonds rated AAA/Stable) and Prince William (sewer revenues not rated by Fitch but assessed to be of extremely strong credit quality), at approximately 38% each of fiscal 2021 total revenue. The remaining member cities, Manassas and Manassas Park, account for approximately 24% of total revenues. Key Rating Drivers Revenue Defensibility: 'aa'; Very Strong Purchaser Credit Quality, Limited Step-Up Provisions: The authority's largest members are of very strong credit quality, resulting in a very strong 'aa' PCQ subassessment. Replenishment mechanisms for the DSRF and RMF in light of certain member defaults provide for full repayment of UOSA's bonds. Operating Risk: 'a'; Very Low Operating Cost Burden, Elevated Capital Needs: Depreciation has outpaced capital spending the past five fiscal years, leading to an elevated life cycle ratio. Positively, the authority's five-year capital plan allocates the bulk of spending to asset-management projects. The operating cost burden is expected to remain very low for at least the next five years. Financial Profile: 'aaa'; Exceptionally Strong Financial Profile Based on PCQ: The financial profile assessment is based principally on the very strong PCQ subassessment, supplemented by the operating risk assessment.

View the Fitch New Issue Report.

Wed 16 Nov, 2022

Milwaukee, Wisconsin: Fitch New Issue Report

Revenue Framework: 'bbb': Fitch Ratings expects the city's two largest sources of revenue, state aid and property taxes, to remain stagnant or grow below the level of inflation. The city's independent legal ability to raise tax revenues is constrained by state law but is partially offset by the city's ability to independently increase nontax revenue sources. Expenditure Framework: 'a': Fitch believes the city's flexibility of main expenditure items is adequate. Carrying costs for long-term liabilities claim a large and growing percentage of governmental fund spending given the expectation for increasing pension contributions. Long-Term Liability Burden: 'aa': Milwaukee's long-term liabilities are a moderate burden on the city's resource base. Future capital needs are manageable, and debt is rapidly repaid. Operating Performance: 'a': The city had significantly drawn down on available reserves prior to receiving significant stimulus funds in 2020 and 2021, which has provided a temporary boost in resilience.

ACCESS REPORT

Thu 17 Nov, 2022

Monmouth County Improvement Authority, New Jersey: Fitch New Issue Report

Revenue Framework: ‘aa’: County revenue growth should generally trend in line with historical inflation levels based on expectations for moderate levels of new construction activity and demand for various revenue-generating services. Fitch views the county’s revenue raising flexibility, within the framework of various state tax cap laws, as high relative to potential revenue losses in a moderate economic downturn. Expenditure Framework: ‘aa’: Fitch expects spending levels to remain marginally above revenue growth, driven by annual moderate increases in salaries and benefits. The county retains solid capacity to make expenditure reductions centered on the legal ability to control workforce size, manageable carrying costs and very rapid amortization of county direct debt. Long-Term Liability Burden: ‘aaa’: The county’s long-term liability burden associated with overall debt and adjusted net pension liabilities (NPL) is low at 5% of personal income. Fitch expects the burden to remain below 10% of personal income (the high end of the range for a ‘aaa’ assessment) based on the rapid amortization of outstanding debt and our expectation of future capital needs and debt issuance plans.

ACCESS REPORT

Fri 18 Nov, 2022

Greenville Utilities Commission, North Carolina: Fitch New Issue Report

GUC’s rating reflects continued very strong financial performance, bolstered by stable operating costs and a diversified revenue base supported by a combined utility system. Revenue defensibility remains strong, but GUC’s midrange service territory assessment, which is based on weaker income and unemployment metrics, remains a limiting factor. The utility continues to make substantial capital investments in its utility systems. Fitch Ratings expects borrowings, including the proposed series 2022 bond issuance to finance capex, will contribute to higher leverage during the next five years. However, Fitch expects leverage ratios to remain supportive of the rating. Capex is expected to total $279 million over the next five years, and major projects include the continued expansion of a water treatment plant and installation of new peak shaving generators. Other projects include substantial water-distribution system improvements. Approximately half of capex will be funded with planned debt issuances.

ACCESS REPORT

Fri 18 Nov, 2022

Alaska's Economic Performance Among the Worst in Nation.

A report from the University of Alaska Center for Economic Development found that, for the last seven years, the state has performed "at or near the bottom" in employment growth, unemployment, net migration and GDP.

(TNS) — For the last seven years, the Alaska economy has performed "at or near the bottom" nationally in four key measures of economic health, according to a report released Thursday by the University of Alaska Center for Economic Development.

Taken together, the state's poor performance between 2015 and 2021 — in employment growth, unemployment, net migration and gross domestic product — place Alaska's economic health at the bottom of all 50 states and the District of Columbia, said Nolan Klouda, the center's executive director and lead author of the 10-page report.

"You could make a case that Alaska is the bottom-performing state going back to 2015," Klouda said in an interview Thursday. "I think it is."

Continue reading.

governing.com

Alex DeMarban, Anchorage Daily News

Nov. 18, 2022 •

Crippled by Pension Debt, Pennsylvania City Seeks Bankruptcy.

- **Receiver files for Chapter 9 bankruptcy, a rare move by cities**
- **Step comes after decades of fiscal distress, population loss**

Chester, Pennsylvania, a city near Philadelphia that's been contending with financial distress for decades, filed for bankruptcy protection because of a massive debt to its employee pension funds.

Michael Doweary, a state-appointed receiver empowered to oversee the city's finances, filed the petition under Chapter 9 of the US Bankruptcy Code in the Eastern District of Pennsylvania. The filing will protect the city from creditors while it works on a plan to steady its finances.

