
Local Taxpayers Could Be On the Hook for the A's Stadium.

I rarely disagree with the Review-Journal's view, but promoting the new Oakland A's stadium by saying that there will be no new taxes is deceptive (June 9 editorial).

The legislation provides the team with $380 million in tax credits from the state, along with county-issued bonds and infrastructure. Tax credits allow the entity to not pay taxes that would normally be paid. And issuing county bonds does cost the taxpayer money. Municipal bonds are debt securities issued by state and local governments. They are loans that investors make to government. In this instance it is being used to help fund the building of a MLB stadium. According to the U.S.Security and Exchange Commission, the issuer, (Clark County) has the power to tax residents to pay the bondholders.

The road infrastructure for the new ball park also comes from taxes we citizens pay.

Continue reading.

Las Vegas Review-Journal

Michael O. Kreps

June 17, 2023

A's Public Financing Lacks Public Scrutiny.

Does anyone else feel like the "the public" didn't get much of a say in whether or not we finance a new ballpark somewhere along the Strip?

Even as the legislature began its second week of the special session to give the Oakland A's a truckload of "public financing," almost none of the process had been terribly open to the public. The clandestine nature of backroom deals that defined the special session is the type that generally doesn't instill confidence the interest of the public good is being prioritized above all else.

Judging by the testimony submitted by the public, Nevadans aren't exactly leaping with joy over the passing of the bill. More than 80 percent of public testimony had been in opposition.

Continue reading.

The Nevada Independent

by Michael Schaus

June 18th, 2023 at 2:00 AM

How the A's Stadium Revenue 'Waterfall' Will Repay Public Funds.

As the Oakland A's pitched state lawmakers on contributing up to $380 million in public financing for a new $1.5 billion baseball stadium in Las Vegas, one word kept coming up: "waterfall."

Bill supporters and lawmakers aren't talking about natural river formations or TLC's smash 1996 hit — waterfall in this context refers to a funding mechanism where tax revenue generated inside the stadium goes toward paying back public bonds, filling up reserve funds to backstop the bonds and more in a prioritized order.

But how does that waterfall actually work?

Under the legislation (SB1) — which the Legislature approved Wednesday and awaits Gov. Joe Lombardo's signature — the stadium would sit in a "sports and entertainment improvement district" created by Clark County commissioners. Tax revenues generated within that district would be pooled together to pay off the public funding for the stadium, a concept known as "tax-increment financing" (TIF), also known in this case as a "mega-TIF" because it would use all tax revenues and fees generated within the district.

Continue reading.

The Nevada Independent

by Sean Golonka, Tabitha Mueller & Jacob Solis

June 15th, 20

Governor Signs Public Funding Bill for New Athletics Stadium in Las Vegas.

RENO, Nev. — Nevada Gov. Joe Lombardo signed into law a $380 million public financing package to help build a Major League Baseball stadium for the Oakland Athletics on the Las Vegas Strip as MLB's commissioner outlined a months-long approval process for the A's proposed move there.

The first-term Republican governor and former sheriff in Las Vegas said he was excited to sign the measure the Democrat-controlled Legislature approved after a seven-day long special session.

"This is an incredible opportunity to bring the A's to Nevada," Lombardo said in a statement from Carson City.

The $1.5 billion stadium with a retractable roof is planned near the homes of the NFL's Vegas Raiders, who fled Oakland in 2020, and the NHL's Golden Knights, who won the Stanley Cup this week in just their sixth season.

"This legislation reflects months of negotiations between the team, the state, the county, and the league," Lombardo said. "Las Vegas' position as a global sports destination is only growing, and Major League Baseball is another tremendous asset for the city."

Baseball Commissioner Rob Manfred outlined the review process of the A's proposed relocation during a news conference hours earlier at a meeting of owners in New York. With a capacity of 30,000, the stadium would be MLB's smallest.

Manfred said the team must submit a relocation application explaining its efforts in Oakland and why Las Vegas is a better market. A relocation committee will define the new operating territory and television territory. It will then make a recommendation to Manfred and the eight-man executive council. The executive council formulates a recommendation to all clubs, which must approve the move by at least three-quarters vote.

The team said in a statement the Nevada governor's signing of the funding package was "a significant step forward in securing a new home for the Athletics."

"We will now begin the process with MLB to apply for relocation to Las Vegas," the statement said. "We are excited about Southern Nevada's dynamic and vibrant professional sports scene, and we look forward to becoming a valued community member through jobs, economic development, and the quality of life and civic pride of a Major League Baseball team."

The $380 million in public funding would mainly come from $180 million in transferable tax credits and $120 million in county bonds. Backers have pledged that the creation of a special tax district around the proposed stadium would generate enough money to pay off those bonds and interest. The plan would not directly raise taxes.

The plan had revived the national debate over public funding for private sports clubs. A's representatives and some Nevada tourism officials have said the measure could add to Las Vegas' growing sports scene and act as an economic engine. But a growing chorus of economists and some lawmakers have warned that such a project would bring minimal benefits when compared to the hefty public price tag.

Opposition came from both sides of the aisle, especially in northern and rural Nevada several hundreds of miles away from Las Vegas.

"No amount of amendments are going to change the fact we are giving millions of public dollars to a billionaire," Assemblywoman Selena La Rue Hatch, a progressive Democrat from Reno, said during the debate.

"Using taxpayer money on pet projects instead of private capital is socialism," said Republican Sen. Ira Hansen, from neighboring Sparks.

But backers said in addition to creating 14,000 construction jobs and permanent jobs subject to collective bargaining, Major League Baseball on the Las Vegas Strip will build on the excitement surrounding the Raiders, the Golden Knights and the WNBA's Aces in a city that had no major professional sports before 2016.

"With the Aces winning a national championship last year and the Golden Knights securing the Stanley Cup just last night, it is clear Las Vegas is clearly becoming the entertainment and sports capital of the world," said Democratic Assemblywoman Shea Backus, from Las Vegas.

Associated Press

Thu, Jun 15, 2023

Los Angeles County, California: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aa': The county's revenues demonstrate limited volatility, reflecting the size and maturity of the economy and tax base, which retains a large Proposition 13 cushion. Growth prospects for revenues are solid. The county's independent legal ability to raise revenues is restricted by state law but is satisfactory since it has control over fees and charges for services. Expenditure Framework: 'aa': Fitch expects expenditure growth to be marginally above future revenue growth in the absence of policy action. The county continues to enjoy solid expenditure flexibility, although policy changes and potential litigation outcomes could somewhat constrain that flexibility in the future. Pension and other post-employment benefit (OPEB) obligation contributions have been ramped up to pay down significant liabilities; however, such payments have remained a relatively stable percentage of spending in recent years. Long-Term Liability Burden: 'aa': The county's long-term liability burden for debt and pensions is moderately low relative to total personal income. The majority of debt is issued by overlapping jurisdictions. Operating Performance: 'aaa': The county demonstrates an ongoing commitment to support a strong financial cushion. This cushion is aided in part by the DHS's stable/solid financial position, which is supported by a five-year extension of full reimbursement for certain safety net hospital costs. The county, which has superior gap-closing capacity, is very well positioned to address economic downturns.

ACCESS REPORT

Tue 06 Jun, 2023

Louisiana Connected And The City Of Mansfield Announce Partnership To Design, Build And Operate A Fiber-Based Municipal Broadband System: Orrick

The Company
Louisiana Connected, a technology company that was created during the COVID-19 pandemic to address the systemic broadband blight in rural and urban Louisiana, and the city of Mansfield, are pleased to announce a partnership allowing the company to construct a fiber optic network that will deliver high-speed internet service directly to the homes and businesses in this Northwest Louisiana town.

The Impact
The Mansfield City Council, on May 22, 2023, voted unanimously on a Binding Memorandum of Understanding (MOU) with Louisiana Connected to design, build and operate the fiber-based broadband municipal system.

Louisiana Connected will fully-fund the multimillion-dollar construction and operation of the Mansfield network with private capital.

"Since the pandemic, I have worked alongside the City Council to fulfill the desire of many residents for efficient broadband in the city," said Mayor Thomas Jones. "I am excited to be on track with my goal to deliver on that strategic plan and look forward to a collaborative partnership with Louisiana Connected going forward."

"We applaud Mayor Jones and the City Council's leadership whose vision for world-class internet infrastructure for Mansfield made this announcement possible," said Donnette Dunbar, CEO of Louisiana Connected. "We are grateful for the City of Mansfield's support and look forward to providing them with a network that will support their goals for growth and prosperity."

The Team
An Orrick team led by [Charles Cardall] negotiated the Binding MOU, which came on the heels of a five-month state-required feasibility study so the city could receive complete cost estimates for the system's buildout as well as identify the neighborhoods with broadband deficit.

"Internet access has become as critical for learning, business and health as electricity and gas for basic living," said Charles. "Data shows 42 million Americans still have no access to broadband and millions more have low level connections, which is why Orrick is excited to apply our expertise to get these communities online and unlock the myriad social and economic benefits that emerge with improved digital equity."

Learn More
Louisiana Connected

June.06.2023

Frederick Health Hospital, Inc., Maryland: Fitch New Issue Report

Revenue Defensibility: 'bbb'; Dominant Market Share in Growing Service Area: The midrange revenue defensibility reflects FH's dominant market share of about 70% in an economically diverse and growing service area. Its market position is relatively secure due to the regulated nature of MD healthcare including certificate of need programs. FH focuses on its core service lines including cardiology, oncology neurology and women's health and does not provide trauma, open heart or transplant, so there is some outmigration to surrounding academic medical centers. FH's solid market share is supported by an expanding outpatient footprint including the cancer center completed in 2017 and the recent critical care expansion including the ICU and emergency department. Under Maryland's Global Budget Review (GBR) program, annual revenue is allocated to hospitals for regulated service lines and is determined and known before the start of each year and adjusted annually for changes in market share, services provided and population growth. Approximately 70% of FH's revenues fall under Maryland's all payor system, which provides predictable revenue streams but may create a lag in reimbursement in a rapidly growing service area, such as FH's, and in the case of unpredictable utilization patterns, as was the case during the pandemic.

ACCESS REPORT

Tue 13 Jun, 2023

Sarasota County, Florida: Fitch New Issue Report

The 'AAA' Issuer Default Rating (IDR) and general obligation (GO) bond rating reflect the county's superior gap-closing and low long-term liability burden. The county's independent legal revenue raising ability, solid expenditure control and conservative budgeting practices provide the county with a considerable ability to maintain a high level of financial flexibility throughout economic cycles.

ACCESS REPORT

Mon 12 Jun, 2023

University of Texas System: Fitch New Issue Report

Revenue Defensibility: ‘aaa’: Very Strong Demand; Consistent Revenue Diversity: The University of Texas System’s (UTS) ‘aaa’ revenue defensibility assessment is supported by exceptionally strong underlying market characteristics and solid enrollment as Texas’s public research flagship university system. Overall revenue stability benefits from a solid enrollment niche, diverse multi-facility healthcare operations, strong fundraising, a deep research base, historically stable state operating support and substantial endowment income. Operating Risk: ‘aa’: Consistently Solid Cash Flow Margins: The ‘aa’ operating risk assessment reflects UTS’s solid cash flow margins, which average in excess of 20%. The assessment further reflects strong capital fundraising and state debt service support of designated capital projects. Financial Profile: ‘aaa’: Resilient Liquidity; Very Strong Leverage Metrics: UTS’s ‘aaa’ financial profile is supported by very low leverage ratios, as measured by available funds to debt, which remain solidly within the rating category through Fitch’s modeled stress scenario that incorporates both an operating revenue stress and a market-driven investment downturn.

ACCESS REPORT

Sacramento Municipal Utility District, California (Electric): Fitch New Issue Report

The ‘AA’ rating reflects the Sacramento Municipal Utility District’s (SMUD) very strong and stable financial profile in the context of its ‘aa’ revenue defensibility assessment and ‘a’ operating risk assessment. The ‘aa’ financial profile is expected to persist over the medium term, with leverage, calculated as net adjusted debt to adjusted funds available for debt service, remaining between 5.0x and 6.0x and supportive of the rating. Higher than anticipated costs from the implementation of SMUD’s ambitious 2030 Zero Carbon Plan, adopted in April 2021, could occur as energy purchases from clean technology increase. However, Fitch Ratings anticipates that costs will be recovered in a timely manner to preserve the utility’s financial profile, or the target date would be delayed if costs are significantly higher than anticipated, given SMUD’s focus on affordability and reliability to guide the pursuit of its 2030 goal.

ACCESS REPORT

Iowa Finance Authority: Fitch New Issue Report

Key Rating Drivers Sound Financial Structure: Fitch’s cash flow modeling demonstrates that the resources of Iowa Finance Authority's (IFA, or the authority) combined CWSRF and DWSRF programs (together, the program) are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM). Surplus annual loan repayments and pledged reserves primarily provide this loss protection. Above-Average Pool Diversity: Fitch views the program's pool diversity as above-average, driven by the large number of borrowers (more than 750 obligors). The top 10 borrowers represent a low 36% of the pool total and the largest single borrower represents a moderate 14% of the pool. Largely Unrated Portfolio: Overall, IFA's pool quality is below average in comparison to similar programs Fitch rates, as more than three-quarters of the loan portfolio does not carry a public rating. To mitigate this risk, Fitch's PSM conservatively assumes unrated borrowers to be of sub-investmen--grade quality (BB). Effective Program Management: IFA and the Iowa Department of Natural Resources (DNR) jointly manage the program following underwriting and loan monitoring procedures set forth by the MTA. The program has not experienced a default of any pledged borrower to date.

ACCESS REPORT

Orlando Utilities Commission, Florida: Fitch New Issue Report

The 'AA' Issuer Default Rating and rating on Orlando Utilities Commission's (OUC) utility system revenue bonds reflects the utility's very low leverage in the context of very strong revenue defensibility and operating risk, which are both assessed at 'aa'. OUC's revenue defensibility is anchored by the provision of monopolistic electric and water utility services to a very favorable and growing service area, as well as the independent ability to raise rates without regulatory oversight. OUC's operating cost burden is historically very low. However, elevated gas prices in 2022 drove operating costs to 11.11 cents/kWh from 9.04 cents/kWh in 2021. Natural gas accounts for 65% of OUC's energy generation; sustained elevated operating costs could negatively affect OUC's very strong operating risk assessment. OUC's financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service remained very strong in fiscal 2022, when recorded leverage was a very low 4.3x. Total operating expenses increased 22% yoy, while purchased power expense nearly doubled yoy, totaling $86.6 million in fiscal 2022. Operating margins remained strong as the utility's fuel charge pass-through increased revenues and recovered higher fuel costs. Fitch Ratings expects OUC will continue to demonstrate strong operating performance while incorporating additional capital spending to reach long-term carbon-emission goals.

ACCESS REPORT

Fri 02 Jun, 2023

S&P Charter School Brief: Tennessee

View the Brief.

1 Jun, 2023

California Pension Bill Seeks $15 Billion Divestment.

The California state Senate approved a bill that would force the country's two largest pensions to divest an estimated $15 billion from oil and gas companies, a measure opposed by the funds' managers.

The measure, which passed in a 23-10 vote on Thursday, requires the California Public Employees' Retirement System and the California State Teachers Retirement System to empty their assets of large oil and gas companies by 2031 and halt any new investments by 2024.

The bill now heads to the Assembly, where similar legislation died last year after approval by the Senate.

