

- [Squire Patton Boggs: IRS Releases Latest Management Contract Private Letter Ruling](#)
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  - And Finally, Can I Get A Side Of Malaise With That? is brought to us this week by [Bray v. Idaho Department of Juvenile Corrections](#), in which Colby James Bray experienced certain symptoms while in Juvie that Your Editor finds particularly alarming. Prior to mysteriously dropping dead, Mr. Bray's only symptoms were, "nausea and a sense of lethargy." Had Mr. Bray's symptoms included something like bleeding out of his eyeballs or something, all would be well here at BCB World HQ. However, as "nausea and a sense of lethargy" are my personal pre-existing, existing, and post-existing steady state conditions of being, I could clearly be heading off to meet the Great Underwriter in the Sky any time now. The publication will then be assumed by Stockholm the cat. Expect certain changes.
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## **PUBLIC RECORDS - ARIZONA**

### **Sierra Club v. Salt River Project Agricultural Improvement and Power District** **Court of Appeals of Arizona, Division 2 - January 3, 2025 - P.3d - 139 Arizona Cases Digest 29 - 2025 WL 21771**

Non-profit environmental organization filed statutory special action complaint under Public Records Law after agricultural improvement and power district denied, in part, its public records request, seeking order to show cause compelling production of certain documents.

The Superior Court dismissed the complaint, denied the order to show cause, and entered final judgment in favor of the district, but also determined that the district was a "public body" under the Public Records Law. Non-profit organization appealed, and the district cross-appealed.

The Court of Appeals held that:

- District was "public body" within meaning of Public Records Law;
- Superior court could consider whether requested records were confidential under statute making certain information held by public power entities confidential when the information relates to competitive activity and disclosure could give material advantage to another entity first, before conducting analysis under the Public Records Law;
- Statute making certain information held by public power entities confidential does not create a presumption of confidentiality;
- Statute making certain information held by public power entities confidential does not require showing of resultant competitive disadvantage or injury from disclosure;

- Superior court's abuse of discretion in misapplying statute governing confidentiality of certain information held by public power entities required remand for court to make findings regarding whether records were shielded from disclosure;
  - Award of attorney fees to non-profit organization as sanction against district was not warranted; and
  - Non-profit organization was entitled to award of costs on appeal against district.
- 

## **LIABILITY - IDAHO**

### **[Bray v. Idaho Department of Juvenile Corrections](#)**

**Supreme Court of Idaho, BYU-Idaho, November 2024 Term - February 14, 2025 - P.3d - 2025 WL 496262**

Parents, as personal representatives of estate of son who died while in Idaho Department of Juvenile Corrections (IDJC) custody, brought action against IDJC, IDJC employees, and physician assistant alleging wrongful death, negligence, and § 1983 claims.

The Sixth Judicial District Court granted summary judgment to physician assistant, granted summary judgment to IDJC and employees, and awarded IDJC and employees costs and attorney fees. Parents appealed.

The Supreme Court held that:

- Idaho Tort Claims Act's (ITCA) notice requirement does not create a "statutory prohibition" to filing an action that tolls the limitations period until a response is received; abrogating *Madsen v. Dept. of Health and Welfare*, 116 Idaho 758, 779 P.2d 433;
  - Limitations periods for state-law claims against employees and physician assistant were tolled pursuant to federal supplemental jurisdiction statute;
  - As matter of first impression, 30-day tolling period under federal supplemental jurisdiction statute begins to run after the dismissal of the state law claim, regardless of the continuation or dismissal of other claims in federal action;
  - Limitations periods for state-law claims against IDJC were tolled pursuant to federal supplemental jurisdiction statute;
  - IDJC was entitled to immunity under ITCA from claims;
  - Trial court did not abuse its discretion by granting attorney fees under § 1988 to IDJC and employees; and
  - IDJC, employees, and physician assistant were prevailing parties on appeal.
- 

## **EMINENT DOMAIN - INDIANA**

### **[Indiana Land Trust #3082 v. Hammond Redevelopment Commission](#)**

**Court of Appeals of Indiana - January 31, 2025 - N.E.3d - 2025 WL 351997**

Landowners brought action against city, its mayor, city redevelopment commission, and commission members, alleging eminent domain action against landowners' property constituted abuse of process because the taking was for private, false ends.

