Baltimore County (MD): Fitch New Issue Report

The rating incorporates the county's 'aaa' financial resilience, which is based on its high midrange budgetary flexibility and an expectation for available reserves to be maintained equal to at least 10% of spending, compared to the current level of 27%. The economic and demographic strength composite, which incorporates the county's unemployment rate relative to the nation, educational attainment and median household income (MHI) as a percentage of the portfolio median, is 'Strong' but offset by a 'Weak' population trend metric. Population size and economic diversification are neutral to the rating. The rating also incorporates the county's 'Midrange' long-term liability burden composite. The rating additionally reflects the application of one positive analytical factor that recognizes the county's role as the center of an important and growing MSA that contributes significantly to the national economy.

ACCESS REPORT

Thu 18 Jul, 2024

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

The 'A-' rating reflects South Carolina Public Service Authority's (Santee Cooper or the authority) financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), which improved to 10.4x in 2023, but remains elevated. The Outlook revision to Stable reflects Fitch Rating's expectation that Santee Cooper's financial flexibility and revenue defensibility will improve following the expiration of its agreement to lock rates through January 16, 2025. The agreement was reached as part of a legal settlement to resolve significant litigation challenging the authority's ability to recover costs related to the V.C. Summer nuclear project (the Cook Settlement). The improved flexibility should allow the authority to support higher leverage. Moreover, with the expiration of the rate lock approaching, the effect of previously deferred costs appears to be manageable, even if these costs cannot be recovered in the future.

ACCESS REPORT

Fri 19 Jul, 2024

A's Exec Tells Las Vegas Officials the Club Plans to Leave $30 million in Public Money on the Table.

LAS VEGAS — Oakland Athletics executive Sandy Dean told the Las Vegas Stadium Authority on Thursday that the club does not expect to spend the entire $380 million in public money allocated to build a new stadium in Las Vegas.

Dean said the A's plan to spend $350 million of those funds, leaving $30 million on the table. He also told the authority that the club plans to finance $300 million of the stadium cost, but no lenders have been secured.

"We've had strong interest from a number of companies that want to participate in that portion of the project," Dean said.

The other $850 million needed to build the $1.5 billion stadium would come from private equity.

Continue reading.

By Associated Press

Published July 18, 202

A's Offer Initial Vegas Stadium Funding Plans; Won't Use Entire $380M in Public Funding.

The Stadium Authority is told the team is "in good shape" for private financing and expects to have agreements in place by the fall.

A representative of the Oakland Athletics said Thursday the team is in "good shape" on securing financing for its future $1.5 billion stadium on the Strip, but didn't offer specific details on how the franchise will fund its expected $1.2 billion share of the stadium construction costs.

During a Las Vegas Stadium Authority meeting, a partner with the Fisher family and team owner John Fisher said the A's plan to use only $350 million of the legislatively approved $380 million in public financing, and never planned to use the full amount of financing provided by state lawmakers last year.

Sandy Dean said the team will offset a portion of the public money through debt financing.

Continue reading.

The Nevada Independent

by Howard Stutz

July 18th, 2024

Oakland Counts on Coliseum Sale to Close $117 Million Budget Gap.

- **City faces a $117 million budget shortfall this year**
- **Development group plans to build on old stadium site**

Oakland, California, risks having to slash spending and stall capital projects if officials are unable to close the sale of the city's soon-to-be defunct pro-sports arena in the next six weeks.

The Bay-Area city is facing a $117 million budget gap this fiscal year and a $175 million shortfall for the next. It's relying on cash from the sale of the Oakland-Alameda County Coliseum, where Major League Baseball's Athletics are playing their final season. Yet that deal is far from finalized.

To avoid cuts to city services, Oakland needs cash from the sale to come through by Sept. 1. There isn't a written purchase and sale agreement and the African American Sports and Entertainment Group — which plans to buy the facility — hasn't given the city a good faith deposit, according to city council member Janani Ramachandran, who voted against the plan to adjust Oakland's budget with those funds.

Continue reading.

Bloomberg Economics

By Maxwell Adler

July 17, 2024

University of California: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) reflects the University of California (UC) system's growing enrollment and very strong student demand characteristics, solid international reputation, steady operating performance inclusive of a sizable and accretive health system, generally steady support from the State of California (IDR AA/Stable) and expectations of flexibility and manageable leverage through a sizable capital improvement program. The 'AA' rating on the general revenue bonds (GRBs) reflects the support of UC's broad revenue pledge of unencumbered system revenues.

ACCESS REPORT

Tue 09 Jul, 2024

San Francisco To Sell $1.15 Billion In Bonds To Help Fund Sewer Projects.

San Francisco is planning to sell $1.15 billion in municipal bonds to help pay for improvements to its sewer system.

The Public Utilities Commission of the City and County of San Francisco will issue $432.3 million 2024 Series A bonds, $85.8 million 2024 Series B bonds, $547.8 million 2024 Series C bonds and $86.3 million 2024 Series D bonds to help finance capital projects benefiting wastewater treatment including its Sewer System Improvement Program, as well as retiring tax-exempt commercial paper notes and other purposes.

The 2024A and 2024C bonds have been designated as green bonds, meeting the Water Climate Bond Standard. The 2024A and 2024B notes are federally taxable, according to a document posted Monday on MuniOS.

Officials say the sewer program is aimed at helping maximize system flexibility, improving operational and seismic reliability, as well as promoting current and future regulatory compliance. San Francisco's combined sewage and stormwater system handles an average of about 40 billion gallons a year.

The interest rate and yield on the debt have yet to be determined. The bonds are expected to price on July 17 and 18 and the transaction has a preliminary closing date of July 31.

The bonds are secured by a pledge of net revenues from the Wastewater Enterprise under the utilities commission.

Moody's Ratings assigned Aa2 to all of the bonds. S&P Global Ratings assigned AA to the 2024B, 2024C and 2024D bonds but hasn't assigned a rating to the 2024A note.

BofA Securities and Morgan Stanley are the lead underwriters.

Provided by Dow Jones

By Patrick Sheridan

Jul 10, 2024 2:55pm

Write to Patrick Sheridan at patrick.sheridan@wsj.com

Baltimore County to Sell $386.9 Million of Municipal Bonds.

Maryland's Baltimore County plans to sell $386.9 million of general obligation bonds, including $160 million of construction bonds and $227 million of refunding bonds, according to a preliminary offering statement posted Monday on MuniOS.

The county will sell $115 million of Baltimore County Consolidated Public Improvement Bonds, and $45 million of Baltimore Country Metropolitan District Bonds. The refunding bonds consist of $124.2 million of Baltimore County Consolidated Public Improvement Bonds and $102.6 million of Baltimore County Metropolitan District Bonds.

The securities will be sold in a competitive bidding process on Tuesday. Public Resources Advisory Group is advising on the sale.

Money to repay buyers of the public improvement bonds will come from the general revenues of the county, including property and income taxes. The primary source of repayment for the metropolitan district bonds are special assessments and charges levied against property in the area.

Money raised from the sale of the improvement bonds will be used for public works, land preservation, and education. Proceeds from the construction bonds will be used for designing, building and acquiring water supply, sewerage and drainage systems for the county.

Moody's Ratings has rated the bonds Aaa. S&P Global Ratings and Fitch Ratings have rated the securities at AAA.

Provided by Dow Jones

Jul 8, 2024 1:39pm

By Stephen Nakrosis

Write to Stephen Nakrosis at stephen.nakrosis@wsj.com

Jerry Brown's Elite High School to Sell $132 Million of Bonds for Campus Upgrade.

- **Bond proceeds will help build student space with ocean views**
- **Students pay $32,950 to attend former governor's alma mater**

The elite Catholic high school that educated former California Governor Jerry Brown plans to tap the municipal bond market to raise $132 million to spruce up its 11-acre San Francisco campus.

St. Ignatius College Preparatory, a private high school just blocks from the Pacific Ocean has plans to build a new 165,000 square-foot learning complex complete with classrooms, gardens, cafes and the campus chapel. The so-called New Learning Commons will cost an estimated $185 million, most of it funded by municipal bonds, in a deal slated to price on July 17. The remaining financing will come from donations and its endowment, among other funds, according to preliminary bond documents.

"Our existing facility was built in 1969, and it's time for something new," said Ken Stupi, the school's vice president of finance and administration in an interview. "We need the space."

Continue reading.

Bloomberg Markets

By Maggie Eastland

July 11, 2024

State of Connecticut: Fitch New Issue Report

Absent tax policy changes, Fitch expects Connecticut's underlying revenues to grow only modestly over time, consistent with the state's wealthy and diverse, but slow-growing, economic profile. Connecticut's natural pace of spending growth is expected to marginally outpace revenue growth despite recently extending robust budget controls for the next decade. The state has consistently demonstrated the ability to cover its comparatively high fixed costs with more than a decade of full actuarial contributions to pensions supplemented by statutory additional pension payments from excess revenues. The state's long-term liability burden is elevated and among the highest for U.S. states but still moderate relative to personal income. Connecticut's robust fiscal resilience is bolstered by statutory mechanisms supporting accumulation of reserves, including setting aside in the budget reserve fund volatile revenue collections over specific thresholds and a required excess margin of revenues over budgeted spending.

ACCESS REPORT

Fri 12 Jul, 2024

Fitch to Take Actions on Triborough Bridge and Tunnel Auth, NY Series 2003B-2 General Rev VR Bonds.

Fitch Ratings-New York-11 July 2024: On the effective date of July 18, 2024, Fitch Ratings will revise the long-term rating to 'AA+' from 'AA-' and assign a short-term 'F1+' rating to the Triborough Bridge and Tunnel Authority, NY's general revenue variable rate bonds subseries 2003B-2. The Rating Outlook will be Stable for the long-term rating.

The rating action will be in connection with (1) the mandatory tender of the subseries 2003B-2 bonds,(2) the addition of an irrevocable direct-pay letter of credit (LOC) to be issued by TD Bank, N.A. (TD Bank, rated AA-/F1+/Negative), which will provide support for the subseries 2003B-2 bonds; (3) the remarketing of the subseries 2003B-2 bonds as VRDBs in the daily rate mode; and (4) the amendment and restatement of the certificate of determination for the bonds, which will take place on July 18, 2024.

KEY RATING DRIVERS
The long-term 'AA+' rating will be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying long-term rating assigned to the subseries 2003B-2 bonds by Fitch (AA-/Stable), and the long-term rating assigned by Fitch to TD Bank (AA-/Negative), which will provide a LOC to support the subseries 2003B-2 bonds. The short-term 'F1+' rating will be based solely on the short-term rating of the bank providing the LOC. For information about the underlying credit rating see Fitch's rating action commentary dated Jan. 31, 2024 at 'www.fitchratings.com'.

Fitch's dual-party pay criteria considers 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 will provide holders with a same day tender option while in the daily rate mode and an option to tender bonds upon seven-days notice while the bonds bear interest in the weekly interest rate mode; both daily and weekly modes will be rated by Fitch. Fitch will apply a two-notch uplift, which will result in a long-term rating of 'AA+' for the bonds.

TD Bank will be obligated to make regularly scheduled payments of principal and interest on the bonds in addition to payments upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The LOC will have a stated expiration date of July 18, 2029, unless extended or earlier terminated, and will provide full and sufficient coverage of principal plus an amount equal to 53 days of interest at a maximum rate of 9% based on a year of 365 days and purchase price for tendered bonds, while in the daily and weekly rate modes. TD Securities (USA) LLC will be the remarketing agent for the bonds.

The subseries 2003B-2 bonds will initially bear interest at a daily rate but may be converted to a weekly, commercial paper, term or fixed interest rate. While the bonds are in the daily or weekly rate modes interest payments will be on the first business day of each month starting on Aug. 1, 2024. The trustee will be obligated to make timely draws on the LOC to pay principal, interest, and purchase price. Funds drawn under the LOC are held uninvested, and are free from any lien prior to that of the bondholders.

Holders may tender their bonds on any business day, provided the tender agent and remarketing agent are given the requisite prior notice of the purchase. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate; (2) upon expiration, substitution or termination of the LOC; (3) following receipt of written notice from the bank of an event of default under the letter of credit and reimbursement agreement, and (4) following receipt of notice from the bank that the interest component will not be reinstated and directing such mandatory tender. Optional and mandatory redemption provisions also apply to the bonds.

RATING SENSITIVITIES

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 to be assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the LOC.

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 to be assigned to the bonds is at the highest rating level and cannot be upgraded.

New York State Authority to Sell $1.29 Billion of Municipal Bonds.

The Dormitory Authority of the State of New York plans to sell almost $1.29 billion of municipal bonds backed by money collected from the state's sales tax.

The Series 2024A bonds will be available in three separate tranches as part of a competitive sale scheduled for Wednesday, according to a preliminary offering statement posted on MuniOS. Public Resources Advisory Group is acting as an advisor on the sale.

Bonds being sold in Bidding Group 1 and Bidding Group 2 total about $430.3 million and $437.8 million, respectively, and pay an interest rate of 5%. The securities being offered in Bidding Group 3 total about $419 million and will be offered at a minimum interest rate of 5% and a maximum rate of 5.25%.

Proceeds from the sale will be used to finance, refinance and reimburse some or all of the costs related to certain capital projects. That includes work done as part of the Consolidated Local Street and Highway Improvement Program, and projects for the Metropolitan Transportation Authority.

The Dormitory Authority is one of three entities authorized to issue state sales tax revenue bonds. The state estimates it will collect about $19.1 billion in sales tax receipts during the 2024-2025 fiscal year. That is up from about $16.5 billion in the 2021-2022 fiscal year.

Moody's Ratings assigned the bonds a rating of Aa1.

Provided by Dow Jones

Jul 9, 2024 9:45am

By Adam L. Cataldo

Write to Adam L. Cataldo at adam.cataldo@wsj.com.

New York State Authority Sells $1.22 Billion in Bonds for Transportation Programs.

The Dormitory Authority of the State of New York sold $1.22 billion of municipal bonds to cover the costs of transportation programs and other projects.

The authority issued three groups of tax-exempt Series 2024A bonds maturing between 2026 and 2056, all with a 5% interest rate. The 10-year bonds carry a 2.98% yield, according to a statement published Thursday on MuniOs.

DASNY initially planned to raise nearly $1.29 billion with the sale.

The proceeds are meant to finance, refinance or reimburse the costs of certain capital projects, including work done as part of the Consolidated Local Street and Highway Improvement Program and projects for the Metropolitan Transportation Authority.

The bonds were sold in competitive bidding on Wednesday. Morgan Stanley bought the first tranche of bonds, which mature between 2026 and 2041. J.P. Morgan Securities bought the second group, maturing between 2042 and 2050, and BofA Securities bought the third tranche, maturing between 2051 and 2056.

The bonds are backed by money collected from the state's sales tax. The state estimated it would collect about $19.07 billion in sales tax receipts during the 2024-2025 fiscal year.

Interest is payable on each March 15 and Sept. 15, starting in March 2025.

Moody's Ratings has assigned the bonds an Aa1 rating and Kroll Bond Rating Agency rated them AAA.

Provided by Dow Jones

By Paulo Trevisani

Jul 12, 2024 10:35am

Write to Paulo Trevisani at paulo.trevisani@wsj.com

Orrick: Henry Ford Health Closes First-of-its-Kind Central Energy Hub Transaction

Henry Ford Health plans to build a $235 million Central Energy Hub as part of a broader $2.2 billion Detroit hospital campus expansion known as Destination: Grand.

Orrick represented the underwriters and served as special tax counsel in design, construction, financing, operations and maintenance deal for the Central Energy Hub, which will provide electric heating and cooling to several new hospital buildings.

Innovating in the energy as a service market, the deal achieved meaningful delivery and operational risk transfer of the Central Energy Hub to Provident Resources Group and Kiewit Development Company. That enables Henry Ford Health to focus on its core mission of providing world-class healthcare to its community.

The deal also involved tax-exempt financing that lowered the cost of capital and maximized the scope for the project.

In an interview with *IJGlobal*, Orrick's Matthew Neuringer discussed the nuances of the solution the Orrick team helped design and implement.

"This is a novel application of this particular type of not-for-profit tax-exempt financing solution through a project-developer-led approach for the energy as a service space," Neuringer said.

Plans for the Central Energy Hub are part of a major construction project that includes a new state-of-the-art patient tower with all private rooms, a 1,500-space parking deck and a physical rehabilitation institute through a partnership with Shirley Ryan AbilityLab.

THE COMPANIES

Henry Ford Health is a leading integrated and academic healthcare system based in Detroit, serving southeast and central Michigan.

In March of 2023, Henry Ford Health began looking for a private partner to design, build, finance, operate and maintain the Central Energy Hub. HFH selected Henry Ford Health Energy Partners (e.g. Kiewit, Veolia and Provident) as the preferred bidder.

Kiewit HFH Investors is the sole member of Henry Ford Health Energy Partners and a 100% equity sponsor.

Henry Ford Health Energy Partners has contracted with Kiewit Development Company for long-term management services.

"The project enables Henry Ford to focus on its core mission of transformational healthcare services and expanding those services while partnering with a world class provider of DBFOM services and energy development to focus on the non-core mission of the hospital development," Neuringer said in the interview.

Henry Ford Health said in a statement that the Central Energy Hub “will feature a hot and chilled water pump system that will provide electric heating and cooling to the new hospital facilities, allowing the system to limit and eventually fully avoid natural gas usage in those facilities. That means those buildings, including the CEH itself, will produce zero fossil fuels or emissions by our target dates in 2050.”

THE TEAM

Orrick’s Matthew Neuringer led the team as underwriters counsel. The team also included Robyn Helmlinger, Charles Cardall, Young Lee, Joseph Lodico, Ladan Mohaddes, Joshua Bonney, Ian Busche, Eric Newman & Henry McKenzie.

LEARN MORE

- Henry Ford Health
- Henry Ford Health news release on Central Energy Hub
- Kiewit Development Company
- Provident Resources Group announcement
- Read the IJGlobal article (requires subscription)
- Read More Orrick Client Results

San Diego, California: Fitch New Issue Report

The upgrade of the city’s IDR and GO rating to ‘AA+’ from ‘AA’ reflects implementation of Fitch’s new “U.S. Public Finance Local Government Rating Criteria”. The ‘AA+’ rating incorporates the city’s ‘aa’ financial resilience assessment, which reflects a limited budgetary flexibility and an expectation that available reserves will be maintained between 17.5% and 25% of spending (compared to the current 19%). The rating also reflects the city’s midrange long-term liability burden (42nd percentile of the Fitch local government rating portfolio), midrange population trend (42nd percentile) and strong demographic and economic level, the composite of which is at the 64th percentile of Fitch’s local government portfolio. The rating further reflects the application of positive additional analytical factor notches that recognize the city’s role as the center of an important and large MSA with a vital role in the national economy. The ‘AA’ rating for the lease revenue bonds and commercial paper notes reflects the slightly higher optionality associated with the requirement to budget and appropriate for their debt service.

ACCESS REPORT

Fri 05 Jul, 2024 – 3:24 PM ET

Voters to Decide if California Can Borrow $20B for Climate and Education.

State lawmakers will likely place two bonds, one for climate change impacts and one for school repairs – each worth $10 billion – on the November ballot. The bonds will require a two-thirds approval from both chambers to reach the ballot.

California voters will likely decide whether to let the state borrow $20 billion to fight climate change and support schools, issues that advocates say are in need of a cash influx in light of recent budget cuts.

State lawmakers said Sunday that they reached agreements to place both a $10 billion bond to pay for climate change impacts and another $10 billion bond for school repairs.

Voter approval of borrowing is never a sure thing, even in a presidential election when turnout is high and the electorate skews more progressive. In 2020, for example, voters rejected a $15 billion schools facilities bond.

Continue reading.

governing.com

July 3, 2024 • Ari Plachta, The Sacramento Bee, TNS

Bay Area Residents To Vote on $20 Billion Housing Bond.

Localities Seek Regional Solution As State Cuts Funding Resources

Voters in San Francisco and eight adjoining counties will decide in the November election whether to support spending up to $20 billion to build or preserve affordable housing.

The ballot referendum could make enough funding available through municipal bonds to develop or preserve about 70,000 houses priced for households with low and moderate incomes. Its chances of passing depend on whether voters' concerns about the housing crisis outweigh their fears of the higher property taxes needed to pay for the bonds.

The matter is headed for the ballot after the Bay Area Housing Finance Authority, the writer of the measure, voted to support it at a meeting this week. The California state legislature created the agency in 2019 to address the region's spiraling housing costs.

Continue reading.

CoStar News

By David Holtzman

June 26, 2024

Los Angeles, California: Fitch New Issue Report

The Issuer Default Rating (IDR) upgrade to 'AA+' reflects the implementation of Fitch Ratings' new "U.S. Public Finance Local Government Rating Criteria". The 'AA+' IDR also reflects the city's 'aaa' financial resilience assessment and moderate long-term liability burden, balanced against weak demographic and economic trends and level metrics, including flat population growth, elevated unemployment, and below-average median household income (MHI).

ACCESS REPORT

Wed 26 Jun, 2024

Texas Biomed Taps Muni Market for Next Pandemic Battle.

Watch video.

Bloomberg Markets: The Close – Muni Moment

July 2nd, 2024, 2:19 PM PDT

Houston to Sell $589.4 Million of Bonds as Part of Settlement With Firefighters.

Houston plans to sell a total of $720.4 million of municipal bonds to payoff outstanding legal obligations and existing debt.

The city will sell Series 2024A bonds totalling $589.4 million to cover expenses related to the settlement of a legal dispute between the Houston Professional Fire Fighters's Association, according to a document posted on MuniOs. The Series 2024B securities, for $131 million, are bonds that will go to refund debt maturing in in 2025 and 2026.

Preliminary pricing information on the interest rate and yield on the debt wasn't provided. Investors will be paid back by money raised from city taxes on property.

Moody's Investors Service has rated the bonds Aa3.

Ramirez & Co. is lead underwriter on the deal.

Provided by Dow Jones

Jul 1, 2024 12:08pm

By Paulo Trevisani

Nashville to Sell $350 Million of Bonds for Vanderbilt University,

Nashville plans to issue $350 million in municipal bonds to pay for upgrades at Vanderbilt University.

Proceeds from the sale will be used to finance the cost of acquiring, constructing and installing certain capital improvements to the educational and educational support facilities at the university, according to a document posted on MuniOS.

The bonds will be sold on Vanderbilt's behalf by the Health and Educational Facilities Board of the

Metropolitan Government of Nashville and Davidson County.

The interest rate and yield on the debt have yet to be determined, according to a document posted on MuniOS. The bonds are expected to price July 10 and the transaction has a preliminary closing date of Aug. 1.

Bond holders will be repaid with funds from the school's endowment, tuition, fees and other charges to students and revenue from the university's medical center.

Founded in 1873, Vanderbilt is located on a 330-acre campus in Nashville, Tenn., and has about 13,500 undergraduate, post-graduate and professional students. The university operates what it describes as 10 different academic units including schools of nursing, medicine, law and engineering.

Moody's Investors Service and S&P Global Ratings have assigned ratings of Aa1 and AAA, respectively, to the bonds.

RBC Capital Markets and BofA Securities are lead underwriters on the deal.

Write to Patrick Sheridan at patrick.sheridan@wsj.com

Provided by Dow Jones

Jul 1, 2024 11:21am

Florida's Miami-Dade to Sell $923.5 Million in Bonds to Refund Debt Sold for Miami International Airport.

Florida's Miami-Dade County plans to issue $923.5 million in municipal bonds to refund debt sold in connection with capital improvements at Miami International Airport.

Proceeds will be used to refund aviation bonds series 2014, 2014A and 2014B.

Miami-Dade County is issuing $782.4 million Aviation Revenue Refunding Bonds Series 2024A subject to the alternative minimum tax and $141.1 million Aviation Revenue Refunding Bonds Series 2024B, which is non-AMT.

The interest rate and yield on the debt have yet to be determined, according to a document posted Tuesday on MuniOS. The bonds are expected to price July 16 and the transaction has a preliminary closing date of Aug. 1.

Bondholders will be repaid with funds from the terminals, grounds, runways and taxiways of the Miami International Airport and three other general aviation airports.

The airport is American Airlines' largest international hub operation, including providing most of the carrier's capacity from the U.S. to the Caribbean and Latin America.

S&P Global Ratings and Fitch Ratings have each assigned A+ to the Series 2024 bonds.

Barclays is the lead underwriter.

Provided by Dow Jones

Jul 3, 2024

By Patrick Sheridan

Tallahassee (FL): Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – ‘aa’ Favorable Service Area, Affordable Rates for a Significant Majority of the Population: The city retains the legal authority to adjust rates as needed without external oversight. Fitch considers the monthly residential water and sewer bill affordable for about 77% of the service area population based on standard monthly usage of 7,500 gallons for water and 6,000 gallons for sewer. The favorable service area is supported by the city’s role as a regional economic center and state capital, that is characterized by a moderate unemployment rate relative to the nation, yet below-average income levels. The customer count contracted in fiscal 2023 with the implementation of a new billing system, but in prior years was growing less than 1% annually; modest growth around this level is expected to continue. Income levels are about 30% lower than the national median as of 2022. The unemployment rate has decreased to 3% since 2020. However, it was 6% less than the national average in 2023.

ACCESS REPORT

Fri 05 Jul, 2024 – 10:19 AM ET

Washington, State of (WA): Fitch New Issue Report

Key Rating Drivers Revenue Framework – ‘aaa’ Revenue performance over time has exceeded U.S. GDP growth, and Fitch expects this to continue to support strong growth prospects. The state has complete independent control over taxation, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework – ‘aa’ Washington possesses ample expenditure flexibility, with statutory commitments, broad responsibility for education and infrastructure spending offset by low carrying costs. Washington also benefits from the broad expense-cutting authority common to most U.S. states. Washington’s spending growth, absent policy actions, will likely be marginally above its solid revenue growth, requiring regular budget management to ensure ongoing balance. Long-Term Liability Burden – ‘aaa’ The combined burden of debt and net pension liabilities is low as a percentage of personal income but above the median for U.S. states. Debt ratios incorporate the funding of substantial capital needs, particularly for transportation, but are offset by a moderate net pension liability and an expanding economic resource base.

ACCESS REPORT

Wed 26 Jun, 2024 – 3:00 PM ET

District of Columbia Water & Sewer Authority: Fitch New Issue Report

The ‘AA’ Issuer Default Rating (IDR) and subordinate lien bond rating reflect the authority’s very strong financial profile in the context of its very strong revenue defensibility and operating risk profile, both assessed at ‘aa’. The strength of the revenue defensibility is rooted in the authority’s independent ability to increase user charges for both retail and wholesale customers without external oversight as well as its location within a robust economic area. The operating risk profile reflects a very low operating cost burden and moderate life cycle ratio.

ACCESS REPORT

Thu 27 Jun, 2024

Ohio Sells $250 Million of Municipal Bonds to Finance Clean Water Projects.

The Ohio Water Development Authority has sold $250 million of revenue bonds to fund clean water projects across the state.

Money from the sale will go to the authority’s Drinking Water Assistance Fund, which lends money to government agencies to help them pay for public water projects.