The proposal highlights key divisions among California's Democratic supermajority as lawmakers' tough stance on climate change clashes with concerns that divestment will threaten the financial health of municipalities burdened with millions of dollars in pension fund liabilities. It also contrasts with efforts by Republican-led states like Florida and Texas to limit funds from making investment decisions based on environmental, social and governance issues.

"Senate Bill 252 would do nothing to combat the dangers of climate change," Calpers Chief Executive Officer Marcie Frost said in a statement. "Its only impact, at least in the short term, would be to make it that much harder to achieve the investment returns needed to pay the benefits promised to Calpers members."

Calpers said it uses its investments to push for climate change issues at large companies. The pensions say divestment would also increase risk by reducing their portfolio's diversification.

But Senator Lena Gonzalez of Los Angeles County, the bill's author, said the legislation's eight-year divestment timeline is sufficient to achieve the goals without harming returns.

"You've been engaging for decades with companies and they haven't done anything," said Gonzalez. "Clearly their strategy isn't working."

The bill has also splintered California's powerful labor interests. Unions representing firefighters and construction trades are against the measure, while a major teachers' union and the California Nurses Association support it.

Calpers and Calstrs manage a combined $822.6 billion in assets. The funds are under pressure to provide an investment return rate of 6.8% and have in recent years turned to private equity to boost returns.

Proponents of the bill say the pension funds' continued investment in the oil and gas sector flout California's goal of reaching net zero carbon emissions by 2045.

Bloomberg Politics

By Eliyahu Kamisher

May 26, 2023

[Rural California Hospital's Bankruptcy Highlights Industry Strains.]

- **California's San Benito Health Care District filed Chapter 9**
- **Nine rural hospitals in state closed since 2005, report says**

In yet another sign of the increasing financial stress facing US hospitals, a public health care operator in California has filed for bankruptcy protection.

San Benito Health Care District in Hollister filed for Chapter 9 bankruptcy on Tuesday, citing labor costs, a years-long shortage of working capital and a $5.2 million overpayment from Medicare it had to return, the court filing said. The Chapter 9, which is filed by municipalities and public entities, is rare compared to other bankruptcy filings used by corporations and individuals.

The move allows the district to address excessive health-care costs for its workers and find a partner or buyer, a press release prior to the filing said. The district operates the 25-bed, 116-year-old Hazel Hawkins Memorial Hospital and a handful of specialty and rural health clinics and nursing homes.

Continue reading.

Bloomberg

By Lauren Coleman-Lochner

May 24, 2023

[Fitch: California Revenue Shortfall Consistent with Historical Volatility]

Fitch Ratings-New York/San Francisco-25 May 2023: California's deteriorating revenue forecast reflects the high sensitivity of the state's tax revenues to changing economic conditions, which is a fundamental characteristic of its credit profile, says Fitch Ratings. California (Issuer Default Rating 'AA'/Stable) benefits from strong financial resilience and prudent fiscal management since the 2008-2009 Great Recession. Fitch anticipates the state will respond to the lower available tax revenues with sustainable actions that support ongoing structural budget balance.

The May Revision to Governor Newsom's fiscal 2024 budget proposal assumes revenues will be $31.5 billion lower for fiscal years 2022-2024 than was assumed when the fiscal 2023 budget was enacted in June 2022. Fiscal 2023 general fund revenues, prior to transfers, are forecast to be $16.7 billion (7.5%) lower than the June 2022 estimate and down 7.7% yoy. Forecast fiscal 2024 general fund revenues of $206.6 billion, prior to transfers and solutions, are $26.8 billion (11.5%) lower than the June 2022 estimate but still well above pre-pandemic fiscal 2019 levels of $144.5 billion.

The lower revenue forecast is driven largely by weakness in the personal income tax (PIT), with slowing economic conditions and technical factors playing important roles. The PIT is highly sensitive to economic changes, and the forecast reflects slower economic growth after the very rapid pace of growth immediately following the pandemic recession. The governor's economic assumptions assume a stronger rebound in national GDP growth than does Fitch's economic outlook, leaving the state's revenue forecast susceptible to downside risk. Additionally, the state Legislative Analyst Office's (LAO) assessment of the May Revise suggests a more pessimistic outlook with the fiscal 2022-2024 forecast an additional $11 billion below the Governor's estimate.

California’s pass-through entity (PTE) elective tax and the deferral of tax deadlines in a number of counties add uncertainty. The PTE elective tax allows business owners to work around the federal cap on state and local tax deductions by combining corporate income tax payments and personal income tax credits. The department of finance (DOF) estimates nearly 10% of general fund revenues before transfers from fiscal 2022-2024 will be PTE elective tax payments. The mix of payments and credits with unpredictable timing complicates revenue forecasting.

Following severe winter storms, the state deferred tax deadlines for individuals and businesses in 55 counties, representing 99% of the state’s population, from April to October 2023. The state estimates the deferral will shift $40 billion of its tax revenue from the current into the next fiscal year, while acknowledging the difficulty in crafting an estimate given the lack of clarity on potential taxpayer behaviour. Fitch considers the state’s liquidity cushion ($109 billion including $91 billion in borrowable resources as of April 30, 2023) more than adequate to address cash flow implications.

The May Revision addresses the lower revenue forecast by tapping resilience built into the fiscal 2023 and previous budgets without dipping into the budget stabilization account (BSA) or taking deep cuts to ongoing spending. Prior budgets enhanced resilience by reducing budgetary and other debt, limiting growth in ongoing spending, applying non-recurring revenues to one-time spending including for capital investment rather than debt issuance, placing revenue triggers on new programs, and building reserves.

The bulk of the Governor’s proposed budget balancing actions involve some form of spending reduction, including funding delays, reduced one-time spending, spending shifts from the general fund to other funds, and trigger reductions that can be restored if the revenue picture improves. The Governor is also proposing to renew and increase a managed care organization tax that is expected to raise $3.4 billion. The May Revise includes a modest withdrawal of $450 million of the $900 million balance Safety Net Reserve but does not touch the larger $22.3 billion BSA, and adds to the Public School System Stabilization Account, bringing its total to 10.7 billion, leaving these reserves available to address further revenue deterioration.

Contact:

Karen Krop
Senior Director
+1-212-908-0661
Fitch Ratings, Inc.
300 West 57th Street
New York, NY 10019

Bryan Quevedo
Director
+1 415-732-7576

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

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

Reporty

The ‘AA–’ rating reflects Los Angeles Department of Water & Power’s (LADWP) very strong financial profile in the context of a large and diverse retail customer base, very strong revenue defensibility characteristics, increasing operating costs and a large capital plan. LADWP is in the process of redesigning its overall power supply portfolio to comply with state and local requirements to increase renewable energy resources and supply 100% carbon-free energy to retail customers by 2035. The rating analysis does not incorporate full potential costs related to the power supply conversion because the utility’s strategic plan to reach the target and the total costs are not yet fully identified. Fitch expects a final plan in 2023, but additional costs in the capital improvement plan (CIP) are not expected to be materially incurred over the five-year CIP.

ACCESS REPORT

Fri 26 May, 2023

Marin City Apartment Complex Opponents File Suit to Block Bonds.

Opponents of a 74-apartment, five-story development at 825 Drake Ave. in Marin City have filed a lawsuit to block the issuance of bonds needed to finance the project.

The suit was filed on May 18 by Save Our City, an advocacy group, and the group’s co-founder, Marilyn Mackel, a Marin City Community Development Corp. board member and a former court commissioner in Los Angeles County.

The suit seeks an order invalidating the Marin County Board of Supervisors’ decision on March 21 to approve the issuance of the revenue bonds by the California Municipal Finance Authority.

The authority is a joint powers agency of 350 California counties, cities and special districts that assists local governments, nonprofits and businesses with the issuance of taxable and tax-exempt financing. Marin County is one of the authority’s members.

Under federal law governing tax-exempt financing, a government whose territory includes the location of the project had to approve the bonds. As a result, only Marin County or the state could provide the necessary approval.

The supervisors voted 3-2 to approve issuance of the bonds, with Stephanie Moulton-Peters and Eric Lucan casting the dissenting votes. Save Our City’s lawsuit alleges that the supervisors who voted in favor of issuance “cast their votes based on incorrect understanding of the nature and extent to their authority to approve or disapprove the project.”

“All three of these supervisors,” the suit states, “expressed their understanding that they could not lawfully vote to disapprove the proposed tax-exempt bond financing for the project on their own substantive objections to the project arising from features of the project that are detrimental, or that these supervisors considered detrimental, to the community.”

The defendants named in the suit are Marin County, the county supervisors, the California Municipal Finance Authority and the developers, Pacific West Communities and Affordable Housing Land Consultants.

“We have not yet seen the lawsuit,” County Counsel Brian Washington wrote in an email. “As required by SB 35, the county ministerially approved the 825 Drake Project without the Board of Supervisors being allowed to be part of the decision-making process. It will be the developer’s obligation to defend any lawsuit challenging the project.”

Supervisor Dennis Rodoni said also he had not seen the suit and declined to comment. Supervisors Katie Rice and Mary Sackett did not respond to a request for comment. The developers did not respond to requests for comment.

Mackel said Monday that Save Our City has more than 100 people on its mailing list and has been meeting since October. She said the legal costs associated with the lawsuit are being covered by an anonymous donor.

“Safety issues are the primary concern we’re focusing on,” Mackel said, “although there are many, many others.”

Bettie Hodges, another Save Our City co-founder and director of the Hannah Project Partnership for Academic Achievement, said, “The streets are extremely narrow. There is limited parking, which will create congestion. There is concern among residents that emergency vehicles will have limited access.”

Because of Senate Bill 35, the project was approved without review by the Marin County Planning Commission or environmental analysis under the California Environmental Quality Act. The law, intended to streamline housing development to address California’s severe housing shortage, mandates a ministerial approval process for projects proposed in jurisdictions that have failed to create their state-mandated quota of housing.

Hodges said a high percentage of Marin City’s housing is already affordable or subsidized by the government, so if Marin City were a separate jurisdiction it would be exempt from SB 35.

One of the few requirements that developers face under SB 35 is to make a certain percentage of their residences affordable to households making below 80% of the area median income. Depending on the circumstances, the requirement can range from a maximum of 50% to a minimum of 10%.

Under SB 35, the developer of 825 Drake Ave. is not required to provide any parking, since the site is located within a half-mile of a Marin Transit bus stop. If not for SB 35, the county would have required two parking spaces per dwelling.

Mackel said another big concern of Save Our City is the effect the project will have on Village Oduduwa, a low-income seniors complex, which it will abut.

“The seniors will have no sunlight,” Mackel said.

Other safety concerns include the fact that the project will be located in a state-designated high fire hazard zone at heightened risk to wildfires in the summer, and in an area prone to flooding in the winter with just one road in and out of the community.

The controversy over the project grew more intense following the March 21 hearing on the bonds. Alexis Gevorgian, who had been the spokesperson for the project, said that 16 of the apartments would be reserved for four-person households earning $49,800 per year or less; eight for four-person households earning no more than $83,000; and 29 for four-person households earning no more than $99,600. Twenty of the apartments would be affordable to four-person households earning up to $116,200.

Hodges questions whether the developer is committed to those numbers.

"I think those ranges are aspirational," she said.

The Marin Housing Authority is allocating vouchers to the project so 25 households will be guaranteed to pay no more than 30% of their income for rent.

During the March hearing, Kimberly Carroll, director of the Marin Housing Authority, also said the apartments will provide options for residents of Golden Gate Village who are being forced to move because their family size has diminished and there are no appropriately sized apartments available in the neighborhood.

Marin Independent Journal

By RICHARD HALSTEAD | rhalstead@marinij.com | Marin Independent Journal

PUBLISHED: May 25, 2023

New York City, New York: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) and GO bond ratings reflect New York City's exceptionally strong budget monitoring and controls, supporting our high assessment of operating performance. Federal stimulus aid has relieved fiscal pressure, which would have otherwise resulted from the city's lagged economic recovery, and supported structural budgetary balance. However, the record revenue performance and strong recovery from the pandemic, as well as improvement in reserve levels, will help management navigate through future economic downturns, including near-term challenges due to an expected deceleration of revenue growth, rising labor costs and other uncertainties associated with a high inflationary environment.

ACCESS REPORT

Mon 22 May, 2023

Oregon Department of Transportation: Fitch New Issue Report

The 'AA+' rating reflects the exceptional resilience of the security structure and growth in pledged revenues that is expected to exceed the long-term rate of inflation. Assuming additional debt issuance to the additional bonds tests (ABTs), net pledged revenues could sustain significant declines and still comfortably meet maximum annual debt service (MADS) requirements on the senior, subordinate, and second subordinate lien bonds. The rating is capped by the state's Issuer Default Rating (IDR) of 'AA+'.

ACCESS REPORT

Wed 24 May, 2023

State of Connecticut: Fitch New Issue Report

Connecticut's 'AA-' Issuer Default Rating (IDR) reflects its superior gap-closing capacity, as well as its wealthy and diverse, yet slow-growing, economic profile. The rating also incorporates the state's elevated liability burden, carrying costs and expenditure growth trends, which are likely to remain comparatively high over time. Economic Resource Base: Connecticut has a diverse and mature economic base anchored by a large finance sector as well as important manufacturing, education and health sectors. Post-pandemic economic growth trails national trends. Connecticut has the highest per capita personal income of any state, although income growth slowed in the prior decade.

ACCESS REPORT

Wed 24 May, 2023

Oklahoma Capitol Improvement Authority: Fitch New Issue Report

Revenue Framework: 'aa': Fitch Ratings expects that Oklahoma's revenues, which are supported by broad-based sources, will continue to reflect above average economic volatility tied to the natural resources sector. While the state legislature has unlimited independent legal ability to raise operating revenues, tax rate increases require either a legislative supermajority vote or direct voter approval, limiting practical revenue-raising flexibility. Expenditure Framework: 'aa': 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. Long-Term Liability Burden: 'aaa': 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 resources. Other post-employment benefit obligations are minimal compared with debt and net pension liabilities, accounting for 0.1% of personal income versus 2.9% for debt and pensions. Operating Performance: 'aa': A constitutional provision limiting appropriations to only 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state's proactive management of financial operations has historically offset volatility.

ACCESS REPORT

Fri 26 May, 2023

Florida Enacts Anti-ESG Legislation - House Bill 3 Explained: Akin Gump

On May 2, 2023, Gov. Ron DeSantis (R-FL) signed into law House Bill 3 (HB3), legislation that, among other things, blocks the consideration of environmental, social and governance (ESG) factors in state and local investment decisions and procurement processes. As we have written about previously (e.g., here), the politicization of ESG is creating significant complexities for companies that do business in multiple jurisdictions, some of which require or permit the consideration of ESG factors, and others that have adopted anti-ESG legislation similar to HB3. That said, HB3, which is scheduled to take effect on July 1, 2023, is considered among the farthest reaching anti-ESG legislative enactments to date. The following alert describes HB3's requirements.

At a high-level, HB3 requires that investment decisions (and proxy voting decisions) for state pension assets be made taking into account only “pecuniary factors.” For purposes of the legislation, “pecuniary factors” are defined as factors that are “expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy.” Importantly, the term prohibits “the consideration of…any social, political or ideological interests” when state and local officials make investment and other covered decisions. Notably, in addition to applying to investment decisions relative to state pension assets, among other things, HB3 also places limits on investment decisions for local governments; prohibits the issuance of ESG bonds in Florida; and imposes limits on state procurement processes. More specifically:

Continue reading.