The one-time industrial city, whose population has tumbled since the 1950s, joins a rare group of local governments that have filed for bankruptcy. Vallejo, California, Detroit and Puerto Rico all did so in the wake of the Great Recession, in part because of obligations to retirees they couldn't afford to pay.

Continue reading.

Bloomberg CityLab

By Hadriana Lowenkron and Steven Church

November 10, 2022

[New Yorkers Back $4.2 Billion Bond to Fight Climate Change.]

- **Measure is largest borrowing referendum on 2022 US ballots**
- **Will fund climate change mitigation in disadvantaged areas**

New York voters approved a $4.2 billion environmental bond on Tuesday, one of the biggest wins for environmental, social and governance infrastructure in eight years and a sign of the sector's growth in the municipal bond market.

The ballot measure was backed by 59% of voters, according to results posted by the New York State Board of Elections. The results were called by the Associated Press. The plan was widely expected to pass, following a long history of successful environmental bond acts in New York.

The New York financing plan is designed to strengthen climate and flooding resiliency in a state still recovering from weather-related disasters. The new debt will pay for green-building projects, water quality improvement and shoreline restoration.

Continue reading.

Bloomberg Green

By Marvis Gutierrez

November 9, 2022

Chicago Wins Moody's Upgrade, Exiting Years in Junk Status.

- **Investment-grade rating may lead to lower borrowing costs**
- **Ratings lift comes as Lightfoot seeks re-election next year**

Chicago has shed its junk status for the first time in more than seven years marking a major win for Mayor Lori Lightfoot as she seeks re-election.

Moody's Investors Service on Tuesday raised the city's rating by one notch to Baa3, freeing Chicago from its one non-investment grade rating for the first time since 2015. The upgrade may allow the city to borrow at lower rates, saving taxpayers money. Moody's downgraded the city to junk in May 2015 amid rising pension costs.

The move "reflects the city's substantial increase in pension contributions, including an upcoming boost to comply with the city's new pension funding policy that targets contributing an amount sufficient to keep reported net pension liabilities from growing," David Levett, senior analyst at Moody's, said in a statement. Moody's also has the city's debt on a stable outlook.

Continue reading.

Bloomberg CityLab

By Mackenzie Hawkins and Shruti Singh

November 8, 2022

Los Angeles Unified School District, California: Fitch New Issue Report

The upgrade of the Issuer Default Rating (IDR) to ‘A’ from ‘A–’ reflects the district’s improved expenditure flexibility as well as operating performance, which has outperformed expectations over the past several years. The ‘A’ IDR remains below Fitch Ratings’ median rating for the local government sector, reflecting the likely structural budget imbalances that will require ongoing budget adjustments so long as enrollment trends remain negative. The ‘A’ IDR also reflects the district’s currently strong reserve position, moderate liabilities burden, and track record of compliance with state and board reserve requirements within the context of strong state oversight. The upgrade of the GO bond ratings to ‘AAA’ from ‘AA+’ reflects the upgrade of the IDR as well as the large, growing and diverse tax base supporting bond repayment.

ACCESS REPORT

Mon 07 Nov, 2022 – 5:02 PM ET

Hawai'i Pacific Health, Hawaii: Fitch New Issue Report

Hawai’i Pacific Health’s (HPH) ‘AA–’ Issuer Default Rating (IDR) and revenue bond rating reflect HPH’s consistent and sound operational performance demonstrated by a 7.4% operating EBITDA margin and balance sheet strength equating to approximately 256 days cash on hand (DCOH) and 192% cash-to-adjusted debt as of fiscal 2022 (YE June 30; unaudited). The rating also reflects HPH’s solid market position as one of the two largest healthcare providers in the state of Hawaii. Fitch Ratings believes HPH has recovered from operational pressure observed in fiscal 2020 when the organization recorded a low operating EBITDA margin of 3.3%. Since then, HPH has posted two consecutive years of positive operating and operating EBITDA margins, respectively, which Fitch views favorably. Improved inpatient and outpatient volumes, coupled with careful expense management, have helped support HPH’s consistent profitability over the past two years.

ACCESS REPORT

Mon 07 Nov, 2022 – 5:42 PM ET

Duval County School District, Florida: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘bbb’: District general fund operations are reliant on state aid funding and enrollment. Revenue prospects are expected to continue to trend below inflation as traditional enrollment (excluding charters) is projected to be relatively flat, offset by expectations for moderate increases in per pupil state aid. The district has limited legal ability to raise revenues. Expenditure Framework: ‘aa’: Instructional costs are the main driver of expenditures, and overall spending is expected by Fitch to grow above the pace of revenues absent policy action. The district has strong legal control over workforce decisions and low-to-moderate carrying costs related to debt service and retiree benefits obligations. Long-Term Liability Burden: ‘aaa’: The district’s long-term liability burden associated with direct and overlapping debt and Fitch-adjusted net pension liabilities is low at 7.5% of residents’ personal income. Fitch expects the burden to remain low based on the district’s lack of additional planned debt and moderate changes in overlapping debt of Jacksonville, which comprises the bulk of the overlapping governmental debt. The district participates in the adequately funded Florida Retirement System. Operating Performance: ‘a’: The district’s financial resilience had weakened considerably between fiscal years 2011 and 2017 due to changes in state aid and policies and declines in enrollment. Administrative changes and improved budget actions led to improved reserves, but they remain below historical levels.