The Superior Court granted defendants' motion to dismiss for failure to state a claim. Landowners appealed.

The Court of Appeals held that:

- Trial court was not collaterally estopped from finding that risk of inconsistent orders on same issues from two different courts warranted dismissal of landowners' action against defendants;
- Landowners could pursue their abuse of process claim separately from eminent domain action;
- Landowners stated abuse of process claim; and
- Issue of whether mayor and commission members were immune from prosecution under Indiana Tort Claims Act (ITCA) could not be resolved at motion to dismiss phase.

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## **MUNICIPAL FINANCE - MASSACHUSETTS**

### **[Register of Deeds for Norfolk County v. County Director for Norfolk County](#)** **Supreme Judicial Court of Massachusetts, Norfolk - February 14, 2025 - N.E.3d - 2025 WL 492144**

County register of deeds brought action against county commissioners for declaratory, mandamus, and injunctive relief arising from county director's refusal to make a series of transfers of funds within budget of county registry of deeds in order to fund ongoing litigation regarding county personnel matters.

The Superior Court Department granted summary judgment to register. Commissioners appealed.

After transfer of case on its own initiative, the Supreme Judicial Court held that statute governing transfers of appropriated funds as part of annual budget process for counties, granting certain officials the discretion to transfer funds within a main group of funds whenever in that official's "opinion" public necessity and convenience so requires, does not require the official to provide justification for his opinion.

Trial court order providing that "to the extent that the [particular fiscal year] transfers remain outstanding, the defendants are [ordered] to implement them" did not require that outstanding amounts be transferred from the budget for that fiscal year but rather that any payments that should have been transferred in that fiscal year, but were not, should be specifically authorized by the defendants, after county register of deeds prevailed on his action for declaratory, mandamus, and injunctive relief against county commissioners arising from county director's refusal to make a series of transfers of funds within budget of county registry of deeds in order to fund ongoing litigation regarding county personnel matters, after register of deeds determined that such transfers were appropriate under statute granting register discretion to transfer funds within a main group of funds whenever in register's opinion public necessity and convenience so required.

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## **EMINENT DOMAIN - PENNSYLVANIA**

### **[In re Condemnation of Property in Rem Identified as Tax Parcel Number 62-00-02014-00-3 in Township of Upper Salford Montgomery County](#)** **Commonwealth Court of Pennsylvania - February 4, 2025 - A.3d - 2025 WL 376235**

Township filed declaration of taking to acquire title to property.

The Court of Common Pleas overruled preliminary objections raised by property owners and intervenors, who were potential purchasers, arguing that purpose of taking was to preserve open

space, and, therefore, beyond township's authority. Property owners and intervenors appealed.

The Commonwealth Court held that:

- Substantial evidence supported Court of Common Pleas' determination that taking was for a recreational purpose, and
- Declaration's statement that one purpose was to preserve open space did not render the taking per se unlawful.

Substantial evidence supported trial court's determination that township's taking of property was for a recreational purpose, rather than to conserve open space or prevent development, and, thus, was within township's authority, as part of judgment denying preliminary objections to declaration of taking; township supervisor sent email to property owners over a year before declaration was filed, expressing that township was interested in acquiring property and including it in township's park and trail system, declaration was filed 14 years after property owners filed preliminary residential development plan, and grant applications regarding the land stated that acquisition would conserve open space but also that funding would allow expansion of trails, greenways, natural areas, and parks.

