Bond Case Briefs

Municipal Finance Law Since 1971

Wells Fargo Ousted From Texas Muni Deal Over Energy Policy Probe.

- **Bank was removed from school district deal on AG inquiry**
- **Texas is the largest market for muni bond sales this year**

Wells Fargo & Co. has been dropped from underwriting a school district bond deal in Texas, the latest sign of turmoil in the state's ongoing battle with banks over their climate change policies.

Raymond James is listed as the new senior manager on the $310 million bond deal for Cypress-Fairbanks Independent School District, based outside of Houston, according to people familiar with the matter who requested not to be identified because they aren't authorized to speak on the discussions.

The move shows Texas governments, major issuers of municipal bonds, are wary of working with banks that state Attorney General Ken Paxton put under review last week. Paxton said he was evaluating whether the companies can comply with a Republican-backed state law that punishes firms for restricting their work with the oil and gas industry because of climate change concerns.

A spokesperson for Wells Fargo and Jana Fuller, a spokesperson for Raymond James, declined to comment. Representatives for the Cypress-Fairbanks Independent School District didn't respond to emails and phone calls requesting comment.

Paxton's office announced in a letter dated Oct. 17 that it's reviewing companies that are members or affiliate members of the Net Zero Banking Alliance and other groups of companies that have committed to reducing greenhouse gas emissions. Wells Fargo is a member, and Raymond James is not, according to the group's website.

The investigation is the latest salvo in Texas' attempts to punish Wall Street for what it believes to be left-leaning stances on environmental policies. Texas is the largest market for municipal bond sales so far this year, with more than $50 billion of issuance.

The state passed a law in 2021 that restricts most public contracts with financial firms unless they verify that they do not boycott the oil and gas industry. Paxton's office, which oversees the state's lucrative new issue municipal bond market, said it's reviewing whether financial companies, including Bank of America Corp. and JPMorgan Chase & Co., can comply with that legislation.

Wells Fargo is credited with managing about $2 billion of Texas municipal bond deals so far in 2023, according to data compiled by Bloomberg. It is the 10th largest underwriter in the state.

Bloomberg Markets

By Nic Querolo and Amanda Albright

October 23, 2023

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com