ACCESS REPORT

Tue 08 Nov, 2022 – 3:20 PM ET

Missouri Joint Municipal Electric Utility Commission: Fitch New Issue Report

The ‘A’ bond rating reflects the strong credit quality of the MEC’s Missouri Public Energy Pool #1 (MoPEP), which is the obligor on the MEC power supply system revenue bonds. MoPEP is an all-requirements power supplier to 35 of MEC’s 71 total municipal electric systems located throughout Missouri. Credit characteristics include the very strong contractual framework underpinning each member’s obligation, the low cost of power supplied by MoPEP’s resources and the pool’s financial leverage. MoPEP’s financial profile reflects a very strong leverage profile, but is constrained by weaker liquidity and contractual debt that exceeds the imputed leverage value under Fitch Ratings’ standard leverage calculation.

ACCESS REPORT

Wed 09 Nov, 2022 – 3:55 PM ET

Missouri Highways & Transportation Commission: Fitch New Issue Report

Fitch Ratings’ upgrade of MHTC’s outstanding second and third lien state road bonds to ‘AAA’ from ‘AA+’ reflects the security structure’s improved resilience, as pledged revenues have expanded modestly and debt service on senior and second lien bonds has declined. Fitch expects the third lien bonds’ resiliency to remain very high, even as debt service increases in the short term as a result of the current issue. The upgrade includes the ratings of series 2019 B and 2021 A third lien bonds, as Fitch views these bonds as being on parity with all other third lien bonds backed by SRF revenues. Although these two series carry a distinct security structure that also relies on annual appropriations of state general revenues to support debt repayment, in addition to residual SRF revenues, Fitch regards them as possessing the same underlying credit strengths as other bonds carrying the same lien.

ACCESS REPORT

Tue 08 Nov, 2022 – 4:01 PM ET

[Danville, Virginia: Fitch New Issue Report]

The ‘AA–’ Issuer Default Rating (IDR) and GO bond rating reflect the city of Danville’s long history of ample reserves and superior budgetary flexibility, which combine to establish a high level of fundamental financial resilience, and a long-term liability burden at the low end of the moderate range. These strengths temper risks associated with an overall trend of population and employment declines that have yielded stagnant revenue growth. Revenue growth as well as employment trends may be bolstered by the opening of a casino and related facilities in late 2024, although this may introduce a higher level of volatility to the city’s revenue stream. Economic Resource Base: The city of Danville is located adjacent to the Virginia-North Carolina border about 45 minutes north of Greensboro, NC. The city’s population has steadily declined for multiple decades after sustained employment losses in the textile and manufacturing industries.

ACCESS REPORT

Wed 09 Nov, 2022 – 3:03 PM ET

[Fitch: Storms Test Florida Cat Fund, Citizens Ins., Eroding Liquidity]

Fitch Ratings-New York-11 November 2022: Florida’s state-owned property insurer, Florida Citizens Property Insurance Corp. (Citizens, bonds rated ‘AA’), and reinsurer Florida Hurricane Catastrophe Fund (FHCF, bonds rated ‘AA’), do not face near-term risks to their capacity to service debt as a result of expected losses from Hurricane Ian, Fitch Rating says. However, increasing storm frequency and severity will erode liquidity and may place a greater burden on the assessment base that supports the debt issuance of each of these entities.

Ample liquidity, built partially through the issuance of pre-event bonds during a period of limited storm activity in the 11 years prior to Hurricane Irma in 2017, will likely allow both Citizens and FHCF to cover Hurricane Ian claims and reimbursements without needing to issue bonds and/or levy an emergency assessment. However, additional claims as a result of Tropical Storm Nicole that made landfall in Florida late Wednesday as a Category 1 Hurricane, or other storms through the end of the season, will further reduce liquidity and could potentially necessitate borrowing.

Citizens and FHCF are obligated to levy emergency assessments or issue bonds if claims and reimbursements exceed liquid resources, including reserves and premium collections, until obligations are fully met. Even if FHCF and Citizens do not need to tap the market this year, they will have exhausted much of their liquidity, leaving them more likely to have to borrow in the future to rebuild liquidity.

Continue reading.

[Sugar Land, Texas: Fitch New Issue Report]

The ‘AA’ revenue bond rating and ‘aa’ SCP assessment reflect the Sugar Land, TX waterworks and sewer system’s very strong revenue defensibility and operating risk profiles, both assessed at ‘aa’, as well as a financial profile that is rebounding after several years of weak results. The system’s revenue defensibility assessment is supported by its monopolistic provision of water and sewer services to a growing service area with strong income levels. The city has independent legal ability to raise rates, and rates are affordable for the vast majority of the population. Despite cost pressures associated with water supply conversion to surface from ground sources, the system's operating cost burden is very low. The system's age of plant is rising as annual capex has been well below annual depreciation expenses and is reflected in a life cycle ratio that approximates 48%, signaling growing needs for capital reinvestment.

ACCESS REPORT

Fri 11 Nov, 2022 – 1:14 PM ET

Boston Proposes Zero Net Carbon Building Zoning Initiative.

The City of Boston and the Boston Planning and Development Agency ("BPDA") have put forward a new proposal, known as the zero net carbon building zoning initiative, which would require that newly constructed buildings over 20,000 square feet — including labs, offices, and housing projects with more than 15 units — immediately hit net zero emissions goals. The proposal would also require the new buildings to be certifiable as LEED Gold, a higher bar for sustainability than the City's current requirement.

Boston's proposed zoning changes follow the Massachusetts Department of Energy Resources (DOER)'s release of final code language for its Stretch Energy Code and Specialized Municipal Opt-in Code regulations, which is the specialized building code standard targeting net zero emissions in new construction by 2050 "primarily through deep energy efficiency, reduced heating loads, and efficient electrification."