Township's taking of property was not per se unlawful based on fact that one of the stated purposes, as expressed in declaration of taking, was to preserve open space, even though only counties had authority to condemn for such purpose, pursuant to Open Space Lands Act; evidence showed that property was adjacent to or within area of importance and significance for nature conservation and would provide parks and active and passive recreational opportunities for township residents, wording of declaration did not defeat the fundamental recreational purpose for which land was condemned, and land conservation was inevitable in any passive recreational use, which was a public purpose expressly authorized by Township Code.

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## **ZONING & PLANNING - SOUTH DAKOTA**

### **[DeCramer v. Dorale](#)**

**Supreme Court of South Dakota - February 12, 2025 - N.W.3d - 2025 WL 483341 - 2025 S.D. 5**

Neighbors filed petition for certiorari review of county board of adjustment decision granting homeowner's request for variance from county side yard setback requirements for house which he had constructed.

The Circuit Court denied the petition, and neighbors appealed.

The Supreme Court held that board of adjustment acted illegally and in excess of its authority when granting variance.

County board of adjustment acted illegally and in excess of its authority when granting variance to homeowner who allegedly was unaware of and violated nine-foot side yard setback requirements when building house; homeowner agreed in his building permit to comply with all zoning regulations and county ordinances, as well as permit conditions, which set forth a ten-foot setback requirement, board did not find that any special conditions existed, and board specifically found "nothing extraordinary in this residential district" when considering variance requirement that "extraordinary conditions or circumstances exist which are peculiar to the use or structure involved and are not applicable to other uses or structures in the same district."

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## **PUBLIC UTILITIES - TEXAS**

### **Baylor County Special Utility District v. City of Seymour**

**Court of Appeals of Texas, Eastland - January 30, 2025 - S.W.3d - 2025 WL 336966**

City filed breach-of-contract suit against special utility district, alleging district began purchasing water from third party in violation of contract requiring district to purchase all water from city.

District filed plea to jurisdiction based on governmental immunity. The 50th District Court granted plea in part, dismissing city's claims for declaratory judgment, injunctive relief, and attorney's fees, but denied plea as to city's breach-of-contract claim. District appealed denial of its plea, and city cross-appealed grant of plea as to declaratory judgment, injunctive relief, and attorney's fees.

The Court of Appeals held that:

- District was entitled to governmental immunity;
- Contract between city and district was a "requirements contract" for which there was a waiver of district's governmental immunity;
- Alleged lost profits claimed by city for breach of contract by district were consequential damages for which there was no waiver of district's governmental immunity; and
- City was not entitled to award of attorney's fees under statute providing waiver of immunity for reasonable and necessary attorney's fees but only if contract was executed after a specific date.

Special utility district, whose predecessor-in-interest entered into contract with city wherein city would issue bonds for construction of water treatment plant and district's predecessor would buy all water required for its own use and distribution of treated water to customers, did not convert into different type of domestic entity or non-business code organization, but instead did so under statute providing that special utility district may be created under and subject to authority, conditions, and restrictions of, and is considered a conservation and reclamation district under state constitution, and thus district was entitled to governmental immunity, where district did not file certificate of conversion, but instead filed certificate of termination with the Secretary of State.

Contract between city and special utility district wherein city would issue bonds for construction of water treatment plant and district would purchase all water required for its own use and distribution of treated water to customers was a "requirements contract" for which there was waiver of district's governmental immunity; contract's purpose was to establish water treatment facility in close proximity to district's raw water source to be of sufficient capacity to treat not only water used by city for resale to its customers, but also to treat district's water to be used for resale to its customers, it expressly stated that district agreed to purchase all water it required during period of agreement, and directly permitted parties to alter amount or to expand facility based on parties' needs.