Securities maturing in 2034 will pay investors an interest rate of 5% and yield of 2.9%, according to a document posted Tuesday on MuniOS.

The bonds are backed by various sources of revenue, including all interest payments made on loans by the fund, along with all payments made on already existing and future loans that the fund makes.

The fund was established in 1997 following passage of the Safe Drinking Water Act Amendments of 1996, which was meant to help states finance infrastructure repairs so they could maintain compliance with federal clean water requirements and protect public health.

The bonds were rated by Moody’s Ratings Aaa, and by S&P Global Ratings AAA.

Stifel Nicolaus & Company and Ramirez & Co. were lead underwriters on the deal.

Provided by Dow Jones

Jul 3, 2024 4:04pm

By Stephen Nakrosis

Chicago Pension Debt Rises to $37 Billion as City Hunts for Cash.

- **Net liability rose 5% in 2023, according to annual report**
- **Mayor says city still faces long-term structural challenges**

Chicago’s pension burden climbed again last year as new laws and accounting measures added to costs, and first-term Mayor Brandon Johnson looks for new revenue.

The net pension liability across the city’s four retirement funds rose about 5% to $37.2 billion as of

Dec. 31, up from $35.4 billion a year earlier, according to Chicago's latest annual financial report.

The amount the city owes to its four pensions that pay benefits to retired firefighters, police officers, municipal workers and laborers increased because of changes in pension assumptions and legislation, according to the report. The increase in costs was partly offset by investment income.

Continue reading.

Bloomberg Markets

By Shruti Singh

July 1, 2024

New Jersey College Asks Bondholders to Borrow Against Mortgage.

- **School would be able to borrow more if Princeton campus sells**
- **Effort shows struggle of small schools facing enrollment pinch**

Rider University, a small college outside of Trenton, New Jersey, is trying to raise additional funds to help an ongoing liquidity crunch.

College officials asked bondholders for permission to borrow against the mortgage on the school's main campus in Lawrenceville, New Jersey, according to a bond filing dated Friday. If approved, the move would free up much-needed cash for Rider in the short-term.

"In the spirit of good partnership with our current bondholders, we have been in discussion with them regarding this, and we understand that a majority of them are willing to consent to the amendment," said Kristine Brown, a spokesperson for the school.

The proposal shows the mounting challenges for small schools to make ends meet as they contend with declining enrollments and rising costs. Those pressures have driven colleges across the US to close or merge, while pushing others into new lines of business like online education, adult learning and monetizing real estate.

Continue reading.

Bloomberg Markets

By Nic Querolo

July 2, 2024

City of Phoenix, Arizona: Fitch New Issue Report

The 'AA+' excise tax bond rating reflects solid post-pandemic growth prospects for the city's pledged revenues, as well as its robust financial resilience. Additional leveraging of the pledged revenues is not expected to materially reduce the current healthy debt service cushion, given the application of surplus pledged revenues to support general fund operations.

ACCESS REPORT

Tue 18 Jun, 2024

State of Michigan: Fitch New Issue Report

Michigan's 'AA+' Issuer Default Rating (IDR) reflects the state's robust financial resilience bolstered by ample reserves, low long-term liability burden consisting of debt and net pension liabilities, and moderate fixed costs. Michigan's cash, governmental reserves and rainy-day fund balance, combined, exceed previous highs due to conservative revenue forecasting and a disciplined approach to budgeting, reflecting the state's demonstrated commitment to directing nonrecurring revenues to one-time uses.

ACCESS REPORT

Tue 18 Jun, 2024

Massachusetts Bay Transportation Authority: Fitch New Issue Report

The 'AAA' rating on the Massachusetts Bay Transportation Authority's (MBTA) senior dedicated sales tax bonds reflects the strong standalone credit quality of the dedicated portion of the commonwealth's sales tax allocated to the MBTA. The rating incorporates leverage limitations that provide structural resilience, in light of a sizable ongoing borrowing program and relatively strong revenue growth. The bonds are insulated from both the operations of the MBTA and the commonwealth, allowing for a rating distinct from MBTA operations and linked to, but not capped by, the commonwealth's 'AA+' Issuer Default Rating (IDR).

ACCESS REPORT

Thu 20 Jun, 2024

Metropolitan Transportation Authority, New York: Fitch New Issue Report

Expectations for pledged payroll taxes and certain transportation fees reflect the large, diverse and wealthy economic base of the Metropolitan Commuter Transportation District (MCTD). The payroll component constituted an estimated 89% of receipts in 2023 and will constitute a larger share following the July 2023 rate increase. Pledged receipts are economically sensitive, particularly the component levied on regional payrolls, but the bonds' structure supports resilience against revenue volatility at a level consistent with a 'aaa' assessment. A statutory prohibition against a Metropolitan Transportation Authority (MTA) bankruptcy filing, the allocation of dedicated revenues to the MTA without appropriation and the state legislature's ability to change the taxable base eliminates MTA operating exposure and caps it at the state's Issuer Default Rating.

ACCESS REPORT

Fri 21 Jun, 2024

Los Angeles Is Borrowing $150 Million to House Thousands of Its Homeless.

- **City plans to raise funds by selling municipal debt on June 24**
- **Unhoused population is up 63% since 2016 vote to tackle crisis**

Los Angeles plans to issue $150 million of municipal debt next week to raise money for housing construction as it moves to ease a mounting homelessness crisis in the second-most populous US city.

The sale is part of a $1.2 billion city bond measure — Proposition HHH — that voters approved in 2016. It was designed to develop permanent, rent-stabilized housing for some of the city's residents most in need. Proceeds of this month's borrowing will finance the construction of 2,574 units, bond documents show. Ultimately, the financing earmarked through HHH is expected to provide residences for as many as 16,000 people.

The city of 3.8 million has been pouring money into addressing a growing homelessness emergency that's been magnified by soaring rents and stagnant incomes in the wake of the pandemic. Some 46,260 people in Los Angeles were unhoused in 2023, up almost a third from before the pandemic and 63% from eight years ago when the measure passed, the Los Angeles Homeless Services Authority estimates. Combining the city and county, Los Angeles trails only New York City in terms of the size of its homeless population, federal data show.

Continue reading.

Bloomberg Markets

By Maxwell Adler and Ali Juell

June 18, 2024

Trial Over Austin's Project Connect Financing Model Halted by Appeal from Texas AG.

Lawyers in the Texas attorney general's office filed an appeal in a Travis County courtroom Monday, halting the trial to determine whether the funding model for Austin's planned multibillion-dollar light rail is allowed under state law.

Project Connect, which was approved by voters in 2020 with an increase of more than 20% in the city's maintenance and operations property tax rate, originally was to include several transit projects and miles of light rail — the centerpiece of the proposition, which supporters lauded as a generational investment in Austin's transit infrastructure.

Plans for the light rail portion of the project have since been scaled down to under 10 miles, and construction is estimated to cost more, city and Austin Transit Partnership leaders have said. The

Austin Transit Partnership is a local government corporation established by the city and Capital Metro to plan and build the light-rail system.

Continue reading.

Austin American-Statesman

by Ella McCarthy

June 17, 2024

S&P on California Groundwater: Tulare Lake Subbasin's Probation May Herald More Restrictions, Rating Changes

A California groundwater subbasin's probation placement could pressure the revenue and pricing power of 40 San Joaquin Valley municipal water, sewer, and utility districts. S&P Global Ratings also believes it could influence agricultural output, depress land value, raise water production costs, and ultimately force land out of agricultural use and raise household bills.

Continue reading.

13 Jun, 2024

S&P Pension Spotlight: Massachusetts

Key Takeaways

- Massachusetts' largest commonwealth and regional pension systems are comparably poorly funded, and the commonwealth has mandated that government pension plans be fully funded by 2040.
- Pension plan funding schedules include large annual contribution increases and elevated discount rate assumptions. We believe that contribution costs will continue to outpace local governments' budgetary growth, pressuring many municipal budgets, especially those with limited tax base growth or little revenue raising flexibility under Proposition 2 ½ limits.
- Many local governments do not plan to fund their other postemployment benefits (OPEBs) until their pension system is fully funded, resulting in liabilities that rise in tandem with budgetary and funding risk.
- We will evaluate, on a case-by-case basis, the influence rising pension contributions within municipal and state budgets have on our ratings.

Continue reading.

17 Jun, 2024

[Fitch: Securing Funds Key to MTA Credit in Wake of NYC Congestion Pricing Pause]

Fitch Ratings-New York-11 June 2024: Fitch Ratings does not anticipate taking near-term negative rating action on the Metropolitan Transportation Authority's (MTA) 'AA'/Stable Issuer Default Rating (IDR) in response to New York State Governor Hochul's decision to pause the MTA's New York City congestion pricing plan. The governor and state legislative leaders have emphasized the state's strong commitment to support and find alternative revenue sources for the MTA. This aligns with Fitch's view that the MTA has a close fiscal relationship with the state (AA+/Stable), as assessed under our Government-Related Entities (GRE) Rating Criteria, which explicitly recognizes the likelihood of support.

The MTA's operating outlook remains stable, reflecting an improved fiscal outlook largely driven by the state's increase of the maximum rate of the Payroll Mobility Tax (PMT) last year. However, the indefinite suspension of congestion pricing creates significant uncertainty for the MTA capital program only months after the agency announced it was halting all new construction contracts due to lawsuits against congestion pricing. Extended delays in replacing the lost revenue from the congestion plan could weaken Fitch's assessment of the state's support of the MTA under the GRE criteria and negatively affect the MTA's Standalone Credit Profile and IDR.

Congestion pricing, which was to begin on June 30, 2024, was expected to raise $1 billion in annual revenue to support $15 billion in borrowing capacity, or approximately half of the approximately $30 billion of remaining project costs under the MTA's current $51.5 billion 2020-2024 capital plan. Congestion pricing as a bond financing vehicle was itself not without uncertainty, lacking a proven revenue history for a first-of-its-kind system in the U.S. Nevertheless, the delay will postpone various projects including signal upgrades and replacement, the purchase of new railcars and electric buses, and ADA accessibility projects.

Fitch does not view the loss of proceeds from congestion pricing as a near-term liquidity challenge for the MTA. Per Fitch's GRE criteria, the MTA's IDR reflects an 'extremely likely' score assessment that the state would support the MTA in case of need. However, extended delays by the state in establishing a long-term revenue solution threatens the MTA's ability to effectively execute its 2020-2024 capital program. This could have long-term ramifications for system performance and ridership, which is still only at about 70% of pre-pandemic levels on most weekdays. An extended delay could also lead Fitch to reassess the state's propensity to provide support in the future, which would result in a negative rating action on the MTA's IDR.

Long-term replacements for congestion pricing project revenues could include new or expanded state or regional taxes and fees or a limited draw on state resources. The state legislature adjourned this weekend without deciding on an alternative long-term funding source with the next regular session starting in January 2025. However, the governor can convene an extraordinary session before then.

The MTA, through its Triborough Bridge and Tunnel Authority (TBTA), has a $544 million contract with Transcore to design, build, operate and maintain the tolling program. Congestion pricing infrastructure, including gantries and license plate readers, is already in place, supported with $193 million in TBTA bond anticipation notes (A+/Stable). Although TBTA intended to take out the bond anticipation notes with debt backed by congestion toll revenues, Fitch's rating conservatively assumes the bonds will be rolled over to long-term TBTA revenue bonds (outstanding senior and subordinate bonds rated 'AA-'/'A+' Stable).

The MTA's CEO recently stated the authority intends to continue pursuing congestion pricing, including challenging outstanding lawsuits. The governor's decision may face litigation alleging violations of the 2019 Traffic Mobility Act, which mandated that the MTA create the congestion pricing program but without an explicit deadline. The MTA board, which is scheduled to meet on June 26, has stated it cannot proceed with congestion pricing without the consent of the state under applicable federal law and regulation. This appears to address questions related to the MTA board's legal standing to suspend congestion pricing.

S&P Bulletin: Postponement Of Congestion Pricing Could Strain Revenue Sources For Metropolitan Transportation Authority, NY

NEW YORK (S&P Global Ratings) June 7, 2024–S&P Global Ratings said today that the likely indefinite postponement of the Metropolitan Transportation Authority, N.Y.'s (MTA) central business district tolling program (CBDTP) increases uncertainty regarding funding sources for MTA's current and next multiyear capital plan. At the same time, the postponement could eliminate the risk of lower traffic on MTA's bridges and tunnels.

As a result of these two developments, we don't anticipate revising the MTA's transportation revenue bonds (TRB) rating or outlook (A-/Positive) at this time. However, we are expecting MTA's upcoming July and November financial plans to provide clarity on this funding shortfall. We also anticipate the MTA will release the cost and funding plan for its next multiyear capital program this fall.

We also do not expect to change our rating on MTA's payroll mobility tax bonds (AA+/Stable), given that the pledge of revenues consists mainly of employer mobility tax collected from private- and public-sector employers within the Metropolitan Commuter Transportation District and is not dependent on MTA's operation or ridership levels.

Continue reading.

7 Jun, 2024

New York's MTA Braces for Higher Borrowing Costs With Toll Halt.

- **Debt service may increase by $300 million without new funding**
- **MTA may need to sell farebox bonds sooner than anticipated**

While delaying New York City's congestion pricing initiative blew a $15 billion hole in the Metropolitan Transportation Authority's capital program, it also may strain the transit agency's operating budget.

The MTA, which runs the city's subways, buses and commuter rail lines, was counting on $1 billion of new revenue each year from motorists paying a new toll to drive into Manhattan's central business district. The MTA would then issue new congestion pricing bonds to provide $15 billion to modernize the more than 100-year-old system.

Selling the congestion pricing bonds would have allowed the MTA to postpone issuing debt that's repaid from its operating budget, giving that spending plan some breathing room as it works to increase ridership before taking on more debt. But without congestion pricing bonds or an alternative revenue source, the MTA says it will need to sell such debt earlier than planned. That means debt-service costs would increase sooner than anticipated by as much as $300 million a year, the MTA has warned.

Continue reading.

Bloomberg Markets

By Michelle Kaske

June 12, 2024

Palm Beach Seeks $95 Million Bond to Help House Service Workers

- **Wealthy transplants mean housing costs have nearly doubled**
- **An income up to $137,620 can qualify for subsidized housing**

Florida's Palm Beach has lured some of the world's wealthiest and most powerful people with its palatial, oceanfront estates home to presidential hopefuls, hedge-fund titans and real-estate tycoons.

Now, one of the nation's richest counties is asking investors for $95 million to make sure teachers, firefighters and garbage men have a place to live there too.

Palm Beach County is expected to offer property-tax backed municipal bonds to finance low-interest loans for developers building affordable and workforce housing. The deal, slated to price on Tuesday, is part of a larger $200 million package voters approved in 2022 to respond to one of the most acute housing crises in the US.

Continue reading.

Bloomberg Markets

By Maggie Eastland

June 17, 2024

MarketAxess Announces First Portfolio Trade for Tax-Exempt Municipal Bonds.

New tool brings e-trading efficiency and certainty of execution to muni baskets of up to 1,500 CUSIPs

NEW YORK, June 13, 2024–(BUSINESS WIRE)–MarketAxess Holdings Inc. (Nasdaq: MKTX), the operator of a leading electronic trading platform for fixed-income securities, today announced the platform's first ever portfolio trade for tax-exempt municipal bonds. The portfolio trade was executed earlier this month between a large bank and a large asset manager.

The new Portfolio Trading for Tax-Exempt Munis tool allows clients to send lists to multiple counterparties or a single dealer, negotiating price improvements and trading discreetly on a diversified basket of Tax-Exempt Munis in one singular point of transaction. Clients can load portfolio trades manually or utilize straight-through-processing via their OMS. Once loaded, clients can see instantly the changes in portfolio metrics, any impact on the portfolio's overall market value and utilize MarketAxess' technology to make split-second decisions on portfolio composition and pricing. During the portfolio negotiation process, clients also have the option to counter or remove individual line items for optimal execution.

Daniel Kelly, Head of Municipal Securities at MarketAxess, commented, "The portfolio trading tool was among the most requested enhancements to our Municipal bond franchise. Now muni traders can finally experience the same efficiency their counterparts in the corporate bond market have enjoyed for years—the flexibility to negotiate on individual line items without sacrificing certainty of execution for up to 1,500 unique CUSIPs in a single transaction.

With the launch of our automated execution suite of tools for munis last year and now, portfolio trading—we are proud to be delivering the innovation municipal market participants have asked for, and needed, to effectively scale their businesses," he continued.

MarketAxess is one of the fastest growing electronic marketplaces for muni bonds. Last month, MarketAxess accounted for 8.1% estimated market share of municipal bonds—up from 5.6% the year prior—and representing $577 million in average daily volumes.

For more information on MarketAxess muni solutions, visit:
https://www.marketaxess.com/trade/municipal-bonds

Thu, Jun 13, 2024

[Troubled Pennsylvania Hospital Chain Preps $1 Billion Debt Swap.]

- **Proceeds of new debt sale will be used for working capital**
- **Tower Health expects to reach profitability this year**

Struggling Pennsylvania hospital chain Tower Health plans to exchange current debt and raise additional funds as it pursues a turnaround.

The system, trustee and bondholders of about $992 million in debt are supporting an exchange of "substantially all" existing bonds, according to a May 31 agreement that Tower Health disclosed in a filing Monday. The system also plans on selling $142.5 million of new municipal bonds for working capital. The finalized agreement will close in August, according to a spokesperson for Tower Health.

"This agreement secures substantial liquidity support and provides a longer-term window to advance our continued financial turnaround efforts," Tower Health said in an emailed statement.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

June 3, 2024

[The Superior Court of California Invalidates the HOME Act: Seyfarth Shaw]

Several cities in California successfully petitioned for a writ of mandate seeking the invalidation of California Senate Bill 9 (the HOME Act).

On April 22, 2024, the Superior Court of California for the County of Los Angeles granted the cities' petition on the basis that SB 9 violates the California Constitution because the act is not "sufficiently narrowly tailored to … ensure access to affordable housing."[i] *City of Redondo Beach et. al, vs. Rob Bonta, in his capacity as California Attorney General, et. al. Superior Court of California, County of Los Angeles (Case No. 22STCP01143).*

In short, the Court held that even if single family residential lots would presumably be more easily subdivided (by means of regulatory changes brought about by the HOME Act, as we discuss next), affordable housing may not result.

Continue reading.

by Gordon F. Peery

May 30, 2024

Seyfarth Shaw

Orrick: Nearly $725 Million in Bond Proceeds to Finance New Replacement Passenger Terminal at Hollywood Burbank Airport

The authority that operates Hollywood Burbank Airport has closed on $724.78 million in bonds to help finance construction of a new passenger terminal.

Orrick represented the Burbank-Glendale-Pasadena Airport Authority as bond and disclosure counsel in issuing 2024 Series A, B and C Airport Senior Revenue Bonds.

The final pricing terms resulted in a true interest cost of 4.54% and total net debt service of $1.32 billion, the authority said in a statement.

THE AUTHORITY

The Burbank-Glendale-Pasadena Airport Authority is a government agency created under a joint powers agreement between the cities of Burbank, Glendale and Pasadena for the sole purpose of owning and operating Hollywood Burbank Airport.

THE IMPACT

The financing will support a new 14-gate passenger terminal at Hollywood Burbank Airport.

More than 100 institutional investors participated in the transaction.

"The Authority and its financing team believe the overwhelming reception for the bonds by the investment community provides a strong foundation for a second bond issue, anticipated to occur in

2026, to complete funding of the (Replacement Passenger Terminal) Project," says Felicia Williams, President of the Authority.

The replacement terminal is scheduled to open in October 2026.

THE TEAM

Orrick's Larry Sobel and Jenna Magan led the team advising the authority. The team also included Les Krusen, Sean Baxter and Cathleen Chang.

May.31.2024

How Debt Ate Chicago.

Mounting liabilities are the greatest threat to the city's survival.

A fight broke out late one Saturday night, or, more accurately, early Sunday morning, at a bar on Chicago's South Side. Someone called the police just after 4:30 AM. But the police didn't come. The fight soon moved outside; one man issued a threat, got into his car, and then plowed it into the crowd, just before five o'clock. Three people were killed. Still no police. An officer wasn't dispatched until 5:20 and didn't arrive until more than an hour after the original call.

Chicago faces a dire police shortage. (See "Can We Get Back to Tougher Policing?,") Over half of high-priority 911 calls had no cops available to respond. One important reason is that the city is now allocating almost half of its budget to debt and pensions, leaving ever less for essential services, including public safety. The municipal government is acting more like a conduit channeling money from residents to check-collectors than a protector of its citizens' rights and liberties.

Chicago has dominated America's heartland since the late nineteenth century. As the City of the Big Shoulders, it has been a place whose self-reliance and drive allowed it to compete with coastal metros boasting more obvious advantages. Chicago's landscape and weather may leave something to be desired, but the city's combination of cosmopolitanism and localism, embodied in its diverse neighborhoods, has helped give it a distinctive American personality. Yet bad services, corrupt politics, and elevated crime have made life in Chicago increasingly unpleasant, all worsened by the city's parlous finances.

Continue reading.

City Journal

by Judge Glock

Spring, 2024

Illinois Debt Penalty Shrinks as 'Unexciting' Budget Passes.

- **Fiscal 2025 budget heads to Governor Pritzker for signature**
- **State has 'come a long way' narrowing gap with peers: Schoback**

Illinois is closing the gap with its peers in the municipal-bond market as investors herald the passing of an on-time budget and a broad improvement in the state's fiscal standing.

The extra yield that investors demand on Illinois debt shrank on Wednesday toward the lowest levels of 2024 as lawmakers approved a $53 billion budget for the year starting July 1, a sign pressure is easing on the US state with the weakest credit rating.

The budget was the tightest in several years and led to back and forth in the two Democrat-controlled chambers about how to balance revenue with rising costs. But there were none of the kind of fireworks Illinois has exhibited in past years, such as in the budget impasses seen from 2015 to 2017, said Ty Schoback, a senior municipal research analyst for Columbia Threadneedle Investments.

Continue reading.

Bloomberg Markets

By Shruti Singh

May 29, 2024

Yale University's Hospital System to Sell $670 Million of Debt.

- **Connecticut chain is returning to muni market like its peers**
- **Half of the proceeds will be used on capital projects**

Yale New Haven Health System is slated to join a flurry of hospitals issuing municipal bonds this year.

The Connecticut-based chain affiliated with the Ivy League university plans to borrow about $670 million next month. Half of the proceeds from the debt sale will be used for its capital-spending program, which includes a neurosciences center, said Dana Marnane, a spokesperson for the system, in an email.

Hospital borrowing in the state and local government debt market has boomed this year, with deals already running at more than triple the rate of 2023, and more bond issuances are expected. Many of the larger systems are seeing their finances stabilize after the upheaval of the pandemic, though they've had to adjust to much higher costs for labor and supplies.

Continue reading.

Bloomberg

By Lauren Coleman-Lochner

May 30, 2024

[Bank of America Backtracks on Lending Ban to Some Gunmakers.]

- **Ban ends on loans to makers of assault weapons for civilians**
- **Policy pullback comes as Florida, Texas hit banks in ESG fight**

Bank of America Corp. is loosening restrictions on lending to the firearms and energy industries amid pressure from anti-ESG politicians in Texas and Florida.

The bank backed off its ban on lending to companies that make assault-style guns used for non-military purposes. Rather, the firm will make such decisions on a case-by-case basis with senior risk officers, according to its latest environmental and social risk policy framework. The Charlotte, North Carolina-based bank also made similar changes to its energy lending policies — it no longer has a blanket ban on financing for Arctic drilling.

“Certain client relationships or transactions that carry heightened risks go through a due diligence process that involves senior level risk review,” a Bank of America spokesperson said in an emailed statement. “We recently detailed that in our updated risk policy framework.”

Continue reading.

Bloomberg Markets

By Amanda Albright

May 31, 2024

[Philadelphia Arts College With $50 Million of Muni Debt to Shut.]

- **The University of the Arts is the latest to announce closure**
- **School was in fragile financial state with enrollment dip**

University of the Arts, a private college in Philadelphia that trains future animators and dancers with roughly $50 million of municipal debt outstanding, is abruptly closing after its finances deteriorated.

The college, founded in 1876 with about 1,200 full-time students, announced on Friday that it would close on June 7, marking the latest college to announce plans to do so this year. The school’s campus is located in a historic arts district of Philadelphia.

“Like many institutions of higher learning, UArts has been in a fragile financial state, with many years of declining enrollments, declining revenues, and increasing expenses,” Judson Aaron, chair of the board of trustees, and Kerry Walk, president of the college, said in a statement dated May 31. “We are struggling to make sense of the present moment.”

Continue reading.

Bloomberg Markets

By Amanda Albright

June 3, 2024

Texas Capital Securities Launches Public Finance Division, Taps Veteran Investment Banker to Spearhead Expansion.

Steve Genyk has joined Dallas-based Texas Capital Securities as Managing Director and Head of Public Finance. The investment banker, formerly head of public finance at UBS Financial Services, will build out TCS's new Public Finance business.

Launched in 2022, Texas Capital Securities initially focused on corporate and mortgage sales/trading services. The new public finance division will provide municipal underwriting services to governments, nonprofits, and institutions in Texas and across the country.

The announcement was made by Texas Capital Bancshares, the parent company of Texas Capital.

Texas Capital President & CEO Rob C. Holmes said the expansion to serve municipal and public finance clients was "the next logical step to ensure Texas Capital remains the first call for companies and institutions" across the state.

"We're particularly excited about our prospects in public finance thanks to potential synergies with Texas Capital's well-established Government, Nonprofit and Institutions corporate banking group," he said in a statement.

Holmes emphasized that "Texas cities, towns, schools and other institutions should be served by Texas-based municipal dealers and advisors," adding that TCS is proud to extend its full-service platform to the government and public finance sector.

Holmes called Genyk's appointment a "significant milestone" for Texas Capital as it continues to expand its corporate & investment banking capabilities. "Municipalities, nonprofits, and other municipal issuers in the state of Texas deserve to have a firm that makes decisions locally," he said.

Genyk, who is based in Dallas, comes to Texas Capital from UBS Financial Services, where he held several leadership positions, including head of public finance, head of institutional middle markets and head of municipal trading.

As head of public finance, TCS said Genyk brings a proven track record of business building in the public finance sector and a shared obsession for client service. The company said Genyk's addition underscores its commitment to being a full-service financial services institution equipped to serve the state, cities, schools, and institutions of Texas and beyond.

"It's an honor to join Texas Capital as it continues to build the premier full-service financial services firm headquartered in Texas," Genyk said in a statement.

The new managing director looks forward to "building on the track record of innovation at TCS with the successful launch of our Public Finance business, partnering with the other firms conducting municipal business in this great state, and serving our clients with diligence and integrity."

TCS said Genyk brings more than three decades of comprehensive leadership experience in the financial industry to his new role.

Before joining UBS, Genyk was head of fixed-income capital markets at Janney Montgomery Scott LLC and SVP of financing services at Philadelphia Industrial Development Corp. Genyk also held the role of managing director of public finance at Bear, Stearns & Co.