Last year, Boston passed an updated version of the Building Emissions Reduction and Disclosure Ordinance ("BERDO") requiring larger existing buildings to reach "net zero" by the year 2050. As presently written, the proposal would require projects to be built to minimize emissions "to the maximum extent feasible" with performance targets that vary depending upon the type of building. The proposal accelerates the city's push to reduce buildings' reliance on fossil fuels by several years, as the City is also seeking to join a state pilot program enabling ten Massachusetts cities and towns to ban natural gas hookups, but there is no guarantee that it will be one of the municipalities chosen to participate.

Existing buildings are responsible for almost 70% of the City's greenhouse gas emissions. While many in the commercial development industry recognize the importance of cutting emissions, some fear that a fossil fuel ban could lead to a drastic increase in governmental process and building costs, further complicating and deterring new construction.

The BPDA has begun holding public meetings on the proposed changes to the Zoning Code, with the public comment period ending on October 28, 2022.

Bowditch & Dewey LLP – Joseph R. Duquette

October 28 2022

Fitch: State of Oregon

Revenues Constitutionally Dedicated for Transportation: Highway user taxes are constitutionally dedicated for transportation purposes, but not debt service, while pledged revenues and apportionments thereof are subject to legislative changes and voter initiatives, thereby capping the rating at the state's 'AA+' IDR. The state has a solid track record of raising transportation-related fees and taxes in support of its capital program. Historically Stable Revenue Stream: The bonds are secured by taxes and fees levied on the use and ownership of motor vehicles and motor carriers, as well as fuel taxes. Net pledged revenues have shown stability over time, and Fitch Ratings expects solid growth in aggregated pledged revenues that exceeds long-term inflation. Sound Coverage Cushion: Debt service coverage is high and well above the ABT levels. Issuance of additional senior and subordinate lien bonds requires 3.0x and 2.0x coverage of MADS, respectively. Issuance of additional second subordinate lien bonds requires 1.75x coverage of MADS. The bond structure can withstand a moderate decline or one equal to the largest historical decline and still maintain sum sufficient coverage on all liens leveraged to their respective ABTs, warranting the 'aaa' resilience assessments on the senior, subordinate, and second subordinate lien bonds.

ACCESS REPORT

Fri 04 Nov, 2022

Fitch New Issue Report: South Carolina Public Service Authority (Santee Cooper)

The 'A–' rating reflects the authority's financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), which rose to over 11.0x in 2021 as expected, and remains elevated for the rating. Santee Cooper made steady progress in reducing its debt burden and leverage in 2017–2020, but weaker than expected operating performance in 2021 reversed the improving trend. The revision of the Outlook to Negative from Stable reflects uncertainties related to accumulating costs the authority is unable to recover following its agreement as part of a legal settlement to lock rates through January 2025. The authority will seek to recover a large portion of these costs once the agreement expires, but these efforts are being challenged in court and the recovery provision is untested.

ACCESS REPORT

Fitch New Issue Report: Albany College of Pharmacy and Health Sciences, New York

Revenue Defensibility: 'bbb'; Vulnerable Enrollment and Demand Profile: ACPHS's revenue defensibility remains somewhat challenged with continued, albeit slowing, declines in enrollment and a highly tuition dependent revenue base. Rising levels of applications have allowed ACPHS to become more selective since fall 2017, lowering the acceptance rate to 65%; however, matriculation remains weak near 10%, which has limited the incoming freshman class size. Total FTE enrollment has fallen in each of the past five years and was down over 13% yoy for fall 2022. Pharmacy enrollment, which makes up about 70% of the total, fell nearly 17%. ACPHS increased tuition 3% for fall 2022 following a 2% increase prior year. The termination of the accelerated PharmD program and subsequent closure of the Vermont campus in concert with opening of the Center for Biopharmaceutical Education and Training is expected to increase graduate enrollment in Albany, and management reports that applications are tracking ahead of prior year. ACPHS will continue to develop its collaboration with corporate partners in biopharmaceuticals as well as articulation agreements with medical schools. The Masters in Medical Science and the Masters in Biopharmaceutical Manufacturing programs were recently introduced and ACPHS expects these programs will help support goal to diversify further into health sciences to offset continued pressures in pharmacy enrollment. With a January 2023 launch, these programs could add 40 students to ACPHS's base. A solid philanthropic base provides consistent gift revenue, and ACPHS recently closed its Discovery for Life Campaign, raising nearly $20 million in cash and pledges through CYE2021, well ahead of its $11 million initial goal.

ACCESS REPORT

Fitch New Issue Report: Brewster Place, Kansas

The 'BB+' Issuer Default Rating (IDR) and revenue bond rating reflect Brewster Place's somewhat soft independent living unit (ILU) occupancy (mid-80% range) as it moves forward on its $16 million Redwood project, which includes converting smaller studio and one-bedroom ILUs into larger units. This is balanced against Brewster Place's history of operating ratios consistent with Fitch's midrange operating risk assessment and moderate debt burden for the rating level, inclusive of the new debt. The Redwood project will be funded by about $15 million in permanent debt and $3.25 million in short-term debt. The short-term debt will be paid down by the pool of new ILU entrance fees; only 60% of the new units need to sell to fully repay the short-term debt, which mitigates the fill up risk of the project. The Redwood project, within Brewster's five-story main building, includes the addition of a penthouse floor on top of the existing structure with six new spacious ILUs; renovations to existing ILUs on the fifth floor, including reducing the number of units to 13 from 19; and renovations to the first floor, including the dining area, game area, art studio and four ILUs.