Alleged lost profits impliedly claimed by city for breach of contract by special utility district, whose predecessor-in-interest entered into contract with city wherein city would issue bonds for construction of water treatment plant and district would buy all water required for its own use and distribution of treated water to customers, were not for damages due and owed, and instead, were consequential damages for which there was no statutory waiver of district's governmental immunity; city sought damages it sustained being deprived of the benefit that it could have reasonably anticipated from full performance of the contract, and apparently sought profits it would have received had district continued to purchase treated water exclusively from city.

City and special utility district's contract wherein district would purchase from city all water required for its own use and distribution of treated water to customers was executed by district when it accepted its assignment of the contract by its predecessor-in-interest and operated in accordance of contract's terms, rather than when city and district's predecessor-in-interest entered into agreement, such that city was not entitled to award of attorney's fees under statute providing waiver of immunity for reasonable and necessary attorney's fees but only if contract was executed after a specific date; district's predecessor had no authority to execute contract on district's behalf, let alone do so more than 20 years prior to its existence, rather, only district could execute contract on its behalf.

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## **Financial Crisis Looming for Many U.S. Cities.**

Five years after the start of the COVID-19 pandemic, many U.S. cities are still adjusting to a new normal, with more people working remotely and less economic activity in city centers. Other factors, such as underfunded pension plans for municipal employees, are pushing many city budgets into the red.

Urban fiscal struggles are not new, but historically they have mainly affected U.S. cities that are small, poor or saddled with incompetent managers. Today, however, even large cities, including Chicago, Houston and San Francisco, are under serious financial stress.

This is a looming nationwide threat, driven by factors that include climate change, declining downtown activity, loss of federal funds and large pension and retirement commitments.

[Continue reading.](#)

**finance-commerce.com**

John Rennie Short, University of Maryland, Baltimore County

February 20, 2025

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## **State and Local Finance Officers Struggle With Funding Uncertainties.**

**A memo from the Office of Management and Budget freezing federal grants to states was canceled. But funds are still being kept back, and budget officers are looking for answers.**

### **In Brief:**

- A January memo from the Office of Management and Budget ordered a halt on disbursement of approved federal funds pending review from the Trump administration. The new president is intent on canceling federal programs that don't align with his vision, especially those related to diversity, equity and inclusion.
- The memo has since been rescinded, and two federal judges have ordered funds to be disbursed, but this hasn't resulted in a return to normal operation.
- Leaders from the Government Finance Officers Association talked to Governing about how these events are impacting their members.

[Continue reading.](#)

**governing.com**

Feb. 20, 2025 • Carl Smith

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## **[New Administration, New Budget Picture for State and Local Government?](#)**

**Hundreds of technology partners focused on the public sector gathered outside Washington, D.C., for the annual Beyond the Beltway event, an industry-focused forecast of what 2025 looks like for state and local IT.**

WASHINGTON, D.C. — The new administration took over last month, ushering in several significant policy changes affecting the federal workforce, the U.S.'s approach to artificial intelligence, energy policy and much more. President Trump's second term also begins as the end is nearing for generational investments that sent billions to state and local governments, namely the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

At e.Republic's\* annual [Beyond the Beltway event](#), technology firms that do business with government convened to hear how these large-scale changes will impact innovation in states and localities in 2025.

State chief information officers on hand described budget conditions that haven't changed a lot yet, but there are signs that belt tightening is on the way. Many talked about increased legislative scrutiny of IT budget requests, noting that the focus on finding efficiencies through technology is penetrating at the state level too.

[Continue reading.](#)

**gov-tech.com**

February 19, 2025 • Noelle Knell

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## **[Trump Clawbacks of FEMA Aid Present Risk to Muni Bonds, MMA Says.](#)**

- **DHS pulled back \$80 million in FEMA grants to New York City**
- **Mayor Adams office is working to recoup withheld FEMA funds**

Municipal bond investors are being advised to scale back positions in credits that receive significant sums of money from the US government, as President Donald Trump seeks to affect state and local policy by withholding federal funding.