Akin Gump Strauss Hauer & Feld LLP – Martine E. Cicconi, Mark R. Herring, Stacey H. Mitchell, Brian Arthur Pomper, Ryan C. Anderson and Christopher A. Treanor

May 18 2023

Sixth Circuit Invalidates Application of Nashville’s Sidewalk Ordinance Under The Takings Clause: Squire Patton Boggs

In *Knight v. Metro. Gov’t of Nashville and Davidson County* (No. 21-6179), the Sixth Circuit decided a longstanding question about the standard that applies to conditions imposed by a legislature on those applying for building permits. The issue is common enough: a city wants more sidewalks to improve safety, health, and traffic. So the city requires landowners to add sidewalks to their properties as a condition of issuing building permits. Nashville’s ordinance requires to grant an easement and build a sidewalk or to pay a fee to build sidewalks elsewhere in the city. The question in Knight was whether this permit condition should be judged under the unconstitutional conditions test in *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987) or the deferential balancing test used for zoning restrictions under *Penn Central Trans. v. NYC*, 438 U.S. 104 (1978). State courts have long been divided on whether *Nollan* is limited to the discretionary decisions of zoning administrators, or whether it also applies to municipal legislation like Nashville’s rule.

Writing for the panel, Judge Murphy’s opinion reviews the history of the Takings Clause and Supreme Court decisions on unconstitutional conditions, and concludes that *Nollan* applies and that Nashville’s ordinance violates the Takings Clause by “forcing a few people to bear the full cost of public programs that the public as a whole should pay for.” The ordinance lacks the “nexus” and “rough proportionality” between the imposed condition and the social costs of the new construction. Extending existing sidewalks would be permissible, the court explains, but Nashville cannot force landowners to build “sidewalks to nowhere” or “pay for sidewalks miles away” without compensation. After saying so, however, the court says it has not actually decided the issue because Nashville had waived all arguments regarding *Nollan* by focusing exclusively on the *Penn Central* test. Though the panel avoids declaring Nashville’s ordinance unconstitutional, its opinion gives important guidance for cities imposing conditions on building permits across the Sixth Circuit—and for landowners that challenge those ordinances.

Squire Patton Boggs – Colter Paulson

May 15 2023

State of Wisconsin: Fitch New Issue Report

Revenue Framework: ‘aa’: Wisconsin’s sound revenue framework relies on broad based taxes that generally reflect economic performance and which Fitch Ratings anticipates will continue to grow in line with long-term expectations for inflation. Wisconsin has an unlimited legal ability to independently raise revenues. Expenditure Framework: ‘aaa’: Fitch anticipates Wisconsin will continue to effectively manage a natural pace of spending growth expected to be slightly above annual revenue growth, reflecting the primary drivers of Medicaid and education. The state benefits from low fixed carrying costs and has demonstrated ample ability to cut spending if needed. Long-Term Liability Burden: ‘aaa’: Long-term liabilities are low and below the U.S. state median. The state benefits from strong pension funding and a benefit structure that shares the risk of investment underperformance with beneficiaries.

ACCESS REPORT

16 May, 2023

Chicago Names New Finance Chief.

Jill Jaworski—a municipal advisor who has worked with city schools and transit systems—is Chicago’s next finance chief.

Mayor-elect Brandon Johnson, who replaces Mayor Lori Lightfoot on May 15, made the announcement on Thursday.

Chicago is one of the nation’s most indebted major cities but has chipped away at its massive pension liability over the past decade. The city recently won back an investment-grade rating from Moody’s Investors Service after seven years of “junk” status.

Ms. Jaworski has more than a decade of experience at public finance firm PFM, which says on its website that she worked with clients including Chicago Public Schools and transit systems serving Washington D.C. and Dallas. A municipal advisor helps ensure state and local governments get the best price when they sell bonds to investors.

Mr. Johnson on Thursday also named Annette C.M. Guzman as budget director and S. Mayumi Grigsby as director of policy.

The Wall Street Journal

by Heather Gillers

May 11, 2023

S&P Not-For-Profit Acute Health Care State Snapshot: Maryland

Table of Contents

S&P Global Ratings has 10 public ratings on Maryland not-for-profit acute-care providers, split evenly between health systems and stand-alone hospitals. We also rate Maryland-based Bon Secours Mercy Health, although we have excluded it from this ratio analysis because the system no longer operates acute-care hospitals in the state. Given that the state and location in which providers operate can significantly influence health-care delivery, from underlying demographic trends to the legislative and competitive environment, market-specific factors provide a crucial backdrop for our analysis of an entity's overall credit profile. This report aims to provide greater analytical insights from the sample of issuers compared with acute-care providers across the country and to supplement our top-level and national credit views on the not-for-profit health-care sector.

Continue reading.

10 May, 2023

State of Texas: Fitch New Issue Report

Texas' 'AAA' Issuer Default Rating (IDR) and GO bond rating reflects its growing economy and the ample fiscal flexibility provided both by its conservative approach to financial operations and the maintenance of substantial reserves, including in its budgetary reserve, the economic stabilization fund (ESF). The Texas Water Development Board issues GO water financial assistance bonds under various constitutional provisions to support water conservation and infrastructure projects throughout the state. Most GO water financial assistance bonds are self-supporting from repayments of project loans and income received from investments.

ACCESS REPORT

Thu 11 May, 2023

A Texas Fund That Lowers School Borrowing Costs Is Available Again to Districts.

A $56.8 billion sovereign wealth fund's program that helps schools in Texas pay lower interest rates on municipal bonds will be available again to eligible schools and districts.

The Internal Revenue Service raised the capacity limits of The Texas Permanent School Fund's debt guarantee program, according to a press release by the State Board of Education on Thursday. The IRS posted a notice of intent to update language that previously limited the capacity of the fund's debt guarantee program.

In November, for the first time in about a decade the fund had to turn nearly all applicants to its program away because of the lack of capacity.

Read More: Texas Schools Face Higher Borrowing Cost as State Fund Maxed Out

"News of this change by the IRS is a welcome victory for Texas students and taxpayers," said State Board of Education Chairman Keven Ellis in the press statement. "Instead of paying millions in higher interest costs, school districts can instead use that money for much-needed facility improvements."

The rule change is effective as of May 10, and will allow the State Board of Education and Texas Education Agency to guarantee bonds passed in elections earlier this month, the release said. Without the change, requests for a guarantee would have been denied, forcing school districts and charter schools to pay higher interest rates.

The update allows the program to guarantee debt up to a limit of five times the cost value of the fund, or about $218 billion at current levels, according to the release. Credit guarantee essentially allows Texas public and charter schools to issue debt at AAA credit ratings, despite the underlying rating of the issuer.

Bloomberg Markets

By Nic Querolo

May 12, 2023

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The Wall Street Journal

by Heather Gillers

May. 11, 2023

Arizona Sports Complex With $284 Million Municipal Debt Files for Bankruptcy.

- **Miller Buckfire has begun marketing borrower's stake in park**

- **Legacy Cares informs bondholders of plans in securities filing**

Legacy Cares Inc., a nonprofit organization created to build and operate a sprawling 320-acre youth-sports and entertainment complex in Arizona, filed bankruptcy, according to a court filing Monday.

The bankruptcy may include the sale of the nonprofit's interest in the complex, pursuant to a reorganization plan. Miller Buckfire, which was retained by Legacy Cares to investigate options, has begun preliminary marketing, according to a notice on EMMA, an online repository for disclosure run by the Municipal Securities Rulemaking Board.

"No assurance can be given if or when the borrower's interest in Legacy Park will sell or at what price," according to the securities filing dated May 1.

Continue reading.

Bloomberg Markets

By Martin Z Braun and Maxwell Adler

May 1, 2023

DeSantis Board Sues Disney After Company Retaliation Lawsuit.

- **Lawsuit claims Disney legal moves 'reek of a backroom deal'**
- **Board suit follows Disney legal claim of DeSantis retaliation**

The Ron DeSantis-appointed board of the municipal authority overseeing Walt Disney Co.'s Florida parks sued the company Monday, claiming Disney violated state law in trying to ward off the board's efforts to govern park operations.

The legal fight is the latest twist in a political drama that began when Disney criticized DeSantis-backed legislation last year that limited what schools can teach about gender and sexuality. DeSantis appointed the district's board to replace another one that had been in place for decades and allowed Disney to govern itself.

Last week, Disney sued after the oversight district voted to halt a development agreement and related covenants signed by the company, which employs 75,000 people in Florida. Disney's lawsuit claimed in federal court that the governor's actions were retaliatory, anti-business and unconstitutional after the company exercised its free speech rights.

Continue reading.

Bloomberg Politics

By David Voreacos and Felipe Marques

May 1, 2023

[Virginia Public School Authority: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: ‘aa’: Fitch expects Virginia’s principal revenue sources, primarily income and sales taxes, will continue to reflect the depth and breadth of the economy as well as its above-average sensitivity to cyclical downturns. The commonwealth has complete control over its revenues, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework: ‘aaa’: Virginia maintains ample expenditure flexibility, with a low burden of carrying costs for liabilities and a broad ability to cut expenses common to most U.S. states. As with most states, Medicaid remains a key expense driver, but one Fitch expects the commonwealth will be able to actively manage without threatening fiscal stability. Long-Term Liability Burden: ‘aaa’: Virginia’s long-term liability burden is low and well managed. Debt issuance is carefully monitored through both constitutional limitations and stringent institutional practices. Virginia’s ratio of net pension liabilities to personal income remains below that of most states. Operating Performance: ‘aaa’: The commonwealth is well positioned to deal with economic downturns, having exceptionally strong gap-closing capacity derived from its control over revenues and spending. Virginia also demonstrated an ability to restore financial flexibility in times of economic recovery and expansion. The state maintains solid reserves, which are rapidly replenished when drawn upon.

ACCESS REPORT

Thu 04 May, 2023

Philadelphia, Pennsylvania: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Wage taxes, Pennsylvania Intergovernmental Cooperative Authority (PICA) taxes, property and business income and receipts (BIRT) taxes together make up about 60% of total general fund revenues. Fitch Ratings expects revenues to resume growth that exceeds its expectations for long-term inflation as the economic conditions improve. The city retains essentially unlimited independent legal ability to raise revenues. Expenditure Framework: ‘a’: Spending increases will likely exceed revenue growth, requiring continued proactive budgeting. The city has just adequate expenditure flexibility notwithstanding moderate fixed costs given a highly unionized workforce and a statutorily defined collective bargaining framework. Long-Term Liability Burden: ‘aa’: Long-term liabilities are expected to remain moderate relative to Philadelphia’s broad and diverse economic resource base. Operating Performance: ‘a’: Reserves have strengthened with the city’s prudent management through the pandemic-driven downturn and subsequent economic and tax revenue recovery. Fitch believes the city will continue its trend of prudent and conservative budget management, preserving strong gap-closing capacity to withstand a moderate economic downturn.

ACCESS REPORT

Fri 05 May, 2023

First-Of-Its-Kind Atlanta Program Leverages $200 Million Public Private Investment for Affordable Housing.

First-of-its-kind Atlanta Program Leverages $200 Million Public Private Investment for

Affordable Housing

ATLANTA—Mayor Andre Dickens and Community Foundation for Greater Atlanta President and CEO Frank Fernandez announced a historic investment of public and philanthropic resources to bring affordable quality housing to all who call Atlanta home. The combined $200 million in new funds represents an opportunity to build and preserve affordable housing in Atlanta at an unprecedented scale and pace.

Mayor Dickens is working with Atlanta City Council to pass a new affordable housing bond that will create an additional $100 million in funding.

The Community Foundation for Greater Atlanta received a generous $100 million commitment from The Robert W. Woodruff Foundation and Joseph B. Whitehead Foundation, providing dollars to further leverage the proposed public funding. The Community Foundation will partner with the City of Atlanta and others to ensure deeper, long-term affordability for communities with a higher risk for displacement.

"Affordable housing has been central in my Administration and today's announcement is a gamechanger in our ability to have projects keep pace with a rapidly evolving market," said Mayor Dickens. "Thank you to the Robert W. Woodruff Foundation and Joseph B. Whitehead Foundation for their generosity, Community Foundation for Greater Atlanta for their steadfast partnership and the Atlanta City Council in advance for their collaboration on this once in a generation opportunity to provide affordability relief for Atlantans."

The potential funding source will authorize an additional $100 million housing bond which will support the following:

- Expedite the development of affordable housing on publicly-owned land;
- Preserve affordability where it already exists with infusions of subsidy to provide safe, dignified and high-quality communities;
- Secure additional funding needed to get shovel-ready projects under construction.

Community Foundation President and CEO Frank Fernandez, commented, "In every city, the trends have been moving in the wrong direction for entirely too long and too many people are struggling," Fernandez said. "But we have a window of time particularly in the next three years to change the trajectory in Atlanta. That is why we are moving with urgency to bring together all our partners, to have all hands-on deck, and make a lasting change in housing. Our goal is to support better housing policies, programs, and significantly more production and preservation of affordable housing, so we can have neighborhoods and a city reflective of our values."

Russ Hardin, CEO of The Robert W. Woodruff Foundation, commented, "We have confidence in the Mayor and wanted to support his vision. After spending time with Frank (Fernandez) and his team at the Community Foundation, and understanding their plan, our Board of Directors saw the depth of knowledge, competence and scale that we needed to invest and be a catalyst for Atlanta to solve this complex critical challenge."

The Community Foundation for Greater Atlanta's funds will go to support both low-cost loans and grants for deeper and longer terms of affordability to address our community's growing housing affordability challenges.

Mayor Andre Dickens is focused on building A City of Opportunity for All. This vision includes ensuring that all Atlantans have access to safe, quality and affordable housing – which is why Mayor

Dickens has pledged to build or preserve 20,000 units of affordable housing.

05/02/2023

Local Social Impact Investors Are Pulling Chicago Out Of Junk Bond Status.

Chicago's first-ever "social bond" issuance draws local, small-dollar ESG investors to fund the city's post-COVID recovery – and its racial justice goals.

Chicago is a city still notorious for the junk-bond status it finally managed to shed last year. But earlier this year, investing as little as $1,000 of their own savings, a new crop of municipal bond investors helped Chicago open a new chapter of its municipal bond history.

In some ways, the bond offering was similar to any other Chicago municipal bond offering. The city borrowed $160 million dollars from investors, and the city repays investors over time, plus interest, using local tax revenues (in this case local sales tax revenues).

These bonds are specifically funding a set of projects that were already on the City of Chicago's to-do list as part of its post-COVID recovery plan — planting 15,000 new street trees in historically disinvested neighborhoods over the next three years, converting motels and single-room occupancy buildings into housing for people and families transitioning out of homelessness, grants to community and economic development projects on the South and West Sides of the city, and even replacing the city's fleet of gas-powered vehicles with electric vehicles.

Continue reading.

NEXT CITY

by OSCAR PERRY ABELLO

MAY 2, 2023

SVB's $7 Billion Municipal Bond Portfolio Could Pose Challenge for Liquidators.

- **Liquidity and de minimis tax risk seen as potential challenges**
- **BlackRock sale of failed banks' munis began on Tuesday**

Silicon Valley Bank's roughly $7 billion municipal bond portfolio could pose a challenge for BlackRock Inc. as it starts liquidating the failed bank's securities, investors say.