DALLAS INNOVATES

BY LANCE MURRAY • MAY 17, 2024

Quincy Preston contributed to this report.

Texans Face Higher Taxes Due To a Republican Fight With 'Woke' Banks.

"Banks should act like banks, not like political activists that are hostile to our state, our citizens, and our economy." Those are the words of Ken Paxton, the attorney general for the State of Texas. If only Paxton would abide a variation of his advice for banks, whereby Republicans would act like Republicans, and not act in hostile fashion toward businesses that operate in the state of Texas. Alas, Paxton isn't abiding the proposed variation.

Instead, he's supported legislation in the Lone Star State dating back to 2021 that disallows governmental bodies in Texas from doing business with financial institutions seen as hostile toward or taking a stand against firearms or fossil fuels. Put another way, Paxton and other Texas pols are using swagger not their own to bully financial institutions operating within Texas to do the kind of business they think they should do.

Up front, politicians harassing businesses isn't a huge surprise. That's the way of things, or frequently the way of things among Democrats. Except that Paxton et al are yet again Republicans. Which lends the story a man-bites-dog quality. Republicans don't do this, do they?

Continue reading.

Forbes

by John Tamny

May 21, 2024

Posh Florida Care Facility to Borrow $260 Million for Expansion.

- **Shell Point Retirement plans to build a new 14-story tower**
- **Hurricane Ian hit operator with up to $85 million in damages**

The largest single-site, not-for-profit retirement community in the US is selling municipal bonds to finance an expansion, less than two years after Hurricane Ian caused as much as $85 million of damages.

Fort Myers, Florida-based Shell Point Retirement Community plans to borrow about $260 million to build a new tower with independent-living units, plus a 152,000 square-foot "town center" facility. The new community center will also be a hurricane-grade shelter, said Burke Rainey, Shell Point's chief financial officer.

Retirement communities with land to build are adding independent-living units "because that's what's driving their businesses right now, higher occupancies, for which they generally receive an entrance fee," Richard Scanlon, senior managing director at B.C. Ziegler and Company, said.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

May 22, 2024

Florida's 125% Surge in Property-Insurance Bills Sows Havoc.

- **Mounting costs push assisted-living centers in state to brink**
- **'We are headed into a train wreck,' one operator says**

For Filicia Porter, the insurance bills were the final straw. They'd been climbing steeply for her assisted-living business as Florida was battered with ever more-powerful storms, and eventually, the numbers stopped adding up.

So in March, she finally decided to call it quits, shutting the facility near Palm Beach that she opened just two years ago. That came four months after she closed an older location in Port St. Lucie, opened in 2017. Together, they left a dozen residents scrambling to find another place to live.

"Each year you see a rise. Why pay more?" said Porter, who first started The House of Cares to capitalize on the burgeoning demand for elder care as baby boomers flooded into the Sunshine State. But now, as her premiums soared on top of all her other costs, she just couldn't "continue to deplete" herself.

Continue reading.

Bloomberg Green

By Lauren Coleman-Lochner and Melina Chalkia

May 20, 2024

NY's MTA Mulls Replacing Build America Bonds With Lower-Cost Debt.

- **Transit agency has $3.73 billion of BABs outstanding**
- **MTA seeks to use special provision to refund BABs for savings**

New York's Metropolitan Transportation Authority is considering refunding at least a portion of its $3.73 billion of taxable Build America Bonds into tax-exempt debt, even as some investors push back against such transactions.

The MTA's board is set to meet this Wednesday and could give the transit agency the authority to refinance its BABs if officials see an opportunity to reduce debt-service costs, according to MTA board documents. The transit agency, which runs New York City's subways, buses and commuter rail lines, has yet to announce a potential refunding sale.

BABs are taxable municipal securities that were sold in 2009 and 2010. The federal government originally said it would cover 35% of the interest costs on the securities but has since lowered that subsidy through sequestration. Some issuers claim that a subsidy cut is an extraordinary event, which allows them to use an optional redemption provision to refinance the debt at a lower cost.

State and local governments have been refinancing their BABs this year by using that provision. The MTA also believes it can use that option rather than refund through a make-whole call, which is more expensive for an issuer.

"Based on MTA staff review and outside legal advice, a material adverse change to certain sections of the Internal Revenue Code, which resulted in the decrease in the cash-subsidy payments to MTA and TBTA caused by sequestration, constitutes an 'extraordinary event'," according to MTA board documents, referring to the Triborough Bridge and Tunnel Authority, which the MTA oversees.

The Regents of the University of California in March closed a $1 billion refunding deal that refinanced BABs for tax-exempt munis even after investors questioned the legality of the transaction. Some bondholders risk taking a loss in such refundings as the cash payment may be lower than what they originally paid to buy the bonds.

The Municipal Securities Rulemaking Board last month warned investors of the risks in buying BABs that are trading at more than 100 cents on the dollar as some issuers are buying back the securities before they mature.

Bloomberg Markets

By Michelle Kaske

May 20, 2024

— With assistance from Nic Querolo and Amanda Albright

Teachers, School Boards Threaten to Sue Over Gov. Newsom's Fix for Revenue Shortfall.

Powerful organizations argue governor would address immediate problem but deny schools additional funding they're entitled to

Two powerful education groups' opposition could derail Gov. Gavin Newsom's plan to fix a massive state budget shortfall for TK-12 schools and community colleges and lead to litigation this summer with an unpredictable outcome.

The dispute is over Proposition 98, the 35-year-old, complex formula that determines how much money schools and community colleges must receive annually from the state's general fund. Newsom says he's complying with the law while largely sparing schools and community colleges the larger budget cuts facing UC, CSU and non-educational parts of state government.

To which the California School Boards Association and the California Teachers Association say, "Thanks, but no thanks."

Continue reading.

EDSOURCE.COM

by JOHN FENSTERWALD

MAY 18, 2024

Alaska's New 'Green Bank' Hopes to Improve the Financial Case for Renewable Energy.

Alaskans looking to invest in solar panels or other renewable energy infrastructure for their homes will likely have some new options in the next few years. The state is setting up a new "green bank" that aims to help Alaskans keep their power costs down and speed the transition to renewable energy.

The legislation creating Alaska's green bank hasn't been signed into law yet — it's awaiting a few final checks before Gov. Mike Dunleavy's signature — but Chris Rose, who has led the nonprofit Renewable Energy Alaska Project for two decades, is excited.

"I think the green bank can actually play a pretty big role in helping people get upfront capital to do the kinds of projects that they want to do, but they just don't have that money," Rose said in a phone interview.

Continue reading.

By Eric Stone, Alaska Public Media – Juneau – May 23, 2024

BNP Bond Desks Stop Offering Regular Oil and Gas Deals.

- **Bank no longer doing conventional bond sales for sector**
- **Development follows stricter ESG rules, climate lawsuit**

BNP Paribas SA, the European Union's biggest bank, has effectively ceased underwriting bonds for oil and gas producers, representing one of the most dramatic crackdowns on fossil fuels among the world's major financial firms.

BNP is no longer participating in conventional bond sales for the sector, according to clarifications provided by the bank in connection with its annual general meeting on Tuesday. The lender, which hasn't formulated an official policy on the matter, told Bloomberg separately that the practice currently applies to all upstream activities.

BNP has gradually been limiting oil and gas clients' access to financing as the bank contends with ever stricter ESG regulations in Europe, as well as a lawsuit brought by climate activists last year. At the same time, BNP has continued to step up its presence in sustainable finance, and is now the biggest underwriter of green bonds globally, according to data compiled by Bloomberg.

Continue reading.

Bloomberg

By Natasha White

May 14, 2024

Texas State University System Board of Regents (TX): Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'aa' Sound Growth Prospects for System; Strong State Funding Support TSUS serves students across seven campuses in several regions of the state of Texas (AAA/Stable). Its student base has generally tracked flat to modest growth in recent years, although full time enrollment (FTE) rose by a robust nearly 5% yoy to 69,936 in fall 2023 (fiscal 2024) or 91,334 in headcount. Applications are reportedly up year-to-date for fall 2024, and further TSUS enrollment expansion is anticipated by management over the next few years. Management reports student housing occupancy remains strong (96% in fall 2023) at nearly all of TSUS' four-year institutions, bolstered in part by limitations inherent in a low inventory of student housing. Fitch expects sound demand fundamentals will generate similar trends over the intermediate term. TSUS' revenue base is strong and fairly diverse, with additional pricing power, if needed. The system also benefits from the state's strong funding framework for operations and capital. Net tuition/fees and auxiliary revenue contributed a more typical 45% of fiscal 2023 adjusted total operating revenues, followed by 28% from state appropriations.

ACCESS REPORT

Fri 17 May, 2024

Texas Capital Hires Ex-UBS Banker to Head New Muni Practice.

- **Steve Genyk starts as bank's head of public finance in Dallas**
- **State's No. 4 bank swoops in as recent laws crimp Wall Street**

Texas Capital Bancshares Inc. has hired a former UBS Group AG executive to build out its municipal bond desk.

Steve Genyk, who most recently served as head of public finance at UBS before it shuttered much of its muni division, will lead a newly formed group devoted to state and local government debt, according to a release announcing the hire. He will be based in Dallas.

The move is the first step in Texas Capital's entry into the underwriting of municipal bonds, an industry that's been recently upended in Texas because of legislation targeting some Wall Street banks' stances on environmental, social or governance causes.

"The expansion of our broker dealer to serve municipal and public finance clients was the next logical step to ensure Texas Capital remains the first call for companies and institutions across our state," Chief Executive Officer Rob Holmes said in a statement. Texas Capital is the state's fourth-largest commercial bank and has recently expanded its investment banking and wealth management services.

Rapid population growth in Texas and the subsequent need for updated infrastructure such as schools and airports make it a lucrative market for public finance bankers. Last year, Texas was the biggest market for muni sales, according to data compiled by Bloomberg.

However, the state's political backdrop has complicated the muni underwriting business for some banks. Certain firms have been barred from working on deals there due to a pair of Republican-backed laws targeting their energy and firearm policies. UBS was put on a state list of companies that it deems to "boycott" the fossil fuels industry in 2022, representing a blow to its muni group.

Attorney General Ken Paxton is currently reviewing banks' energy policies and could bar more national firms from the state's muni market. That may create an opportunity for smaller firms to gain market share.

Bloomberg Markets

By Shelly Hagan and Amanda Albright

May 15, 2024

Dimon Met With Texas AG as State Bans Banks Over ESG Policies.

- **The April meeting with the JPMorgan CEO took place in New York**
- **Banks are being examined for their stance on oil and gas**

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon met with Texas Attorney General Ken Paxton as the Republican official threatens to bar more banks from helping the state and its local governments sell bonds to raise funds for projects.

Dimon and Paxton met in New York in April, according to a person familiar with the meeting who is not authorized to speak on the matter and asked not to be identified. Staffers in the attorney general's office have been meeting with several bankers as they examine companies to determine whether they engage in a boycott of the oil and gas industry. Paxton has targeted members of the Net-Zero Banking Alliance, which includes JPMorgan.

"Jamie meets with elected officials all the time, but his message has been consistent on Texas: JPMorgan Chase is committed to the state in the long-term and to helping Texas remain a top energy producer," a spokesperson for the bank said in a statement. "We make independent business decisions and are not constrained by our memberships to any third-party organizations."

Continue reading.

Bloomberg Green

By Amanda Albright and Danielle Moran

May 13, 2024

New CA Bills Aim to Protect Water Rates, Charges from Prop. 218 Litigation: Brownstein

Lawmakers introduce tools to ease pressure from SGMA and infrastructure demands on public agency revenue powers

Adopted in 1996, Proposition 218 (and later Proposition 26 in 2010) amended the California Constitution to create limits, including voter approval requirements, around local and regional government revenue powers (taxes, assessments and fees). While the intent of these laws is clear, ensuring proper compliance is far more convoluted. The California State Legislature introduced three bills this session in an apparent effort to reduce the vulnerability of public agencies' revenue streams to legal attack.

Why now?

One major factor is the significant pending costs of infrastructure and service improvements that agencies are planning to implement to meet future water supply and reliability needs in the face of climate change and implementation of the Sustainable Groundwater Management Act (SGMA).

Along with the increased need to raise revenue, there are significant questions as to who should pay and how much. Using SGMA implementation as an example: how should costs for projects to mitigate subsidence, shrinking groundwater storage, seawater intrusion, declining groundwater levels, poor water quality and depleted interconnected surface water be allocated? Most would probably answer, "fairly." But what fair means is not always clear, even assuming there is sufficient data to determine the cause of these undesirable results. For example, how should project costs be allocated between:

Continue reading.

by Jena Shoaf Acos, Baltazar Cornejo and Laura K. Yraceburu

May 16 2024

Brownstein Hyatt Farber Schreck LLP

Southern California Public Power Authority (CA): Fitch New Issue Report

The 'AA-' rating on Southern California Public Power Authority's (SCPPA) project bonds reflects the credit quality of the Los Angeles Department of Water and Power (LADWP; AA-/Stable), the sole project participant in the Apex Power Project. The rating is largely driven by the project's unconditional, take-or-pay contract terms in the power sales agreement (PSA) between the SCPPA and LADWP. Given the contract terms, the credit quality of LADWP is the most important rating driver, informed by the project's operational value to LADWP.

ACCESS REPORT

Thu 16 May, 2024

Great Lakes Water Authority (Sewer) - Fitch New Issue Report

The 'AA-' and 'A+' sewer revenue bond rating, along with the 'a+' Standalone Credit Profile, reflect the system's very strong financial profile in the context of its very strong revenue defensibility and very strong operating risk profile, both assessed at 'aa'. The system's leverage, measured as net-adjusted debt to adjusted funds available for debt service (FADS), was very low at 9.2x in fiscal 2023. Leverage is projected to peak at 9.7x in fiscal 2024 in Fitch's Analytical Stress Test (FAST) rating case, supporting the Positive Outlook. The revenue defensibility assessment considers Great Lakes Water Authority's (GLWA, or the authority) ability to reallocate any shortfalls from a non-performing customer to its performing customers via a rate increase and the overall strength of such customers. While Fitch Ratings considers the credit quality of Detroit Water and Sewerage Department's (DWSD) sewer system midrange, the authority's other large wholesale customers have stronger credit profiles, resulting in a strong aggregate purchaser credit quality (PCQ). The operating risk profile considers the system's very low operating cost burden, coupled with its favorable life cycle ratio, while recognizing continued robust capital plans.

ACCESS REPORT

Thu 16 May, 2024 – 4:47 PM ET

Great Lakes Water Authority, Michigan: Fitch New Issue Report

Great Lakes Water Authority (GLWA) has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the water and sewer services agreements in place with wholesale customers, the authority has the exclusive right to establish rates for the water service it provides. The authority has delegated to the city of Detroit its right to establish rates with respect to services provided to city of Detroit customers. In fiscal 2023, the system's operating cost burden was considered very low at $2,568 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 35% in fiscal 2023. The system had moderate leverage of 10.2x as of fiscal 2023, which is in line with historical performance of between 9.7x and 10.2x since fiscal 2019. GLWA provides wholesale water services to a population of approximately 3.8 million, or 38% of the state's population.

ACCESS REPORT

Fri 17 May, 2024

NJ's American Dream Mall Gets Boost as First-Quarter Sales Soar.

- **Quarterly sales jumped 27% compared to a year earlier**
- **They remain off pace from 2017 performance projections**

Sales at New Jersey's American Dream mega mall soared in the first quarter as consumers demonstrated continued demand following the busy holiday shopping period.

Gross sales for the mall's retail, attractions, entertainment, dining and parking rose 27% to just under $148 million in the first quarter compared to the same period a year earlier, according to a municipal bond filing.

Triple Five Group, the mall's owner, borrowed about $1.1 billion in the municipal bond market to help finance the $5 billion project. About $300 million of the securities, backed by New Jersey economic development grants sold to investors to fund the development, didn't make their February interest payment, according to a filing that same month, the fourth straight time that the semi-annual interest payment was missed.

Continue reading.

Bloomberg Markets

By Neil Callanan and Martin Z Braun

May 14, 2024

Pharrell Williams-Backed Surf-Park Project Gets Virginia Beach Funding.

- **Bonds sold by city's development authority on Thursday**
- **Project includes surf park, entertainment venue and retail**

Virginia Beach tapped the municipal bond market to help fund a surf-park development backed by multi-Grammy award winning artist Pharrell Williams.

The Virginia Beach Development Authority sold about $189 million of debt on Thursday with some of the bond proceeds financing the construction of a 3,500-person entertainment venue, parking facilities and land acquisitions, as well as other projects associated with the development.

The city had pledged some of its own cash to help build the $350 million enterprise called Atlantic Park, which will be anchored by the surf park and includes a multi-purpose event venue, residences, offices, retail space and restaurants. The project's developer — Venture Realty Group — had tapped muni investors for unrated, high-yield bonds early last year.

Continue reading.

Bloomberg Markets

By Nataly Pak

May 16, 2024

California Statewide Communities Development Authority: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'bbb' Maintenance of Leading Market Positions; Growing in Accretive Markets Adventist's revenue defensibility continues to be midrange, with solid positions in multiple markets, all of which exhibit stable-to-favorable population growth trends and socioeconomic characteristics. Adventist is a multistate provider, with system operations in four states and inpatient hospital facilities located in three states: California, Oregon and Hawaii, (with one retirement facility in Washington), although the vast majority of facilities are located in California. Operating Risk – 'bbb' Improved, but Challenged Performance in Fiscal 2023; Expected Operational Progress with Robust Capex Plan The system's operating risk assessment remains midrange with the expectation of adequate cost management opportunities to continue supporting improved operating performance. In fiscal 2023 (Dec. 31), Adventist recorded an operating loss of approximately $108 million, which is significantly improved from the prior period's $241 million operating loss in fiscal 2022. Fiscal 2023's improved operating performance translated into a better 3.0% operating EBITDA margin (up from 0.3%), and is in line with management's projections. Fitch anticipates operational performance to continue to track positively and reach between 6%-7% over the next 24 months, which should be attainable.

ACCESS REPORT

Wed 08 May, 2024

San Diego Unified School District, California: Fitch New Issue Report

The downgrade to 'A' from 'A+' reflects implementation of Fitch's new U.S. Public Finance Local Government Rating Criteria. The 'A' IDR incorporates the district's weak financial resilience ('bbb'), which reflects the relatively low five-year unrestricted fund balance (6.3% of spending) and limited budgetary flexibility. The district's long-term liability (LTL) composite includes the weak LTL associated with direct debt and Fitch-adjusted net pension liabilities as a percentage of residents' personal income (9.8%, 20th percentile), high fixed carrying costs as a percentage of governmental expenditures (approximately 20.0% of governmental expenditures; 19thpercentile) and high liabilities to governmental revenues (287%, 13th percentile). Demographic trend is weak (population growth is in the 22nd percentile) and the demographic strength composite is midrange (56th percentile), offset somewhat by the district's population with a bachelor's degree significantly above the national average. In addition, MHI is moderately above the Fitch portfolio average and the district's unemployment rate is just the 19th percentile

ACCESS REPORT

Thu 09 May, 2024

New Jersey Infrastructure Bank: Fitch New Issue Report

The 'AAA' bond rating reflects the ability of the New Jersey Infrastructure Bank's (NJIB, or I-Bank) Water Bank Program (WBP or the program) financial structure to absorb hypothetical pool defaults in excess of Fitch's 'AAA' liability stress hurdle without causing an interruption in bond payments. The F1+ assigned to the Environmental Infrastructure Extendable Commercial Paper (ECP) notes is mapped to the long-term debt rating of the WBP and is based on its program's superior market access granted by its 'AAA' bond rating.

ACCESS REPORT

Fri 10 May, 2024

[Dormitory Authority of the State of New York (School Districts Revenue Bond Financing Program): Fitch New Issue Report]

The ‘AA–’ program rating, two notches below the State of New York’s ‘AA+’/Stable Issuer Default Rating (IDR), reflects linkage to the IDR given the statutory ability to intercept available state school aid to provide funds to pay debt service on a timely basis if borrowers fail to make payments on the underlying loans to the Dormitory Authority of the State of New York (DASNY). Although annual state aid has provided coverage of pro forma maximum annual debt service for all participating school district borrowers, not all school districts participating in the program have historically received sufficient state aid in the time between when loan payments are due to DASNY and when debt service is due (intercept periods). There is no provision for advancement of aid that has been appropriated but not yet paid. There is a constitutional mandate for, and strong history of, state support for education. Fitch Ratings believes program management by DASNY, a key issuer for the state’s capital program, is a credit strength for this pooled financing program and mitigates the above-mentioned concerns, including around intercept periods.

ACCESS REPORT

Thu 09 May, 2024

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

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

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

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

“BlackRock continuously organizes its teams to better serve the market and our clients, and this week aligned our municipal bond investment team to help us accelerate processes, improve information sharing and drive performance,” a BlackRock spokesperson wrote in an emailed statement.

Continue reading.

Bloomberg Markets

By Martin Z Braun

May 6, 2024

[Muni Momentum Spurs Illinois to Speed Up $1.8 Billion Bond Sale.]

- **Demand allowed state to sell earlier as spread tightened**
- **Market rally and state's improved credit rating helped sale**

Illinois took advantage of an improving credit grade to speed up an $1.8 billion debt sale, bolstered by investors' hunger for yield amid a rally in the municipal market.

The state sold $1.55 billion in tax-exempt bonds and $250 million in taxable debt for capital projects and to finance an accelerated pension payment program on Tuesday. Illinois received more than $12 billion in orders, which includes $1.5 billion from retail investors, according to the state.

While the state is still the lowest rated in the US, it has earned nine credit rating upgrades in the last three years, pulling back from the brink of junk near the start of the pandemic. Illinois now carries three A-level grades.

Continue reading.

Bloomberg Markets

By Shruti Singh

May 8, 2024

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

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

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

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

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

Continue reading.

The Wall Street Journal

By Heather Gillers

May 4, 2024

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Amanda Albright

May 3, 2024

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

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

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

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

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

Continue reading.

Bloomberg Green

By Amanda Albright and Danielle Moran

May 1, 2024

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

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

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

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

So What Does That Mean for Dallas?

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

Continue reading.

Dallas Observer

By Emma Ruby

May 6, 2024

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

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

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

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

Brightline's Florida route where trains can reach speeds as fast as 125 miles per hour, is the first new US private passenger railroad in the US in more than a century. The railroad issued about $3.2

billion of municipal bonds as part of a debt restructuring and recapitalization last week. With backing from Fortress Investment Group, Brightline is also building a new, faster train line connecting Las Vegas to Southern California.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 30, 2024

Connecticut Waterfront Real Estate Project to Tap Muni Market.

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

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

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

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

Continue reading.

Bloomberg Industries

By Martin Z Braun

April 29, 2024

BlackRock Cuts Jobs in Muni Business Under New Leadership.

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

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

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

"BlackRock continuously organizes its teams to better serve the market and our clients, and this week aligned our municipal bond investment team to help us accelerate processes, improve information sharing and drive performance," a BlackRock spokesperson wrote in an emailed statement.

Continue reading.

Bloomberg Markets

By Martin Z Braun

May 6, 2024

State of Illinois: Fitch New Issue Report

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

ACCESS REPORT

Wed 01 May, 2024

Oklahoma Republicans Weigh Rolling Back Anti-ESG Law They Passed.

- **Oklahoma study shows anti-ESG law has caused higher debt costs**
- **The state's house is considering the Republican-backed bill**

Lawmakers in Oklahoma are having second thoughts about anti-ESG legislation that limits which Wall Street banks local governments can do business with.

A Republican-introduced bill that would narrow the scope of a state law that blacklisted financial firms for their restrictions on lending to oil, gas and coal companies, is making its way through Oklahoma's legislature.

The proposal comes as concerns mount that the 2022 law is driving up municipalities' borrowing costs in the state. Three major municipal-bond underwriters — Bank of America Corp., Wells Fargo & Co. and JPMorgan Chase & Co. — are on a state list of companies considered to "boycott" the fossil fuels industry.

A new study published Monday from the Oklahoma Rural Association — a group representing smaller communities — found that the state is incurring "avoidable" costs as a result of the law.

According to Oklahoma's Energy Discrimination Elimination Act, state agencies and political subdivisions can't contract with a company unless it provides a written verification that it doesn't boycott energy companies. In the 17 months since the law went into effect it's cost the state and its governments $185 million in additional expenses, the study estimated.

"This increase in borrowing costs imposes an unnecessary financial burden on Oklahoma municipalities, potentially forcing them to cut spending on important public services or infrastructure projects, or raise taxes," according to the report's author, Travis Roach, an economics professor at the University of Central Oklahoma. The estimate is conservative, he noted.

The GOP stronghold is one of a handful of US states, including Texas, that enacted legislation targeting environmental, social and governance corporate policies in recent years, driving upheaval in local muni markets. Bank of America, Wells Fargo and JPMorgan are among the six companies considered energy boycotters by Oklahoma's Republican State Treasurer Todd Russ. Since the law went into effect, the firms have seen their public finance business in the state dry up.

Bank of America was Oklahoma's top muni bond underwriter in 2021 and has since ceded its spot to Robert W. Baird & Co., according to data compiled by Bloomberg. JPMorgan and Wells Fargo – also once major underwriters in Oklahoma — have also seen their public finance business there dwindle.

'Free Market' Barrier

Roach's study compared the average coupon rate on muni bonds sold in Oklahoma against those of states without a similar law. He found that Oklahoma's coupon rates are now 59 basis points higher than they would have been if the law didn't pass.

"This number will continue to grow for as long as the EDEA policy restricts municipalities from participating in a free market and selecting banks that meet their economic needs," he said.

Oklahoma's Senate Bill 1510, would rein in the energy law so it only applies to state agencies and no longer applies to cities and counties.

The bill was introduced by Republican state senator Chuck Hall, who is the chief executive officer of Exchange Bank and Trust Co. He told the Oklahoma Voice that he didn't think the law should pre-empt local decision-making. The legislation has advanced to the state house.

John Collison, director of the Oklahoma Rural Association, said that the bill is a "step in the right direction" and the group hopes it passes. Still, he said he would like to see more work done on the issue.

"The ideal outcome would be to get back to where we were two years ago and let the lending institutions lend to cities and municipalities and the state of Oklahoma at the best rate possible," he said.

Bloomberg Green

By Amanda Albright

April 22, 2024

S&P Charter School Brief: North Carolina

Overview

As of April 23, 2024, S&P Global Ratings maintains six public ratings on North Carolina charter schools. North Carolina began allowing charter schools to operate after passing the Charter Schools Act of 1996. As of the 2023-2024 school year, North Carolina is home to 211 charter schools serving approximately 145,000 students, representing around 9% of all public school students in the state.

Although our six rated North Carolina charter schools represent a small sample size, we believe growing charter school enrollment, compared with that of traditional district schools, reflects increasing demand for charter school options in the state.

Continue reading.

23 Apr, 2024

Bears Request More Than $2 Billion in Public Money to Fund $4.6 Billion Stadium Project.

The Chicago Bears have some big plans for the new stadium they're looking to build to replace their longtime home of Soldier Field. Of course, they aren't planning to pay for it all themselves.