"It seems likely that Trump and Elon Musk will continue to find ways to cut back on federal assistance to cities and states from whom they want a policy change," said Matt Fabian, a partner at Municipal Market Analytics. "Investors should be more careful with borrowers who have a deeper reliance on federal funding."

The warning comes after Department of Homeland Security Secretary Kristi L. Noem announced



that DHS rescinded \$80 million in funds approved by congress to help New York City shelter undocumented immigrants in hotels and other facilities. The DHS grant program, which is overseen by the Federal Emergency Management Agency, came under fire last week by Trump, who claimed the money was being used to purchase rooms in “luxury hotels.”

New York City Mayor Eric Adams responded Wednesday to the funding revocation in a post on X. “Our office has already engaged with the White House about recouping these funds and we’ve requested an emergency meeting with FEMA to try and resolve the matter as quickly as possible,” wrote Adams.

Thus far in President Trump’s second term, his administration has threatened or implemented several policies that could have big impacts on the municipal bond market. The White House has been urging the General Services Administration, the government’s real estate manager, to cut federal office space, which is pressuring some municipal bonds backed by payments from the US government.

“Federal money used to be an asset,” Fabian said. “Now, it’s a liability.”

## **Bloomberg Markets**

By Maxwell Adler

February 18, 2025

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### **[Corporate and Municipal CUSIP Request Volumes Decline in January.](#)**

NORWALK, Conn., Feb. 21, 2025 (GLOBE NEWSWIRE) — CUSIP Global Services (CGS) today announced the release of its CUSIP Issuance Trends Report for January 2025. The report, which tracks the issuance of new security identifiers as an early indicator of debt and capital markets activity over the next quarter, found a monthly decrease in request volume for new corporate and municipal identifiers.

North American corporate CUSIP requests totaled 4,505 in January, which is down 36.9% on a monthly basis. On an annualized basis, North American corporate requests were down 24.2% over January 2024 totals. The monthly decrease in volume was driven by a 32.6% decline in request volume for U.S. corporate debt identifiers. Request volumes for short-term certificates of deposit (-27.1%) and longer-term certificates of deposit (-14.8%) also fell in January.

The aggregate total of identifier requests for new municipal securities – including municipal bonds, long-term and short-term notes, and commercial paper – fell 14.1% versus December totals. On a year-over-year basis, overall municipal volumes were up 1.8%. Texas led state-level municipal request volume with a total of 78 new CUSIP requests in January, followed by California and New York, each of which had 59 new municipal CUSIP requests in the first month of the year.

[Continue reading.](#)

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## **S&P U.S. Public Finance Rating Activity Brief: January 2025**

In this report we present rating actions at the debt type level (e.g., general obligation, sales tax, parking revenue, etc.) rather than at the issuer level. Therefore, an issuer may have multiple rating actions associated with it in different sectors in the tables and charts. Because we present the rating actions at the debt level, the metrics presented may not be comparable to other research published by S&P Global Ratings or by other S&P Global divisions.)

### **Key Takeaways**

- There were more than 210 rating actions in U.S. public finance (USPF) through Jan. 31, 2025.
- Overall, upgrades outpaced downgrades in the local governments and transportation sectors.
- Downgrades outpaced upgrades in the charter schools, education, public power, health care, utilities, and not-for-profit sectors.
- Through the end of 2024, unfavorable outlook revisions exceeded favorable outlook revisions.

[Continue reading.](#)

21 Feb, 2025

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## **Who Should Pay to Fix the Sidewalk?**

Denver has made sidewalk upkeep a public responsibility, becoming the largest US municipality to fund and maintain this critical but unsung pedestrian infrastructure.

Denver's Colorado Boulevard is a major artery and an important transit corridor; local leaders are considering expanding bus service by adding a Bus Rapid Transit line along its length. But getting to or from a stop often requires trudging along unpaved paths that run between patches of crumbling concrete and then standing in the dirt waiting for the next bus.