ACCESS REPORT

Fitch New Issue Report: Charles County, Maryland

Key Rating Drivers Revenue Framework: 'aaa': General fund revenues consist primarily of property and income taxes. Fitch expects future revenue growth to be above the level of inflation but below national GDP, consistent with past performance. The county has the independent legal ability to raise property tax revenues without limitation. Expenditure Framework: 'aa': The county maintains solid control over spending. Fixed carrying costs related to debt and retiree benefits are moderate. Education makes up about half of the county's spending and any reduction would require state approval. Fitch expects spending growth to be marginally above revenue growth in the absence of policy action. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low. Future debt needs are manageable and amortization of existing debt is rapid. Aggregate net pension liability, when adjusted to Fitch's standard 6% investment rate of return, stands at a low 2% of personal income. Operating Performance: 'aaa': Fitch expects the county to maintain a high level of fundamental financial flexibility throughout economic cycles, supported by solid revenue growth prospects, expenditure and revenue flexibility and sound reserve levels. Key Rating Drivers Revenue Framework: 'aaa': General fund revenues consist primarily of property and income taxes. Fitch expects future revenue growth to be above the level of inflation but below national GDP, consistent with past performance. The county has the independent legal ability to raise property tax revenues without limitation. Expenditure Framework: 'aa': The county maintains solid control over spending. Fixed carrying costs related to debt and retiree benefits are moderate. Education makes up about half of the county's spending and any reduction would require state approval. Fitch expects spending growth to be marginally above revenue growth in the absence of policy action. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low. Future debt needs are manageable and amortization of existing debt is rapid. Aggregate net pension liability, when adjusted to Fitch's standard 6% investment rate of return, stands at a low 2% of personal income. Operating Performance: 'aaa': Fitch expects the county to maintain a high level of fundamental financial flexibility throughout economic cycles, supported by solid revenue growth prospects, expenditure and revenue flexibility and sound reserve levels.

ACCESS REPORT

Fitch New Issue Report: State of Nevada

Revenue Framework: 'aaa': Nevada's revenues, primarily sales and gaming-related taxes, have historically reflected its tourism-based economy, demonstrating some economic sensitivity. Fitch anticipates Nevada's revenues will grow in line with national GDP growth over the longer term. Expenditure Framework: 'aa': The state maintains solid expenditure flexibility with a low carrying cost burden and the broad expense-cutting ability common to most U.S. states. Education and Medicaid remain key expense drivers and continued budget management is expected to be necessary to keep spending within projected revenues. Long-Term Liability Burden: 'aaa': Nevada's liabilities are low and below the median for states. GO debt is either self-supporting or funded by a dedicated property tax levy and does not place a burden on the general fund. Operating Performance: 'aa': Nevada's conservative management of financial operations has supported relative fiscal stability even in times of economic weakness.

ACCESS REPORT

Thu 03 Nov, 2022 – 4:22 PM ET

Fitch New Issue Report: Shelby County, Tennessee

Revenue Framework: 'aa': Fitch expects natural revenue growth to at least track the rate of inflation, reflective of the county's continued development activity, which should support tax base and job growth. Expenditure Framework: 'aa': Fitch expects the natural pace of spending to be slightly above the rate of revenue growth. Overall expenditure flexibility is solid as reflected by management's strong control over workforce decisions and a manageable level of fixed costs related to debt service and retiree benefits. Long-Term Liability Burden: 'aaa': Long-term liabilities for overall debt and retiree benefits are low at 8% of personal income. Additional debt plans appear manageable and should not notably affect the assessment given expected changes in the resource base and an above average pace of principal amortization. Operating Performance: 'aaa': Fitch expects the county to manage through future periods of economic decline while maintaining a substantial financial cushion based on its superior inherent budget flexibility and history of sound financial management.

ACCESS REPORT

Thu 03 Nov, 2022 – 5:40 PM ET

Fitch New Issue Report: State of Oregon

Revenues Constitutionally Dedicated for Transportation: Highway user taxes are constitutionally dedicated for transportation purposes, but not debt service, while pledged revenues and apportionments thereof are subject to legislative changes and voter initiatives, thereby capping the rating at the state's 'AA+' IDR. The state has a solid track record of raising transportation-related fees and taxes in support of its capital program. Historically Stable Revenue Stream: The bonds are secured by taxes and fees levied on the use and ownership of motor vehicles and motor carriers, as well as fuel taxes. Net pledged revenues have shown stability over time, and Fitch Ratings expects solid growth in aggregated pledged revenues that exceeds long-term inflation. Sound Coverage Cushion: Debt service coverage is high and well above the ABT levels. Issuance of additional senior and subordinate lien bonds requires 3.0x and 2.0x coverage of MADS, respectively. Issuance of additional second subordinate lien bonds requires 1.75x coverage of MADS. The bond structure can withstand a moderate decline or one equal to the largest historical decline and still maintain sum sufficient coverage on all liens leveraged to their respective ABTs, warranting the 'aaa' resilience assessments on the senior, subordinate, and second subordinate lien bonds.

ACCESS REPORT

Fri 04 Nov, 2022 – 5:17 PM ET

Protectionism is Costing Texas.

Laws banning the state from doing business with banks that are dubbed anti-fossil fuel or anti-gun will likely cost hundreds of millions in higher interest rates.

Republicans' moralizing, "anti-woke" crusade has entered the arena of fiscal governance, and it's likely to cost taxpayers, pensioners, municipalities, and everyday Texans a big chunk of change.

Last fall, new state laws went into effect that prohibit governmental entities from engaging with financial institutions that the state deems to be anti-fossil fuel, anti-gun, and, thus, anti-Texas.

These laws, passed overwhelmingly by the Republican-controlled Legislature, are the latest and most expansive in a suite of legislation that makes the state the ultimate arbiter of all that is good and bad. In effect, the power of the purse is weaponized to protect the interests of the conservative cause and punish its enemies. Namely, what the right has cast as the Woke of Wall Street—the big banks and investment firms like Citigroup and BlackRock that ostensibly engage in socially conscious investing, which includes pledges and specialized investment funds that may exclude gun manufacturers or oil companies.