The team revealed reveal plans Wednesday for a $4.6 billion project to build a new enclosed stadium on the Lake Michigan lakefront area. The team is planning to pledge $2.025 billion to make it happen, leaving Illinois taxpayers on the hook for the remaining $2.6 billion.

For perspective, that works out to $183 per Illinois resident.

Continue reading.

Yahoo Sports

by Jack Baer & Liz Roscher

Wed, Apr 24, 2024,

Vegas-to-California $12 Billion Rail Line Kicks Off Construction.

- **Brightline West awarded $3 billion under infrastructure bill**
- **Fortress-backed rail refinancing some $4 billion for Florida**

Brightline West, a $12 billion high-speed rail project connecting Las Vegas to Southern California, broke ground Monday, the latest step in bringing high-speed rail to the US.

"People have been dreaming of high-speed rail in America for decades — and now, with billions of dollars of support made possible by President Biden's historic infrastructure law, it's finally happening," Department of Transportation Secretary Pete Buttigieg said in a statement.

The Fortress Investment Group-backed rail operator is projected to run 218 miles (about 350 kilometers) along the median of Interstate 15. Trains will be capable of running at speeds of 200 miles per hour, making it the first true high-speed rail line in the US. Amtrak's 457-mile Acela service on the East Coast tops out at 150 miles per hour and is variously labeled high-speed or "higher-speed."

The project has been in the works for years as Brightline — the operator of the first new US private passenger railroad in more than a century — seeks to expand its footprint outside of Florida.

Currently, the rail company is seeking to refinance roughly $4 billion in debt for its Florida line. Brightline plans to sell $2 billion of municipal bonds with some of the lowest investment grade ratings as well as about $1.25 billion of subordinate taxable debt.

Last year, Brightline West was awarded $3 billion in funding under President Joe Biden's Bipartisan Infrastructure Bill. The rest of the project will be privately funded and has also received a total allocation of $3.5 billion in private activity bonds from the US Department of Transportation.

"This is a historic project and a proud moment where we break ground on America's first high-speed rail system and lay the foundation for a new industry," said Wes Edens, Brightline founder. "Today is long overdue, but the blueprint we've created with Brightline will allow us to repeat this model in other city pairs around the country."

Bloomberg Industries

By Skylar Woodhouse

April 22, 2024

San Francisco's Sluggish Recovery Puts S&P Credit Rating at Risk.

- **Outlook on the city's debt cut to negative from stable by S&P**
- **Rating firm cites slow revenue recovery and swelling budget**

San Francisco's sluggish recovery from the pandemic, coupled with growing budgetary expenditures, threatens to deteriorate the city's ability to repay its debt, according to S&P Global Ratings.

The outlook on the city-county's outstanding general obligation and appropriation debt was cut to negative from stable this week by the ratings company. The weakness in the city's commercial real estate market and tourism activity were factors that drove the move, S&P said. Adding to the city's burdens, San Francisco's budget expenditures outpaced revenue growth in fiscal 2023.

"We believe management will be challenged to make the cuts needed to restore it to budgetary balance during the outlook horizon, which could lead to rating pressure if the city's general fund reserves decline precipitously," S&P said in a release.

Persistent work-from-home habits, inordinately expensive real estate, homelessness and crime are colliding to threaten the city's growth and its spot among the world's top-tier metropolises.

A change in outlook doesn't necessarily mean that the credit rating will be adjusted. However, a top credit rating is often a point of pride for public officials, and losing it could make it more expensive for the city to borrow in the municipal-bond market.

The ratings company also affirmed its AAA long-term rating and underlying rating on San

Francisco’s outstanding general obligation debt, citing ample general fund reserves that give the city-county room to weather projected deficits during the next two years.

Bloomberg CityLab

By Maxwell Adler

April 22, 2024

Gloria Vanderbilt’s Prep School Joins Boomlet in Muni Market.

- **An $11 million tax-exempt bond sold on behalf of the school**
- **Proceeds of sale to go to new eight-lane pool, other amenities**

The Wheeler School, where heiress Gloria Vanderbilt attended, is joining other elite private schools in taking on debt to spruce up its campus on a farm in Massachusetts.

The Massachusetts Development Finance Agency, an agency that sells debt on behalf of nonprofits, sold an $11 million tax-exempt bond for the school to build a new eight-lane pool, an outdoor splash pad and a nature-based early learning center at its campus in Seekonk, Massachusetts, according to a statement by the agency on Thursday.

It is the latest elite school to sell debt in an effort to enhance their campuses with bells and whistles. In Connecticut, Loomis Chaffee School sold bonds for campus projects in December, and the Brunswick School issued debt in the fall. Curtis School, a private school catering to wealthy Los Angeles residents, tapped the municipal market earlier this year.

Continue reading.

Bloomberg Markets

By Amanda Albright and Sri Taylor

April 25, 2024

Fortress-Backed Brightline Asks Investors to Bet on Florida Rail.

- **$2 billion of investment-grade muni debt may price next week**
- **Rail will need to raise more cash for California-Vegas line**

Brightline, the first new US private passenger railroad in more than a century, is betting it can lure more Floridians out of their cars — but first, it is refinancing roughly $4 billion in debt.

The Fortress Investment Group-backed rail is reshuffling its debt in advance of a July 1 interest payment that should provide breathing room to ramp up operations after the opening of its long-haul Orlando line fell behind schedule and ridership came up short of the firm’s own projections.

Success for Brightline hinges on convincing travelers to take the train all 235 miles (378 kilometers) to Orlando as the rail seeks to replicate Amtrak’s popular Acela service in the Northeast, without government subsidies.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 18, 2024

Florida’s High-Speed Rail Kicks Off $1.2 billion Junk-Debt Sale.

Florida’s high-speed rail system, Brightline, is tapping the US high-yield market with a $1.25 billion offering on Monday.

The Fortress Investment Group-backed railroad is selling six-year senior secured notes callable after three years, according to people with knowledge of the matter. The bonds — which are expected to price next week — are part of the rail line’s plans to refinance its roughly $3.9 billion debt load.

Morgan Stanley, the sole underwriter, had been sounding out investor appetite on the taxable junk bond at a yield of 10% to 11%, Bloomberg reported earlier this month. Interest has reached about $500 million for the deal at that yield range.

The offering is part of an expected $3.2 billion debt-refinancing package that includes proposed senior municipal bonds that may be issued this month by the Florida Development Finance Corp.

Earlier in April, the tax-exempt notes were assigned a S&P Global Ratings preliminary rating of BBB-, its lowest investment grade. The muni bonds also received preliminary designations of BBB- from Fitch Ratings and BBB from Kroll Bond Rating Agency.

Brightline is betting on replicating the model of Amtrak’s high-speed Acela service in the Northeast with better amenities. The railroad says travelers between Miami and Orlando — both big tourism destinations and business centers — can avoid the stress of a traffic-clogged four- to five-hour drive as well as the hassles of air travel.

American Journal of Transportation

By: Caleb Mutua | Apr 15 2024 at 08:55 AM | Intermodal

–With assistance from Gowri Gurumurthy and Martin Z. Braun.

California’s Debt Continues to Grow.

After borrowing billions from the federal government to pay for unemployment during the pandemic, the state’s debt now stands at about $21 billion and growing. The state also currently accounts for about 20 percent of the nation’s unemployment.

California’s massive budget deficit, coupled with the state’s relatively high level of joblessness, has become a major barrier to reducing the billions of dollars of debt it has incurred to pay unemployment benefits.

The surge in unemployment brought on by the COVID pandemic pushed the state's unemployment insurance trust into insolvency. And over the last year California's joblessness has been on the upswing again, reaching 5.3 percent in February, the highest among all states. The March job numbers come out Friday.

To keep the safety-net program operating at a time when the taxes paid by employers and earmarked for jobless benefits are insufficient, Sacramento has been borrowing billions of dollars from the federal government. The debt now stands at about $21 billion and growing, an increasing burden for state deficit fighters and for the businesses that pay into the jobless insurance program.

Continue reading.

governing.com

April 18, 2024 • Don Lee, Los Angeles Times, TNS

Texas Muni Borrowers Bemoan Anti-ESG Laws Restricting Banks.

- **Issuers at Austin conference discuss laws enacted in 2021**
- **Two state laws target banks' policies on guns, fossil fuels**

Texas borrowers gathered at an industry conference bemoaned two Republican-backed laws in the state that issuers say have restricted which Wall Street banks they can do business with.

The local officials spoke on a panel Tuesday before a packed room of city representatives, bankers and lawyers at an event hosted by the Bond Buyer in Austin. Several bankers at the conference work at firms that have been ensnared by the laws at various points since they took effect almost three years ago.

"I look around the room, I'm seeing a bunch of bankers, lawyers, prospect vendors that want to knock on the door of all the municipalities up here to do business," said Vernon Lewis, director of the Treasury Department for the city of Houston. The "person that really needs to be in the room is the attorney general and the comptroller."

Continue reading.

Bloomberg Markets

By Amanda Albright

April 16, 2024

Texas CFO Welcomes Bankers Even as He Compiles Boycott List.

Texas's chief financial officer told bankers on Tuesday that he wants as many companies involved in the state as possible even as probes into banks' ESG policies threaten their ability to do business.

"I want you to engage in Texas. I want you to be involved in Texas," Comptroller Glenn Hegar said Tuesday during a speech at a public finance conference hosted by the Bond Buyer in Austin.

Under Texas law, Hegar is charged with developing a list of financial firms that "boycott" the fossil fuels industry. If a firm is added to the so-called divestment list, state entities like pension funds have to sell their holdings of the companies, plus they're ineligible from certain public contracts. Listed companies aren't able to underwrite bond sales for the state or its municipalities, for example.

Continue reading.

Bloomberg Politics

By Amanda Albright

April 16, 2024

Economic Fallout from Baltimore's Bridge Collapse Hits Home.

Maryland legislators are taking steps to protect workers and businesses affected by the port and highway closure. There are broader, indirect effects, however, that are creating additional uncertainty.

In Brief:

- The now-crippled Port of Baltimore is responsible for 15,000 direct jobs and 140,000 indirect jobs and brings in over $70 billion in revenue every year.
- Baltimore is bracing for losses in tax revenues and fees, while regional inflation is expected to spike after the bridge's collapse.
- Analysts caution that the disaster's lasting economic impact will be in how workers and small businesses in communities around the port fare.

Continue reading.

governing.com

April 18, 2024 • Zina Hutton

S&P: Baltimore Bridge Accident Will Likely Increase Supply Chain Costs, With Minimal Rating Impacts

Key Takeaways

- We don't expect the accident at Baltimore's Francis Scott Key Bridge to dent the U.S. economy overall, but it could limit the disinflationary momentum and weigh on the local economy.
- Other East Coast ports seem to have capacity and operational flexibility to handle cargo diverted

from Baltimore, but the accident will likely increase supply chain costs, especially for autos, coal, oil and gas, and agribusiness.
- The accident is unlikely to affect our ratings on the relevant U.S. public finance entities and insurers.

[Continue reading.](#)

15 Apr, 2024

[City Rejects Revenue Stream Concept for Bears, White Sox Joint Stadium Funding Plan: Report](#)

Illinois state leaders have told the Bears and White Sox they won't support separate public funding plans for their respective stadium aspirations.

In an attempt to meet everyone's needs, the Bears and White Sox have been working to create a joint public funding plan that can satiate the necessities of both teams, the city and the state.

But that's no easy task, as proven by the city's recent rejection of a part of the teams' joint plan.

According to Crain's Chicago Business, the city rejected a proposal from both teams to use the city's amusement tax from ticket sales at their respective stadiums to help the debt of the ISFA (Illinois Sports Facilities Authority) bonds attached to both Guaranteed Rate Field and the 2003 Soldier Field renovations.

[Continue reading.](#)

Yahoo Sports

by Ryan Taylor

Fri, Apr 12, 2024

[S&P U.S. Local Governments Credit Brief: Illinois School Districts Means And Medians](#)

Overview

Illinois school districts demonstrated credit stability in 2023, and we expect this will continue, supported by a stable state funding environment and generally healthy reserves.

Headwinds include rising labor costs and dwindling federal Elementary and Secondary School Emergency Relief (ESSER) funds, particularly for the minority of districts that used ESSER funds for recurring operating costs. Higher mortgage rates, a slowing national economy, and Illinois' declining population could dampen local tax base growth, though in most cases we do not expect this will materially limit school districts' revenue-raising flexibility. In our view, most districts are well positioned to navigate these challenges in the near term given the state's commitment to funding the Evidence-Based Funding (EBF) formula. In addition, the cumulative effect of ESSER, EBF, and elevated corporate personal property replacement tax (CPPRT) distributions has allowed many districts to shore up reserves and address capital needs.

S&P Global Ratings maintains ratings on general obligation (GO) or GO-equivalent debt for 424 school districts in Illinois. Ninety-eight percent of the ratings have a stable outlook, with three on positive outlook and seven on negative. Overall, credit quality has been stable over the past year, with 17 school district debt ratings raised since April 26, 2023. Over the same period, we lowered four school district debt ratings, and revised the rating outlook to positive from stable on two school districts and to negative from stable on one.

Continue reading.

17 Apr, 2024

Florida Board Approves Premium Reimbursement Formula to Help Insurers.

(The Center Square) — The Florida Hurricane Catastrophe Fund Advisory Council has approved a new premium reimbursement formula that will help alleviate the burden on insurance companies operating in Florida.

The FHCF operates under the State Board of Administration and is a tax-exempt state trust fund that reimburses a portion of hurricane losses to residential property insurance companies in the Sunshine State.

According to FHCF's website, it operates to protect and advance Florida's interest in maintaining sufficient insurance capacity. All residential property insurance companies are mandated to participate in the FHCF and enter into a reimbursement contract.

Continue reading.

By Andrew Powell | The Center Square Contributor Apr 5, 2024

New Florida Law Provides More Public-Private Partnership Opportunities: Holland & Knight

The Florida Legislature recently amended Section 255.065, Florida Statutes (P3 Law) pursuant to House Bill (HB) 781, which is expected to become effective on July 1, 2024. HB 781 provides responsible public entities (e.g., counties, cities, special districts and certain regional entities) with a new, alternative process for accepting unsolicited public-private partnership (P3) proposals.

P3s are contractual arrangements between public and private-sector entities that facilitate increased private-sector involvement in the funding and execution of public building and infrastructure projects.

Florida's P3 Law

The P3 Law provides a statutory framework for responsible public entities to undertake P3s. Under the current P3 Law, if a public entity desires to execute a comprehensive agreement for a project arising from an unsolicited proposal, it must first publish notice in the Florida Administrative Register (FAR) and a newspaper of general circulation, as well as mail a copy of the notice to each local government in the affected area that states it has received a proposal and will accept other proposals for the same project.

Continue reading.

Holland & Knight Alert

by Michael L. Wiener | Denise Ganz | Vlad Popik

APRIL 3, 2024

Changes to General Obligation Notes Borrowing in Wisconsin: Benefits to Municipalities - Foley & Lardner

Municipalities issuing general obligation promissory notes under section 67.12 (12)[1] of the Wisconsin Statutes may now take advantage of a statutory maximum maturity date of 20 years. 2023 Wisconsin Act 128 (the "Act")[2] took effect on March 23, 2024, and included legislation to extend the statutory maximum maturity date, which had been 10 years, for general obligation promissory notes. The maximum maturity date for general obligation promissory notes issued under section 67.12 (12) is now the same as the maximum maturity date for general obligation bonds as stated in Chapter 67[3]. This new legislation impacts all municipalities as defined under section 67.01 (5), which includes technical college districts, counties, cities, towns, villages, school districts, metropolitan sewerage districts, and certain other municipal issuers.

While the statutory maximum maturity date for general obligation bonds and promissory notes is now the same in most cases, there are several differences between the two types of debt that now make notes more attractive as described in more detail below: (1) notes may be issued for any public purpose and (2) the statutorily required procedures for issuance are less onerous for notes.

Prior to the Act, municipalities would frequently need to issue both general obligation bonds and promissory notes to finance their planned projects, given the statutory limitation on eligible projects that applies to bonds issued under Chapter 67. Promissory notes, on the other hand, would be used to finance other public purposes not otherwise eligible to be bond financed, such as vehicles, furniture, equipment, technology and software, and construction and improvements to any public building, for the shorter 10-year maximum borrowing period. Now, a single issuance of tax-exempt promissory notes could finance all a municipality's planned projects for a 20-year period[4].

Continue reading.

02 April 2024

Washington DC's Cash Bounty to Wither on Empty Offices, Downtown.

After a decade of flush coffers, Washington is bracing for lower revenue as the downtown of the nation's capital continues to struggle with a post-pandemic bounceback.

Glen Lee, Washington's chief financial officer, cautioned that the extra cash the city has enjoyed for the last several years is at risk as a result of slower revenue growth, the end of pandemic stimulus funding and higher operating costs.

"The surpluses that we've been enjoying are going to shrivel up," Lee said in an interview. As of the end of 2023, Washington had about $1.5 billion in reserve funds. "Worrying about whether or not we have enough cash on hand to pay bills — which was something inconceivable for a CFO since 2010 — is now a real issue."

Continue reading.

Bloomberg CityLab

By Skylar Woodhouse

April 9, 2024

How California Business and Government Might Solve the Freshwater Crisis - Together

Does the public sector need the private sector's help to address the freshwater crisis? That's the controversial thesis of Stanford law and environmental social sciences professor Barton "Buzz" Thompson's provocatively titled new book: Liquid Asset: How Business and Government Can Partner to Solve the Freshwater Crisis. (Buzz is also a member of the PPIC Water Policy Center's research network.) We sat down with him to hear more.

How is the private sector currently involved in water?

The private sector is already involved in water in many ways, some more controversial than others. The private provision of water and water marketing are the most controversial because they impact how water is allocated—who gets it, and who doesn't. But the private sector also provides new technology to reduce the cost of important processes like recycling or desalinization. And many private companies, which are the largest consumers of water, have adopted corporate water stewardship programs to reduce their water footprint.

We think of the Sustainable Groundwater Management Act (SGMA) as a public program, and it is. The legislature passed the law, and public agencies are implementing it. But if you look carefully, you'll see private handprints all over SGMA's success. The private sector has been instrumental in SGMA's passage, its implementation, and dealing with its impact.

Philanthropic foundations helped lay the groundwork that led to SGMA's passage, and they've funded development of new data and modeling tools. Private consultants provided the scientific and technical knowledge needed for implementation. Nonprofit organizations like the Environmental Defense Fund (EDF) and The Nature Conservancy have helped monitor SGMA's implementation to make sure it's meeting the law. They've also helped develop local groundwater markets and programs to help transition some farms to other land uses, including the Multibenefit Land Repurposing Program.

Why did you decide to write about this topic now?

I've worked in the water sector for about four decades. It's clear that water crises are growing and multifaceted, whether it's climate change, aging infrastructure, or groundwater overdraft. The public sector, populated by dedicated, smart officials, is struggling to meet all these challenges. The more I looked at the public sector, the more I realized it needs the private sector's help.

For instance, cities would love to do more water recycling, but for a lot of cities that would require new pipes and digging up streets, which people don't like. Epic Cleantec in San Francisco has developed modular equipment to recycle water on-site so you don't have to dig up the street. A lot of small water suppliers—frequently for low-income communities—are having a hard time financing new infrastructure. Nonprofit organizations like Water Finance Exchange and Moonshot Missions try to match small water suppliers with financing.

Where the public sector struggles, private entities can try to help. But the public sector needs to be willing to reach out, and the private sector needs to realize it can't contribute without the public sector.

What are some of the changes you're advocating, and why?

We need new technologies to solve current challenges, but we face a technological deficit in the US: we're not getting new technologies out and adopted quickly enough.

Places like Singapore have made a lot of progress on issues like desalination and recycling by working with the private sector. Singapore funds innovation and allows businesses to use public infrastructure to test new technologies. These technologies have become an export industry, adding $2 billion to Singapore's economy and employing 14,000 people. Government needs to develop regulations that encourage the development of new technologies and work with private companies to test and adopt them.

But government also must ensure that private companies aren't negatively impacting the public interest in water. The petroleum industry creates immense amounts of produced water—for instance, in the Permian basin, for every barrel of oil, you produce about four barrels of water. Companies recycle that water for reuse, the government's role is to ensure that the reuse is safe, as California has done with the use of produced water in Kern County agriculture. That's a key role of government—policing the private sector to protect the public interest.

What disincentivizes engagement between the public and private sectors?

The public sector is inherently conservative, and it should be when it comes to freshwater. If your iPhone malfunctions, it's an inconvenience. If the system that supplies water to San Francisco malfunctions, that could be a public health crisis. But in many cases, it's too conservative. Governmental agencies just don't have the same incentive to embrace new, creative ideas as the private sector.

The public sector is also highly fragmented. Many small utilities don't have funds to replace current infrastructure, and frequently they have no R&D program, which is where you'd typically interact with the private sector. They can't invest in new technologies. That makes it hard to take advantage of what the private sector has to offer.

The energy sector operates very differently—it's dominated by private companies that are developing new technologies and implementing them with public support. Between 2001–14, governments in the US provided about $8 billion of funding to develop new energy technologies; in the water field, it was $28 million. If we want to know how to solve water challenges, we can look at what the energy sector has done.

What gives you hope?

I've taught a class at Stanford on "The Business of Water" for seven years, bringing in dozens of companies working in water. Their enthusiasm, dedication, and creativity give me confidence that, with the public sector, they can help solve key water challenges.

Public Policy Institute of California

Fitch Places Milwaukee, WI's Water System Revs Under Criteria Observation.

Fitch Ratings – Austin – 08 Apr 2024: Fitch Ratings has placed the following rating related to the Milwaukee, WI water system (the system) Under Criteria Observation (UCO) in relation to the publication on April 2, 2024 of Fitch's revised rating criteria titled 'U.S. Public Finance Local Government Rating Criteria':

— Water system revenue bonds, series 2016.

Fitch will review the rating designated as UCO as soon as practicable, but no later than six months from the date of the criteria release.

The rating designated as UCO represents a water and sewer system rating that has a likelihood of being upgraded or downgraded following the release of the revised U.S. Public Finance Local Government Rating Criteria (LGR criteria), but requires additional information and analysis to fully assess the effect of the criteria on the rating. While this rating may be affected by the criteria changes, not all ratings designated as UCO will necessarily change.

Continue reading.

A 'Fiscal Cliff' Threatens Pittsburgh, Where Shrinking Tax Revenues Could Drain City Coffers in Just a Few Years, Rcords Show

Tax revenue projections, detailed by the city Controller's Office, are at odds with public financial picture presented by Mayor Ed Gainey's administration

Just six years after emerging from state receivership, Pittsburgh again is barreling toward a "fiscal cliff" that could drain its bank accounts in only a few years, according to internal city documents obtained by the Pittsburgh Post-Gazette.

Key sources of tax revenue have been beset by a series of unprecedented challenges that are likely to cause them to shrink significantly or dry up altogether in coming years, imperiling cash flows that pay for critical services and support quality-of-life programs relied upon by the city's 300,000 residents.

The new tax revenue projections, detailed in a series of internal documents prepared by the city Controller's Office, are starkly at odds with the public financial picture presented by Mayor Ed Gainey's administration, whose five-year plan projects a healthy bank account balance of between

$83 million and $160 million during that span

Continue reading.

PITTSBURGH POST-GAZETTE

by NEENA HAGEN AND MIKE WERESCHAGIN

APRIL 8, 2024

Tallahassee, Florida: Fitch New Issue Report

The ‘AA+’ rating on the capital bonds reflects the low volatility of pledged revenues, which support the structure’s strong resilience even when assuming full levering to the 1.25x additional bonds test (ABT). The rating also reflects Fitch Ratings’ expectations for long-term pledged revenue growth that continues to trend in line with inflation over time. The capital bond rating is capped at the city’s Issuer Default Rating (IDR) of ‘AA+’, with a Stable Rating Outlook

ACCESS REPORT

Wed 10 Apr, 2024

United Power, Inc. (CO): Fitch New Issue Report

The ‘A’ rating on United Power, Inc. (CO)’s series 2024 A & B First Mortgage Notes and the Issuer Default Rating reflect Fitch Ratings’ expectation that United Power will maintain its historically strong and stable financial performance despite sizable payments related to the cooperative’s May 1, 2024 withdrawal from Tri-State Generation & Transmission Association, Inc. (Tri-State, securities rated BBB+/Negative/F1) and the termination of its power supply agreement. The payments have been calculated pursuant to an exit fee methodology approved by the Federal Energy Regulatory Commission (FERC) and are expected to total $702 million, including a contract termination payment of roughly $627 million and asset purchases (primarily transmission assets) of $75 million. While United Power’s plan to debt finance the payments will initially result in higher leverage, the cooperative’s plan for retail rate increases over the next several years should buffer the effect and produce financial metrics that are consistent with the ‘A’ rating.

ACCESS REPORT

Thu 11 Apr, 2024

State of Oklahoma (Oklahoma Capitol Improvement Authority): Fitch New Issue Report

The ‘AA–’ rating on the Oklahoma Capitol Improvement Authority’s state facilities revenue bonds is directly linked to the state’s ‘AA’ Long-Term Issuer Default Rating. The one-notch rating differential reflects a slightly elevated risk of non-appropriation of moneys sufficient to pay debt service on the bonds, given the optionality inherent in repayment of bonds from budgetary appropriations. Fitch expects that Oklahoma's revenues, which are supported by broad-based taxes and fees, will continue to reflect above average economic volatility tied to the natural resource sector over the medium term. The state maintains ample expenditure flexibility with a low burden of carrying costs for liabilities and the broad expense-cutting ability common to most U.S. states. On a combined basis, the state's debt and net pension liabilities are well below the median for U.S. states as a percentage of personal income and are a low burden on the resource base. A constitutional provision limiting appropriations to 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state's proactive management of financial operations has, to some extent, offset underlying revenue volatility.

ACCESS REPORT

Fri 12 Apr, 2024 – 3:52 PM ET

Maricopa County Industrial Development Authority (AZ): Fitch New Issue Report

The 'A+' ratings for the series 2024A/B/C&D bonds and the IDR and revenue bond rating affirmations reflect Fitch's expectation that HonorHealth will maintain profitability and liquidity at levels consistent with the current rating (despite recent pressures from staffing challenges and inflation). The ratings also reflect HonorHealth's solid market share in the competitive and growing Maricopa County service area, with a leading presence in Scottsdale, AZ. Fitch's forward-looking analysis, which incorporates the expectation of capital spending above depreciation before this current debt issuance, shows HonorHealth absorbing the modest amount of new debt, and funding its capital plan of approximately $615 million over the next three years, while continuing to improve liquidity and capital ratios. Fitch expects HonorHealth's margins to continue to improve in fiscal 2024 due to improved volume growth, reinforced by HonorHealth's favorable payor mix. Fitch expects HonorHealth's strategic initiatives including its focus on safety and quality care, workforce recruitment, development and retention efforts, and expanding its ambulatory presence in target areas will continue to improve margins through 2024 and beyond. In addition, Fitch expects that HonorHealth will spend above annual depreciation levels, with around one billion in capital spending over the next five years.