The reason: Like a lot of US cities, Denver has a dearth of decent sidewalks. According to an analysis last year, the city is missing 300 miles of pedestrian pathways; of the 2,300 miles that do exist, around 30% are too narrow and an unknown proportion are in disrepair, making them treacherous to negotiate.

Sidewalks are the unsung but essential infrastructure of millions of mundane daily journeys. But they tend to be chronically neglected — especially in neighborhoods whose residents rely on them most.

[Continue reading.](#)

### **Bloomberg CityLab**

By David Zipper

February 20, 2025

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## **CityLab's Most Popular Stories This Week.**

### **Get Caught Up**

#### **[Trump Targets \\$128 Billion California High-Speed Rail Project](#)**

The Trump administration has launched a review of California's high-speed rail project, adding to long-standing doubts about whether the venture, plagued by cost overruns and delays, will ever be completed.

After months of protests, the city stepped in to buy an apartment block where tenants faced eviction. But anger over high rents and real estate speculation continues.

[Continue reading.](#)

### **By Bloomberg News**

February 23, 2025

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## **Fitch Ratings Updates U.S. Public Power Rating Criteria.**

Fitch Ratings-Austin/New York-24 February 2025: Fitch Ratings has updated its criteria for rating U.S. public power and electric cooperative entities. The criteria updates and replaces the criteria from March 2024.

Notable revisions include:

- Updated operating cost burden thresholds to adjust for rates of inflation, and to ensure accurate comparative evaluation. Periodic updates to the thresholds to recognize changes in sector-wide costs are likely to continue going forward.
- Inclusion of language clarifying when capital planning and management may be more influential in the assessment of operating risk than operating cost burden.
- Expanded language noting that a neutral liquidity cushion may require more than 30 days cash on hand and more than 90 days of total liquidity, vis-à-vis certain risks.
- Confirmation that when factors suggest that an entity's financial profile may be higher or lower from what the Rating Positioning Table indicates, alternative operating, financial and liquidity metrics, along with attribute assessments, may be considered in determining the financial profile assessment and rating.
- Inclusion of secondary coverage metrics that may be used as additional guidance when assessing the credit quality and financial profile of entities where debt balances and leverage metrics are, or are expected to be, temporarily distorted, including as a result of an entity's capex profile and its position within the capital life cycle.

The key criteria elements remain consistent with those of the prior report. There is no impact on outstanding ratings. The previous version of the criteria has been retired.

The updated criteria report is available at [www.fitchratings.com](http://www.fitchratings.com).

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

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## **Fitch Ratings Updates U.S. Water and Sewer Rating Criteria**

Fitch Ratings-New York/Austin-24 February 2025: Fitch Ratings has revised its criteria for U.S. water and sewer utilities, updating and replacing the criteria from February 2024. The updated criteria report describes Fitch's methodology for assigning new ratings and monitoring existing ratings for U.S. municipal and not-for-profit water and sewer utilities (including wastewater and stormwater). Notable revisions that Fitch has made include:

- Confirmation that nonrecourse debt, or instances in which collection and repayment risk have effectively been transferred to a third party, and nonpayment would not result in a cross default or cross acceleration to an issuer's other outstanding debt, may be excluded from the calculation of debt metrics and leverage for analytical purposes;
- Confirmation that Fitch may consider funds retained for capital projects in its calculation of leverage;
- Clarification that the asymmetric risk related to customer concentration is specific to retail customers;
- When purchasers have utility-based operations, Fitch may consider the purchasers' general obligation credit quality when assessing wholesaler's purchaser credit quality.

As key elements in the updated criteria remain consistent with prior reports, no changes have been made to outstanding ratings and no credits are under criteria observation.

The updated criteria report is available at [www.fitchratings.com](http://www.fitchratings.com).