The lender's muni holdings were mostly long-dated bonds with low coupons, according to Nicholos Venditti, senior portfolio manager at Allspring Global Investments LLC, who said he saw the breakdown in a list circulated by dealers.

The bonds fit solidly into a category of debt that got hammered by rising interest rates, the very phenomenon that ultimately helped spur the turmoil in the banking industry. Munis due in 22 years or longer lost 15.6% last year, almost double the decline of the broader market, data compiled by

Bloomberg show.

[Continue reading.](#)

Bloomberg Markets

By Nic Querolo and Martin Z Braun

May 2, 2023

Hackers Hit Dallas City Servers, Limiting Some Police and IT Systems.

- **'Royal' hacking group previously hit Dallas school district**
- **City officials ask for patience during recovery period**

Dallas is experiencing IT and police communication outages following a ransomware attack on municipal systems.

City officials said in a statement Wednesday that hackers had compromised "a number of servers" and that they were working with vendors to try to control the spread of malware. With a ransomware attack, hackers lock up victims' data or knock services offline, then demand an extortion payment.

"We have been having a system shutdown for the past two days now," a Dallas 311 operator told Bloomberg News. "We are very limited in what we are able to access internally right now."

[Continue reading.](#)

Bloomberg

By William Turton

May 4, 2023

"Where Woke Goes to Die"? - New Florida Restrictions on ESG to Create Challenges and Additional Requirements for Asset Managers and Other Financial Institutions - Ropes & Gray

After many months of publicly teasing further anti-ESG action, Florida is poised to become the latest state to enact legislation limiting the consideration of ESG factors in the investment decisions of state retirement systems. House Bill 3, "An Act Relating to Government and Corporate Activism", ("HB 3") passed in the Florida State Senate on April 19. The legislation, which is expected to be signed by Governor Ron DeSantis in the coming days, formalizes and expands the directive he announced last August for the State Board of Administration to invest funds of the Florida Retirement System Defined Benefit Plan (and to exercise shareholder proxy voting rights) solely based on pecuniary factors, without sacrificing investment returns to promote non-pecuniary factors such as ESG goals. HB 3 will extend this policy to cover all funds invested by state and local governments, including, general revenue, trusts dedicated to specific purposes, money held by retirement plans, and surplus funds. These restrictions will apply to all contracts executed, amended or renewed beginning July 1. The legislation also will put in place new requirements and restrictions applicable to state and municipal bond issuances, government contracting and banks and other financial institutions. In this Alert, we discuss HB 3 in more detail, with a focus on asset managers.

HB 3 is one of the strictest and most restrictive anti-ESG laws adopted to date, imposing significant new compliance obligations that are distinct from those required by ERISA and other state laws. Given Florida's status as a frequent investor in funds, this development is likely to have an impact on many managers across a wide range of strategies. While HB 3 reflects an amalgam of policies and restrictions that have gained traction in other states—for example, Kentucky, Idaho, Montana, and Utah among other states have passed legislation that mandate a focus on pecuniary or financial factors for investing public assets—the Florida legislation includes some novel provisions that will require asset managers' special attention.

- **Investment Decisions Made on Behalf of Florida's Funds Must Be Based on Pecuniary Factors** – HB 3 requires that the Florida Chief Financial Officer, or any party authorized to invest public funds on his or her behalf, make investment decisions based solely on the basis of pecuniary factors. A pecuniary factor is defined as one that is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy and that does not include the consideration of social, political, or ideological interests. Further, the "weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns." This is very similar to the approach that the Trump administration took in its ESG rule pursuant to ERISA, which was adopted in 2020 (See our prior Alert) but has since been rescinded. Similar to that rule, HB 3 can be expected to sharply limit the ability of fiduciaries of Florida's public retirement plans (which includes any managers investing assets on behalf of the state plans) to consider ESG factors as part of their investment decisions.
- **ESG Bond Prohibition** – The bill prohibits both the state Division of Bond Finance and specified public bond issuers from (1) issuing an ESG bond, (2) paying for the services of another to verify or certify a public bond as an ESG bond, or (3) contracting with rating agencies that use ESG scores in a manner that directly impacts the issuer's bond ratings.

The term "ESG Bonds" refers to (1) any bonds that have been designated or labeled as bonds that will be used to finance a project with an ESG purpose, including, but not limited to, green bonds, Certified Climate Bonds, GreenStar designated bonds, and other environmental bonds marketed as promoting a generalized or global environmental objective; (2) social bonds marketed as promoting a social objective; and (3) sustainability bonds and sustainable development goal bonds marketed as promoting both environmental and social objectives. The term includes those bonds self-designated by the issuer as ESG-labeled bonds and those designated as ESG-labeled bonds by a third-party verifier.

This bill may make it harder and more costly to underwrite Florida bonds.

- **Selection of Government Contractors** – For government contracting, the bill prohibits all units of state and local government from: (1) considering social, political, or ideological beliefs when evaluating prospective vendors; or (2) giving any preference to a vendor based on social, political, or ideological beliefs.
- **Use of Social Credit Scores as an "Unsafe and Unsound Business Practice"** – Other financial institutions such as banks, trust companies, credit unions, consumer finance lenders, and money services businesses may be subject to administrative sanctions if they engage in an "unsafe and unsound business practice" by canceling or denying services or otherwise discriminating against a service provider on the basis of that provider's political or religious beliefs or affiliations, social

credit rating or score, or any other factor that is not a quantitative, impartial, risk-based standard. For instance, refusal to do business with a service provider because of its involvement in the firearms or fossil fuel industries may constitute a violation of this requirement.

- **"Stickering" Requirement for Investment Managers** – The bill requires investment managers that invest public funds on behalf of a Florida state or local government entity to comply with a stickering requirement to include a disclaimer in any external written communication with a company in which the investment manager has invested public funds if (1) that written communication discusses social, political, or ideological interests, (2) subordinates the interests of the company's shareholders to the interests of another entity, or (3) advocates for an entity other than the company's shareholders. The required disclaimer must state the following: "The views and opinions expressed in this communication are those of the sender and do not necessarily reflect the views and opinions of the people of the state of Florida." Managers may be required to sticker a wide range of communications. The Florida governmental entity has the unilateral right to terminate any contract with an investment manager that is executed, amended or renewed on or after July 1 if the required disclaimer is not included.
- **Annual Compliance Certification for Investment Managers** – Additionally, investment managers are required to annually certify that they are complying with the fiduciary standards set forth in Florida's investment policy (i.e., investment decisions are made based solely on pecuniary factors and do not subordinate the interests of the participants and beneficiaries of the funds to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor). Managers will be subject to sanction if they fail to timely file the required certification or submit a certification that is materially false. The Florida Attorney General may bring a civil or administrative action against such persons and recover attorney's fees and costs when such an enforcement action is successful.

Further Information on State ESG Regulation

Be sure to check out our award-winning interactive website, [Navigating State Regulation of ESG Investments], that tracks the latest ESG-related legislation, executive actions and initiatives, and coalition activities, as well as changes to state retirement plan investment policies across the United States. In addition, the website offers a variety of podcasts and memos to provide users with easy access to our team's key insights in understanding this dynamic area.

Ropes & Gray LLP – Joshua Aron Lichtenstein , Michael R. Littenberg, Reagan Haas, Jonathan M. Reinstein and Alexa Voskerichian

April 27 2023

Disney Versus DeSantis: A Timeline of the Florida Political Feud

Walt Disney Co. on Wednesday sued Ron DeSantis, alleging that the Florida governor engaged in a political effort to hurt its business. It's the latest escalation in a dispute that started more than a year ago.

DeSantis's criticism of Disney over its perceived liberal agenda, like backing LGBTQ+ rights and other social issues, has struck a chord with conservative voices. Yet he's also faced criticism for taking things too far. Disney is one of Central Florida's top taxpayers, contributing more than $1.1 billion in state and local taxes last year, and it's one of the largest employers in the state with tens of thousands of workers.

Here’s a timeline of the fight:

Continue reading.

Bloomberg

By Tal Barak Harif and Felipe Marques

April 26, 2023 at 3:55 PM PDT

DeSantis Defies Bob Iger, Calls Disney Suit ‘Political’

- **A new lawsuit pits the company against presidential contender**
- **Suit says governor is violating company’s free speech rights**

Walt Disney Co. Chief Executive Officer Bob Iger had enough.

After Florida Governor Ron DeSantis began pushing legislation that could upend Disney’s theme-park development plans and regulate its monorails, and even floated the idea of building a prison near Walt Disney World, the company sued, accusing the Republican of breach of contract and violating its free speech rights.

“Disney expressed its opinion on state legislation and was then punished by the state for doing so,” the company said in a filing Wednesday in federal court in Florida. “This is as clear a case of retaliation as this court is ever likely to see.”

Continue reading.

Bloomberg Politics

By Christopher Palmeri, Anna Jean Kaiser and Nic Querolo

April 26, 2023

How DeSantis’s Fight With Disney Began.

Two big names in their fields — entertainment colossus Walt Disney Co. and the politically ascendant Republican governor of Florida, Ron DeSantis — are locked in a battle that could have ramifications for the 2024 US presidential campaign. Disney is an important player in Florida due to Walt Disney World, the massive theme park complex in Orlando that is among the state’s biggest employers, taxpayers and tourism generators. The company’s decision to speak out against a 2022 state law triggered the conflict with DeSantis, who has been laying the foundation for a possible run for the Republican presidential nomination.

1. What are Disney and DeSantis fighting about?

In 2022, the Republican-run Florida legislature, with DeSantis’s support, passed a law banning discussion of gender identity and sexual orientation in public schools. (The law applied to kindergarden through third grade before being expanded this year to all grade levels.) Opponents dubbed the legislation, officially the Parental Rights in Education bill, the "Don't Say Gay" bill. After DeSantis signed it into law, Disney — at the urging of employees within its diverse workforce — called for it to be repealed or struck down by the courts. That angered DeSantis, who said Florida is "governed by the interests of the people of the state" and not by corporate executives in California, where Disney is headquartered. The war of words may have stopped there, but DeSantis decided to go after Disney's long-held special status under state law.

Continue reading.

Bloomberg Politics

By Danielle Moran and Nic Querolo

April 28, 2023

Oakland Athletics Face a $500 Million Battle With Las Vegas Over New Stadium.

- **Team seeks public funds for stadium, mayor wants owner buy-in**
- **Arena may be third sports complex added near Vegas over decade**

The Oakland Athletics are poised to leave the Bay area, but officials in their new Las Vegas home are holding back the welcoming party.

Earlier this month, the A's signed a deal to purchase a 49-acre plot for a future ballpark near the Las Vegas Strip — ending a more than decade-long struggle to find a new stadium in the Bay Area. To clinch the move, the franchise wants roughly $500 million in public financing to build a 35,000 seat retractable-roof stadium and entertainment complex.

But the details still need to be hammered out and Las Vegas Mayor Carolyn Goodman is wary about using public dollars to subsidize a private enterprise. It would be the third professional sports complex built in Clark County, Nevada over the last nine years and the second to be built using public funds.

Continue reading.

Bloomberg

By Maxwell Adler

April 27, 2023

Tennessee Titans Top Bills for Biggest NFL Stadium Subsidy Ever.

- **Nashville Sports Authority to issue $760 million in bonds**
- **Proposed 60,000-seat arena is estimated to cost $2.1 billion**

The Tennessee Titans have never won a Super Bowl but they are a winner in the municipal funding market, topping the Buffalo Bills for the biggest public subsidy ever given to an NFL sports franchise.

After hours of public hearings overnight, the Metro Nashville City Council voted 26-to-12 on Wednesday morning to approve $760 million in revenue bonds for a new stadium. With a previously approved $500 million state contribution in hand, the public funding for the Titans' arena now totals $1.26 billion. That's nearly 50% more than the $850 million that New York State handed the Bills for their new stadium earlier this year.

Despite faltering demand from investors for muni bonds and warnings about teams and municipalities frequently overstating the benefits of stadium deals, while underestimating the costs — sports franchises have been able to petition for public dollars this year. In other parts of the US, Florida's Palm Beach County raised money to hold onto Minor League Baseball teams while the Milwaukee Brewers sought $290 million to renovate their ballpark.

[Continue reading.](#)

Bloomberg

By Maxwell Adler

April 26, 2023

[Tennessee Titans Gain $760m in City Funding for New Stadium.](#)

Tennessee lands largest public price tag for a US stadium.

The National Football League's (NFL) Tennessee Titans have been issued US$760 million in bonds by the Metro Nashville City Council to fund their new stadium.

Confirmed:

- Council voted 26-12 in favour of allowing its sports authority to issue city bonds
- Stadium will have a capacity of approximately 60,000 and a translucent roof
- Venue's total cost estimated at US$2.1 billion and build aims to be completed in time for 2027 season

Context:

The Titans had already secured US$500 million in state funding for their new stadium, and Nashville's funding now means the franchise has a total of US$1.2 billion in committed public financing. This would be the biggest sum of public funding for a US stadium, eclipsing the US$850 million commitment made by New York for the Buffalo Bills' new US$1.5 billion home.

The remaining US$840 million needed for the venue will be provided by the Titans, with help from the NFL and personal seat licenses.

Comment:

"This is a generational opportunity to address our city's priorities and ensure its health and vitality for the next 30 years," said Burke Nihill, Titans president and chief executive.

"Our city and our state have bright futures ahead, and we're humbled by the opportunity to continue to be a part of it."

Coming next:

The Titans will not be given the bond proceeds until several conditions are met, including the state first providing its funding and the execution of all transaction documents.

SPORTSMEDIA.COM

by JOSH SIM

27 APR 2023

[USBR Proposal Raises Water Supply Uncertainty For Lower Basin States; Impact May Trickle Down To Future Negotiations - S&P]()

Key Takeaways

- The recently released draft Supplemental Environmental Impact Statement (SEIS) laid out options for revised near-term operating guidelines for Glen Canyon and Hoover dams, contemplating a precedent setting shift in how priority water rights are recognized.
- We expect very few negative rating actions given the municipal utility sector's strong financial capacity, improved hydrology and snowpack conditions in the west, ample storage, and supply diversification across the region.
- Wet weather conditions throughout the West this year have helped mitigate declining reservoir levels, possibly delaying the need for the proposed severe curtailments in 2024 and providing greater flexibility in reaching a consensus solution between the seven effected states before the existing management guidelines expire in 2026.
- Affordability will weaken for customers in the Lower Basin states over time, but we do not believe it will have a material influence on rate-setting or collections.

[Continue reading.]()

27 Apr, 2023

[Fitch to Upgrade Ratings on Port of Seattle Sub Lien Rev Refunding Bonds, Series 2008.]()

Fitch Ratings-New York-25 April 2023: On the effective date of May 3, 2023, Fitch Ratings will upgrade the long- and short-term ratings of the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 (the bonds) to 'AAA' from 'AA-' and 'F1+' from 'F1', respectively. The Rating Outlook for the long-term rating is Stable.

The rating action is in connection with the following: (i) the substitution of the MUFG LOC (MUFG, formerly The Bank of Tokyo Mitsubishi UJF, Ltd.; A-/F1/Stable) irrevocable direct-pay letter of credit (LOC) which currently provides credit support for the bonds with a substitute LOC to be provided by Bank of America, N.A. (AA/F1+/Stable); and (ii) the mandatory tender of the bonds, scheduled to occur on May 3, 2023.