ACCESS REPORT

Fri 12 Apr, 2024 – 5:18 PM ET

Savannah Convention Center Gets Boost to Bond Capacity for Hotel.

- **Lawmakers raise authority's bonding capacity to $400 million**
- **Center's recent expansion doubled amount of exhibit hall space**

The Savannah-Georgia Convention Center Authority, just wrapping up a $276 million expansion, is now set to tap the municipal market to finance a new hotel, thanks to legislators' move to boost the agency's bonding capacity.

State lawmakers raised its debt limit to $400 million from $50 million this session to help finance the facility, and the legislation is awaiting Governor Brian Kemp's signature.

The authority would bond for the proposed 400-room hotel project, said Kelvin D. Moore, general manager of the convention center, said. The new project is "in the initial stages of pre-development," he said, and he wouldn't speculate on the selection of underwriters or when the deal might be sold.

Continue reading.

Bloomberg Markets

By Joseph Mysak Jr

April 9, 2024

Florida's Private High-Speed Train Wins Investment Grade Ratings.

- **Proposed $2 billion senior bonds garner BBB- rating from S&P**
- **Investment-grade ratings may widen market for rail line's debt**

Brightline, the first private US passenger railroad in more than a century, obtained investment-grade ratings on its proposed senior municipal bonds ahead of a planned $3.6 billion debt refinancing.

S&P Global Ratings assigned a preliminary BBB- rating, its lowest investment grade, to $2 billion of tax-exempt Brightline bonds. The bonds are likely to be issued this month by the Florida Development Finance Corp. Brightline expects Assured Guaranty to insure $1 billion of the tax-exempt debt.

The Fortress Investment Group-backed railroad, which started long-distance service between Miami and Orlando in September, also plans to sell $1 billion in speculative-grade corporate bonds yielding in the high-single to low-double digits, Bloomberg previously reported. Another $1.6 billion of debt and equity could come from Fortress or other investors.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 2, 2024

State of California: Fitch New Issue Report

Tax revenues are dominated by personal income taxes, which are economically sensitive, particularly those related to capital gains. Long-term growth prospects for revenues are strong, driven by the state's robust economic fundamentals. The state retains the independent legal ability to raise taxes, subject to a legislative supermajority voting requirement. California has a solid ability to reduce spending throughout the economic cycle, although its flexibility is somewhat more restricted than most states due to constitutional requirements for funding education and voter initiatives that limit state discretion. However, Proposition 98 school funding requirements also decline relatively quickly when revenues decline, acting as a form of automatic stabilizer during a downturn. Long-term liabilities, while above the median for U.S. states, remain a low burden on the resource base. The state is addressing its pension liabilities with measures including benefit changes, supplemental contributions, and a long-term plan to increase contributions to the teachers' system.

ACCESS REPORT

Tue 02 Apr, 2024

Sacramento Municipal Utility District, California: Fitch New Issue Report

Revenue is predominantly provided by retail (residential, commercial and industrial) electric sales to a modestly growing service area in and around the state capital. Demographic trends are favorable and SMUD has the exclusive right to provide electric service in its service area, providing strong revenue resiliency. Residential sales provide approximately 50% of annual revenue and no concentration exists in the customer base. Although the utility receives wholesale revenue, which can be more variable than retail sales, SMUD budgets conservatively, resulting in strong revenue performance to budget. Very strong rate flexibility is reflected in highly competitive rates and supported by the district board's independent legal ability to set its own rates. Rate affordability is high, with average annual electric costs accounting for only 1.8% of the city median household income. The rate structure does not include a natural gas or power cost adjuster but does include a hydro adjuster that recovers higher costs in low hydroelectric output years. The board adopts regular annual base rate increases, including 5.5% base rate increases in 2024 and 2025, split into two stages of implementation each year, on Jan. 1 (2.75%) and May 1 (2.75%). These increases are higher than in past years to keep pace with the inflationary cost environment given the lack of a power cost adjustment in the rate structure.

ACCESS REPORT

Tue 02 Apr, 2024

California Law for Asset Managers: California ESG Landscape - Ropes & Gray LLP

Click here to listen the audio

On this episode of Ropes & Gray's California Law for Asset Managers podcast series, Josh Lichtenstein, a benefits partner and head of the ERISA fiduciary practice, and Catherine Skulan, an asset management partner, further discuss the ESG landscape in California, including its climate-related disclosure regime as well as a fossil fuel divestment bill, which remains pending in the legislature, but if adopted, would impact managers overseeing state pension assets.

Transcript:

Catherine Skulan: Hello, and welcome to another installment of our Ropes & Gray podcast series on California Law for Asset Managers. I'm Catherine Skulan, an asset management partner based in California, and I am pleased to be joined by Josh Lichtenstein, a benefits partner and head of the ERISA fiduciary practice based in New York.

In our last two episodes in this series, my colleagues and I discussed recently enacted California laws that fall under the environmental, social and governance ("ESG") banner, and how those laws relate to asset managers and their portfolio companies. Hopefully, you were able to catch those episodes. Note, links to those episodes will be available in the transcript of this episode, so you can find them there: Overview of New California Law Requiring Disclosure on Diversity in VC Investments by "Venture Capital Companies" (December 5, 2023) and New California Climate Disclosure Requirements and Their Relevance to Asset Managers and Their Portfolio Companies (December 19, 2023). But, if you didn't catch them, here's a quick refresh:

Continue reading.

March 31 2024

California Risk Premium Climbs Ahead of $1.5 Billion Bond Sale.

- **Spread opened as much as 27 basis points since end of February**
- **Seasonal factors such as tax-season selling are contributing**

The yield premium on California bonds has jumped just as the most populous US state readies to borrow $1.5 billion while staring down a massive budget deficit.

An index showing the yield on 10-year California general obligation bonds compared to top-rated benchmark debt has widened as much as 27 basis points since the end of February, data compiled by Bloomberg show. Investors selling municipal debt from their portfolios to pay their taxes is in part driving the move.

The widening of that gap comes as lawmakers grapple with how to fill a roughly $73 billion budget shortfall expected in the fiscal year that begins July 1. The one-year median of the spread between 10-year California municipal bonds to AAA-rated securities had been around 2 basis points. That metric now stands at more than 11 basis points.

Continue reading.

Bloomberg Markets

By Maxwell Adler

April 4, 2024

Trinity River Authority, Texas: Fitch New Issue Report

The system serves a total of 21 members and the purchaser credit quality assessment is based upon the 'AAA' water and sewer bond ratings of Arlington, Mansfield, Carrolton and Grand Prairie. In fiscal 2022, the system had a very low operating cost burden of $1,976 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 29% in fiscal 2022. Annual capital spending relative to depreciation is robust, averaging 330% from fiscal years 2018 to 2022. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio. The system had moderate leverage of 10.3x as of fiscal 2022, which is generally in line with recent years' performance. The system consistently retains funds restricted for construction and, in consideration of those funds, leverage has typically fallen below 9.0x. The liquidity profile is neutral to the overall assessment with current days cash on hand of 122 and coverage of full obligations of 1.0x.

ACCESS REPORT

Tue 02 Apr, 2024

Northside Independent School District (TX) - Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'a': Fitch expects the natural pace of revenue growth to be solid given ongoing flat enrollment growth and additional state aid allocations for the district's large economically disadvantaged and special populations. The district's statutorily limited independent legal revenue raising ability is common to Texas school districts. Expenditure Framework: 'aa': The natural pace of spending growth is expected to remain in line or modestly above that of revenues. Expenditure flexibility is derived from management's control over workforce costs and moderate carrying costs, reflecting state support for retiree benefits. Fitch expects the district's carrying costs, driven primarily by debt service, to remain moderate based on issuance plans in relation to expected growth in the district's operating budget. Long-Term Liability Burden: 'aa': Long-term liabilities are moderate at approximately 14% of personal income. Fitch expects the burden to remain moderate as population and income growth are likely to be aligned with additional debt needs. The district's net pension liability is modest. Operating Performance: 'aaa': The district's strong history of operating surpluses, maintenance of robust reserve levels and solid expenditure flexibility leave it well positioned to address future cyclical downturns. Strong financial management practices underpin the district's history of favorable operating performance.

ACCESS REPORT

Tue 02 Apr, 2024

Prices Are Stable on Maryland Bridge and Tunnel Bonds: WSJ

Bond prices remained stable Tuesday on municipal debt issued by the Maryland Transportation Authority, the state agency that financed the Francis Scott Key Bridge, which collapsed after a collision overnight.

That's likely because the authority also collects tolls on the Baltimore Harbor Tunnel and the Fort McHenry Tunnel, two other main routes for drivers crossing Baltimore Harbor, according to Moody's Ratings.

Moody's analyst Cintia Nazima said the Francis Scott Key Bridge accounted for approximately 7% of the authority's $755 million in toll revenue in 2023 and projected that the collapse would have a negative, but limited, credit impact. The authority has a fairly high investment grade rating from multiple firms.

Bondholders are further insulated by a pledge laid out in borrowing documents, according to an analysis by Bloomberg Intelligence. The Maryland Transportation Authority promised bondholders it would increase fees and tolls if necessary in order to ensure it collects at least 120% of the revenue needed to make debt payments. Even early in the Covid-19 pandemic, the analysts pointed out, the agency was more than able to pay its debt.

Price moves can be slow for municipal bonds since they can go weeks or months without trading.

The fact that the authority collects revenues from a range of transit projects means "the bonds reasonably aren't in much jeopardy," said Matt Fabian, a partner at bond research firm Municipal Market Analytics. "On the other hand, it's still early."

by Heather Gillers

The Wall Street Journal

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Maryland Reassures Bondholders, Outlines Funding Sources to Rebuild Bridge: WSJ

The operator of the Francis Scott Key Bridge moved to reassure creditors, saying the Baltimore bridge's collapse won't affect debt payments and giving some details on its plans to rebuild.

The Maryland Transportation Authority said it has $400 million of unrestricted cash reserves, plus $431 million of cash on hand for construction projects. It also holds $350 million of single-event property insurance.

Tolls on the Key Bridge represented only about 7% of the state agency's toll revenue. Much of the rerouted traffic will go through tunnels on which the MDTA also collects tolls, it told bondholders in a municipal bond filing late Wednesday.

"The MDTA is partnering with State, local, and federal agencies in reconstructing the bridge," it said.

Money to rebuild the bridge could come from insurance payouts, cash on hand, bond proceeds, and federal funds. The filing said it isn't clear how much the reconstruction will cost.

by Heather Gillers

The Wall Street Journal

Economic Impact of the Baltimore Bridge Collapse: Brookings

The recent collapse of the Francis Scott Key bridge in Baltimore after being struck by a container ship is both a human tragedy and an economic disaster. Six construction workers doing repair work on the bridge lost their lives when it plunged into the cold Patapsco River. The wreckage of the bridge now sits in the channel that connects Baltimore Harbor to the Chesapeake Bay, effectively closing the Port of Baltimore. Joe Kane, a fellow in Brookings Metro, talks about the economic impacts of the disaster and prospects for rebuilding the bridge.

Transcript

DEWS: This is The Current, part of the Brookings Podcast Network. I'm your host, Fred Dews.

The recent collapse of the Francis Scott Key Bridge in Baltimore after being struck by a container ship is both a human tragedy and an economic disaster. Six construction workers doing repair work on the bridge span in the early morning hours lost their lives when the bridge plunged into the cold Patapsco River. They were immigrants from Mexico, Guatemala, Honduras, and El Salvador.

Continue reading.

The Brookings Institution

Joseph W. Kane and Fred Dews

March 28, 2024

What the Baltimore Collapse Tells Us About Bridge Safety.

The Francis Scott Key Bridge suffered a catastrophic failure after a pier was struck by a cargo ship, raising questions about what might have averted disaster.

It took more than five years to build the Francis Scott Key Bridge across Baltimore's Patapsco River, but only a few terrifying seconds to destroy it. A pier supporting the structure's 1,200-foot-long main span was struck by the loaded container ship Dali leaving the Port of Baltimore early on Tuesday morning; several vehicles plunged into the icy river below as the bridge's roadway collapsed. A mayday call saved lives, but six people who were working on the bridge are missing and presumed dead after rescue efforts were suspended on Tuesday evening. The scale of the disaster and the bridge's importance mark the accident as one of the worst US infrastructure failures in decades, and its impact stands to play out for years across the Baltimore region and the US economy, since the bridge facilitated so much trade. As the country grapples with the tragedy's fallout, pier protections will likely become a focus on other American bridges.

Aftermath of the Collapse

Completed in 1977, the Key Bridge carried about 35 million vehicles annually as part of Interstate 695, a beltway that circles the city of Baltimore. In addition to its role as a key commuter link, the highway is part of the complex network of transportation and logistics infrastructure surrounding the Port of Baltimore, which handles more than 10 million tons of cargo annually. Shipping traffic has been suspended for the foreseeable future, as bridge debris has blocked the narrow shipping lane into the port itself. Vehicle traffic, meanwhile, has been diverted to alternative routes, including a pair of tunnels beneath Baltimore harbor. But trucks carrying hazardous materials are barred from those routes, which is expected to delay freight traffic up and down Interstate 95.

Continue reading.

Bloomberg CityLab

By Linda Poon and David Dudley

March 26, 2024

Fitch: Baltimore Port Disruption Does Not Affect U.S. Port, Automaker Credit

Fitch Ratings-Chicago/New York-27 March 2024: The disruption to East Coast shipping as a result of the collapse of the Francis Scott Key Bridge in Baltimore will not affect the credit of rated U.S. ports or automakers, Fitch Ratings says.

The collapsed bridge, which was destroyed when a cargo ship struck a bridge support, is now blocking entry to the Port of Baltimore. Disruptions to port traffic will persist for months while the bridge debris is cleared and a new bridge is constructed.

We do not rate the Port of Baltimore but do track its throughput trends. Ports along the East Coast will see an uptick in volumes with short-term congestion as they accommodate rerouted cargoes. Larger U.S. East Coast ports such as New York-New Jersey (Port Authority of New York and New Jersey; AA-) and Port of Virginia (Virginia Port Authority, Commonwealth Port Fund bonds; AAA/AA+) have sufficient capacity to handle additional container imports and exports and larger sized ships. Other smaller East Coast ports could see congestion and temporary capacity and labor pressures.

Continue reading.

Disney Ends Long-Running Feud With DeSantis Over Board Power.

A board appointed by Ron DeSantis has voted to settle a lawsuit with Walt Disney Co., effectively ending an almost year-long legal battle between the Florida Governor and one of the state's biggest employers.

The board of the Central Florida Tourism Oversight District, the municipal authority that governs Disney parks in Florida, unanimously accepted a settlement offer made by the company in a meeting Wednesday. Disney had sued DeSantis and the board in April last year, igniting a legal battle that has played out in a series of courts.

The agreement was struck in a state-level dispute between the parties. In a separate federal lawsuit, a district judge dismissed Disney's case against DeSantis, but the company appealed. The entertainment giant has agreed to pause action on the federal lawsuit, but not drop it entirely.

Continue reading.

Bloomberg Markets

By Felipe Marques and Madlin Mekelburg

March 27, 2024

Wizards, Capitals Arena Deal Eased by $1.2 Billion Muni Sale.

- **Savings from November bond sale allowed for sports package**
- **New arena will spur tourism, revenue for downtown, Mayor says**

Washington, D.C.'s ability to offer the National Basketball Association's Wizards and the National Hockey League's Capitals more than $500 million for a new arena was eased by a refinancing last year that cut its interest bills.

In November, Washington sold $1.2 billion of municipal bonds in part to refinance higher-cost debt. That transaction, sold as the bond market was starting to rebound in November — reduced the city's costs enough to make the sports financing possible and not hit a statutory limit on the size of its debt bills.

"While the transaction was not done specifically to allow for improvements to Capital One Arena, the debt service savings achieved did make possible the Mayor's offer to Monumental Sports of $500 million to refurbish the arena," according to Natalie Wilson, a spokesperson for Glen Lee, the district's chief financial officer.

The new arena agreement was announced Wednesday by Mayor Muriel Bowser and Ted Leonsis, the billionaire owner of Monumental Sports & Entertainment, which owns the Capitals and Wizards. Under the deal, the city will provide more than $515 million toward the complete renovation of the arena, according to a statement.

Once a bustling place for nightlife, the area near the arena was hit hard during the pandemic and has struggled to come back as many federal government workers continue to work remotely. Officials were eager to prevent the teams from leaving, since games still draw considerable numbers of people to the area, and hope that the new area project will drive tourism, revenue, and jobs growth in the neighborhood.

The agreement also quashed Virginia Governor Glenn Youngkin's plans to lure both teams across the Potomac River. He pitched a $2 billion economic development project, but it failed to gain traction among state lawmakers.

Washington refinanced its debt during the week of Nov. 13, when interest rates were coming down from their recent highs on expectations that the Federal Reserve would begin easing monetary policy this year.

Wilson said the muni deal saved nearly $70 million. Before the transaction, the district's debt ratio — measured by total debt service as a percentage of general fund expenditures — reached a record high of 11.924%, just shy of the statutory limit of 12%.

While the CFO's office wouldn't provide details of the current debt ratio which will be released as part of Bowser's proposed budget next week, it "remains within our debt limit," Wilson said.

Bloomberg Markets

By Skylar Woodhouse

March 28, 2024

[Miami Worldcenter Taps Junk Munis for Project's Next Phase.]

- **Miami Worldcenter to borrow about $245 million via conduit**
- **Sale comes as junk munis are outperforming rest of local debt**

Miami Worldcenter, an urban renewal project in the city's downtown, is poised to borrow $245 million in the municipal-bond market as it moves to finance the next phase of a venture that is almost two decades in the making.

Developers behind the roughly 23-acre, $6 billion project, one of the biggest such ventures in the US, issued the tax-exempt, unrated debt through a Wisconsin financing authority on Tuesday. Senior bonds due in 2041 and carrying a 5% coupon were priced to yield 5.25%, data compiled by Bloomberg show.

The Florida city has seen an influx of wealthy residents and investment the past few years amid the pandemic, boosting housing prices. But the bond deal is still considered risky, in part because as a conduit deal, the securities don't have the full faith and credit backing of a local government or agency. The offering document says repayment is "speculative in nature" and involves a high degree of risk.

In the borrowers' favor, it's an opportune time to sell such debt. High-yield munis are having a solid year, gaining as the rest of the state and local-bond market has declined. That should set the stage for solid investor appetite, says Daniel Solender at Lord Abbett & Co.

"Overall the demand is strong now for high-yield deals, so that should help," said Solender, the firm's head of municipal debt.

High-yield munis have earned 1.5% this year, compared with a loss of 0.2% for tax-exempt debt broadly, Bloomberg index data show. Diminished issuance has been a key driver of the high-yield gains, according to research from Bloomberg Intelligence strategist Eric Kazatsky. It's been the second-slowest first quarter for high-yield muni sales in the past decade, he said.

Next Phase

Proceeds from the offering, to be sold through the Wisconsin Public Finance Authority, will go toward the project's next phase. This includes financing two parking garages, five areas of retail space, a plaza and several walkways. The developers say it would be the second-largest private mixed-use urban development project in the US upon its projected completion in the next three to four years, behind Hudson Yards in New York.

Taking a cue from Hudson Yards, the developers have been courting high-end retail brands and companies in an effort to turn the area into a hot destination. Adam Neumann's real estate startup Flow plans $300 million of new developments in the area as well.

The bonds will be backed by tax-increment financing generated by all the properties in the development. Under the terms of their economic incentive agreement, the developers will receive 57% of the tax-increment revenue generated by the project through March 2042. The remainder goes to the city and Miami-Dade county.

The sale didn't receive a grade from rating companies. The repayment of the bonds is highly dependent upon an increase in the assessed valuation of the properties at Miami Worldcenter, however there is no assurance that property values will grow, according to bond documents.

Some 96% of Miami Worldcenter's completed retail space has been leased, according to bond documents. However, only about 23% of the planned projects have been completed.

"Initial feedback surrounding the bond issuance has been positive," Nitin Motwani, managing partner of Miami Worldcenter, said in an email.

Miami Worldcenter previously tapped the muni market in 2017, via a sale of $74 million of unrated, tax-exempt bonds through a special taxing district, according to a press release. Proceeds from that sale financed street improvements, mass transit stations and additional water and sewer capacity.

Bloomberg Markets

By Maxwell Adler

March 26, 2024

— With assistance from Philip Brian Tabuas

Florida High-Speed Rail Sounds Out Investors for Refinancing.

- **Morgan Stanley is working with Fortress-backed Brightline**
- **Firm to refinance debt with muni bonds and junk notes**

Florida's high-speed rail system, Brightline, is seeking up to $3.2 billion new capital from lenders to refinance its outstanding debt, according to people with knowledge of the matter.

The Fortress Investment Group-backed company expects to tap the capital markets for roughly $2.2 billion of investment-grade municipal bonds and $1 billion of junk bonds yielding high-single to low-double digit returns, said the people who declined to be identified as the details are private. Another $1.6 billion of debt and equity could come from Fortress or other investors, they said.

Conversations are ongoing and size and details of the financing could change, they added.

The rail system — which carries passengers between Miami, West Palm Beach and Orlando — is working with Morgan Stanley on the refinancing, they said.

Representatives for Morgan Stanley and Fortress deferred questions to Brightline. A spokesman for the rail company declined to comment. Brightline has said it expects to reach its projection of 8 million passengers in 2026 and continues to announce new stations for its intercity service. Brightline carried 228,138 passengers in February up 50% from the same month in 2023.

The new transaction comes after service to Orlando started in September, behind an initial target for a January 2023 opening. Earlier this month, Brightline cut its 2024 ridership forecast again, having first slashed its outlook by about 21% in December.

Investors have been watching the expansion of the private rail system closely as a potential model for new projects elsewhere in the US.

The company has been seeking to refinance its outstanding bonds with new issuance of debt or equity, Brightline said in June. Still, Brightline has yet to be profitable, losing $307 million in 2023.

The proceeds of the offering will be used to repay Brightline's $3.9 billion debt load — which includes $2.7 billion in muni bonds, about $1 billion of taxable debt, accrued interest and prepayment premiums — as well as to pre-fund interest payments of the new debt issuance until 2026, the people added.

Fortress has already invested about $2.2 billion of equity in cash and assets to finance the project.

On March 4, the company announced it would open a new station in Stuart, Florida, 40 miles north of West Palm Beach. Stuart is on Florida's "Treasure Coast," a region that includes Port St. Lucie and Vero Beach. Brightline has also begun planning a station in Brevard County, home to Cape Canaveral and John F Kennedy Space Center.

Bloomberg Markets

By Carmen Arroyo, Martin Z Braun, and Gowri Gurumurthy

March 25, 2024

Detroit Wins Investment Grade Rating Decade After Bankruptcy.

- **Moody's says city's tax base has doubled over past five years**
- **Despite ratings lift, Detroit still faces economic challenges**

Once-bankrupt Detroit has won its first investment-grade rating after an upgrade by Moody's Ratings, marking a major step for the city, which has long struggled with high unemployment and elevated poverty rates.

The credit rating firm raised the Michigan city's debt two notches to Baa2 from Ba1 on Friday, citing its "expectation that the city will continue to bolster its financial resiliency and maintain the track record of solid operating performance that has been seen over the past several years."

Detroit has come a long way from its Chapter 9 bankruptcy in 2013, when it was reeling from debt and pension obligations and the erosion of its signature auto industry. In recent years, it's embarked on projects like the rehabilitation or demolition of blighted housing stock and delivered consistent balanced budgets.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

March 25, 2024

Investors Hire Counsel to Challenge $1 Billion University Bond.

- **Holders are represented by Kramer Levin in the challenge**
- **University of California sold refunding debt earlier in March**

A group of investors has hired law firm Kramer Levin to challenge a $1 billion refunding deal by the Regents of the University of California, according to a letter seen by Bloomberg and people familiar with the situation.
The letter, dated March 20, was sent by Amy Caton, a partner at Kramer Levin, to the University of California officials disputing the Build America Bond refinancing transaction. The firm said it was representing investors that hold or manage "hundreds of millions of dollars" of the debt that is being refunded by the new issue sale.

At the crux of the debate is whether the taxable debt can be replaced by lower-cost tax-exempt bonds under a call provision that may be invoked in the occurrence of an extraordinary event.

The letter did not name the investors that the firm is representing. It was sent to Nathan Brostrom, chief financial officer for the University of California, and Charles Robinson, the school's general counsel.

"Our group asks the Regents to reconsider their proposed course of action, and avoid litigation, by either canceling the proposed redemption, or by moving forward with a redemption that is legally appropriate by paying holders the make-whole premium to which any current redemption entitles them," Kramer Levin's letter said.

Representatives for the University of California did not respond to a request for comment, sent after the close of business hours on Wednesday.

Under a make-whole call, an issuer provides a lump sum payment to investors, so the buyers avoid facing losses on an earlier call, according to the Municipal Securities Rulemaking Board. That scenario would cost the university at least $120 million more than the extraordinary redemption, Kramer Levin's letter said.

The challenge is rare in the municipal-bond market, and escalates a simmering feud between investors and issuers over a call mechanism in Build America Bonds. The securities were sold through a debt-issuing program instituted to spur economic growth by infrastructure spending after the Great Recession.

A number of Build America Bonds refinancing deals are already underway, spurred by the recent outperformance in the tax-exempt debt market — which has pushed those yields well below those on taxable securities. At least two investors have pushed back against a planned sale by the state of Washington scheduled for next week.

Extraordinary Redemption

States and municipalities are seeking to call the bonds back under what's known as an extraordinary redemption provision because of the federal government's cut to the subsidies paid to municipalities that sold BABs. Through the program, the federal government was supposed to cover 35% of the interest paid to investors. That subsidy had been slightly reduced through sequestration.

Nearly all of the $100 billion in outstanding Build America Bonds include an extraordinary call provision.

The letter sent by Kramer Levin states that the change in subsidy hasn't been material. On the Series R bonds being refunded, the reduction amounts to an estimated $872,000 a year, a small fraction of the regents' budget, the law firm said.

The letter called for the University of California's regents to scrap the transaction or for holders to be paid the make-whole redemption amount. The deal is expected to close on March 27.

"Should the Regents fail to cancel the redemption or pay the make-whole redemption amount, the holders we represent reserve their right to pursue an action for breach of contract, breach of the implied duty of good faith and fair dealing, and unjust enrichment, at a minimum," the letter said.

Bloomberg Markets

By Nic Querolo and Amanda Albright

March 20, 2024

Investors Push Back on Washington State's $1.1 Billion Muni Bond Deal.

- **Two investors sent letters to deputy state treasurer**
- **$1.1 billion deal part of plans to refund using ERP call**

The state of Washington is getting pushback from investors on an upcoming mega deal to refinance debt that would cause holders of the old municipal bonds to face potential losses.

The sale is part of a wave of planned refundings that would replace taxable debt sold under the Build America Bonds program more than a decade ago with lower-yielding, tax-exempt securities. Washington is planning to sell about $1.1 billion of bonds later this month, according to preliminary bond documents dated March 18.

Two investors, Wedge Capital Management and Amica Mutual Insurance Co., sent emailed messages earlier this month to Washington's Deputy Treasurer Jason Richter voicing displeasure with the deal, according to copies provided to Bloomberg News by the treasurer's office.