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## **S&P: Credit Risks Associated With Wildfires Are Increasing For California**

## [Public Finance Entities](#)

### **What We're Watching**

California wildfires have been increasing in intensity and frequency, occurring in all seasons, and spreading into more densely populated areas, resulting in more structural and infrastructure damage than in the past. Notably, 15 of the top 20 most destructive wildfires (in terms of the number of structures destroyed) in California's history have occurred in the past 10 years, according to the California Department of Forestry and Fire Protection (Cal Fire). As of this publication, Cal Fire estimates the Eaton and Palisades fires were, respectively, the second- and third-most destructive in the state's history (table 1).

[Continue reading.](#)

**[Free registration required.]**

20 Feb, 2025 | 14:54

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### [Ohio, Vermont Showcase Successful Municipal Network Financing.](#)

- **Financing municipal broadband networks is no cakewalk, with opposition from incumbents and interest groups adding to the difficulties**
- **But community leaders in Ohio and Vermont say they've succeeded in running financially stable networks**
- **Hiring the right expertise is key if municipalities want to maximize their chances at success getting financing. Like most internet service providers, municipalities face their fair share of challenges when building broadband networks. Particularly, they need to convince financiers that it's a worthwhile investment.**

Constant opposition from incumbents and lobbying groups doesn't help matters. A recent study from ITIF claimed public broadband networks have "poor financing models," noting most of the municipalities it analyzed earned less than their operating costs.

[Continue reading.](#)

**fierce-network.com**

By Masha Abarinova

Feb 21, 2025

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### [Assessing the Impact of the LA Fires on Muni Bonds.](#)

Margot Kleinman, director of research for municipals at Nuveen, sits down with InvestmentNews anchor Gregg Greenberg to explain the benefits of municipal bonds for high-net-worth investors, as well as the impact of the California fires on the municipals market.

[Watch video.](#)

Feb 19, 2025

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## **California's Wildfires & Muni Bonds: Crisis or Opportunity**

If California were its own country, it would be one of the largest in population and GDP size. It's also one of the largest issuers of municipal bonds. So, when anything potentially impacts its population, economic status, tax collection, or otherwise, muni investors take notice. And right now, they are taking notice in a big way.

The impact of the recent wildfires in several key California cities and regions is just starting to be known.

For current and would-be investors in the muni space, the question remains: what exactly will come from California bonds, and if the wildfire-insured volatility be an opportunity to bet big on the state's reliance and its credits?

[Continue reading.](#)

**dividend.com**

by Aaron Levitt

Feb 18, 2025

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## **Chicago Council Delays \$830 Million Bond Vote Amid Scrutiny.**

- **Proposed schedule won't start paying down principal until 2045**
- **Borrowing would largely fund infrastructure projects**

The Chicago City Council postponed a vote on Mayor Brandon Johnson's \$830 million bond proposal after some aldermen criticized the deal's structure, which puts off principal payments for two decades.

The ordinance to sell the 30-year general obligation bonds to fund infrastructure improvements had been slated for a vote during Wednesday's city council meeting after the finance committee signed off earlier this month. But concerns arose after the bonds' delayed repayment schedule came to light.

The proposed structure would allow the city to defer interest payments on the 30-year bonds for two years, with principal pay-downs not starting until 2045, according to a copy of the proposed schedule. The bonds, which will help finance city infrastructure, would have total debt-service costs of more than \$2 billion, according to the schedule.

[Continue reading.](#)

**Bloomberg CityLab**

By Elizabeth Rembert and Shruti Singh

February 19, 2025

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## **[S&P U.S. Not-For-Profit Sector 2025 Outlook: Credit Quality Continues To Show Resiliency Despite Uncertainty](#)**

### **Sector View: Stable**

- Credit quality for S&P Global Ratings rated U.S. not-for-profit entities remains stable owing to the continued operational recovery and growing financial resource strength across the sector.
- Consistent donor gifts and robust market returns in recent years have boosted endowments and investment pools, affording institutions greater flexibility to address current and future operating and strategic needs.
- Senior leadership teams have proven capable of effectively adapting to changing market demand for cultural and membership organizations.
- Despite cooling inflation from 12 months ago, most institutions face upward expense pressure partially due to continued labor market strength.