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TEXAS OBSERVER

by JUSTIN MILLER

NOVEMBER 4, 2022

[On One Beale Project, Strickland Says Memphis 'Cannot Be An ATM For Developers'](#)

Memphis Mayor Jim Strickland did not take kindly to developer Chance Carlisle blaming the city for the Grand Hyatt at One Beale's $5 million funding shortfall.

"City government cannot be an ATM for developers. And if it's $5 million short, he needs to come up with that $5 million," Strickland said Thursday at a groundbreaking for the new Frayser Branch Library.

Strickland's comments come after Carlisle, the principal developer of One Beale, first told The Commercial Appeal Wednesday that plans for a 300-plus room Grand Hyatt at the development were dead because of a $5 million funding shortfall.

On Wednesday, Carlisle blamed an October delay from the city for the project's municipal bonds not pricing high enough in an erratic bond marketplace. He said the city's need to bring the project back before the Memphis City Council on Oct. 18 caused the bonds to fetch several million dollars less than they would have weeks earlier.

Last week, Carlisle asked the city, which had already agreed to give the project a $10 million loan, for a further $5 million. Strickland responded Wednesday and said the city would not be contributing further cash. The mayor, for his part, put the blame for the project's delay on Carlisle Thursday.

"We dropped everything in March of this year, drove up to Nashville, cleared our schedule while the developer was on spring break in Colorado. We were meeting with state officials to try to approve this deal, got approval in early April by City Council and they did nothing, nothing for almost three months," Strickland said. "That's the delay and delay cost the deal. The delay is 100% the responsibility of that developer who was on spring break when we were trying to get the deal done."

Carlisle said Thursday that he did not go to Colorado for spring break.

The comments from Strickland and response from Carlisle Thursday likely further escalated the public kerfuffle between the city's most powerful politician and a member of one of the city's most prominent families. Chance Carlisle's brother, Chase, is a member of the City Council.

The back-and-forth between Strickland and Chance Carlisle illustrates bad blood brewed by more than a year of negotiations between Carlisle and the city administration, a feud that has long simmered and now, with the deal apparently dead, is spilling over into public view.

"I hear Colorado is wonderful. I haven't been in over 10 years. I am not surprised Mayor Strickland is attacking me personally or getting the facts wrong. He has nothing else. His administration is covering up and misleading the public," Carlisle said. "Today, I sent the Mayor the following letter reminding the Mayor that his team had not approved the Development Agreement in May 2022. We were ready. These emails prove it. Like in May, the Administration caused delays that prevented us from moving forward."

Memphis Commercial Appeal

by Samuel Hardiman

Nov 3, 2022

[State of Hawaiʻi Sells $800 million of General Obligation Bonds.]

The State of Hawaiʻi successfully closed on a sale of $800 million of general obligation bonds. Proceeds of the bonds will provide critical funding to support new and existing infrastructure projects.

"We are very pleased with the results of the bond sale," said Gov. David Ige in a press release announcement. "Despite challenging conditions in the broader bond markets this year, Hawaiʻi was able to generate strong demand for its bonds. This demonstrates the market's continued confidence in the State's ability to prudently manage its long-term financial responsibilities."

Before the sale, Gov. Ige and senior State administrators met with analysts from Moody's Investors Service and S&P Global Ratings to review the State's credit quality. Following these presentations, Moody's and S&P affirmed the State's bond ratings of Aa2 and AA+, respectively, with stable outlooks. Both agencies cited the State's robust economic performance coming out of the COVID-19 pandemic, healthy financial position, and long track-record of careful fiscal management as key strengths that support the State's strong bond ratings.

"The state has a long track record of conservative debt management practices," noted Moody's in its report. "Hawaii's recent rebuilding of its rainy day fund, and steps taken to increase its pension and OPEB contributions also evidence prudent management."

Under Governor Ige, the State of Hawaiʻi has significantly increased its financial reserves and paid down its long-term liabilities, while simultaneously supporting critical investments in workforce housing, education, and infrastructure, along with other important priorities.

Director of Finance Craig Hirai and the Department of Budget and Finance led an extensive marketing campaign in preparation for the bond sale that took place on October 19. Officials meet with local on-island investors and held a live virtual presentation to investors representing some of the largest institutions across the country that buy municipal bonds. The State also released an online presentation to further reach investors. As a result, local, national, and international investors collectively placed over $1.5 billion of orders for the bonds.

Morgan Stanley served as the lead managing underwriter for the bond sale, with BofA Securities and Citigroup as co-senior managers, and Jefferies and RBC as co-managers. A Hawaii-based selling group was also utilized to further market the bonds to local retail investors.

mauinow.com

November 3, 2022

[S&P: California Community Choice Aggregators Provide Consumer Choice, But Not Without Risk]

Key Takeaways

- The unique operational structure of community choice aggregators (CCAs) provides both credit challenges and opportunities.
- We have public ratings on five of California's 25 CCAs that have adopted this developing business model. The CCAs we rate exhibit low customer outmigration, favorable customer economic indicators that support ratemaking flexibility, and the absence of direct debt and favorable liquidity.
- Some CCAs have experienced financial distress when faced with the challenges of retaining customers, remaining competitive relative to the incumbent investor-owned utility, and managing volatile price and volume movements of their power supply arrangements.

Continue reading.

