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<u>Unlocking Undervalued Municipal Bonds: Climate-Resilient</u> <u>Infrastructure in the Southern U.S.</u>

Summary

- Southern U.S. municipal bonds are gaining traction as climate-resilient infrastructure investments, driven by rising demand for flood mitigation projects.
- Texas's TRIB bonds, backed by AAA ratings, fund coastal barriers and green spaces, offering tax-free returns while addressing climate risks.
- Investors benefit from high yields (10–15% above inflation) and ESG alignment, with federal grants covering 75–90% of project costs to reduce volatility.
- Risks include funding uncertainty and cost overruns, but diversified portfolios and performance metrics mitigate execution challenges.
- Strategic allocations to 5-30-year bonds and engineering firms like WSP offer pathways to capitalize on a \$3 trillion climate adaptation opportunity.

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Tuesday, Aug 5, 2025 6:04 am ET

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