KEY RATING DRIVERS:

The long-term rating will continue to be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying rating assigned to those bonds by Fitch (currently rated AA-/Stable), and the rating assigned by Fitch to Bank of America, N.A. (AA/Stable), which will provide the substitute LOC as credit support for the bonds. The short-term 'F1+' rating will be based solely on the short-term rating assigned by Fitch to Bank of America, N.A. as the provider of the of the substitute LOC. For information about the underlying credit rating see the July 7, 2022 press release "Fitch Rates Port of Seattle Intermediate Lien Revs Bonds 'AA-'; Outlook Stable" available at www.fitchratings.com.

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

The bonds provide holders with a tender option with no more than seven days' notice while the bonds are in the weekly rate mode. Fitch will apply a two-notch uplift, which results in a long-term rating of 'AAA' for the bonds. 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.

Pursuant to the substitute LOC, the bank is obligated to make regularly scheduled payments of principal and interest on the bonds in addition to payments due upon maturity and redemption, as well as purchase price for tendered bonds. The substitute LOC will have a stated expiration date of May 1, 2026 unless extended or earlier terminated. The substitute LOC will provide full and sufficient coverage of principal plus an amount equal to 54 days of interest at a maximum rate of 12% based on a year of 365 days and purchase price for tendered bonds, while in the weekly rate mode. A mandatory tender of the bonds will occur on May 3, 2023, the substitution date. Morgan Stanley & Co. Incorporated will continue in its capacity as Remarketing Agent for the bonds.

RATING SENSITIVITIES:

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

–The Long-Term rating will be tied to the Long-Term rating assigned to the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 and the Long-Term rating that Fitch maintains on the bank providing the substitute LOC. The Long-Term rating will be at the highest Long-Term rating category and cannot be upgraded. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds.

–The Short-Term rating will be at the highest Short-Term rating category and cannot be upgraded.

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

— The Long-Term rating will be tied to the Long-Term rating assigned to the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 and the Long-Term rating that Fitch maintains on the bank providing the substitute LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds. 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 will be exclusively tied to the Short-Term rating that Fitch maintains on the bank providing the substitute LOC and will reflect all changes to that rating.

Contact:

Primary Analyst
Linda Friedman
Director
300 W. 57th Street
New York, New York 10019
+1-212-908-0727

Secondary Analyst
Ronald McGovern
Director
+1-212-908-0513

Committee Chairperson
Joseph Staffa
Senior Director
+1-212-908-0829

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

New Jersey Public Worker Pension Fund Rebounds by $4B.

The last two state budgets included full payments to the pension fund of roughly $7 billion each year, the first time that's been done in a quarter century. The Democratic governor's latest budget proposal includes another full payment of $7.1 billion.

New Jersey's public worker pension fund rebounded slightly in the first quarter of 2023, adding about $3.8 billion in market value as fund managers continued to navigate challenging financial markets.

The fund posted a return of 4.3% for the quarter, bringing its total market value to $87.5 billion, which was still more than $7 billion below where it stood just one year ago, according to a report from the New Jersey Treasury Department's Division of Investment.

"Investors seem to be looking for optimism in the market, so we have seen a rebound," Division of Investment Director Shoaib Khan told the State Investment Council during a virtual meeting Wednesday.

Continue reading.

governing.com

April 27, 2023 • Derek Hall, NJ.com

An Oregon City Banned Natural Gas. The Gas Company Fought Back.

Eugene's ordinance restricting gas hookups in new construction was set to be the state's first — until a local utility and its allies launched a $1 million counterattack.

In February, when the city council in Eugene, Oregon, passed an ordinance banning natural gas hookups in new low-rise construction, local environmental groups cheered. This was a chance for the college town to take a step toward reducing carbon emissions, help support the state's climate action plan and make history as the first city in Oregon to pass such a law.

Mayor Lucy Vinis pushed for legislators to support the ordinance, which prevailed in a 5-3 vote. "There will be some joy in the community tonight," she said.

Now Eugene's ban is making news for another reason, after allies of Portland-based utility company NW Natural launched a rapid-response campaign to force a public vote undoing the legislation. The firm spent roughly $1 million to bankroll Eugene for Energy Choice, a group opposing the ban that started collecting signatures for a referendum just weeks after the council's action. Eugene voters are likely to decide on the ordinance's fate via a ballot measure in November.

Continue reading.

Bloomberg CityLab

By Patrick Sisson

April 25, 2023

DeSantis Steps Up Attack on ESG as Florida Bars Public Investments.

Florida's Republican-controlled Senate approved on Wednesday a bill that bans state and local governments from using environmental, social, governance criteria when selling debt or investing public money. The legislation, which had already cleared the state's House of Representatives last month, will now be brought to DeSantis for his signature.

The 44-year-old governor has attacked ESG as part of a larger conservative agenda at the center of his likely 2024 GOP presidential run. DeSantis, like other Republican officials, has criticized Wall Street's ESG policies as "woke capitalism." His administration has pulled about $2 billion from BlackRock Inc. and singled out Chief Executive Officer Larry Fink, one of Wall Street's leading ESG advocates.

The new legislation prohibits Florida municipalities from selling bonds tied to ESG projects, as well as imposing restrictions on seeking ESG ratings. In 2022, Florida issuers sold $13 billion of long-term bonds, making it the fourth-largest issuer in the US, behind California, New York and Texas.

The law also bars Florida's public money from being deposited in financial institutions that are deemed to pursue "social, political, or ideological interests" in their investment decisions. Florida had almost $37 billion in state deposits, with Wells Fargo & Co. holding the biggest individual amount, $6.5 billion, according to data from Florida's Bureau of Collateral Management.

Bloomberg

By Marvin G Perez

April 19, 2023

Florida Lawmakers Pass Prohibition on Issuing ESG Municipal Bonds.

The Florida Legislature has passed a bill that bans the issuance of municipal bonds using environmental, social or governance standards. The bill now heads to Gov. Ron DeSantis for his signature.

House Bill 3 passed in the Senate by a 23 to 12 vote along party lines. It was approved last month by the House in an 80 to 31 vote.

The governor's mansion and both houses of the Legislature are dominated by Republicans and the legislation is a sure bet to be signed shortly by DeSantis who has blasted ESG criteria as a "radical ideological agenda."

When introducing the bill in February, House Speaker Paul Renner, R-Palm Coast, said, "Florida's investment decisions should be based solely on financial or pecuniary factors, not political virtue signaling through radical ESG investment strategies."

The final text of the bill passed by the Senate says an issuer would be a violation of state law if it issues ESG bonds and it prohibits them from doing so.

"Notwithstanding any other provision of law relating to the issuance of bonds, it is a violation of this section and it is prohibited for any issuer to issue ESG bonds," the bill states.

It also bans an issuer from paying for a third-party verifier to certify that a bond may be designated or labeled as an ESG bond or using a rating agency whose ESG scores will harm an issuer's credit standing.

The bill states issuers can't "pay for the services of a third-party verifier related to the designation or labeling of bonds as ESG bonds, including, but not limited to, certifying or verifying that bonds may be designated or labeled as ESG bonds, rendering a second-party opinion or producing a verifier's report as to the compliance of proposed ESG bonds with applicable ESG standards and metrics, complying with post-issuance reporting obligations, or other services that are only provided due to the designation or labeling of bonds as ESG bonds."

Bonds issued before July 1 this year are not affected.

Additionally, the bill forbids issuers from entering "into a contract with any rating agency whose ESG scores for such issuer will have a direct, negative impact on the issuer's bond ratings."

Florida's general obligation bonds are gilt-edged, holding triple-A ratings from Moody's Investors Service (MCO), S&P Global Ratings and Fitch Ratings.

Neal Pandozzi, a partner at Bowditch & Dewey, in a recent Bond Buyer podcast said he was concerned about what do these various restrictions would mean.

"Potentially you've got less information for investors to evaluate the credit risk of an issuer," he said. "If we're going to see pared back ESG-related disclosure that could lead to higher interest rates or the inclusion of more onerous covenants for issuers to mitigate any perceived risk due to less fully developed information about how an issuer is addressing ESG-related issues."

He said some of the defined terms, standards and concepts were, in his view, broadly drafted, cryptic and sufficiently sweeping to create possible compliance questions.

The bill defines ESG bonds as "any bonds that have been designated or labeled as bonds that will be used to finance a project with an ESG purpose, including, but not limited to, green bonds, Certified Climate Bonds, GreenStar designated bonds, and other environmental bonds marketed as promoting a generalized or global environmental objective; social bonds marketed as promoting a social objective; and sustainability bonds and sustainable development goal bonds marketed as promoting both environmental and social objectives.

"The term includes those bonds self-designated by the issuer as ESG-labeled bonds and those designated as ESG-labeled bonds by a third-party verifier," the bill states.

By Chip Barnett

BY SOURCEMEDIA | MUNICIPAL | 04/20/23

Ninth Circuit Cans Berkeley Gas Ban Under Federal Law: K&L Gates

On 17 April 2023, in *California Restaurant Association v. City of Berkeley*, the Ninth Circuit struck down a local ordinance banning natural gas piping in newly constructed buildings, concluding that federal law preempts the ordinance. This decision may have significant implications for similar state and local regulations, especially those in California and Washington. Building owners and operators, utilities, and other stakeholders impacted by natural gas "bans" or electrification mandates should consider whether their state or local regulation is affected.

California Restaurant Association v. City of Berkeley

In July 2019, the City of Berkeley, California (Berkeley or the City) adopted Ordinance No. 7,672-N.S., titled "Prohibition of Natural Gas Infrastructure in New Buildings" (Ordinance). The Ordinance amends the Berkeley Municipal Code to prohibit natural gas infrastructure in new buildings.2 Natural gas infrastructure is defined as "fuel gas piping, other than service pipe, in or in connection with a building, structure, or within the property lines of premises, extending from the point of delivery at the gas meter."3 By prohibiting natural gas piping in newly constructed buildings, Berkeley sought to "eliminate obsolete natural gas infrastructure and associated greenhouse gas emissions in new buildings where all-electric infrastructure can be most practicably integrated, thereby reducing the environmental and health hazards produced by the consumption and transportation of natural gas."4

In November 2019, the California Restaurant Association (CRA) sued Berkeley in the U.S. District Court for the Northern District of California, arguing among other things that the federal Energy Policy and Conservation Act (EPCA)5 preempted the Ordinance. EPCA is a federal statute that regulates the energy efficiency of several consumer products, including water heaters; furnaces; stoves; and heating, ventilation, and air conditioning systems (together, covered products). EPCA does not cover piping, however. EPCA preempts state and local regulations concerning the energy efficiency, energy use, or water use of any covered product that has a federal energy conservation standard.6

Continue reading.

K&L Gates LLP – David L. Wochner, Benjamin A. Mayer, Buck B. Endemann, John L. Longstreth, Nathan C Howe, David Wang and Timothy J. Furdyna

April 21 2023

[Does the 9th Circuit's Rejection of Berkeley, CA's Municipal Gas Ban Spell Doom for Massachusetts' Own Gas-Banning "Demonstration Program"? - Pierce Atwood]

We bring to your attention this post by our colleague Randy Rich of Pierce Atwood's Energy Infrastructure Group on the 9th Circuit's decision earlier this week in *California Restaurant Association v. City of Berkeley*, No. 21-16278. The court decided that the federal Energy Policy and Conservation Act, 42 U.S.C. § 6297(c), preempts the City of Berkeley's ordinance banning natural gas piping within newly constructed buildings. Interestingly, the Commonwealth of Massachusetts was part of a group of states that filed an amicus brief urging the 9th Circuit to find no federal preemption and thus uphold the Berkeley ordinance.

Although the 9th Circuit's decision isn't legally binding here, we wonder how it will affect efforts to ban the use fossil fuels in the Commonwealth. Section 84 of Chapter 179 of the Acts of 2022 (pdf) authorizes the Mass. Department of Energy Resources (DOER) to establish a demonstration program allowing 10 cities and towns to adopt general or zoning bylaws prohibiting the use of fossil fuels in new buildings or for major renovations. DOER recently issued draft regulations for this program; the comment period ended on February 10, 2023 and we expect to see regulations issued in the coming months. The City of Cambridge is one of the 10 municipalities included in the program and the City of Boston has expressed interest in joining the group.

Will there be an effort to bring a case asserting that the federal Energy Policy and Conservation Act preempts the Mass. demonstration program? We'll keep you posted.

Pierce Atwood LLP – Paula M. Devereaux

April 20 2023

[Nassau County, New York: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: 'a': Fitch expects modest revenue growth, reflecting a dependence on sales and property taxes and moderate prospects for economic expansion. The county has unlimited independent legal ability to control property tax rates, although property tax levy increases above the lower of CPI or 2% require a supermajority (60%) vote of the county legislature. Expenditure Framework: 'a': The county has demonstrated an ability to manage expenses when needed. Recent labor contract settlements for public safety, including the police contract, commit the county to moderate annual wage increases through June 2026. Management has limited ability to control the outcome of labor negotiations given collective bargaining rules. Carrying costs for debt, pensions and other post-employment benefits (OPEB) are moderate. Long-Term Liability Burden: 'aa': The county's long-term liability burden is moderate, incorporating assumptions for underlying village and school district debt. New York State pensions in which the county participates are well-funded, but the OPEB liability is considerable. Operating Performance: 'aa': The county's financial resilience has improved in recent years as a result of very strong sales tax performance, careful expense management and the county's reduced reliance on non-recurring actions to close budget gaps. The county has set aside dedicated reserves to address various spending demands including tax certiorari, labor and retirement contributions, bonded indebtedness, insurance and healthcare.

ACCESS REPORT

Wed 19 Apr, 2023

[El Paso, Texas: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: 'aaa': Fitch expects El Paso's general fund revenues will naturally grow at a pace that exceeds inflation due to the likelihood of further population, income and economic expansion. The city's overall revenue-raising ability remains high relative to modest historical revenue volatility. Expenditure Framework: 'a': Spending should remain aligned with or marginally above that of revenue growth trends given the city's expenditure profile. Fitch believes the city retains adequate expenditure flexibility based on management's moderate control over public safety labor costs (its largest operating cost) and moderately high fixed carrying costs. Long-Term Liability Burden: 'aa': The city's liability burden remains moderate at an estimated 16.6% of 2021 resident personal income. In conjunction with Fitch's expectations of measured future debt plans by the city, solid gains in resident personal income should keep the overall liability burden in the moderate range. Operating Performance: 'aaa': Fitch believes the city will maintain the highest level of financial resilience given the budgetary tools at its disposal. Fitch views the city's budget management as strong, marked by a trend of stable and strengthened financial position in recent years.

ACCESS REPORT

Thu 20 Apr, 2023

Dallas, Texas: Fitch New Issue Report

Revenue Framework: ‘aaa’: Strong revenue growth prospects are based on expectations for continued economic expansion. The assessment also reflects the city’s high independent legal ability to increase operating revenues. Expenditure Framework: ‘a’: The city’s pace of spending is expected to be marginally above revenue growth given ongoing service demands and inflationary pressures. Increased pension contributions will keep carrying costs at an elevated level; a rapid debt amortization rate also contributes to the elevated carrying costs. Long-Term Liability Burden: ‘aa’: The long-term liability burden currently represents a moderate 12% of personal income. Recent pension reforms to both the civilian and uniform plans have reduced the combined total liability and, in conjunction with continued economic growth, are expected to keep the long-term liability burden within the current range.