2 Nov, 2022

S&P U.S. Local Governments Credit Brief: Massachusetts Municipalities Means And Medians

Overview

Massachusetts municipalities (or local governments [LGs]) maintained generally stable credit quality through the pandemic and recession. S&P Global Ratings expects continued stability in the near term, despite macro-level economic pressures. Projected stability is supported by high economic metrics relative to national peers, Massachusetts LGs' high reliance on property taxes, and a stable state-aid environment. Debt-funded infrastructure needs and underfunded retirement liabilities could pressure credit quality over the long term if local governments are unable to balance competing priorities within financial and political constraints.

S&P Global Ratings maintains ratings on 235 Massachusetts municipalities. Since November 2021, there were 13 total rating actions affecting 11 LGs, with one negative rating action and 12 positive actions on the LGs' respective general obligation (GO) bonds. Currently, 99% of the 235 Massachusetts LG GO ratings have a stable outlook, two LGs have a negative outlook, and none on positive.

Continue reading.

28 Oct, 2022

NYC Paid $49 Million in Bond Fees to Minority and Women-Run Firms.

- **Comptroller report reveals underwriting data since fiscal 2018**
- **Lander says NYC still has a 'long way to go' on representation**

New York City paid minority- and women-owned bond firms about a third of the $152 million spent to underwrite new debt sales over the past four fiscal years, a sign of rising inclusion in one of the biggest municipal issuers in the nation.

Investment banks run by women or minorities served as book-running senior manager for more than $13.8 billion of the general obligation and Transitional Finance Authority bonds issued between fiscal years 2018 and 2022, according to a Tuesday report from city Comptroller Brad Lander. They earned $48.7 million in takedown over the period.

The increasing segment of diverse underwriters stands in stark contrast to the city's pension funds, where minority and women-owned firms have commitments totaling only about 7% of $240 billion in assets as of June 30, 2022.

Lander ascribed diversity in bond underwriting to a series of policies to attract and then promote minority- and women-owned firms, which he said have been replicated by other major municipal issuers. To boost pension allocations to underrepresented firms, Lander has appointed Taffi Ayodele as director of diversity, equity and inclusion to the Bureau of Asset Management.

In 2002, New York City created a "special bracket tier" for bond underwriters designed to hire more diverse bankers as co-senior managing underwriters on city bond issues. The bracket has played a key role in promoting these firms to serve as book running senior manager, according to the report.

The city also changed its policy in 2016 on compensation to create a "special designation" in underwriting syndicates that gives the firms at least 10% of the total takedown.

The comptroller shares responsibility for issuing bonds with the mayor. New York City and its financing agencies is among the biggest bond issuers in the US. The city sold more than $13 billion of new debt in fiscal 2022, according to the report.

Bloomberg

By Martin Z Braun

November 1, 2022

Denver Selling $850 Million of Muni Bonds for Airport Terminal Revamp.

- **Capital improvement projects will accommodate more passengers**
- **Issuance for airports in the US is up 34% year over year**

Denver sold $1.2 billion of municipal bonds in an upsized deal, joining a slew of airports tapping the capital markets this year to finance infrastructure projects.

The sale increased from a marketed total of $850 million, signaling strong demand for the securities. Sales of airport debt are up more than 30% in 2022, compared to the same period a year ago, bucking the 17% decline in long-term state and local government bond issuance, according to data compiled by Bloomberg. Major hubs like Chicago O'Hare International Airport and Dallas Fort Worth International Airport have also borrowed this year.

"For the last two years, they hit the pause on capital programs," said Jason Appleson, head of municipal bonds at PGIM Fixed Income. Now, with rebounding air travel and the outlook for more demand, airports are getting back to tidying up terminals and continuing expansion, he said.

Continue reading.

Bloomberg

By Jennah Haque

November 3, 2022

Hoboken School Board Faces Voters After January Bond Flop.

The New Jersey district, like others across the US, is grappling with overcrowding.

Voters in Hoboken will head to the polls to elect three school board members on Tuesday as the district grapples with a space crunch in the square-mile New Jersey city.

The contentious nonpartisan school board election in the city popular among Manhattan's young workforce is unfolding as schools across the US struggle with overcrowding and teacher shortages. In January, Hoboken voters overwhelmingly rejected a $241 million bond proposal to build a state-o--the-art high school to help address the capacity issues. Tuesday's winners must work with the rest of the board to find a solution.

"Space and facilities are probably the biggest issue," said Christine Johnson, Hoboken Public School District's superintendent. "We don't have room in the elementary schools anymore."

Continue reading.

Bloomberg CityLab

By Nic Querolo and Marvis Gutierrez

November 4, 2022

New York Voters to Decide on $4.2 Billion of Bonds to Fight Climate Change.

- **Measure to help coastal communities seen winning approval**
- **Green debt of widely held issuer could spur ESG muni investing**

New Yorkers on Tuesday will vote on whether to help their neighbors most affected by climate change by approving a measure that would also boost ESG investing in the $4 trillion municipal bond market.

On the state ballot is a $4.2 billion environmental bond, the largest borrowing referendum in the nation this Election Day and if it were to pass would be one of the biggest for environmental, social and governance purposes since California approved a $7.5 billion plan for water-related projects eight years ago. Voters in New York historically have backed such ballot measures, and a recent poll showed this one is likely to pass.

Continue reading.

Bloomberg Green

By Marvis Gutierrez

November 4, 2022

Fitch: California Property Taxes Buffered from Home Price Declines

Fitch Ratings-New York/San Francisco-29 September 2022: Slower home price growth or price declines in California will have a limited effect on local government property tax revenues, Fitch Ratings says in its report California Property Taxes Buffered from Residential and Commercial Valuation Swings.