"Although we are not the largest investors in the State of Washington, we are acutely exposed to the large book value losses these ERP calls, if enacted, would impose on all insurance and bank investors," wrote Brian Pacheco, a portfolio manager at Amica, in the message dated March 8. "We hope that you will reconsider your decision to call this via ERP."

There is a feud brewing between governments and investors over municipal borrowers exercising the call provision, which could save issuers like Washington money at the expense of investors. The transactions hinge on a provision in the bond documents that allows state and local governments to buy back their debt before it comes due if an extraordinary event occurs.

Build America Bonds Represent Chunk of Taxable Muni Debt

Outstanding taxable bonds by category, in billions

States and municipalities are seeking to call the bonds back under what's known as an extraordinary redemption provision because of the federal government's cut to the subsidies paid to municipalities that sold BABs. Through the program, the federal government was supposed to cover 35% of the interest paid to investors. That subsidy had been slightly reduced through sequestration.

Some investors, including Jonathan Souza, Wedge's director of credit research, argue the reduction isn't substantial enough to be considered an extraordinary event.

"Our interpretation of the BAB redemption provision is an extraordinary event will occur if there's a material change to Section 54AA or Section 6431, and the current sequestration rate of 5.7% wouldn't qualify," he wrote in an email dated March 7 to deputy Treasurer Richter.

Orrick, Herrington & Sutcliffe, LLP, a major law firm to municipalities, said in a February report that it believes the extraordinary redemption provision is available to issuers in most cases. In the last month, the refinancings have surged in popularity, with a bevy of issuers planning new deals.

A representative for Wedge Capital Management declined to comment and a spokesperson for Amica Mutual Insurance did not reply to requests for comment.

Earlier this month, a group of investors sent a letter challenging a $1 billion municipal bond refunding by the Regents of the University of California. That offering priced earlier this month and is slated to close next week.

Washington, at this time, still plans to move forward with the sale, which is scheduled for March 26, according to Adam Johnson, a spokesperson for the state treasurer's office.

Strategists at Barclays Plc have estimated that roughly $30 billion may be refinanced this year using the call. Still, they said in a March 8 report that some governments may scrap plans for the refinancings given the investor pushback.

"Concerns about validity of calling BABs through ERPs for most issuers could keep some of them on the sidelines," the strategists said in a report.

Bloomberg Markets

By Amanda Albright and Nic Querolo

March 19, 2024

Purdue University Muni Deal Threatens Over 20% Loss for Holders.

- **School plans to refinance Build America Bonds close to par**
- **Controversy over BAB refinancings swirls in muni bond market**

Fans of the Purdue University Boilermakers are reveling in victory after the top-ranked college basketball team trounced Grambling State and Utah State in the NCAA's March Madness Tournament over the weekend.

It's a different story in the debt market, where investors in the college's bonds are poised to take a loss as Purdue prepares to exercise an obscure provision to call back securities before they are due.

The university — equipped with a $2.7 billion endowment and a AAA credit rating — is replacing Build America Bonds it sold more than a decade ago with lower yielding tax-exempt debt as part of a

$72 million bond sale this week. Purdue is looking to buy back those bonds at close to par, or 100 cents on the dollar. But the debt has recently traded above that level.

Continue reading.

Bloomberg Markets

By Amanda Albright and Nic Querolo

March 25, 2024

Texas AG Paxton Asks Judge to Reject Austin's Bond Validation to Finance Project Connect Improvements.

The Republican attorney general is asking a Travis County judge to reject the city of Austin's plans to issue bonds to fund Project Connect improvements, including the light-rail system.

A Travis County judge on Monday set a trial date to hear arguments in a pending bond validation lawsuit centered on the proposed financing plan for Project Connect, setting a stage on which the future of the city of Austin's $7.1 billion public transportation investment could be at stake.

A bond validation lawsuit seeks to confirm the validity of municipal bonds issued by a government entity. The trial will be the culmination of a lawsuit that attorneys representing the Austin Transit Partnership, the city's light-rail planning agency, filed in February.

The trial is set for May 28 through 30, according to a memo sent to Austin Transit Partnership board members Monday.

Continue reading.

by Chase Rogers

March 19, 2024

Austin American-Statesman

California to Sell $2.6 Billion of Bonds to Buyers Seeking Shelter.

- **Home to billionaires levies tax rate of more than 13%**
- **Recent California muni deals had yields below market benchmark**

California next week plans to sell $2.6 billion of bonds, the municipal market's second-largest offering this year, and high demand from eager investors is likely despite the state's ballooning budget deficit.

New sales of tax-exempt bonds in California have been gobbled up by buyers looking to shield income from the state's high taxes and to lock in yields before anticipated rate cuts by the Federal

Reserve later this year. California, home to more billionaires than any other state and hundreds of thousands of millionaires, levies a rate of at least 13.3% on its highest earners.

The desire for tax-advantaged investments means California bond deals can sell at yields lower than AAA-rated benchmark muni securities. The Los Angeles County Metropolitan Transportation Authority sold $114 million of bonds this week with yields as much as 30 basis points below that benchmark, according to data compiled by Bloomberg.

Continue reading.

Bloomberg Markets

By Maxwell Adler and Melina Chalkia

March 21, 2024

California Senators Float Plan to Plug Bay Area Transit Budget Gaps.

- **Bay Area region has 27 transit operators across nine counties**
- **New proposal seeks at least $750 million for transit agencies**

Transit operators in San Francisco's Bay Area are facing massive budget shortfalls as ridership lingers well below its prepandemic levels. Two California senators will unveil a bill Monday aimed at plugging those gaps, as well as bringing some order to the 27 different agencies operating across the region.

The proposal seeks at least $750 million to be doled out to public transport systems that serve the region's nearly eight million residents. The legislation would dedicate a consistent stream of revenue by asking voters to approve a new tax on sales, regional payrolls or properties. A charge on vehicle registrations would also be considered, according to a fact-sheet describing the legislation. The bill also asks the California State Transportation Agency to study combining the more than two-dozen networks.

Continue reading.

Bloomberg CityLab

By Skylar Woodhouse

March 18, 2024

Calpers Raises Bets on Private Equity, Credit Bets in $34 Billion Shift Away From Stocks.

The largest US pension fund is ramping up its exposure to private equity and private credit in a $34 billion bet that the riskier assets will fuel higher returns.

The board of the California Public Employees' Retirement System voted to boost the target allocation for private equity to 17% of its portfolio, up from 13%. It also approved increasing private credit to 8% from 5%. Based on current values, that works out to about $34 billion aimed for private equity and credit, while Calpers plans to pare its exposure to publicly traded stocks and bonds.

The shift reflects confidence that Calpers can ferret out attractive investments even as the fund significantly downgraded the expected 20-year returns from private equity in its latest market survey, citing increased financing costs. The $490 billion pension fund adopted the new asset mix following a mid-cycle review based on updated market assumptions.

Continue reading.

Bloomberg Markets

By Eliyahu Kamisher

March 18, 2024

Washington, State of (WA): Fitch New Issue Report

Key Rating Drivers Revenue Framework – 'aaa' Revenue performance over time has exceeded U.S. GDP growth, and Fitch expects this to continue to support strong growth prospects. The state has complete independent control over taxation, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework – 'aa' Washington possesses ample expenditure flexibility, with statutory commitments, broad responsibility for education and infrastructure spending offset by low carrying costs. Washington also benefits from the broad expense-cutting authority common to most U.S. states. Long-Term Liability Burden – 'aaa' The combined burden of debt and net pension liabilities is low as a percentage of personal income but above the median for U.S. states. Debt ratios incorporate the funding of substantial capital needs, particularly for transportation, but are offset by a moderate net pension liability and an expanding economic resource base.

ACCESS REPORT

Mon 18 Mar, 2024

State of Wisconsin: Fitch New Issue Report

The 'AA+' rating reflects the exceptional resilience of the security through economic declines and relatively flat growth prospects for motor vehicle registrations in Wisconsin. Fitch anticipates revenue growth will be in line with long-term expectations for national inflation and an 'a' assessment given the nature of the pledged revenues, which include annual motor vehicle registration and related fees and are not generally linked to usage. Debt service is paid from a revenue source that has shown little volatility and provided ample debt service coverage on both an annual and maximum annual debt service basis. Pledged revenues are expected to provide strong coverage of debt service requirements, even if fully leveraged to the 2.25x additional bonds test, in the event of a moderate downturn, consistent with a 'aaa' assessment for this rating driver. The flow of pledged revenue is structurally protected from the state's general financial operations. The rating on the bonds is the same as the state's IDR, based on the bonds' fundamental credit characteristics.

ACCESS REPORT

Mon 18 Mar, 2024

Chicago, Illinois: Fitch New Issue Report

The city retains the legal authority to adjust rates as needed without external oversight. Fitch Ratings considers the monthly residential sewer bill affordable for about 87% of the service area population based on standard monthly usage of 6,000 gallons. In fiscal 2022, the system's operating cost burden was considered very low at $1,003 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 22% in fiscal 2022. Capex relative to depreciation has been robust, averaging 320% over the past five fiscal years from 2018 to 2022. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio. The system had very low leverage of 9.9x as of fiscal 2022. This is in line with historical performance where leverage has typically registered between 9.8x and 9.9x annually since fiscal 2018. A brief uptick to 11.1x in fiscal 2020 reflected rates that increased with modest inflation, fluctuating pension obligations and related expenses.

ACCESS REPORT

Wed 20 Mar, 2024

Philadelphia's Post-ARPA Fiscal Reality.

Overview

The start of the COVID-19 pandemic in 2020 forced officials in cities throughout the country to deal with unexpected budget shortfalls quickly. To close a projected one-year gap of $649 million, Philadelphia was forced to take several steps—including drawing down its operating fund balance, postponing planned tax-rate reductions, temporarily increasing some taxes, and reducing spending.1 But that didn't address the long-term fiscal issues.

Then, along came the American Rescue Plan Act (ARPA), which Congress adopted in 2021; ARPA provided Philadelphia with $1.4 billion to use through December 2024.2 Local officials decided to use all the money to help address what they said would have been a $1.5 billion cumulative budget shortfall without it.3

This brief—based on research and analysis that PFM Group Consulting, a Philadelphia-based public finance advisory firm, conducted for The Pew Charitable Trusts—focuses on the city's financial prospects after the federal ARPA money is spent. It examines how economic downturns could affect city revenue and what budgetary strategies local officials could consider, whatever the city's fiscal condition.

Continue reading.

The Pew Charitable Trusts

March 20, 2024

[MN Cities Could Face Additional Barriers to State Financial Support for Capital Improvement Projects.]

Proposals heard in the House and Senate would require that any city receiving funding for a local infrastructure project from state bonds or general funds create an account sufficient for rehabilitation, expansion, and eventual replacement of the project.

The House and Senate both held informational hearings on legislation that creates far-reaching barriers to state financial support of local public infrastructure.

HF 3582 (Rep. Fue Lee, DFL-Minneapolis) and SF 3782 (Sen. Sandra Pappas, DFL-St. Paul) would require that a local government infrastructure project that receives any state funding must also create a capital project replacement fund to cover major rehabilitation, expansion, or replacement of that capital project.

The funds and the approval of uses of that money would be determined by the state and the account would need to be annually audited. Money could not be used from that account without state approval. An amendment that was adopted in the House includes language that more broadly applies the requirement to other state capital project grant recipients and also penalizes anyone whose fund is not kept at required levels.

Continue reading.

League of Minnesota Cities

March 25, 2024

Soaring Denver-Area Rents Spur $200 Million Student Housing Bond.

- **Colorado School of Mines invests in 800-bed sophomore dorm**
- **Growing trend of colleges solving affordable housing shortage**

The Colorado School of Mines is turning to the muni market for the second time in six months to address a housing shortage for its growing campus of roughly 7,000 students just outside of Denver.

The investment-grade deal, managed by Morgan Stanley, is slated to raise nearly $200 million to fund the construction of more affordable housing for sophomores, according to bond documents. In October, the school sold $132 million of debt to renovate a student complex called Mines Park, adding roughly 520 beds to the apartment-style community for more senior and graduate students.

The science and engineering school, located in Golden, Colorado, about 15 miles (24 kilometers) outside Denver, is part of a growing cohort of colleges facing a housing crunch in already competitive markets.

Continue reading.

Bloomberg Markets

By Melina Chalkia

March 13, 2024

U of I Picks a New Partner to Finance Phoenix Deal.

The University of Idaho hasn't begun issuing University of Phoenix bonds — but it is already turning to a Plan B, or a Plan C.

U of I officials are downplaying the impacts on the controversial $685 million purchase.

The Arizona Industrial Development Authority was the U of I's first choice for issuing the Phoenix bonds. However, AzIDA "passed on the opportunity to participate in the financing," Dirk Swift, the authority's executive director, told the Lewiston Tribune Wednesday.

The reasons for AzIDA's decision are not clear. Idaho Education News has made repeated requests for comment from Arizona Gov. Katie Hobbs' office, but has received no response.

AzIDA became the U of I's first choice for issuing Phoenix bonds, since the Idaho Housing and Financing Association does not have the authority to finance "intangible assets," an asset that is not physical in nature. The U of I settled on two possible bonding agents, according to a university "frequently asked questions" page that still lists AzIDA as its Phoenix bonding agent.

"Both Wisconsin (Public Finance Authority) and Arizona IDA can issue debt to finance intangible assets," the U of I said. "These two issuers have a deep bench of experience with such offerings. Considering fees, experience and other factors, we have selected Arizona IDA."

The U of I page does not refer to the agency that will apparently issue the bonds: National Finance Authority, based in New Hampshire. The U of I approached "a number" of potential bond issuers, spokeswoman Jodi Walker said in a statement.

"While AzIDA declined to participate, NFA agreed to participate in the financing," she said. "The AzIDA decision has no impact on our transaction."

Bonding is a major obstacle facing the Phoenix purchase.

U of I and State Board of Education officials have said that the purchase can't be financed while the Phoenix acquisition is mired in court. Attorney General Raúl Labrador has challenged the purchase, with an Idaho Supreme Court hearing expected in June. Legislators have also threatened a lawsuit. Legislators have also floated the idea of overhauling the purchase, which would put Phoenix under the masthead of a U of I-affiliated nonprofit.

The purchase faces a nonbinding May 31 deadline. If a deal isn't closed by that date, the U of I or Phoenix can walk away from the table.

idahonews.org

Kevin Richert | 03/15/2024

[New Jersey Enacts Groundbreaking Charter School Financing Law: Ballard Spahr]

Summary

New Jersey recently enacted legislation enabling public charter schools to access low-interest financing through the Public Charter and Renaissance School Facilities Loan Program, aiming to enhance educational infrastructure and opportunities. This groundbreaking initiative will allow public charter schools in 31 School Development Authority districts to fund new construction projects and perform major renovation and rehabilitation projects.

The Upshot

- This historic law in New Jersey establishes a first-ever funding framework for public charter schools and renaissance schools to be able to obtain low-interest financing for construction, expansion, and improvements to their facilities.
- The new Economic Development Authority low-interest revolving loan program will fund new construction, critical facility upgrades, and major renovation and rehabilitation projects for public charter schools and renaissance schools in the 31 School Development Authority districts identified as having the greatest need for school construction and improvement projects.
- By offering charter schools and renaissance schools access to financial resources that were previously out of reach, the law aims to alleviate financial barriers and enable these schools to enhance their infrastructure to better serve students.

Continue reading.

March 13, 2024

Local Fiscal Response to State Preemption: A Case Study of Massachusetts' Proposition 2½ Tax Referendum.

Abstract

State preemption in the form of tax and expenditure limits significantly limits local revenue-raising capacity. To gain insights into how local governments respond to fiscal preemption through direct democracy, this study focuses on tax referenda that override the levy limit set by Proposition 2½ in Massachusetts. Analyzing a sample of 320 municipalities from 2010 to 2021, we investigate the influence of fiscal slack resources and tax burden on the levy limit overrides and exclusions. Our analysis breaks down the tax referendum process into two stages, highlighting the involvement of different decision-makers: local officials proposing the referendum and individual voters approving it. We find that municipalities are motivated to seek tax referenda due to diminishing fiscal slack resources, yet the tax burden on residents can discourage such pursuits.

Continue reading.

The Journal of Federalism

by Shu Wang, Yonghong Wu

Published: 15 March 2024

Raymond James Hires 10 from Citi's Closing Muni-Bond Group.

- **Muni firms are snapping up talent from the Wall Street giant**
- **Hires from Citi include bankers Chris Mukai and Ben Selberg**

Raymond James Financial Inc. is the latest firm to snap up executives from Citigroup Inc.'s shuttering municipal-bond division.

The St. Petersburg, Florida-based Raymond James has been on a hiring spree for its public finance division for years and is adding 10 bankers and analysts from the Wall Street bank.

Among the hires is Chris Mukai, who worked at Citi for over two decades. He will serve as co-head of western region public finance in Los Angeles. Victor Andrade, another California-based banker who specializes in work with schools, is also joining.

Ben Selberg, who led Citi's public power investment banking team, will serve as head of public power, energy and renewables in a new Seattle office for the firm.

Other hires from Citigroup include Stephen Field, who works with West Coast issuers and also specializes in securitizations, and Brian Olin, a banker and derivatives specialist. Susan Jun, who has worked with the largest affordable housing issuers in the country, is joining Raymond James' national housing group.

Raymond James has already had a strong start to 2024, working on several large financings. It's ranked as the fifth-biggest muni underwriter so far in 2024, two spots up from the same time last year, according to data compiled by Bloomberg.

"Having these outstanding, highly regarded bankers join Raymond James is a testament to our dedicated and deeply experienced professionals who have worked tirelessly for years to fuel our growth and advance our strategic vision to be one of the highest regarded public finance platforms in the nation," Gavin Murrey, head of public finance at Raymond James, said in a statement.

Bloomberg Markets

By Amanda Albright and Shruti Singh

March 11, 2024

Oppenheimer Hires UBS Alumnus Reed to Expand in US Southwest.

- **Half a dozen former UBS muni bankers have joined Oppenheimer**
- **UBS last year said it would halt most of its muni underwriting**

Oppenheimer & Co. has hired Frank Sanchez Reed, a former UBS Group AG banker, as managing director to head its public finance team in the US Southwest.

Reed, an industry veteran with almost three decades of experience, is based in Texas and will focus on large issuers including California. He's the sixth municipal banker Oppenheimer has hired from UBS this year as the firm expands its reach in US public finance.

Reed joins after New York-based Oppenheimer named Elizabeth Coolidge, UBS's former head of Midwest public finance, to lead its national municipal practice in January.

Continue reading.

Bloomberg Business

By Shruti Singh

March 12, 2024

State of New York: Fitch New Issue Report

Growth Prospects for Revenues Solid Growth Prospects: Pledged PIT receipts are likely to grow above the long-term rate of inflation, similar to Fitch Ratings' expectations for the broad-based, wealthy and service-dominated New York State economy and consistent with a 'aa' growth prospects assessment. Sensitivity and Resilience Ample Cushion Despite Economic Sensitivity: While the PIT receipts are economically sensitive, reliance on residual receipts for general operations and the 2x ABT prevent overleveraging of the pledged revenue stream and provide ample cushion to absorb potential volatility, warranting a 'aaa' resilience assessment. Exposure to Related Government PIT Structure Enhances Appropriation Incentive: An annual appropriation requirement caps the rating at the state's 'AA+' IDR. A statutory provision that deprives the state's operating funds of at least $12 billion (about 11% of fiscal 2023 state operating funds tax revenue) in the event of non-appropriation effectively eliminates appropriation risk.

ACCESS REPORT

Mon 11 Mar, 2024

University of Oklahoma Board of Regents: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'aa' Solid Demand and Enrollment Trend; Moderate Revenue Diversity Underpinning the 'aa' Revenue Defensibility assessment are OU's modestly selective demand metrics, its solid flagship/top-tier research demand niche, and established trend of sizeable out-of-state draw, all of which Fitch believes will continue to provide stability to modest growth in OU's enrollment base. OU saw fall 2023 (fiscal 2024) headcount increase by a solid 3% to 29,166, benefitting from OU's steady trend of growth in its freshmen (the largest first-year class in history), gains in graduate enrollment and OU Online, as well as solid undergraduate retention. Student quality measurements, such as the freshman-to-sophomore retention rate, remain high and continue to improve (89% in fall 2022), in addition to the six-year graduation rate. Management's current projections anticipate a lower level of freshman growth (2%-5%) with a growing non-resident component. OU has moderate revenue diversity. While down slightly from about 54% in fiscal 2019, operating revenues remain largely student revenue dependent (roughly 50% of adjusted total unrestricted operating revenues from tuition/auxiliary revenues in fiscal 2023). Federal, state, and local grants were the next largest revenue source at 24% of fiscal 2023 adjusted total unrestricted operating revenues.

[ACCESS REPORT]

Fri 15 Mar, 2024

[Metropolitan Transportation Authority, New York: Fitch New Issue Report]

The upgrade of the transportation revenue bond (TRB) ratings, to 'AA' from 'A', reflects the application of Fitch Ratings' revised "Government-Related Entities Rating Criteria" (GRE criteria). The criteria explicitly recognize the likelihood of extraordinary support from New York State (NYS) to the Metropolitan Transportation Authority (MTA) in a situation of financial difficulty. Under the new criteria framework, Fitch has assessed the MTA's Standalone Credit Profile (SCP) at 'bbb+', representing our view of the MTA's creditworthiness, irrespective of its relationship with NYS. This, combined with a support score of 'extremely likely' under Fitch's GRE criteria, leads to the MTA Issuer Default Rating (IDR) and TRB rating at one notch below the NYS IDR (AA+/Stable).

[ACCESS REPORT]

Fri 15 Mar, 2024

[AG's Suit Against Town of Milton Shines a Spotlight on Massachusetts' Housing Crisis: Burns & Levinson]

Last April, we [reported] that the Attorney General was set to enforce municipal compliance with denser, transit-friendly zoning requirements. Now that has come to pass. The recently commenced battle between the Town of Milton and the Attorney General's office over the [MBTA Communities Act] illustrates the high degree of difficulty posed by the Massachusetts housing crisis. On February 27, Attorney General Andrea Campbell filed suit against the Town of Milton for its voters' failure to adopt zoning that would allow multi-family housing near the Town's MBTA station, as required by the MBTA Communities Act. The Act, passed during the Baker Administration in 2020, is designed to ease the housing crunch in Massachusetts by requiring municipalities served by the MBTA to adopt zoning changes that allow multi-family housing in the vicinity of MBTA stations. Milton's Planning Board resisted the change, and the Town's voters turned it down in a referendum vote on Valentine's Day. As a result, the Attorney General filed her suit seeking an injunction to force the Town to comply with the law.

Aside from presenting Home Rule and enforcement questions, the AG's suit has highlighted a problem with the Act that many municipalities had identified in the lead-up to the deadline for compliance. According to in-depth WGBH reporting, many municipalities simply do not have the water and sewer infrastructure to serve the number of new housing units allowed by the required zoning change. To make matters even more challenging, the reporting reveals that many of those municipalities do not have the budget or any idea how they would raise the funds to build the new infrastructure.

According to a [MassLive media report], at least one Wrentham Select Board Member has objected to the requirements of the Act as an “unfunded mandate.” A term that is not often thrown around, an unfunded mandate is a new requirement imposed on municipalities that require the expenditure of municipal funds without supporting funding from the state. Under the local mandates provision of Proposition 2 ½, municipalities are exempt from complying with unfunded mandates. However, there are multiple exceptions to the exemption, such as state mandates that only impose indirect costs and mandates that the legislature imposes as a condition of receiving state aid. It remains to be seen whether the Town will defend the AG’s suit on this basis or if it will succeed.

The suit highlights the many potential barriers to any single solution to the housing crisis. As AG Campbell’s Complaint and Brief eloquently spell out, past legislative attempts to stimulate housing have fizzled, resulting in the passage of the MBTA Communities Act, a blunt instrument. Hopefully, the renewed attention to the housing crisis will result in an accommodation that suits all parties and provides much-needed housing.

Burns & Levinson LLP – Thomas A. Mackie

March 14 2024

S&P Charter School Brief: California

Read the S&P Brief.

13 Mar, 2024

Chicago Bears Tout $2 Billion Plan for City Stadium.

- **NFL team is committed to contributing more than $2B, CEO says**
- **Bears were considering moving to Arlington Heights, a suburb**

The Chicago Bears are taking steps to stay in the third-largest US city with a plan to contribute more than $2 billion of private investment to build a new stadium.

After more than a year of speculation that the team would move to a new site in the suburbs, Bears Chief Executive Officer and President Kevin Warren revealed the new proposal on Monday.

“The Chicago Bears are committed to contributing over $2 billion to build a stadium and improve open spaces for all families, fans and the general public to enjoy in the City of Chicago,” Warren said in an emailed statement. “The future stadium of the Chicago Bears will bring a transformative opportunity to our region — boosting the economy, creating jobs, facilitating mega events and generating millions in tax revenue.”

Continue reading.

Bloomberg Markets

By Shruti Singh and Maxwell Adler

March 11, 2024

[Raymond James Hires 10 from Citi's Closing Muni-Bond Group.]

- **Muni firms are snapping up talent from the Wall Street giant**
- **Hires from Citi include bankers Chris Mukai and Ben Selberg**

Raymond James Financial Inc. is the latest firm to snap up executives from Citigroup Inc.'s shuttering municipal-bond division.

The St. Petersburg, Florida-based Raymond James has been on a hiring spree for its public finance division for years and is adding 10 bankers and analysts from the Wall Street bank.

Among the hires is Chris Mukai, who worked at Citi for over two decades. He will serve as co-head of western region public finance in Los Angeles. Victor Andrade, another California-based banker who specializes in work with schools, is also joining.

Ben Selberg, who led Citi's public power investment banking team, will serve as head of public power, energy and renewables in a new Seattle office for the firm.

Other hires from Citigroup include Stephen Field, who works with West Coast issuers and also specializes in securitizations, and Brian Olin, a banker and derivatives specialist. Susan Jun, who has worked with the largest affordable housing issuers in the country, is joining Raymond James' national housing group.

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"Having these outstanding, highly regarded bankers join Raymond James is a testament to our dedicated and deeply experienced professionals who have worked tirelessly for years to fuel our growth and advance our strategic vision to be one of the highest regarded public finance platforms in the nation," Gavin Murrey, head of public finance at Raymond James, said in a statement.

Bloomberg Markets

By Amanda Albright and Shruti Singh

March 11, 2024

[Raymond James Hires Citi Bankers for New Public-Finance Office in Seattle.]

Midsize investment bank sees opportunity in muni bonds and public-power financing

Raymond James Financial Inc. said Monday it's hiring 10 ex-Citigroup Inc. bankers as the bank broadens its reach in the public-finance business from middle-market deals to larger deals.

The bankers will also help Raymond James (RJF) set up a new public-finance office in Seattle, form a dedicated public-power practice, widen its presence in the Western U.S. and staff up its housing-finance group.