ACCESS REPORT

Thu 20 Apr, 2023

Virginia Public School Authority: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Fitch expects Virginia’s principal revenue sources, primarily income and sales taxes, will continue to reflect the depth and breadth of the economy as well as its above-average sensitivity to cyclical downturns. The commonwealth has complete control over its revenues, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework: ‘aaa’: Virginia maintains ample expenditure flexibility, with a low burden of carrying costs for liabilities and a broad ability to cut expenses common to most U.S. states. As with most states, Medicaid remains a key expense driver, but one Fitch expects the commonwealth will be able to actively manage without threatening fiscal stability. Long-Term Liability Burden: ‘aaa’: Virginia’s long-term liability burden is low and well managed. Debt issuance is carefully monitored through both constitutional limitations and stringent institutional practices. Virginia’s ratio of net pension liabilities to personal income remains below that of most states. Operating Performance: ‘aaa’: The commonwealth is well positioned to deal with economic downturns, having exceptionally strong gap-closing capacity derived from its control over revenues and spending. Virginia also demonstrated an ability to restore financial flexibility in times of economic recovery and expansion. The state maintains solid reserves, which are rapidly replenished when drawn upon.

ACCESS REPORT

Fri 21 Apr, 2023

Chicago, Illinois: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: ‘aa’; Affordable Rates; Stable Service Area Characteristics: The system provides essential services to a large geographic area that serves as the economic hub for the region. Service area characteristics are stable, with modest customer growth, midrange income levels, yet an elevated unemployment rate relative to national levels. System charges are affordable for the vast majority of the service area population. Operating Risk: 'aa'; Very Low Operating Cost Burden; Moderate Life Cycle Investment Needs: Operating costs are very low, and the system's investment needs are moderate as capital spending has consistently exceeded the pace of annual depreciation. Planned capital spending is significant and will continue to focus on the city's ongoing renewal and replacement program, which should maintain the system's low life cycle ratio. Financial Profile: 'a'; Solid Financial Profile, Rising Leverage: The system's financial profile reflects leverage that typically ranges between 9.0x and 11.0x. Although leverage is anticipated to move higher over the five-year horizon, it is expected to remain consistent with the financial profile assessment and current SCP. Liquidity is anticipated to remain neutral to the assessment.

ACCESS REPORT

Fri 21 Apr, 2023

Michigan Finance Authority: Fitch New Issue Report

Key Rating Drivers Sound Financial 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 produced using Fitch's Portfolio Stress Model (PSM), without causing an interruption in bond payments. Ample Loss Protection: Bondholders are protected from losses by overcollateralization, as surplus loan repayments alone provide minimum annual debt service coverage (DSC) of 1.4x. In addition, all bonds are supported, on either a senior or subordinate basis, by about $87.4 million in dedicated reserves. Highly Rated Borrower Pool: Approximately 99% of program borrowers have investment-grade ratings. Most obligations are secured by borrowers' general obligation and/or utility revenue pledges. Above-Average Pool Diversity: The obligor portfolio has favorable pool diversity, with the top-10 borrowers accounting for approximately 48% of the obligor pool. This is better than Fitch's 'AAA' median of 57% in 2022. Single-obligor concentration is about 15%, which is on par with Fitch's equivalent median. Effective Program Management: The pool has never experienced a default or delinquency by a pledged obligor in its history, indicating the strength of the program management.

ACCESS REPORT

Fri 21 Apr, 2023

Columbus, Ohio: Fitch New Issue Report

Revenue Framework: 'aaa': Fitch Ratings expects the city's revenues to grow at a rate between U.S. economic performance and the rate of inflation. The city has a high degree of independent legal flexibility to raise property tax revenues if needed. Expenditure Framework: 'aa': Expenditure growth should be in line with to marginally above revenue growth. Fitch expects that the city will continue to have solid flexibility to control expenses. This is partially due to the city's descending debt service schedule, which will alleviate some pressure that fixed carrying costs have on the budget. Long-Term Liability Burden: 'aa': The city's long-term liabilities, at approximately 10%, are a moderate burden on the economic base. Fitch expects liabilities to remain at the low end of moderate given the city's projected debt plans. Operating Performance: 'aaa': Columbus has the highest degree of gap-closing capacity as evidenced by its superior inherent budget flexibility and very high reserve levels. The city has maintained this degree of financial flexibility through a number of economic cycles.

ACCESS REPORT

Fri 21 Apr, 2023

BondLink Announces Inaugural Investor Relations Award Winners.

Honorees, representing individuals and municipalities, spotlight spectrum of issuers excelling across the country

BOSTON, MA / ACCESSWIRE / April 20, 2023 / BondLink, the cloud-based investor relations and debt management platform for the municipal bond market, today announced the winners of its Investor Relations Awards. The Awards are the first of their kind, dedicated to honoring municipal bond issuers and public finance professionals who are leveraging the latest technology to modernize the U.S. muni bond market.

The 2022 program celebrates the significant growth and transformation within investor transparency, which has become increasingly important during recent periods of market volatility.

The Awards feature three categories recognizing the municipal issuers at both an organization and individual level, including awards for best investor relations website, strongest digital transformation; and the advancement of investor relations. Issuers of varying sizes within all states and sectors play a critical economic role, so the judging panel separately evaluated larger or more frequent issuers and those who issue debt less often.

Continue reading.

April 20, 2023

Renewable Energy Projects Face Potential Headwinds in Texas: Latham & Watkins

Proposed legislation would impose new constraints and regulatory obstacles for renewable energy, as conservative responses to ESG-related initiatives continue to morph across the US.

The Texas legislature is considering several bills that could significantly impact both the regulatory landscape for renewable energy projects in the state and policy debates heating up around the country.

Texas leads among US states in renewable energy generation, producing more electricity from wind and utility-scale solar facilities than any other state by far.[1] In 2022, for instance, it produced more than twice the number of gigawatt-hours from wind and utility-scale solar sources than California.

However, the proposed bills could substantially alter the trajectory (and viability) of various energy transition projects, as conservative policymakers continue to flex their regulatory power to shape the conversation around ESG and related initiatives.

This post summarizes the key aspects of several bills under consideration in the state and briefly outlines what they might mean for renewable energy projects in Texas.

Continue reading.

Latham & Watkins LLP – Sarah E. Fortt, Joshua W. Marnitz and Austin J. Pierce

April 12 2023

Texas' Anti-ESG Stance is Costing Municipalities Millions in Extra Interest Payments.

Texas banned municipal bond issuers from using ESG-minded banks—and now they're paying the price

In 2021, the Texas legislature prohibited any cities or towns in the state from using banks that limit financing for the oil, gas, or gun industries. As a result, five major municipal bond underwriters, representing more than a quarter of all competitive-bid municipal bond offers in Texas, withdrew from the state.

That meant municipalities issuing bonds were more likely to engage in negotiated borrowing rather than holding a bid auction—which also meant they got more expensive financing. For municipalities that had relied on the underwriters that left the state, borrowing costs went up by an average of 0.41 percentage points, researchers have found (pdf).

According to Daniel Garrett at the University of Pennsylvania's Wharton School and Ivan Ivanov of the Federal Reserve Bank of Chicago, Texas municipalities will be paying $300 million to $500 million in additional interest because of the tougher loan terms. And that's just on the $31.8 billion borrowed in the first eight months after the anti-ESG law went into affect.

Continue reading.

Quartz

By Nate DiCamillo

April 17, 2023

DeSantis, in Latest Volley Against Disney, Suggests Punitive Steps.

The Florida governor also described proposed legislation he said would override the company's effort to sidestep oversight of its theme parks.

In what has taken on the trappings of a grudge match, Gov. Ron DeSantis of Florida punched Disney anew on Monday, announcing new legislation that would override the company's recent effort to sidestep state oversight of its theme parks.

Mr. DeSantis also suggested a variety of potential punitive actions against Disney — the state's largest private employer and corporate taxpayer — including reappraising the value of Walt Disney World for property tax levies and developing land near the entrances to the resort.

"Maybe create a state park, maybe try to do more amusement parks — someone even said, like, maybe you need another state prison," Mr. DeSantis said at a news conference near Disney World.

Continue reading.

The New York Times

By Brooks Barnes

April 17, 2023

Southern California Public Power Authority: Fitch New Issue Report

The 'AA–' project rating on the new Southern Transmission System Renewal Project reflects the credit quality of the largest project purchaser, the power system of the Los Angeles Department of Water and Power (LADWP; AA–/Stable), and the terms of the transmission sales contracts for all participants that require unconditional payment of project costs. Six project participants are obligated to pay project costs through June 15, 2027, and three project participants are obligated to pay project costs as of June 16, 2027, the transition date. Payments by the project participants are unconditional for 100% of project costs and the Southern California Public Power Authority (SCPPA) has the ability to reallocate costs to non-defaulting participants. Beginning on the transition date, SCPPA's reallocation authority becomes limited to a 15% step-up of participants' original percentage shares, which remains sufficient to cover a default by two of the participants remaining in the project after the transition date, but not LADWP. Bondholders will continue to have direct credit exposure to LADWP.

ACCESS REPORT

Tue 11 Apr, 2023

American Dream Mall Lenders Owed $389 Million Can Collect, Judge Says

- **A judge granted summary judgment in lenders' suit on Monday**
- **Suit's plaintiff is linked to Western Asset, Nonghyup Bank**

A group of junior lenders to the troubled American Dream mall won the right to collect on at least $389 million of defaulted debt after a judge ruled in their favor on Monday.

Judge Andrew Borrok granted the lenders' request for summary judgment against an entity used to finance the $5 billion mall and entertainment complex in New Jersey's Meadowlands, according to a court order. The lawsuit, filed in New York Supreme Court in February, was brought by an entity that serves as an administrative agent for firms linked to Western Asset and South Korea's Nonghyup Bank, court documents show. The complaint demanded payment of "no less than" $389.2 million with interest at "the minimum contractual default rate of 13.75%" as well as other costs.

The New Jersey mall, which broke ground in 2004 and ultimately opened in 2019, has struggled under a series of owners and fallen behind on its debt payments amid construction delays, cost overruns and the pandemic shutdown. Last year, it received an extension on some of its debt from lenders led by JPMorgan Chase & Co., part of a deal that stripped the junior lenders of their collateral.

Continue reading.

Bloomberg Markets

By Erin Hudson, Elise Young and Martin Z Braun

April 11, 2023

Palm Beach County Sells Bonds to Upgrade Marlins, Cardinals Spring-Training Home.

- **Palm Beach County selling roughly $123 million of bonds**
- **Upgrades for only ballpark to host four Minor League teams**

Florida's Palm Beach County is raising money in the bond market to keep its hold on professional baseball for decades to come.

The county of 1.5 million along the state's southeastern coast is set to auction off about $123 million of bonds on Thursday to finance renovations at Roger Dean Chevrolet Stadium in Jupiter, the only US ballpark that's home to four Minor League Baseball teams. It also hosts spring training for two Major League teams, the St. Louis Cardinals and the Miami Marlins.

The project joins a wave of construction activity spurred by a late-2020 mandate from Major League Baseball that's forcing local governments to upgrade or replace all the home stadiums for its Minor League affiliates before 2024's opening day. At least nine new stadiums have opened since 2021, including CHS Field in St. Paul, Minnesota; TD Bank Ballpark in Bridgewater, New Jersey; and Polar Park in Worcester, Massachusetts.

Continue reading.

Bloomberg Markets

By Maxwell Adler

April 11, 2023

S&P U.S. Local Governments Credit Brief: Maryland Counties And

Municipalities Means And Medians

Overview

Maryland county and municipality (or local government [LGs]) credit conditions remain stable and strong, in S&P Global Ratings' view, supported by robust economic growth, particularly associated with the Washington-Arlington-Alexandria and Baltimore-Columbia-Towson metropolitan statistical areas (MSAs), below-average unemployment, above-average wealth and income metrics, and typically very strong reserves.

S&P Global Ratings expects Maryland LGs' credit quality will remain stable over the next year. Management teams in Maryland generally adhere to formalized policies and procedures, supporting stability in financial performance. In addition, although a number of LGs in Maryland have coastal exposure from either the Atlantic Ocean, Chesapeake Bay, or the Potomac River, historically this risk has been mitigated by strong management teams with considerable resilience planning and policies.

Personal income in Maryland currently stands at $69,817 per capita or 109% of the national level, which is among the highest in the nation. In addition to generally strong economic conditions, Maryland counties and municipalities benefit from the lack of state restrictions on increasing property tax rates, providing significant revenue-raising flexibility.

S&P Global Ratings maintains credit ratings on 19 counties and 12 municipalities in the State of Maryland. All Maryland counties and more than 80% of the state's municipalities have high investment-grade ratings ('AA-' or above). In addition, 43% of Maryland LGs are rated 'AAA'. Since Jan. 1, 2022, there have been no upgrades or downgrades, demonstrating considerable stability in this sector. Two LGs were placed on CreditWatch with negative implications, one of which was due to lack of timely information, and remains on CreditWatch. We resolved the other CreditWatch placement by affirming the rating and assigning a stable outlook.

Continue reading.

12 Apr, 2023

Bloomberg Grows Municipal Indices with Launch of Customized Community Municipal Bond Index.

NEW YORK, April 12, 2023 /PRNewswire/ — Bloomberg today announced the launch of the Bloomberg Goldman Sachs Community Municipal Index (Ticker: I37248), focused on 1-to-15 year maturities within the investment grade municipal bond universe with targeted allocation into municipalities and projects that meet certain classification requirements.

This launch follows recent Sustainable Index introductions, including the Bloomberg Global Aggregate Green, Social, Sustainability Bond Indices and the Bloomberg U.S. Municipal Impact Index both tracking Green, Social, and Sustainability Bonds and fields that show alignment with International Capital Market Association (ICMA) Principles and Guidelines.

The new index is a market-value weighted combination of two components of the intermediate-segment of Bloomberg's flagship Municipal Index. One component includes bonds which are classified as Green, Social or Sustainable by the Bloomberg Sustainable Finance Solutions Group and are in alignment with ICMA Principles, as well as prerefunded bonds. The other component includes bonds whose municipal sources, sectors, purposes or credit enhancements are not associated with negative environmental or social outcomes, such as casinos or lottery.

“We are glad to announce the Bloomberg Goldman Community Municipal Index created in collaboration with Goldman Sachs Asset Management,” said Nick Gendron, Global Head of Fixed Income Index Product at Bloomberg. “The launch reiterates our commitment to offering best-in-class Municipal Indices through our access to industry standard municipal data sets, sophisticated index construction capabilities, as well as opportunities focused on sustainability in the fixed income space.”

The index was launched in July 2022, with inception date of January 1, 2019. Bloomberg Terminal clients can access the index using the ticker I37248 Index . The index has been adopted for the recently launched Goldman Sachs Community Municipal Bond ETF (ticker: GMUN).

Bloomberg provides an independent, transparent approach to indexing for customers across the globe. Bloomberg clients can access available indices on the Bloomberg Terminal and all research and methodology for the indices is available at Bloombergindices.com.

About Bloomberg Index Services Limited
Bloomberg’s index team has a proven track record in creating industry leading and bespoke indices across asset classes, including best in class fixed income and commodity indices. Bloomberg Index Services Limited (BISL) takes an innovative approach to delivering strategic benchmarks that help market participants address their evolving needs. As an integral part of Bloomberg, BISL has access to a comprehensive range of trusted data and reliable technology for calculations, analytics and workflow automation, along with distribution capabilities that can help amplify the visibility of our customers’ products.

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Arizona Sports Complex Developer Hires Adviser as It Considers Bankruptcy for Park.

