

Bond Case Briefs

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Municipal Bonds Face Climate Risks Head-On Across the U.S.

What's going on here?

Municipal bonds across the US are now reflecting climate risks more explicitly, alerting investors to environmental challenges with spotlight data from ICE Climate Data.

What does this mean?

As the climate crisis intensifies, municipal bonds are under scrutiny, accentuating the financial repercussions of environmental threats. Ocean City, NJ is leading with a \$13 million bond marked by an ICE Climate Data Flood Score of 5.0, indicating severe flooding risk. Close behind, Lindenhurst, NY is planning a \$7 million issue with a 4.6 flood score. Meanwhile, Pennsylvania's Jeromy Shore Area School District and California's Val Verde Unified face flood and wildfire risks, scoring 4.1 and 4.2, respectively. Florida's Brevard County School District adopts a comprehensive climate risk view with a \$54 million bond rated at 3.8 total climate risk score. ICE Climate Data's scoring, ranging from 0.0 to 5.0, offers investors insights into the potential climate hazards these bonds face.

Why should I care?

For markets: Navigating climate-conscious investments.

The climate-focused shift in municipal bonds prompts investors to reevaluate traditional risk metrics, factoring in potential climate impacts into their financial strategies. Changes in flood and wildfire risks can alter property values and resource allocation, directly affecting bond yields and appeal.

The bigger picture: Climate risk becoming mainstream in finance.

With cities and districts across the US integrating climate data into bond assessments, there's increasing acknowledgment of environmental risks in financial evaluations. This transition is critical for preparing broader economic systems to withstand the financial demands of intensifying weather-related events.

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