“We have people in the marketplace who need public-finance products…and the Citi bankers will provide a nearly perfect overlay to what we already had,” Gavin Murrey, executive vice president and head of public finance at Raymond James, said in an interview.

Raymond James stock fell 0.8% on Monday as the broad market dropped. The stock has risen by 6.9% so far in 2024, compared with a 7.3% increase by the S&P 500.

Murrey said the Citi bankers will advance efforts at Raymond James to operate “one of the highest regarded public-finance platforms” in the U.S.

The bank is seeing demand for muni bonds and other public-finance products both from its wealth-management business and its roughly 4,000 to 5,000 accounts with middle-market businesses, Murrey said.

The bank has already hired about 51 people since late 2021 for its public-finance practice, with about 145 salespeople working to provide products to bankers, money managers and issuers.

“The broader the distribution, the more appealing it is for the issuer,” Murrey said.

Raymond James is making the move after Citi announced in an internal memo in December that it was shutting down its municipal-underwriting and market-making activities in a decision it described as difficult.

“While we are very proud of the impact they have had over the years, the economics of these activities are no longer viable given our commitment to increase the firm’s overall returns,” Citi said.

Citi is in the midst of a wide-ranging reorganization under Chief Executive Jane Fraser.

Also read: Citigroup to cut 20,000 jobs by 2026 after ‘very disappointing’ quarter as it posts loss

For its part, Raymond James has 180 people at 39 locations in one of the largest public-finance practices in the U.S., which has expanded into 10 more states and six countries since 2018.

The 10 hires from Citi include seven managing directors such as Ben Selberg, who is managing director and head of public power, energy and renewables for Raymond James in Seattle, as well as Brian Olin, managing director, also in Seattle.

Chris Mukai is managing director and co-head of the western region public-finance team, based in Los Angeles.

In Chicago, Raymond James named Susan Jun as managing director of its national housing group.

While Citi’s municipal bond unit mostly focused on larger deals, Raymond James has a more diversified practice ranging from smaller-market deals up to bigger issuances.

Raymond James doesn’t break out its public-finance business revenue, which is included in its overall capital markets operation.

Provided by Dow Jones

Mar 11, 2024 11:40am

By Steve Gelsi

This content was created by MarketWatch, which is operated by Dow Jones & Co. MarketWatch is published independently from Dow Jones Newswires and The Wall Street Journal.

Truist Hires Former Citi Muni Bankers to Build 'National Scope'

- **Southeast bank expands in market Wall Street giant exited**
- **Executives say hiring to continue as opportunities arise**

Truist Financial Corp. hired more Citigroup Inc. municipal-bond veterans, showcasing the Southeast regional bank's deepening commitment to the $4 trillion market as the Wall Street powerhouse leaves the business.

Charlotte, North Carolina-based Truist added Cameron Parks to head infrastructure and government banking. Also joining were Robert Mellinger and Matt Bernstein.

The expansion by Truist, created by the merger of SunTrust Banks Inc. and BB&T Corp. in 2019, comes as municipal investment banking is showing signs of life. A decrease in borrowing costs this year has pushed state and local debt sales up more than 40% over the year-ago period, according to data compiled by Bloomberg.

Continue reading.

Bloomberg Markets

By Amanda Albright

March 1, 2024

Three Ex-UBS Public Finance Bankers Head to Cabrera Capital.

- **Chicago-based firm has been expanding in public finance**
- **Pullback by UBS, Citi creates hiring opportunity for others**

Cabrera Capital Markets has hired three former UBS Group AG public finance bankers, the latest firm to scoop up talent from a national bank that's pulled back from the municipal-bond market.

The Chicago-based investment bank and brokerage brought on Shawn Dralle, a Los Angeles-based banker who will serve as head of West Coast public finance, according to a statement. Chris Bergstrom, a New York-based banker, will lead public transportation finance at Cabrera. And Shawnell Holman, a Houston-based banker, joined as an executive director.

"With the addition of three new senior level positions nationwide, the ability to serve our public finance clients will assuredly continue to expand," Mario Carrasco, head of public finance at Cabrera, said in the statement.

Continue reading.

Bloomberg Markets

By Amanda Albright

March 4, 2024

[Ramirez Taps More Citi Muni Bankers for Public Finance Expansion.]

- **Craig Kornett joined as managing director to lead health care**
- **Euriah Bennett in Atlanta will expand its Southeast presence**

Samuel A. Ramirez & Co. has hired three more bankers and an analyst from Citigroup Inc., the latest in a number of additions to the firm that is seizing on municipal finance heavyweights pulling back from the space.

Craig Kornett has joined Ramirez as a managing director to lead its health care practice from Citigroup, where he worked since 2014, according to an emailed statement from Ramirez on Friday. Ryan Lim, a former analyst at Citigroup, also joined the firm and will work with Kornett.

Euriah Bennett, who will be based in Atlanta, has come from Citigroup to expand Ramirez's presence in the Southeast. Emily Davis will work with Dashmir Keca, who recently joined Ramirez to lead its public power and energy group. Both were previously with Citigroup. Davis will be based in Boston.

Continue reading.

Bloomberg Markets

By Shruti Singh

March 8, 2024 at 11:53 AM PST

S&P: Flooding Events For California Cities And Counties Are Unlikely To Abate And May Result in Long-Term Credit Risks

Key Takeaways

- California's extremely high rainfall in 2023 is continuing into 2024 but has not yet had a material effect on credit quality for cities and counties rated by S&P Global Ratings, although the longer-term effects on issuers could be more significant.
- Maintaining high levels of reserves and liquidity is, in our view, one way issuers can navigate the short-term effects of extreme weather events, in particular as FEMA reimbursement, if approved, can take months or even a year to arrive.
- As weather events become more frequent or severe, we have observed that cities and counties have prepared by evaluating stormwater infrastructure or installing flood gates or moveable walls to redirect water to protect municipal assets.
- S&P Global Ratings continues to monitor the effects of extreme weather events on the credit quality of California cities and counties by evaluating infrastructure, risk management, and finances on a case-by-case basis.

Continue reading.

5 Mar, 2024

Idaho Housing and Finance Association: Fitch New Issue Report

Long-Term Growth Prospects: The 'aaa' assessment for pledged revenue growth prospects reflects robust sales tax performance in recent years. Fitch Ratings anticipates strong growth, at or above long-term expectations for national economic growth, benefiting from a trend of strong state population growth, economic expansion and diversification. Revenue Stream Resilience: Available state sales tax revenues provide very strong coverage of the allocation to the TECM Fund from which debt service is payable, supporting a 'aaa' assessment of the sensitivity and resilience of the security structure. Assuming full expected leverage of the annual allocation ($80 million), the structure can comfortably absorb the decline in revenues expected to result from a moderate recession scenario and one equivalent to the largest historical revenue decline.

ACCESS REPORT

Fri 08 Mar, 2024

Morgan Stanley Hires Four Bankers From Citi's Closing Muni Unit.

- **Three of the bankers will lead various public finance groups**
- **In 2023, Morgan Stanley was the fifth-biggest muni underwriter**

Morgan Stanley has hired four public finance bankers from Citigroup Inc.'s long-vaunted municipal-bond unit that is being shuttered, according to a person familiar with the matter who declined to be identified because the matter is not yet public.

Three of the new bankers will lead different groups within Morgan Stanley's public finance division, the person said. Citigroup executives announced in December that the bank would wind down its public finance unit this quarter.

Alex Zaman will serve as head of surface transportation and urban development and Lori Small will serve as head of airports, the person said. Shai Markowicz will serve as head of social infrastructure, which includes project finance and public-private partnerships. Imani Boggan is also joining as an associate, the person said.

Continue reading.

Bloomberg Markets

By Amanda Albright and Shruti Singh

February 28, 2024

Three Ex-UBS Public Finance Bankers Head to Cabrera Capital.

- **Chicago-based firm has been expanding in public finance**
- **Pullback by UBS, Citi creates hiring opportunity for others**

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"With the addition of three new senior level positions nationwide, the ability to serve our public finance clients will assuredly continue to expand," Mario Carrasco, head of public finance at Cabrera, said in the statement.

UBS bank executives announced last year that the unit would reorganize and shift away from working for state and local governments as an underwriter, though it would still buy bonds issued in auction sales. Citigroup Inc. is also shutting down its public finance unit. That's created a hiring opportunity for banks that are looking to expand their market share in municipal finance.

Cabrera is also tapping two industry vets from Citigroup to serve as consultants. Steven Dworkin, a banker who focused on public power entities, and George Leung, a muni credit specialist, will help expand the services that the company provides to clients, the company said in the statement.

Cabrera has been expanding its presence in municipal-bond underwriting. It hired Carrasco in 2022 to lead its public finance efforts. The firm will serve as lead manager on an upcoming $750 million bond sale by the Austin Independent School District that is slated to price later this month, according to the company.

"This is going to be an expansive year for our public finance team," Chief Executive Officer Martin Cabrera said in the statement. "Bringing Chris, Shawnell, Shawn and all the municipal finance hires since 2022 onto Cabrera's public finance platform creates more opportunities to better serve our clients and forge new relationships to continue the upward trajectory of Cabrera's future."

Bloomberg Markets

By Amanda Albright

March 4, 2024

Morgan Stanley Boosts Public Finance Division, Poaching Talent from Citigroup.

Learn how Morgan Stanley's recruitment of experienced bankers from Citigroup's closing municipal-bond unit aims to strengthen its position in the market, expand its service offerings, and improve its rankings in the municipal-bond underwriting space.

Morgan Stanley has strategically enhanced its public finance division by hiring four seasoned bankers from Citigroup Inc.’s municipal-bond unit, which is slated for closure this quarter. This significant move underscores Morgan Stanley’s ambition to solidify its standing and capabilities in the municipal-bond underwriting market across the United States.

Strategic Hires to Fortify Key Sectors

The quartet of new hires is poised to lead various segments within Morgan Stanley’s public finance division, bringing a wealth of experience and expertise. Alex Zaman has been appointed head of surface transportation and urban development, Lori Small will helm the airports division, and Shai Markowicz takes charge of social infrastructure, which includes crucial areas such as project finance and public-private partnerships. Imani Boggan joins as an associate, rounding out the team with fresh insight and potential. These appointments are not just about filling positions; they are strategic moves designed to enhance Morgan Stanley’s service offerings and market presence in vital infrastructure sectors.

[Continue reading.]

bnnbreaking.com

by Rizwan Shah

28 Feb 2024

[Truist Hires Former Citi Muni Bankers to Build ‘National Scope’]

- **Southeast bank expands in market Wall Street giant exited**
- **Executives say hiring to continue as opportunities arise**

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The expansion by Truist, created by the merger of SunTrust Banks Inc. and BB&T Corp. in 2019, comes as municipal investment banking is showing signs of life. A decrease in borrowing costs this year has pushed state and local debt sales up more than 40% over the year-ago period, according to data compiled by Bloomberg.

[Continue reading.]

Bloomberg Markets

By Amanda Albright

March 1, 2024

Initiative 1935: Sweeping Measure to Limit Ability of State and Local Governments in California to Raise Revenues - Orrick

Voters in California may cast ballots this November on a proposal to make substantial changes to the California Constitution involving taxation and related government powers.

Initiative 1935, the so-called "Taxpayer Protection and Government Accountability Act," seeks to limit the State's and local agencies' ability to generate revenues by, among other things, broadening the definition of what constitutes a tax, increasing voter and government approval thresholds in some cases, and adding procedural election requirements. It seeks to overturn recent judicial decisions holding that local initiative tax measures require approval of only a majority vote.

The measure also purports to apply retroactively. If retroactivity is effective, applicable taxes, fees and charges created, increased or extended after January 1, 2022, not adopted in a manner consistent with the requirements of Initiative 1935 would become void unless reenacted within 12 months.

The Governor and State Legislature are challenging Initiative 1935 in the California Supreme Court. They say it should not appear on the ballot, arguing that the initiative would amount to an unlawful revision of the California Constitution and an impermissible interference with essential government functions. The Governor and Legislature have requested a ruling by June, before election workers prepare ballots for the November election. It is unclear how the California Supreme Court will rule.

Continue reading.

February.29.2024

Orrick Herrington & Sutcliffe LLP

Harvard University Floats $1.65 Billion Upcoming Debt Sale.

- **Ivy League school plans to sell debt in March and April**
- **Bonds will be both taxable and tax-exempt, filing says**

Harvard University is considering the sale of as much as $1.65 billion of bonds, marking the latest Ivy League school to issue debt this year, and potentially providing signs of how it's financially faring after months of turmoil over allegations of antisemitism on campus.

The university is planning to borrow as much as $750 million of taxable fixed-rate bonds the week of March 4 and $900 million of tax-exempt bonds in April, according to a regulatory filing on Monday.

Harvard has come under scrutiny from lawmakers, students, alumni and donors in the wake of Hamas's Oct. 7 attack on Israel, resulting in the resignation this year of President Claudine Gay. Some of its most prominent benefactors have signaled they won't commit more money to the school such as billionaires Ken Griffin and Len Blavatnik, both alumni. In addition, the school is facing inquiries in two Congressional committees, federal lawsuits and possible government actions could take away financial support. Federally sponsored research comprised 11% of its operating revenues during the fiscal year that ended in June.

Continue reading.

Bloomberg Markets

By Amanda Albright and Janet Lorin

February 26, 2024

WPPI Energy, Wisconsin: Fitch New Issue Report

The ‘A+’ rating and Issuer Default Rating reflect WPPI Energy’s strong revenue defensibility, which is supported by its role as a wholesale power supplier serving 51 utility systems in Wisconsin, Michigan and Iowa, along with the strong credit quality of the agency’s largest members. Members are bound by long-term, take-and-pay power supply contracts (PSCs) that provide for the full cost recovery of all of WPPI’s costs. The rating also considers WPPI’s strong operating risk profile, consistent financial performance and low leverage. WPPI’s diverse mix of owned generation resources by fuel type and geographic location, and varied purchased power agreements (PPAs) provide a stable and relatively low-cost energy supply, and are the basis for the strong operating risk assessment. The operating cost burden, which increased over the past two year to over 9 cents/kWh in 2022, remains low despite a rise in fuel and market energy costs over that time. Cost pressures subsided somewhat in 2023, allowing the cost burden to decline to closer to 8 cents/kWh. Capital needs, including ATC transmission investments, are manageable over the next five years at roughly $125 million. WPPI’s strong financial profile is demonstrated by a low leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), that has remained below 7.0x over the past five years. Coverage of full obligations (COFO) and liquidity are stable and neutral to the assessment. Fitch Ratings anticipates WPPI’s leverage will remain near 7.0x through Fitch’s base and stress case scenarios, which is consistent with the overall rating.

ACCESS REPORT

Fri 01 Mar, 2024

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

The ‘A+’ rating reflects the strong financial profile of the Lower Colorado River Authority Transmission Services Corp., Texas (LCRA TSC) in the context of its very low operating risk profile and the strength of its regulated revenue framework in the Electric Reliability Council of Texas (ERCOT) market, in which TSC operates. Transmission revenue is regulated by the Public Utility Commission of Texas (PUCT) and collected from all retail customers within ERCOT. The regulatory framework provides a consistent and dependable cost recovery methodology and rate of return. Leverage, measured by net adjusted debt to adjusted funds available for debt service, was between 8.0x and 9.0x over the last decade, despite large additional capex investments in new and existing transmission assets, primarily funded from new debt.

ACCESS REPORT

Fri 01 Mar, 2024

New York City Municipal Water Finance Authority, New York: Fitch New Issue Report

Very Strong Rate Flexibility, Favorable Service Area with Unique Economic Profile The water board retains the legal authority to adjust rates as needed without external oversight. Revenue defensibility is further supported by the system's monopolistic provision of water and sewer services to its favorable service area. The service area is characterized by a stable customer base, median household income that approximates that of the nation and weaker, but improving, unemployment rate relative to that of the nation. Fitch also considers the city's unique economic profile as an international center for numerous industries and an anchor for the service area. Rates are considered affordable for almost 80% of the service area population, using Fitch's standard monthly usage of 7,500 gallons for water and 6,000 gallons for sewer. Very Low Operating Cost Burden, Elevated Capital Needs In fiscal 2023, the system's operating cost burden was considered very low at $3,497 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was a low 37% in fiscal 2023. Capex outpaces annual depreciation, with a five-year average of 182% for the five years ended fiscal 2023. The system's capital improvement plan (CIP) for fiscal years 2024 through 2028 approximates $15.4 billion of system funds, while associated estimated actual spending is expected to be lower, at around $12.0 billion for the same period. Approximately 38% of the CIP is related to water pollution control projects, including plant upgrades and reconstruction. Water distribution approximates 22% of the CIP, water supply and transmission approximate 19% and sewer programs approximate 18%. Estimated capital spending averages $2.4 billion annually during these five years, well in excess of historical depreciation, supporting a continued low life cycle ratio.

ACCESS REPORT

Thu 29 Feb, 2024

New York City, New York: Fitch New Issue Report

Revenue Framework: 'aa': New York City has a highly diverse revenue base that is resilient to changes in economic conditions. Fitch expects revenue growth to range between the long-term inflation rate and U.S. GDP growth, with a return to at least pre-pandemic levels of personal and corporate income tax revenues and continued strength in residential real estate values offset by pressure on commercial growth in the medium term. The city has solid independent legal ability to adjust property tax rates and a variety of fees and charges to offset the modest revenue declines expected in a typical economic downturn. Rates for other important revenue sources (mainly income and sales taxes and state aid) are not within management's independent control. Expenditure Framework: 'a': Carrying costs are moderate, typically about 20% of governmental funds spending. Other than education-related employees, most labor contracts are subject to binding arbitration; however, the city has demonstrated adequate expenditure flexibility primarily through its control over employee headcount. Fitch expects long-term spending patterns to be above revenue growth when excluding policy actions.

ACCESS REPORT

Thu 29 Feb, 2024

S&P Second Party Opinion: Capital Impact Partners $200 Million Investment Notes Prospectus

CIP is a 501(c)(3) nonprofit CDFI based in Arlington, Va. CIP provides loans, lines of credit, equity investments, and technical support to underserved borrowers in the affordable housing, health care, education, economic development, and healthy food sectors. CIP has over $500 million in total assets and has disbursed over $2.9 billion in loans since 1982 with current lending activities in nine states and the District of Columbia.

Download

S&P Charter School Brief: Colorado

Overview

As of Feb. 26, 2024, S&P Global Ratings maintains 26 public ratings on Colorado charter schools. Colorado has the fifth-highest number of rated charter schools in our rated universe, after California, Texas, Michigan, and Minnesota. It was the third state in the U.S. to enact a charter school law, and the state's first two charter schools opened their doors in 1993. As of the 2022-2023 school year, Colorado is home to 272 charter schools serving approximately 133,000 charter school students representing around 15% of all public school students in the state.

Continue reading.

26 Feb, 2024

California Infrastructure & Economic Development Bank [Clean Water & Drinking Water] - Fitch New Issue Report

Key Rating Drivers Portfolio Credit Risk: The pool consists of 146 obligors, with the top 10 participants representing approximately 49% of the total portfolio; the largest obligor is 16% of the portfolio. Obligor security is strong as nearly all obligors are secured by net utility-system revenue pledges. Approximately 91% of the program's portfolio consists of obligors exhibiting investment-grade credit quality. These preceding pool characteristics translate to an implied pool quality as calculated by Fitch's PSM of a strong 'A'/'A-'. Finance Structure: Fitch's cash flow modelling demonstrates that program resources are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as derived using the PSM, without causing an interruption in bond payments. The program's financial structure is sound, supported by a projected minimum annual debt service coverage (DSC) of about 1.7x. Program Management: The program is managed by the SWRCB. Program management adheres to a formal underwriting policy that includes, among other things, minimum coverage requirements for obligors. There have been no pledged loan payment defaults in the CWSRF or DWSRF programs.

ACCESS REPORT

Thu 22 Feb, 2024

Illinois Poised for First Deficit After Three Years of Surplus.

- **State forecasts a $721 million deficit for fiscal 2025**
- **Under Pritzker, Illinois earned nine credit rating upgrades**

Illinois is facing its first budget deficit in three years as the state deals with rising costs for everything from education to services for migrants.

Governor J.B. Pritzker, a billionaire Democrat serving his second term, is scheduled to outline his spending plan for the fiscal year starting July 1 on Wednesday. After back-to-back annual budget surpluses, Pritzker will have to find ways to close a budget gap that is only expected to widen the next few years.

His budget office projected last week a $721 million deficit for fiscal 2025. Robust revenue growth at the beginning of fiscal 2024 has already shown signs of slowing while spending needs increase.

Continue reading.

Bloomberg Politics

By Shruti Singh

February 20, 2024

S&P: Migrants And Asylum Seekers Pose Budgetary Challenges In New York City, Chicago, And Denver

Key Takeaways

- The number of migrants and asylum seekers gaining entrance to the U.S. along the country's southern border has been increasing in recent years and the influx is straining government budgets.
- Although much of the pressure affects localities in border states, some of the largest cities across the U.S., including New York City, Chicago, and Denver, are also feeling the impact.
- These cities are adjusting their budgets to accommodate rising expenditures, but without state and federal government support, these costs are significant enough to strain budgets and could pressure credit quality.

Continue reading.

13 Feb, 2024

Rhode Island City Draws Eye-Popping Yield on Municipal Debt for New Soccer Arena.

- **City, former home to PawSox, will get minor league soccer team**
- **The muni bonds' yields are nearly 14% on tax-equivalent basis**

Taxpayers are paying dearly to bring a pro-sports team back to the faded industrial city of Pawtucket, Rhode Island.

A few short years after losing the PawSox — the minor league affiliate of the Boston Red Sox — to Massachusetts, Pawtucket is betting it will be able to draw fans to a more than 10,000-seat stadium to see an untested, US pro soccer team playing in the sports' second tier.

Last week, a redevelopment agency in the New England city sold $54 million in tax-exempt bonds to build the minor league soccer arena, Tidewater Stadium, at a yield of 8.24%, equivalent to almost 14% on taxable securities.

Continue reading.

Bloomberg Markets

By Martin Z Braun

February 14, 2024

Why Texas Is Banning Banks Over Their ESG Policies.

Texas passed two laws in 2021 that restrict government contracts with companies that take what state officials regard as punitive stances toward the fossil fuels and firearm industries. They're among the many new laws pushed by Republicans in states across the US to oppose ESG investing and financing, which they've made into a culture war target. Under one of the laws, Texas has barred some state entities, including pensions, from investing in roughly 350 funds run by asset managers such as BlackRock Inc. that the Texas comptroller says engage in "boycotts" of fossil fuels. The legislation has also prompted state officials to prohibit Citigroup Inc. and Barclays Plc from helping the state and its local governments raise money for infrastructure projects through bond deals.

1. What is ESG?

An abbreviation for environmental, social and governance, ESG refers to a set of standards that some money managers and bankers use to screen potential investments and financings for their environmental efforts or societal impact. Companies have been pressured by consumers, activists, investors and regulators to good stewards not only be of financial capital but also of natural and social capital, according to a Deloitte primer on ESG. Some examples of criteria that may fall under the environmental pillar of ESG are projects that cut greenhouse gas emissions, curb water pollution or use recycled material. Socially conscious investors may consider how a company manages its labor diversity or risk policies regarding firearms.

Continue reading.

Bloomberg Green

By Danielle Moran

February 8, 2024

[California Water Challenges Remain Despite Significant Precipitation in 2023: Latham & Watkins]

State and federal officials move forward plans and policies for water conservation, conveyance, and climate resilience.

The winter of 2022-23 brought historic levels of precipitation to California after years of deep drought, dwindling reservoirs, and groundwater depletion. In the first quarter of 2023, most of the state received rainfall exceeding historic averages, with some areas experiencing 200%, or even 300% of average levels. According to the US Drought Monitor, the state is currently drought-free, although some regions are still considered abnormally dry. Despite heavy precipitation over the past year, California's drought resilience remains in question, as critical infrastructure projects face staunch opposition and climate change increases the likelihood of extreme and prolonged droughts. Regulators and water managers had a busy 2023 as they grappled with persistently low groundwater levels, planned for additional water storage and conveyance, and continued to advance water conservation initiatives.

This blog post summarizes key actions taken by state and federal officials in 2023 with respect to California's water supply and provides an outlook for 2024.

Continue reading.

Latham & Watkins LLP – Michael G. Romey, Lucas I. Quass, John Detrich, Cody M. Kermanian and Julie Miles

February 9 2024

Plotting the Route to a State Bank for NJ.

Investment Fund is deemed key step in laying the groundwork for NJ public bank

A new public financial institution could play a key role in advancing socially beneficial projects, such as affordable housing developments and infrastructure improvements, according to a group Gov. Phil Murphy created to closely study the issue.

A lengthy report issued by the governor's public-banking panel earlier this week also highlights the importance of a $20 million Social Impact Investment Fund established last year by Murphy and lawmakers to begin boosting socially beneficial projects in underserved communities throughout the state.

Although its creation in late June was overlooked by many, the improvement fund itself could serve as key "bridge entity" that would "lay the groundwork for a public bank," according to the report.

Continue reading.

NJ SPOTLIGHT NEWS

by JOHN REITMEYER, BUDGET/FINANCE WRITER | FEBRUARY 8, 2024

Metropolitan Transportation 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 from general operations 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 Capital Lockbox. 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. Additionally, the state pledges to not limit or alter the rights vested in the TBTA to fulfill the terms of any agreements made by the TBTA with bondholders or to impair their rights and remedies. No City or MTA Operating Risk Exposure: Bondholders are not exposed to the 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 Capital Lockbox monies from other TBTA monies, 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 (including TBTA) from filing for bankruptcy while bonds are outstanding.

Access report.

Thu 08 Feb, 2024

Handbook For Indiana Redevelopment Commission Members And Their Attorneys: Barnes & Thornberg

View the Handbook.

Barnes & Thornburg LLP

February 9 2024

S&P: Texas Ousts Barclays Over Net-Zero Policies, Raising Bond Market Concerns.

Barclays PLC can no longer underwrite municipal bonds in Texas after the state's attorney general determined the bank may be a "fossil fuel boycotter" in violation of state law.

London-based Barclays was at least the third municipal bond underwriter to be ousted from the state in recent months because it participates in the Net-Zero Banking Alliance (NZBA), a UNconvened initiative seeking to decarbonize the sector in alignment with the Paris Agreement on climate change.

Barclays played a relatively small role in the booming Texas muni market. In 2023, the bank's market share was 3%, accounting for about $2 billion of nearly $60 billion issued in municipal bonds, said Daniel Garrett, an assistant finance professor at the University of Pennsylvania's Wharton School.

Still, the state's decision to bar underwriters could have a cumulative impact, Garrett said in an interview. Municipal underwriting for Texas towns is already limited because the borrowing market is segmented by laws and regulations that vary from state to state, he said.

"We know what direction this pushes costs for Texas borrowers — it pushes costs up," Garrett said.

Garrett co-authored a 2022 report estimating that municipalities and other public entities in Texas would pay between $303 million and $532 million more in interest on the $32 billion they borrowed during the first eight months after Texas passed two laws prohibiting environmental, social and governance investment criteria.