Nonprofit developer Legacy Cares hires Miller Buckfire to explore debt restructuring options for the complex formerly named Bell Bank Park

A big Mesa, Ariz., sports complex that opened last year as Bell Bank Park is working on a debt restructuring and reviewing options including a bankruptcy filing after revenue fell short of projections and the complex defaulted on its tax-exempt municipal debt last year, according to people familiar with the matter.

The 320-acre sports complex has hired investment bank Miller Buckfire & Co. and replaced Legacy Sports USA, the manager of the money-losing facility, according to a regulatory filing posted Tuesday to Electronic Municipal Market Access.

Miller Buckfire will explore options for the sports complex, including a sale, according to the filing. A bankruptcy filing is also among the options under consideration, people familiar with the matter said.

Continue reading.

The Wall Street Journal

By Soma Biswas and Heather Gillers

April 12, 2023

Muni Junk Bond King John Miller to Retire.

Rising rates, waning investor appetites have left muni funds full of low-yield bonds

Nuveen municipal-bond chief John Miller, who helped transform the Chicago-based investment firm into the nation's top manager of junk-rated state and local debt, will retire June 1.

Mr. Miller, 56 years old, distinguished himself as a risk-taker in the sleepy world of municipal bonds. In a market where retirees go to buy stakes in county sewer systems and other safe investments, he helped finance speculative projects such as an alfalfa straw recycling plant and a megamall with an amusement park inside.

The strategy landed Mr. Miller outsize wins during a decade of low yields, cheap credit and a humming economy, and outsize losses last year when those conditions changed.

Continue reading.

The Wall Street Journal

By Heather Gillers

April 13, 2023

Nuveen Muni Bond Chief John Miller to Retire.

John Miller, who since 2007 has lead the $188 billion municipal bond arm of money manager Nuveen, will retire June 1, the firm said Monday.

Daniel Close, who currently leads Nuveen's taxable municipal bond arm, will become head of municipals.

Nuveen, the investment manager of TIAA, had $1.1 trillion in assets under management as of Dec. 31, including more than 60 investment-grade and high-yield municipal bond funds. Mr. Miller joined the firm in 1996.

As part of the change, several high-yield funds will add new managers, including Mr. Close. High-yield municipal bonds, which finance financially stressed cities, charter schools and even a New

Jersey megamall, were a particular focus of Mr. Miller.

The Wall Street Journal

By Heather Gillers

Apr. 10, 2023

[How Disney Dodged Ron DeSantis and Kept Control of Its Florida Land.]()

'Disney didn't do anything secret' in securing key approvals before governor's new board gained oversight

Walt Disney Co. for now has outmaneuvered Florida Gov. Ron DeSantis in the battle for control over the more than 24,000-acre parcel of land near Orlando where Walt Disney World Resort is located.

In February, Disney went before a local board and secured approvals for the next 30 years on zoning, infrastructure and air-rights that the company might need if it chooses to expand Disney World, giving the company an advantage that has become clearer in recent days.

This week, those approvals were criticized by members of a new board that was created by the Republican governor to strip Disney of governing control over the land's special tax district, known as Reedy Creek. Mr. DeSantis, who has been clashing with Disney for more than a year, appointed the new board after the February meeting.

Continue reading.

The Wall Street Journal

By Robbie Whelan and Arian Campo-Flores

Updated April 1, 2023 1:48 pm ET

Disney CEO Blasts DeSantis's Policies as 'Anti-Business'

- **Shareholders reject proposal from conservative activist**
- **Investors reelect board, back company on hot-button issues**

Walt Disney Co. Chief Executive Officer Bob Iger came out swinging at Florida Governor Ron DeSantis saying his policies regarding the theme-park giant have been "not just anti-Florida, but anti-business."

The executive, who spoke during the company's annual meeting on Monday, responded to questions from investors about Disney's political fight in Florida and its decision to oppose legislation that limits discussion of gender identity in schools.

"A company has a right to freedom of speech just like individuals do," Iger said.

Continue reading.

Bloomberg

By Thomas Buckley

April 3, 2023

[S&P U.S. Local Governments Credit Brief: Texas State Counties And Municipalities Means And Medians]

Overview

Texas counties and municipalities continue to demonstrate stable credit quality, supported by increasing economic activity that has resulted in growing revenue trends, strong operating performance, and generally stable or increasing reserves. Despite macroeconomic risks, S&P Global Ratings expects overall credit quality for Texas local governments will likely remain stable during the next few years; however, escalating service and infrastructure needs could pressure rapidly growing communities. Several factors that are common across most of the portfolio–including ongoing economic development, strong reserves averaging more than 60% of operating expenditures, and conservative budgeting–support this view. Collectively, we think Texas municipalities and counties are well positioned to manage through evolving economic conditions.

The state's population growth, leading all states with an additional 470,000 individuals in 2022, has created opportunities and challenges for municipal issuers. Across the state's principal metropolitan areas, growing constituencies have correspondingly added demands on services and the need for debt issuance to fund new or improved infrastructure. Therefore, we expect some local governments will likely maintain higher-than-average debt and fixed-cost burdens compared with national medians.

S&P Global Ratings maintains ratings on roughly 400 Texas cities and 100 counties. Overall credit quality slightly improved in 2022 with 28 upgrades, slightly less than 6% of combined portfolios, and seven downgrades, slightly more than 1% of combined portfolios. In general, increasing property values led to improved market value per capita, even with population growth. In addition, median available general fund balance increased for many rating levels. Relative to 2021, certain key credit factors–such as income, carrying charges, and pension costs–were largely unchanged.

Continue reading.

3 Apr, 2023

[S&P Pension Spotlight: Texas]

Key Takeaways

- Recent contribution increases have improved the overall outlook on Texas pensions, but attributes remain that introduce contribution volatility risk.
- Local government pension costs are manageable for most issuers that participate in the well-funded municipal and county plans.

- After strong asset returns in fiscal 2021 improved funded ratios, weaker market performance in fiscal 2022 erased most or all of those gains, and 2023 could bring further declines or stagnant returns, increasing future contributions.
- Other postemployment benefit costs, while moderately high, are a minimal credit pressure for Texas local governments.

Continue reading.

4 Apr, 2023

Cedar Rapids Wants to Take These Homes - Before the Floods Do.

The Iowa city says it must seize the land of some 20 homeowners who live near the riverfront

CEDAR RAPIDS, Iowa—Officials in this city in eastern Iowa have long sought to build a system of levees and walls to prevent the Cedar River from flooding its banks and soaking homes and businesses.

But to construct the more than $550 million flood-control system, Cedar Rapids officials say they must seize the land of some 20 homeowners who live in a low-income area along the riverfront.

“Unfortunately,” said Cedar Rapids Mayor Tiffany O’Donnell, there are families “that are paying the price for the safety of the entire city.”

Continue reading.

The Wall Street Journal

By Shannon Najmabadi

April 6, 2023

Fitch: Abatement Risk Manageable for California Following Tulare Flood

Fitch Ratings-New York/San Francisco-05 April 2023: California’s decision to continue making lease payments on a recently abated project following the Tulare flood in March supports Fitch Ratings view that issuers will repay abatement lease debt, even if they technically have the option not to do so. Fitch does not apply additional notching from the Issuer Default Rating (IDR) when abatement risk is present.

The Treasurer of the State of California (AA/Stable) provided notice on March 30, 2023 on behalf of the State Public Works Board (SPWB) that due to flooding in Tulare, the California Department of Food and Agriculture (CDFA) does not currently have use and occupancy of a facility financed with Lease Revenue Bonds 2013 Series I (Various Capital Projects) (rated AA-). The initial damage occurred on March 16, 2023 and SPWB was notified on March 17, 2023. The obligation of the CDFA to pay rent under the facility lease between the CDFA and SPWB has been abated as there is substantial interference with the use and occupancy of the facility.

Fitch generally rates appropriation-backed bonds one notch below the obligor's IDR, reflecting the slightly higher degree of optionality associated with lease/appropriation payments compared to the IDR. Fitch believes the incentive and propensity to repay lease/appropriation debt is closely linked to an obligor's incentive and propensity to repay all debt. This reasoning applies to abatement leases which give obligors the right to withhold payments for abatement. Fitch assumes the issuer will repay such debt even if it technically has the option not to do so, whether through non-appropriation or abatement.

This is the case for the lease in question. The portion being abated is a modest portion of the overall lease financing and the SPWB has determined to use legally available funds for payment of approximately $165,000 due on May 1, without accessing the reserve fund that is available to this project. The Master Indenture Reserve Fund Requirement is currently more than $111 million. It is the SPWB's intention to continue to pay debt service from legally available funds during the period that the lease is abated.

Contact:

Karen Krop
Senior Director
+1 212 908 0661
Fitch Ratings, Inc.
Hearst Tower 300 W. 57th Street New York, NY 10019

Bryan Quevedo
Director
+1 415 732 7576

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

[A Proposed Multi-Billion Regional Bond Signals a Shift in How Bay Area Affordable Housing is Funded.]()

A renewed push to tackle the Bay Area's housing crisis at a regional level is underway, and it could be the solution for cities and counties tapped out of local funds for affordable housing.

The Bay Area Housing Finance Authority, or BAHFA, was created in 2019 to address the area's housing shortage. It's a first-of-its-kind financing authority in California that has coalesced as advocates and state leaders move to take a more regional approach to combat the state's housing-affordability problems.

A recent report from BAHFA and Enterprise Community Partners found that there's a $7.6 billion gap in public financing that needs to be filled in order to unlock nearly 33,000 new homes in the Bay Area.

[Continue reading.]()

Story by Grace Hase, Bay Area News Group – Mar 28

S&P State Brief: Utah

View the Brief.

24 Mar, 2023 | 16:02 United States of America

S&P U.S. Local Governments Credit Brief: New York School Districts

Overview

New York school districts have continued to exhibit stable credit quality over the past several years, in part due to the significant federal stimulus aid received as a response to the COVID-19 pandemic. In total, New York School Districts received nearly $1 billion in temporary federal aid in fiscal 2022. Furthermore, increased Foundation Aid funding for many school districts across the state further supported the overall fiscal health of the portfolio. Given these dynamics, S&P Global Ratings expects credit quality for New York school districts to remain stable in the near term despite a shallow recession predicted for the first half of 2023.

S&P Global Ratings maintains ratings on roughly 323 New York school districts. Overall, since April 2022 school district credit quality has remained stable, with two school districts experiencing rating movement due to strengthened financial position:

Hamilton Central School District rating was raised to 'A+' from 'A' on strengthened financial position;
New Rochelle City School District rating was raised to 'AA' from 'AA-' on strengthened financial position.
Additional recent rating actions of note include an outlook revision for Sherburne-Earlville Central School District to stable from negative in November 2022 due to improved reserves; Weedsport Central School District's outlook revised to stable from negative in November 2022 on improved reserves and liquidity. The ratings of 10 school districts within the portfolio have been withdrawn because of retirement of those entities' debt obligations and six new ratings were added. Currently, all 323 of our ratings in this portfolio have a stable outlook.

Continue reading.

24 Mar, 2023

S&P State Brief: Arizona

View the Brief.

28 Mar, 2023 | 15:11 United States of America

[Kansas Public Employees Retirement System Warns of Adverse Consequences From "Anti-ESG" Bills: Cadwalader]

Earlier this month, the Kansas Public Employees Retirement System (KPERS) urged legislators to reject key aspects of "anti-ESG" bills introduced in the Kansas Senate and House of Representatives. Both bills are designed, in part, to restrict the ability of investment managers engaged by KPERS to consider ESG factors in investment decisions, either directly or indirectly. The Senate bill (SB 224), which the state's Attorney General, Kris Kobach, promoted as the "strongest anti-ESG bill in the country," operates by prohibiting KPERS from investing in or through financial entities "engaged in ideological boycotts," a term defined to include "any commercial action that is intended to penalize, inflict economic harm on, limit commercial relations with or change or limit the activities of a company" based on ideological or political considerations, including the company's failure to satisfy certain environmental criteria. The House bill (HB 2436) operates by requiring all investment decisions on behalf of KPERS to be made "solely in the financial interest" of beneficiaries, while defining "financial interest" to exclude any consideration of certain policy objectives, such as eliminating, reducing, offsetting, or disclosing greenhouse gas emissions.

KPERS objected to the bills as both unnecessary and costly. The bills are unnecessary, according to KPERS, because (1) as fiduciaries, members of the KPERS Board and its investment managers are already duty-bound to make "[a]ll investment decisions . . . for the sole purpose of providing promised benefits"—an obligation that the proposed bills could disrupt; and (2) an existing Kansas law, in operation since 1992, already prohibits investments "if the sole or primary investment objective is for economic development or social purposes or objectives." More critically, under either of the bills, all or nearly all of the current KPERS investment managers would be disqualified because they offer ESG products, resulting in a complete divestment and restructuring of the KPERS fund. Such a restructuring would lead to "asset losses of approximately $1.14 billion due to the early sale of assets from illiquid investments" and would reduce future returns by an estimated 0.85%, resulting in a $3.6 billion reduction in fund earnings over the next 10 years. This underfunding would in turn cost state and local employers billions of dollars in the form of higher mandated contributions. Finally, by restricting the ability of KPERS to delegate its proxy voting rights unless it is not "economically practicable," and the investment manager commits in writing to "act solely on pecuniary factors" (a term not defined in the bills), the bills would require KPERS "to research and evaluate each of the nearly 100,000 proxy votes based solely on financial factors," meaning that "an entire team of investment professionals would have to be hired to manage proxy voting." That, in turn, would "create an unnecessary layer of bureaucracy that will make KPERS less competitive with private market and real estate investments."

To help mitigate the impact of the bills, KPERS proposed several amendments. First, KPERS recommended narrowing the restrictions placed on investment managers to apply only to assets managed on behalf of KPERS. This would allow KPERS to continue its relationships with current investment managers as long as they commit to managing state assets according to the requirements of the bills. Second, KPERS recommended exempting alternative or real estate investments, "which rarely have proxy votes due to the nature of the investment," from restrictions related to proxy voting, and clarifying that KPERS could continue to delegate its proxy voting authority to third parties who commit to exercising that authority according to the requirements of the bills. Third, with respect to the Senate bill, KPERS recommended that the divestment requirement "be limited to direct holdings and exclude private markets and real estate to mitigate extraordinary divestment costs from these illiquid investments." Finally, with respect to the House bill, KPERS recommended a provision that would require the state to defend and indemnify the KPERS Board and staff from any liability arising from compliance with the requirements of the bill—a protection already included in the Senate bill.

Continue reading.

By Timbre Shriver & Chad Lee

March 24, 2023

Cadwalader, Wickersham & Taft LLP

Wake County, North Carolina: Fitch New Issue Report

The county's 'AAA' IDR and GO bond rating reflect the county's strong revenue growth prospects, ample reserves and broad budgetary tools along with solid expenditure flexibility, and a low long-term liability burden. The LOBs rating is one notch below the county's IDR, reflecting the slightly higher degree of optionality associated with lease payments subject to appropriation. Key Rating Drivers Revenue Framework: 'aaa': The county has strong revenue-raising flexibility given the current property tax rate is less than half the statutory cap. Assessed value (AV) appreciation and sales tax revenue trends have generated revenue growth that exceeds inflation. However, Fitch expects growth to be in line with GDP given strong economic growth prospects. Expenditure Framework: 'aa': The county has significant control over spending, including the ability to determine terms of labor given the absence of collective bargaining. Additional flexibility can be found in pay-go spending and conservative budgeting practices. Long-Term Liability Burden: 'aaa': The county's long-term liabilities are low as a percentage of personal income. The county prudently manages its debt, and its pensions are well funded.