California tax assessment calculations serve to smooth volatility in home values so that changes in tax revenues are not equal to home price swings. Home prices in California have been increasing for the past decade and jumped by nearly 43% since the pandemic began in 2020. However, rising interest rates are tempering home prices and sales.

Since 2000, TAVs have not fallen nearly as much as the largest home price decline for any county. The largest average one-year decline in home prices for all counties was 21%, while the largest average one-year TAV decline was only 3%.

Continue reading.

Hurricane Ian: Public Assistance Funding Extended For Certain Health Care Facilities In Florida - Foley & Lardner

Health care facilities and certain other nonprofits have new opportunities for Federal public assistance funds, but they must act quickly. On October 4, 2022, President Biden amended the Hurricane Ian Major Disaster Declaration for the State of Florida, increasing the level of Federal public assistance funding available for debris removal and emergency protective measures. The amendment further extends the availability of such funding without cost-share for an additional 30 days. Now, eligible applicants have **60 days from September 23, 2022** to file applications for Federal public assistance.

If your health care facility is recovering from the effects of Hurricane Ian, consider whether you may be eligible to apply for the Federal Emergency Management Agency's (FEMA's) Public Assistance Program:

FEMA Public Assistance Program

The FEMA Public Assistance Program (the PA Program) is available to assist State, Local, Territorial or Tribal (SLTT) governments and certain types of private nonprofit (PNP) organizations quickly respond to and recover from Presidentially declared major disasters and emergencies, through the provision of Federal grants for eligible projects.

Health Care Facilities Eligible for FEMA Public Assistance
Both public (facilities run by state, local, tribal, or territorial governments) and certain PNP health care facilities are eligible FEMA Public Assistance applicants. For a private nonprofit health care facility to be an eligible PNP applicant for Federal public assistance funding, it must show that on the date of disaster declaration, it had an effective ruling letter from the U.S. Internal Revenue Service granting the health care facility tax exemption under section 501(c)(3) of the Internal Revenue Code,1 or documentation from the State substantiating that the health care facility is a non-revenue producing, nonprofit entity organized or doing business in accordance with State law. 44 C.F.R. § 206.221(f).

To be eligible for Federal public assistance funding a PNP health care facility must also show that it provides emergency medical care, including diagnosis or treatment of mental or physical injury or disease in:

- clinics,
- dialysis facilities,
- in-patient care facilities for convalescent or chronic disease patients,
- hospices and nursing homes,
- hospitals and related facilities (such as central service facilities operated in connection with hospitals, extended-care facilities, facilities related to programs for home-health services, laboratories, self-care units, and storage, administration, and records areas),
- Long-term care facilities,
- Outpatient facilities,
- Rehabilitation centers.2

Furthermore, certain PNP facilities that provide alcohol and drug treatment and other rehabilitation services, assisted living, or custodial care may also be eligible to apply for Federal public assistance funding, even if they do not provide direct medical care.3

Categories of Work Eligible for FEMA Public Assistance
If an applicant is eligible to receive Federal public assistance funding, FEMA may pay the applicant for emergency work or permanent work that is required as a result of the declared incident, located within the area designated in the Presidential emergency or major disaster declaration, and the legal responsibility of the eligible applicant. 44 C.F.R. § 206.223(a). Emergency work projects address immediate threats resulting from the declared incident including debris removal and emergency protective measures. Emergency protective measures are work necessary to immediately protect public health and safety or to eliminate or lessen an immediate threat of additional damage, including medical care and transport. Permanent work, on the other hand, addresses damage caused by the declared incident and is intended to restore a facility to its pre-disaster design and function in accordance with applicable codes and standards, including facility repairs and mold remediation. FEMA may also provide public assistance funding for hazard mitigation. Stafford Act § 406(e), 42 U.S.C. § 5172; 44 C.F.R. § 206.226(e).

The Major Disaster Declaration for Hurricane Ian in Florida approves both emergency work and permanent work for public assistance funding, in certain counties. A list of the categories of work eligible for Federal public assistance funding in each county is available here.

Cost Share
FEMA currently funds public assistance eligible debris removal and emergency protective measures in response to Hurricane Ian at 100% of the total eligible costs and all other authorized public assistance eligible projects at 75% of the total eligible costs. As such, FEMA will pay the full cost of any public assistance eligible debris removal and emergency protective measures. FEMA will pay 75% of the cost of all other authorized public assistance eligible projects, including authorized permanent work projects, with the expectation that the public or PNP health care facility will pay 25% of such costs.

If you think you may be eligible to apply for Federal public assistance funding and have eligible emergency or permanent projects, we recommend that you submit your application as soon as possible. As of the date of this writing, applications for Federal public assistance to respond to damage from Hurricane Ian in Florida are due 60 days from September 23, 2022.

Footnotes

1 Facilities may also be eligible if they are tax exempt under 26 U.S.C. § 501(d) or 26 U.S.C. § 501(e). If State law does not require non-revenue producing, nonprofit entities to obtain 501(c)(3) or tax-exempt status, a non-revenue producing, nonprofit health care facility will need to provide documentation indicating that it is an organized entity and a certification that the entity is compliance with 26 U.S.C. § 501(c)(3) and State law requirements.

2 FEMA Public Assistance Program and Policy Guide, v.4, FP 104-009-2, Table 1 (Jun. 1, 2020).

3 Id. at Table 2.

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by Lawrence W. Vernaglia and Megan Chester

19 October 2022

Foley & Lardner

Foley is here to help you address the short- and long-term legal impacts of disasters on your facility. We have the resources to help you navigate the important legal considerations related to business operations and industry-specific issues. Please reach out to the authors, your Foley relationship partner, or our Health Care Practice Group with any questions.