Barclays did not respond to questions raised by Attorney General Ken Paxton's office over the bank's participation in NZBA. This means "Barclays' activities may require it to be classified as a 'fossil fuel boycotter,'" a Jan. 26 press release from Paxton's office said.

A Barclays spokesperson declined to comment.

Barclays was the seventh-largest investor in fossil fuels globally between 2016 and 2022, according to the 2023 edition of "Banking on Climate Chaos," a report published by a consortium of environmental groups tracking financial sector investments. The NZBA has been criticized for not putting more pressure on banks to meet commitments to decarbonize their portfolios.

'A troubling trend'

Glenn Hamer, president and CEO of the Texas Association of Business, said in an email that the Lone Star State has instituted "some of the most important pro-business policies of any state in the nation."

"However, further tightening the municipal bond market has serious potential to harm our state's taxpayers and our overall business environment," Hamer wrote. "Already, we've witnessed a troubling trend of fewer banks to underwrite bonds, resulting in higher interest rates, uncertainty for local governments and a larger local debt burden that is ultimately levied on Texas taxpayers."

For the past three years, leaders of some Republican-leaning states have been engaged in a campaign to root out corporate ESG-related policies they deem harmful to their economies — at times affecting local towns more than large Wall Street firms.

In a related anti-ESG action, 12 state agricultural commissioners on Jan. 29 requested information from six leading US banks about their NZBA participation. They raised questions over the initiative's impact on food availability, credit for farmers, agricultural product prices and "overall negative economic consequences."

As examples, the commissioners pointed to Citibank NA committing to set emission-reduction targets for its agricultural portfolio, the food crisis in Sri Lanka spurred by a ban on synthetic fertilizer imports, and suggestions that Americans need to cut their consumption of beef in half to help reduce methane emissions.

by Karin Rives

30 Jan, 2024

[Puerto Rico Utility’s Future Revenue At Stake in Bondholder Fight.]()

- **Appeals court to decide scope of investors’ secured claim**
- **Island’s power utility is seeking to reduce $9 billion of debt**

Puerto Rico’s bankrupt power utility and its creditors squared off in court Monday on whether bondholders have a legal right to the electricity provider’s future revenue.

The debate before the US Court of Appeals for the First Circuit centers around whether the island’s main energy supplier, Electric Power Authority or Prepa, must repay its creditors more than just the roughly $19 million sitting in reserve accounts that a bankruptcy court last year ruled was the bondholders’ only secured lien.

At stake is the $9 billion Prepa owes to investors and fuel-line lenders while island residents endure some of the highest electricity rates in the US amid frequent outages. The case is poised to affect revenue-backed municipal debt beyond Puerto Rico as water and sewer authorities, hospitals, toll roads, higher educational institutions and transit agencies all sell bonds with the pledge to repay investors from future revenue collections.

Continue reading.

Bloomberg Industries

By Michelle Kaske

January 30, 2024

2023 Year-in-Review CEQA Litigation: Sheppard Mullin

View the Review.

Sheppard Mullin Richter & Hampton LLP

Jan 29, 2024

Elite LA Elementary School Seeks $24 Million to Expand Campus.

- **Curtis School is selling $24.3 million of revenue bonds**
- **Proceeds will be used to build a new learning center**

An elite private school catering to Los Angeles' wealthiest residents is tapping the muni market as it looks to expand its campus and add to its academic offerings.

Curtis School is seeking to raise $24.3 million in revenue bonds through the California Enterprise Development Authority in a sale pricing Feb. 1. The exclusive elementary school plans to use proceeds from the sale to construct the Collaborative Learning and Innovation Center, a 21,000-square-foot, three-level learning space equipped with an engineering lab, a dedicated robotics space, science classrooms and an art studio.

The sale comes amid growing demand for admission to elite institutions from parents who want their kids to receive an exclusive education along with the social and professional network that comes with it.

Continue reading.

Bloomberg Markets

By Maxwell Adler

January 29, 2024

Ruppersberger, Co-Chair and Founder of the House Municipal Finance Caucus, to Retire.

Maryland Democrat Representative Dutch Ruppersberger, founder and co-chair of the bipartisan House Municipal Finance Caucus, announced he will step down at the end of his current term.

"Clearly he will leave a void," said Brett Bolton, vice president of federal legislative and regulatory policy at Bond Dealers of America. "He has always been on the Hill and a champion for the industry."

Ruppersberger founded the House Municipal Finance Caucus in 2016 and has served as its Democratic co-chair since then. The caucus consists of a bipartisan group of lawmakers – 30 as of the latest count – who have pledged to support public finance priorities in Congress.

Continue reading.

Business News

by Shawn Johnson

January 30, 2024

State of Nevada: Fitch New Issue Report

Nevada's revenues, primarily sales- and gaming-related taxes, have historically reflected its tourism-based economy, demonstrating some economic sensitivity. Fitch anticipates that Nevada's revenues will grow in line with national GDP growth over the longer term, given continued economic expansion and population growth, and may exhibit lower economic sensitivity following enactment of tax measures that broadened the tax base. Nevada maintains complete legal control over its revenues. 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. 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. The state manages its debt to keep debt service within this tax levy. Nevada's Fitch-adjusted net pension liabilities remain in line with the median for U.S. states.

ACCESS REPORT

Wed 31 Jan, 2024

NYCB Bonds Plunge, Then Stabilize, After Weak Results.

- **NYCB 'likely a one-off,' according to Bank of America**
- **CreditSight's sees 'no real read-through' to other lenders**

New York Community Bancorp Inc. bonds plunged by 12 cents on the dollar on Wednesday, then edged slightly higher on Thursday in thin trading, after the regional bank slashed its dividend and said it was stockpiling reserves to cover souring loans.

Late on Wednesday, Moody's Investors Service said it may cut the bank holding company's ratings to junk, citing factors including the weak results and unanticipated losses in its loan books. These pressures could make it harder for the bank to pay obligations in the future. The bank's floating-rate notes due 2028 fell to 86.5 cents on the dollar on Wednesday, and then rose a touch to 87.25 cents in four trades on Thursday.

New York Community Bancorp may need to sell $4 billion to $6 billion of additional debt over time to meet new regional bank debt requirements, according to analysts led by Arnold Kakuda at Bloomberg Intelligence. The potential downgrade to junk might make any such sale more difficult, the strategists said. The bank didn't respond to a request for comment.

Continue reading.

Bloomberg Markets

By Allison Nicole Smith

February 1, 2024

Metropolitan Transportation 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 from general operations 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 Capital Lockbox. 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. Additionally, the state pledges to not limit or alter the rights vested in the TBTA to fulfill the terms of any agreements made by the TBTA with bondholders or to impair their rights and remedies. No City or MTA Operating Risk Exposure: Bondholders are not exposed to the 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 Capital Lockbox monies from other TBTA monies, 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 (including TBTA) from filing for bankruptcy while bonds are outstanding.

ACCESS REPORT

Tue 30 Jan, 2024

State of South Carolina: Fitch New Issue Report

South Carolina's revenue growth prospects are strong, reflecting an economy that is likely to grow broadly in line with, or above, the pace of U.S. GDP expansion. The state has an unlimited legal ability to adjust its sources of recurring revenue, including via base broadening, changes to tax rates and brackets and the enactment of new taxes and fees. The state has ample expenditure flexibility and the broad expense-cutting ability common to most U.S. states. Fitch expects the natural pace of spending growth, largely driven by education and Medicaid funding needs, to be in line with revenue growth. The fixed cost burden is low at less than 4% of governmental fund expenditures. South Carolina's combined burden of direct debt and net pension liabilities is below the U.S. state median and exerts a minimal burden on the resource base. The state is an infrequent issuer of debt and outstanding principal is rapidly amortized. Changes made over the past decade to address the state's low pension system funding are likely to support improved plan asset-to-liability ratios over the longer term. Fitch considers South Carolina well positioned to absorb the budgetary impacts of the ongoing economic volatility and related disruptions without materially affecting its long-term credit profile. The state has historically relied on multiple well-funded reserves and spending reductions in times of fiscal stress, rebuilding its financial position as conditions improve. Fiscal oversight remains strong.

ACCESS REPORT

Thu 25 Jan, 2024

Barclays Banned From Texas Municipal-Bond Market Over ESG Dispute.

- **Bank didn't respond to AG's request for information on ESG**
- **Office won't approve muni deals that Barclays underwrites**

Texas Attorney General Ken Paxton barred Barclays Plc from working on municipal-bond deals after his office said the bank didn't respond to requests for information about its carbon emission commitments.

"When asked for more information concerning its ESG commitments, Barclays elected not to respond to the questions and acknowledged that by doing so it would likely forfeit its ability to contract with Texas governmental entities," Paxton's office said in a statement on Friday.

Paxton's office, which oversees municipal bond deals in the state, said it would no longer approve public securities underwritten by Barclays. The bank told the office this week that it was "unable to respond" to further questions, according to a letter to Texas bond attorneys released Friday by Leslie Brock, chief of the attorney general's public finance division.

Continue reading.

Bloomberg Markets

By Amanda Albright

January 26, 2024

Texas AG Bans Barclays from State Municipal Bonds Over ESG.

The Lone Star state said the ban stems from the bank's association with the Net Zero Banking Alliance and refusal to provide additional information about its carbon emissions commitments.

Dive Brief:

- Texas Attorney General Ken Paxton has banned United Kingdom-based bank Barclays from participating in the state's municipal bond market over its role as a "fossil fuel boycotter," Paxton's office announced Friday. The Republican lawmaker said the bank failed to respond to requests inquiring about its ESG commitments.
- The bank had been under review since last year for its participation or affiliation with the United Nations' Net Zero Alliance programs — initiatives that aim to slash greenhouse gas emissions by adjusting investment portfolios — Paxton's office said in an All Bond Counsel letter. Per the letter, Barclays told the state last week it would not be able to provide additional information to prove compliance with the law.
- The Lone Star state said it will no longer approve any municipal bonds or public securities that Barclays underwrites or is associated with the bank. Barclays was the ninth-largest underwriter of Texas municipal bonds in 2023, according to Bloomberg.

Continue reading.

Banking Dive

by Lamar Johnson

Jan. 29, 2024

Texas Bans Barclays From Participating in Bond Market Due to ESG

Commitments.

Texas AG Ken Paxton says Barclays didn't respond to requests for information regarding its net zero carbon emissions policies

Texas has banned Barclays from participating in the state's municipal bond market due to concerns about its environmental, social and governance policies.

State Attorney General Ken Paxton said on Friday the ban was prompted by Barclays failure to respond to requests for information regarding its net zero carbon emissions policies.

A spokesperson for Barclays declined to comment.

Barclays was previously identified as a potential "fossil fuel boycotter" under Texas law. The bank subsequently opted not to respond to questions about its ESG commitments, Paxton's office said.

The Attorney General's Public Finance Division ruled that "we will not approve any public security issued on or after today's date in which Barclays purchases or underwrites the public security or is otherwise a party to a covered contract relating to the public security."

The initial letter from the attorney general's office in November identified several banks as subjects of the review including Bank of America, JP Morgan Chase, Morgan Stanley and Wells Fargo. None of the other banks under review have said they would be unable to respond to the state's inquiries, the division said.

The move by Texas officials is the state's latest action against a bank for concerns about its policies related to social issues.

Paxton's office last year barred Citigroup from underwriting most municipal bonds in Texas after concluding the bank "discriminates" against the gun industry.

The Wall Street Journal

By Ben Glickman

Jan. 26, 2024

Ex-UBS, Citi Muni Bankers Hired by Rivals Eyeing Bond-Sales Revival.

- **As the big banks exit business, nearly two-dozen snapped up**
- **With rate hikes now over, debt sales may rebound from slump**

Smaller underwriters are seizing on UBS Group AG's and Citigroup Inc.'s retreat from the municipal-securities business by hiring nearly two dozen of their former bankers, seeking to benefit once new debt sales rebound from a two-year slump.

Firms including Hilltop Securities Inc., Siebert Williams Shank & Co., Oppenheimer & Co., Ramirez & Co., Jefferies Financial Group and Academy Securities hired public-finance bankers from UBS and Citigroup, both of which last year decided to pull back from the state and local government bond market.

The expansions show confidence that the pace of new debt sales will likely rebound as the Federal Reserve signals it's moving toward cutting interest rates and federal pandemic-era aid disappears. It also marks an effort to fill the void left by the two big banks, which once mounted major pushes into the industry before changing course as executives cut costs and focus on the most profitable businesses.

Continue reading.

Bloomberg Markets

By Shruti Singh and Amanda Albright

January 26, 2024

California Lawmakers Eye More Than $100 Billion of Borrowing.

- **State lawmakers are considering several large bond measures**
- **State debt service ratio already set to rise to 3.2% from 2.8%**

California is on the verge of a potential borrowing boom as Democratic state lawmakers draft more than $100 billion of municipal-bond proposals to fill funding gaps for several key legislative priorities.

The proposals include $15 billion of debt to make the state more resilient to climate change, $14 billion to modernize schools and $10 billion for affordable housing. Governor Gavin Newsom last year approved a $6.38 billion bond measure for voters to consider on the March ballot which would fund roughly 10,000 new mental health and substance abuse treatment slots.

Although California doesn't cap how much money the state can borrow, Newsom's administration has estimated the state can, at most, take on another $26 billion of bonds without pushing the ratio of annual debt costs compared to general fund revenue high enough to cause credit concerns. California's debt-service ratio is already expected to rise to 3.2% by fiscal year 2026-2027 from about 2.8% now, according to estimates from the state's finance department.

"Our expectation is not that they would issue so much debt that it changes their credit rating," said Karen Krop, senior director of US public finance at Fitch Ratings.

California is rated Aa2 by Moodys Investors Service, AA- by S&P Ratings and AA by Fitch. The state had about $78.5 billion of general obligation and lease revenue bond debt outstanding as of June 30 with another $31.6 billion approved but not yet sold, according state figures.

Though the bond measures currently under consideration by the legislature total more than $100 billion, some of the proposals overlap and are likely to be combined while others won't make it on the ballot at all. In fact, despite lawmakers in the last legislative session introducing bills totaling more than $114 billion of borrowing, only one was approved and that was the mental health measure.

"We're not going to put $100 billion worth of bonds on the ballot," said California Senator Ben Allen, a Democrat who who co-sponsored a climate resiliency bond measure currently making its way through the legislature. "We're not gonna see three different climate bonds on the ballot."

An index of California bonds showed yields trading below those of top-rated debt after Newsom earlier this month projected a $37.9 billion deficit in his budget proposal, a gap that is significantly smaller than had been estimated by the state's fiscal analyst. The yield on California general-obligation bond debt due in 10 years stands at 2.3%, compared to 0.7% in 2021, according to Bloomberg BVAL.

When bonds are approved all the debt isn't sold at once. The state treasurer borrows in piecemeal over a number of years as the funds are needed. During the last five fiscal years, the state has sold an average of $7.3 billion of general obligation bonds annually, according Treasurer Fiona Ma's office.

Whenever the tax-exempt debt is sold, it's expected to be greeted with strong demand by wealthy investors looking to shield some of their income from the state's high taxes, according to Dora Lee, director of research at Belle Haven Investments.

"Even though the debt-service ratio is expected to increase, it remains manageable especially when you take into consideration the state's decision to use prior surpluses to pay down pensions and address other long term obligations," Lee said.

Bloomberg Politics

By Maxwell Adler

January 16, 2024

University of California Taps Bond Market for $1.7 Billion.

- **Securities price Jan. 23 and 24, carry Aa2 rating from Moody's**
- **Bonds to fund capital projects, refund previously issued paper**

The University of California will tap the municipal bond market Tuesday as it looks to maximize refunding savings and navigate potential funding deferrals outlined in Governor Gavin Newsom's budget proposal for the next fiscal year.

The university is slated to issue roughly $1.7 billion of general revenue bonds to fund capital projects and refund previously issued paper. According to preliminary bond documents, $1.59 billion of the bonds will be tax-exempt and $145 million will be taxable — however the taxable series will be exempt from taxation in the state of California.

The 2024 bonds carry an Aa2 rating from Moody's Investors Service and double-A ratings from Fitch Ratings and S&P Global Ratings. The sale is being managed by Barclays Plc, Bank of America Securities and Jefferies.

Continue reading.

Bloomberg Markets

By Maxwell Adler

January 22, 2024

Florida to Borrow Billions to Backstop Insurers After Hurricanes.

- **Plans to sell as much as $3.8 billion of municipal bonds**
- **Reflects latest effort by the state amid claim surge, lawsuits**

Florida is planning to borrow as much as $3.8 billion to infuse a state fund that reimburses property insurers for losses when homes are damaged or destroyed by hurricanes.

The Florida State Board of Administration Finance Corporation expects to sell at least $1.5 billion of municipal bonds to raise money for the Florida Hurricane Catastrophe Fund, according to a securities filing dated Jan. 19. It marks the state's latest effort to ensure that it can backstop its increasingly fragile insurance industry, which has been grappling with a surge of claims and lawsuits in recent years.

In June, the Florida Insurance Guaranty Association, which handles the claims of insolvent insurers, sold debt for the first time in three decades to help support insurance claims. The state agency faced higher costs after Hurricane Ian in 2022 and a deluge of lawsuits forced property insurers to close.

Continue reading.

Bloomberg Markets

By Nic Querolo

January 22, 2024

State of Washington: Fitch New Issue Report

Key Rating Drivers Revenue Framework — 'aaa' Revenue performance over time has exceeded U.S. GDP growth, and Fitch expects this to continue to support strong growth prospects. The state has complete independent control over taxation, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework — 'aa' Washington possesses ample expenditure flexibility, with statutory commitments, broad responsibility for education and infrastructure spending offset by low carrying costs. Washington also benefits from the broad expense-cutting authority common to most U.S. states. Long-Term Liability Burden — 'aaa' The combined burden of debt and net pension liabilities is low as a percentage of personal income but above the median for U.S. states. Debt ratios incorporate the funding of substantial capital needs, particularly for transportation, but are offset by a moderate net pension liability and an expanding economic resource base. Operating Performance — 'aa' Washington maintains very strong gap-closing capacity and budget flexibility with solid reserves. The state has prudently built up its fiscal reserves in times of economic recovery and expansion despite spending pressures linked to education and other pressing needs.

ACCESS REPORT

Fri 19 Jan, 2024

Struggling Midwest College Strikes Deal With Bondholders.

- **Lake Erie College entered forbearance deal with bondholders**
- **Agreement marks the latest sign of stress in higher education**

Lake Erie College, a small private school in Ohio, entered into a forbearance agreement with bondholders after the school didn't meet certain covenants it agreed to as part of a debt sale.

The Painesville, Ohio-based institution, which has just over 700 undergraduate students, is the latest small college to see its financial struggles extend into the muni-bond market. It sold about $30 million of debt in 2019 in part to finance a barn and other projects at its 86-acre equestrian center.

Lake Erie College didn't meet a required debt service coverage ratio, which is considered an event of default, according to a regulatory filing dated Jan. 15. The school also only had seven days of cash-on-hand in fiscal 2023, while it was required to have 25 days as part of the bond deal.

The school disclosed in the filing that it entered into a forbearance agreement with the trustee for bondholders, U.S. Bank. As part of forbearance agreements, investors agree not to take certain actions against borrowers, such as demanding immediate repayment on debt if they have that right. That gives stressed borrowers more time to shore up their finances, though the terms of this specific agreement haven't yet been disclosed.

A spokesperson for the trustee, U.S. Bank, declined to comment. A spokesperson for the college did not respond to an email and phone call requesting comment.

The college is the latest to encounter stress in higher education as rising costs and competition puts pressure on smaller colleges.

Fitch Ratings said it expects pressure to intensify for smaller, less selective institutions in 2024, given demographic trends and eroding sentiment on college affordability, according to a December note.

Lake Erie College, located about 30 miles from Cleveland, was founded in the mid-19th century as a seminary for women providing a "thorough and complete female education," according to its website. It became co-educational in 1985.

Virtually all of the debt that it issued more than four years ago is still outstanding, according to data compiled by Bloomberg. The bonds were sold through the Public Finance Authority, which issues municipal debt for riskier projects around the US.

Part of the proceeds were used for a barn, arena and other facilities at the school's equestrian center, which hosts the college's equine studies department and has space for more than 90 horses.

A spokesperson for Nuveen — the largest holder of the school's debt, according to data compiled by Bloomberg — didn't reply to a email or phone call requesting comment.

Bloomberg Markets

By Amanda Albright and Nic Querolo

January 16, 2024

— With assistance from Jim Sims

Oppenheimer Hires UBS's Coolidge to Lead Growth of Muni Business.

- **Elizabeth Coolidge took helm of national public finance unit**
- **Coolidge previously led public finance in the Midwest at UBS**

Oppenheimer & Co. is beefing up its presence in the municipal bond market with a trio of new hires led by muni veteran Elizabeth Coolidge, who is seeking to expand the firm's business from smaller issuers to bigger, more traditional state and local clients.

New York-based Oppenheimer on Tuesday announced that Coolidge, who previously ran Midwest public finance for UBS Group AG for over six years, will lead its national municipal practice from Chicago, according to a statement. Oppenheimer has brought on Liberty Ziegahn and Madison Maher, also formerly at UBS, as part of its public finance expansion.

The moves are among a string of recent hires by smaller investment banking firms and underwriters amid a shakeup among the industry's behemoths. UBS in October said it would no longer underwrite muni bond sales sold via negotiation, which account for the majority of state and local bond deals. Meanwhile, Citigroup Inc. is exiting the muni business.

Coolidge, a nearly 30-year veteran of the muni industry, aims to elevate Oppenheimer's public finance team with experience in public-private partnerships and structured products as she pitches bigger, more frequent state and local issuers. Such expertise may come in handy as these government bodies look for ways to finance deals after federal pandemic aid that filled their coffers dries up.

"Among the goals is to connect our bankers who have traditionally worked on non-rated, project finance and public-private partnerships and to take that expertise and amplify that to bring these ideas to our traditional muni issuers," Coolidge said on Tuesday in an interview. "My top goal is to execute novel debt solutions for our clients across the country."

Coolidge was among the bankers who led Chicago's first social bond sale and tender offer in early 2023.

When some institutions have announced plans to eliminate public finance units, "Oppenheimer is strengthening its commitment to this market," according to its statement. The practice is currently focused on school districts, senior housing, utilities and smaller general obligation issuers as well as project-based and non-rated deals.

Coolidge said she is looking to add bankers with successful track records and to elevate Oppenheimer's position with certain issuers to senior manager from co-manager.

Bloomberg Markets

By Shruti Singh

January 16, 2024

[Jefferson County, Alabama [Water, Sewer]: Fitch New Issue Report]

The 'BBB(EXP)' warrant rating reflects anticipated improvement in the Jefferson County (the county) sanitary fund's (the system) credit quality and financial profile as a result of the plan of finance and updated rate resolution. The final rating is contingent upon receipt by Fitch Ratings of executed documents and legal opinions conforming to the information already received and reviewed. Revenue defensibility is assessed at 'a', which reflects an improvement from the prior review in light of enhanced rate flexibility. All of the system's revenue is derived from services or business lines exhibiting monopolistic characteristics in a service area with favorable demographic trends. The system's operating risk is assessed at 'bbb', which takes into consideration a very low operating cost burden of $5,131 per million gallons (mg) of sewer flows in fiscal 2022. The system's life cycle ratio of 63% has been rising annually and indicates elevated capital needs. The financial profile is assessed at 'bbb', improved from prior reviews given the simultaneous strengthening of the revenue defensibility assessment and improved debt structure. Jefferson County is located in the north-central part of Alabama at the southern end of the Appalachian Mountains. With an estimated population of about 665,000, the county is the most populous in the state with 44 incorporated and unincorporated cities and towns, including Birmingham, the largest city in the state .

ACCESS REPORT

Mon 08 Jan, 2024

Once-Bankrupt Jefferson County Tests Muni-Bond Market With Mega Deal.

- **Offering set to be one of the biggest tax-exempt sales of 2024**
- **County to refinance debt that helped end 2011 bankruptcy**

Virtually every investor in the municipal-bond market knows Jefferson County, Alabama. Home to the city of Birmingham, the county earned the dubious distinction of being the biggest US municipal borrower to go bankrupt when it entered court protection in 2011. Now, armed with an investment-grade credit rating, it's selling $2.3 billion of bonds to refinance the debt that helped get the county out of bankruptcy.

The sale represents the latest chapter in the county's turnaround, and will test investor demand with what is poised to be one of the biggest deals of the year in the $4 trillion US state and local debt market.

Continue reading.

Bloomberg Markets

By Skylar Woodhouse

January 9, 2024

Southern California Public Power Authority, California (Linden Wind Energy Project): Fitch New Issue Report

The ‘AA–’ rating on the Linden Wind Energy Project rating and ‘aa–’ Standalone Credit Profile (SCP) are dependent on the credit quality of the Los Angeles Department of Water and Power (LADWP, AA–/Stable), the sole participant required to make payments to the Southern California Public Power Authority (SCPPA), sufficient to pay operating expenses and debt service on the project. The rating also reflects Fitch’s assessment of the project’s midrange operating risk profile as well as the project’s modest financial profile. The operating risk and financial profile are less of a consideration in Fitch Ratings’ determination of the project’s final rating, given the absolute and unconditional terms of the power sales agreements (PSAs) that require LADWP to make a full payment, regardless of project operations.

ACCESS REPORT

Fri 12 Jan, 2024

State of Massachusetts: Fitch New Issue Report

The Commonwealth of Massachusetts’ (the commonwealth) ‘AA+’ Long-Term Issuer Default Rating (IDR) reflects its considerable economic resources, adroit management of economic and revenue cyclicality and strong budget controls. A strong reserve funding mechanism that shields the general fund from capital gains-related volatility has accelerated the building of Massachusetts’ stabilization fund. The commonwealth carries a long-term liability burden for debt and Fitch Ratings-adjusted net pension liabilities (NPL) that is well above the U.S. state median but remains a moderate burden on resources.

ACCESS REPORT

Thu 11 Jan, 2024

State of Illinois: Fitch New Issue Report

Dedicated Tax Key Rating Drivers Rating Linked to State IDR: Statutory and bond document provisions structurally protect dedicated revenues for the Build Illinois bonds from the state of Illinois’ general operations, warranting a rating above the state’s IDR. Fitch retains a linkage to the state IDR, because the bond security does not include a constitutional or voter-approved pledge of the state share of sales tax revenues and those revenues are not held in a closed loop for debt service. The linkage caps the rating below Fitch’s assessment of the underlying credit quality of the debt structure. Two-Notch Distinction: The limited scope of the pledged revenue used for debt service, based on the additional bonds test leverage limitations for the senior and junior liens, and the statutorily defined, limited nature of the borrowing program support a rating two notches above the Illinois IDR. Robust Coverage and Resilience: Debt service coverage on both the senior and junior lien bonds from the state share of sales tax revenues (pledged revenues) is very high. Given the legal leverage limitations on the Build Illinois bonds, pledged revenues can sustain a significant level of decline and still maintain ample debt service coverage on all obligations. This is consistent with a ‘aaa’ assessment of resilience through moderate economic declines.

ACCESS REPORT

Wed 10 Jan, 2024