ACCESS REPORT

Northport, Alabama: Fitch New Issue Report

Northport's 'AA+' Issuer Default Rating (IDR) and GO warrant ratings reflect the city's superior gap-closing capacity, which incorporates its manageable expenditure growth demands, high revenue-raising authority and maintenance of sound reserve levels. The one-notch upgrade of the ratings reflects improved budget management practices, as evidenced by the steps taken to ensure the timely filing of financial audits, following a short historical period when such filings were not timely made. In addition, the ratings reflect Northport's low long-term liabilities compared to residents' personal income, and Fitch Ratings' expectation for continued growth in revenues to support the needs of a rising population and debt servicing costs.

ACCESS REPORT

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 going forward 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 a decline in revenues expected to result from a moderate recession scenario and one equivalent to the largest historical revenue decline.

ACCESS REPORT

Gastonia, North Carolina: Fitch New Issue Report

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

ACCESS REPORT

Fri 24 Mar, 2023

UPMC Health System, Pennsylvania: Fitch New Issue Report

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

ACCESS REPORT

Fri 24 Mar, 2023

State of New Hampshire: Fitch New Issue Report

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

ACCESS REPORT

Fri 24 Mar, 2023

Harrisburg Pays Off Multi-Million Dollar Bond Insurance Debt.

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

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

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

Continue reading.

WITF.COM

by Sam Dunklau

MARCH 16, 2023

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

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

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

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

Continue reading.

publicpower.com

by Paul Ciampoli

March 13, 2023

S&P Charter School Brief: California

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

Continue reading.

S&P State Brief: Government of Guam

View the Brief.

13 Mar, 2023

S&P State Brief: Arkansas

View the Brief.

13 Mar, 2023

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

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

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

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

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

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

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

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

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

March 13 2023

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

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

ACCESS REPORT

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

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

ACCESS REPORT

Wed 15 Mar, 2023

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

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

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

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

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

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

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

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

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

Contact:

Bryan Quevedo
Director
+1 415 732 7576

Fitch Ratings, Inc.
One Post Street Suite 900
San Francisco, CA 94104

Eric Kim
Senior Director
+1 212 908 0241

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Del Rio, Texas: Fitch New Issue Report

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

ACCESS REPORT

Thu 16 Mar, 2023

Bristol, Connecticut: Fitch New Issue Report

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

ACCESS REPORT

Thu 16 Mar, 2023

State of California: Fitch New Issue Report

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

ACCESS REPORT

Fri 17 Mar, 2023

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

Overview

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

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

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

Continue reading.

14 Mar, 2023

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

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

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

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

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

Continue reading.

The New York Times

By Jenna Russell

March 17, 2023

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Danielle Moran and Scott Carpenter

March 6, 2023 at 10:26 AM PST

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

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

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

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

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

Continue reading.

Bloomberg

By Martin Z Braun

March 6, 2023

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

Overview

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

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

Continue reading.

8 Mar, 2023

S&P State Brief: Michigan

View the brief.

8 Mar, 2023

Harford County, Maryland: Fitch New Issue Report

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

ACCESS REPORT

Wed 08 Mar, 2023

State of Maryland: Fitch New Issue Report

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

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

ACCESS REPORT

Fri 10 Mar, 2023

Baltimore County, Maryland: Fitch New Issue Report

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

ACCESS REPORT

Fri 10 Mar, 2023

State of California: Fitch New Issue Report

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

ACCESS REPORT

06 Mar, 2023

Howard County, Maryland: Fitch New Issue Report

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

ACCESS REPORT

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

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

ACCESS REPORT

06 Mar, 2023

University of Oklahoma Health Sciences Center: Fitch New Issue Report

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

ACCESS REPORT

Tue 07 Mar, 2023

Alpine School District, Utah: Fitch New Issue Report

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

ACCESS REPORT

Tue 07 Mar, 2023

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

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

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

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

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

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

Bowditch & Dewey LLP – Joseph R. Duquette

March 1 2023

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Brentin Mock

March 2, 2023

State of Oregon: Fitch New Issue Report

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

ACCESS REPORT

Fri 03 Mar, 2023 – 2:36 PM ET

S&P Charter School Brief: Colorado

View the Brief.

27 Feb, 2023

Nebo School District, Utah: Fitch New Issue Report

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

ACCESS REPORT

Wed 01 Mar, 2023 – 2:55 PM ET

District of Columbia: Fitch New Issue Report

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

ACCESS REPORT

Thu 02 Mar, 2023 – 12:26 PM ET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A spokeswoman for Schroder didn't have further comment.

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

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

Bloomberg Green

By Danielle Moran

February 24, 2023

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Nic Querolo and Felipe Marques

February 23, 2023

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

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

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

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

Continue reading.

The Texas Tribune

by Brian Lopez

February 25, 2023

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

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

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

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

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

[Continue reading.](#)

Bloomberg Green

By Danielle Moran and Shelly Hagan

February 23, 2023

[A California Bill Would Pull State Business From Banks That Work With Gun Makers.](#)

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

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

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

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

[Continue reading.](#)

Bloomberg CityLab

By Danielle Moran

February 21, 2023

[Bond Measure Ballot Question Fix for CA AB 195-AB 809 Requirements: Orrick](#)

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

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

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

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

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

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

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

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

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

Rosters with contact information for legislators:

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

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

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

February.21.2023

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

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

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

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

Continue reading.

NEBRASKA EXAMINER

BY: PAUL HAMMEL – FEBRUARY 22, 2023

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Martin Z Braun

February 22, 2023

Pennsylvania Makes Progress Toward Public Employee Pension Sustainability.

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

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

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

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

Continue reading.

The Pew Charitable Trusts

By: David Draine, Greg Mennis & Keith Sliwa

February 21, 2023

New London, Connecticut: Fitch New Issue Report

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

ACCESS REPORT

Tue 21 Feb, 2023 – 10:52 AM ET

New York City, New York: Fitch New Issue Report

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

ACCESS REPORT

Wed 22 Feb, 2023 – 1:10 PM ET

Cambridge, Massachusetts: Fitch New Issue Report

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

ACCESS REPORT

Wed 22 Feb, 2023 – 4:20 PM ET

Illinois Faces Hurdles Steering Budget to Navigate a Recession.

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

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

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

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

Continue reading.

Bloomberg Politics

By Shruti Singh

February 14, 2023

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

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

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

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

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

Continue reading.

Bloomberg Green

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

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

Overview

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

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

Continue reading.

10 Feb, 2023

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

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

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

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

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

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

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

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

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

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

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

Contact:

Primary Analyst
Linda Friedman
Director
+1-212-908-0727
Fitch Ratings, Inc.
300 W. 57th Street
New York, NY 10019

Secondary Analyst
Ronald P. McGovern
Director
+1-212-908-0513

Committee Chairperson
Joseph Staffa
Senior Director
+1-212-908-0829

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Lynchburg, Virginia: Fitch New Issue Report

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

ACCESS REPORT

Thu 16 Feb, 2023

Florida Seaport Investment Program: Fitch New Issue Report

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

ACCESS REPORT

Fri 17 Feb, 2023

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

Vindictive and meaningless political gestures costing Texas taxpayers

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

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

Continue reading.

environmentamerica.org

FEBRUARY 9, 2023

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

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

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

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

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

Continue reading.

The Wall Street Journal

By Robbie Whelan

Feb. 6, 2023

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

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

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

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

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

Continue reading.

The Wall Street Journal

By Arian Campo-Flores and Robbie Whelan

Feb. 10, 2023

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

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

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

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

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

Continue reading.

Bloomberg

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

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

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

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

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

A spokesperson for Citigroup declined to comment.

Continue reading.

Bloomberg Markets

By Danielle Moran

February 9, 2023

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Nic Querolo and Felipe Marques

February 6, 2023

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Continue reading.

10 Feb, 2023

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

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

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

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

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

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

Contacts:

Karen Ribble
Senior Director, US Public Finance
+1 415 732 5611
Fitch Ratings
One Post Street
San Francisco, CA 94104

Andrew Ward
Senior Director, Credit Policy – US Public Finance
+1 415 732 5617

Sarah Repucci
Senior Director, Fitch Wire
Credit Policy – Research
+1 212 908 0726

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

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

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

Key Takeaways

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

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

Continue reading.

7 Feb, 2023

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

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

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

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

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

Continue reading.

Bloomberg

By Madlin Mekelburg

February 7, 2023

Lubbock, Texas: Fitch New Issue Report

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

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

ACCESS REPORT

Thu 09 Feb, 2023

Victoria, Texas: Fitch New Issue Report

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

ACCESS REPORT

Tue 07 Feb, 2023

University of California: Fitch New Issue Report

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

ACCESS REPORT

Wed 08 Feb, 2023

Tarrant County Hospital District, Texas: Fitch New Issue Report

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

ACCESS REPORT

Wed 08 Feb, 2023

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

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

ACCESS REPORT

Wed 08 Feb, 2023

State of Ohio: Fitch New Issue Report

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

ACCESS REPORT

Thu 09 Feb, 2023

Washington Suburban Sanitary District, Maryland: Fitch New Issue Report

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

ACCESS REPORT

Fri 10 Feb, 2023

Aurora, Colorado: Fitch New Issue Report

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

ACCESS REPORT

Fri 10 Feb, 2023

Prosper Independent School District, Texas: Fitch New Issue Report

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

ACCESS REPORT

Fri 10 Feb, 2023

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

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

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

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

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

January.30.2023

Community Members Voice Concerns Over Buffalo Bills Stadium Deal.

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

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

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

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

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

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

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

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

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

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

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

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

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

Bloomberg Markets

By Maxwell Adler

February 2, 202

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Maxwell Adler

February 2, 2023

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

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

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

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

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

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

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

Contacts:

Major Parkhurst
Director, US Public Finance
+1 512 215 3724
Fitch Ratings, Inc.
2600 Via Fortuna, Suite 330
Austin, TX 78746

Steve Murray
Senior Director, US Public Finance
+1 512 215 3729

Tim Morilla
Director, US Public Finance
+1 512 813 5702

Sarah Repucci
Senior Director, Fitch Wire
Credit Policy – Research
+1 212 908-0726

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

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

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

ACCESS REPORT

31 Jan, 2023

Manchester, Connecticut: Fitch New Issue Report

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

ACCESS REPORT

31 Jan, 2023

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Brentin Mock

January 24, 2023

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

Key Takeaways

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

Continue reading.

26 Jan, 2023

Fitch: California 2024 Budget Proposal Benefits from Prior Budgetary Actions

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

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

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

Balancing Actions

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

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

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

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

Contact:

Karen Krop
Senior Director
+1-212-908-0661
Fitch Ratings, Inc.
300 West 57th Street
New York, NY 10019

Bryan Quevedo
Director
+1 415-732-7576

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Chicago Sun-Times

By David Roeder

Jan 24, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By Thomas Nocera

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

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

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

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

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

Continue reading.

Beacon Communications

January 26, 2023

Minnesota Bill to Expand Municipal Investment Authority Advances.

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

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

Background on the bill

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

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

Long-term investment options needed for local government

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

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

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

League of Minnesota Cities

January 23, 2023

State of Wisconsin: Fitch New Issue Report

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

ACCESS REPORT

Wed 25 Jan, 2023

Dallas, Texas: Fitch New Issue Report

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

ACCESS REPORT

Fri 27 Jan, 2023

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

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

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

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

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

Continue reading.

Bloomberg CityLab

By Katie Thornton

January 27, 2023

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Allison Nicole Smith

January 27, 2023

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Danielle Moran

January 19, 2023

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

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

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

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

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

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

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

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

Bloomberg News first reported the news on Thursday.

By Reuters

Jan. 19, 2023

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

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

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

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

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

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

Continue reading.

Bloomberg Markets

By Danielle Moran

January 20, 2023

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

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

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

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

Continue reading.

The Wall Street Journal

Jan 19, 2023

Community Reinvestment Area Act Major Overhaul for Ohio.

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

What is a CRA?

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

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

Effect of SB 33

Facilitation of the Creation and Implementation of CRAs

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

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

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

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

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

Benefits to Project Owners

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

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

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

New Allocation of Tax Revenue and Potential Impact to School Districts

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

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

Increased Access to CRA Information

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

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

January 13 2023

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

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

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

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

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

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

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

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

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

Contacts:

Ashlee Gabrysch
Director, US Public Finance
+1 312 368 3181
Fitch Ratings, Inc.
One North Wacker
Chicago, IL 60606

Sarah Repucci
Senior Director, Fitch Wire
Credit Policy – Research
+1 212 908-0726

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

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

Virginia College Building Authority: Fitch New Issue Report

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

ACCESS REPORT

Tue 17 Jan, 2023

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

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

KEY RATING DRIVERS:

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

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

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

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

RATING SENSITIVITIES

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

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

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

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

Contact:

Primary Analyst

Mario Civico
Director
+1-212-908-0796
Fitch Ratings, Inc.
300 W. 57th Street
New York, NY 10018

Secondary Analyst
Linda Friedman
Director
+1212-908-0727

Committee Chairperson
Joseph Staffa
Senior Director
+1-212-908-0829

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:
sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Oklahoma Water Resources Board: Fitch New Issue Report

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

ACCESS REPORT

Wed 18 Jan, 2023

Greenville County, South Carolina: Fitch New Issue Report

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

ACCESS REPORT

Thu 19 Jan, 2023

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

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

ACCESS REPORT

Fri 20 Jan, 2023

State of Washington: Fitch New Issue Report

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

ACCESS REPORT

Fri 20 Jan, 2023

Milwaukee, Wisconsin: Fitch New Issue Report

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

ACCESS REPORT

Fri 20 Jan, 2023

Hoosier City Takes on Debt in Bet on Kids Sports.

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

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

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

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

Continue reading.

Bloomberg Markets

By Maxwell Adler

January 20, 2023

A Small City's Descent Into Bankruptcy.

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

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

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

Continue reading.

Route Fifty

by Liz Farmer

Jan 10, 2023

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

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

Download.

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

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

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

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

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

Continue reading.

Route Fifty

by Molly Bolan

JAN 13, 2023

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

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

ACCESS REPORT

10 Jan, 2023

[Fitch to Upgrade NYC Muni Water & Sewer Series 2010CC Rating to 'F1+']

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

KEY RATING DRIVERS

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

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

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

RATING SENSITIVITIES

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

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

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

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

Contact:
Primary Analyst
Janet Rosen
Analytical Consultant
+1-312-368-3172
Fitch Ratings, Inc.
One North Wacker Drive
Chicago, IL 60606

Secondary Analyst
Linda Friedman
Director
+1-212-908-0727

Committee Chairperson
Joseph Staffa
Senior Director
+1-212-908-0829

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email: sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

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

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

[ACCESS REPORT]

12 Jan, 2023

[Kansas Development Finance Authority: Fitch New Issue Report]

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

ACCESS REPORT

13 Jan, 2023

BondLink Honored with GovTech 100 Award for Fifth Consecutive Year.

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

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

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

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

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

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

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

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

Rockwall County, Texas: Fitch New Issue Report

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

ACCESS REPORT

Tue 03 Jan, 2023

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

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

ACCESS REPORT

Tue 03 Jan, 2023