[Continue reading.](#)

24 Feb, 2025

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## **[Squire Patton Boggs: IRS Releases Latest Management Contract Private Letter Ruling](#)**

On February 7, 2025, the IRS released [Private Letter Ruling No. 202506001](#) in which it concluded that a management contract providing an incentive fee equal to a percentage of gross revenues of a managed hotel and contingent on two metrics, one of which is a variant of net profits, did not constitute the sharing of net profits and so did not result in private business use.

Under the terms of the management contract at issue, the service provider receives a “base fee” and an “incentive fee” each equal to a percentage of gross revenues of the managed facility. This arrangement is not particularly notable. What is notable is that the incentive fee is triggered only if two conditions are met: (1) if revenue per room exceeds an industry average, and more interestingly, (2) if the annual excess of gross receipts over operating expenses of the hotel meets a specified percentage. In concluding that the incentive fee does not constitute sharing of net profits under the facts and circumstances, the IRS reasoned that any increases or decreases in net profits do not result in proportional increases or decreases in the incentive fee. The incentive fee (if there is one) is fixed and predetermined. The IRS also noted that the timing of the payment of the incentive fee does not take into account net profits in that it is paid annually from a regularly funded operating account. Finally, the IRS noted that the incentive fee is “further distanced from net profits” due to the existence of the second metric which is not based on net profits.

Private Letter Ruling 202506001 is reminiscent of [Private Letter Ruling 201145005](#) which also considered a management contract with an incentive fee contingent on a variant of net profits. The IRS determined there that that management contract was outside the safe harbor of Revenue

Procedure 1997-13 but that its incentive fee did not represent a sharing of net profits.

**By Robert Radigan on February 18, 2025**

**The Public Finance Tax Blog**

**Squire Patton Boggs**

*Posted in Management contracts/Rev. Proc. 97-13/Rev. Proc. 2016-44/Rev. Proc. 2017-13, Private Business Use*

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## **[Fitch Ratings Updates Rating Criteria for U.S. Not-For-Profit Life Plan Communities.](#)**

Fitch Ratings-New York-21 February 2025: Fitch Ratings has updated its rating criteria for U.S. not-for-profit life plan communities (LPCs), replacing the previous version of criteria from Aug.19, 2024.

The most notable changes include a clarification that Fitch comments on asymmetric risk factors only when they are present and a more precise explanation of the use of peer comparison as a tool to determine notch-specific rating outcome, which is a concept that was adopted from the recently revised U.S. Public Sector, Revenue-Supported Entities Rating Criteria (Revenue Master, pub. Jan. 10, 2025).

These revisions do not materially alter Fitch's approach to rating LPCs from the previous version. As such, Fitch expects no impact to existing LPC ratings.

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## **[Bringing Order to Chaos: AI in the Municipal Bond Market](#)**

*Advisor Perspectives welcomes guest contributions. The views presented here do not necessarily represent those of Advisor Perspectives.*

By some estimates, there are over one million fixed-income securities issued by U.S. state and local governments to fund projects like schools, highways, and utilities. Each of these securities has unique tax treatment, credit ratings, and yield structures. They primarily trade in an "over-the-counter (OTC) " market with transactions occurring directly between parties rather than on centralized exchanges.

This decentralized structure leads to less frequent trading, as many investors adopt a "buy and hold" strategy, resulting in few daily trades. Some bonds are even less liquid, trading only by appointment. This means they don't trade continuously like stocks. Instead, trades occur when a buyer and a seller agree on a price, which can happen sporadically. Because they trade OTC, pricing is determined through negotiation rather than a centralized exchange.

Each municipal bond has unique characteristics – issuers, maturities, credit ratings, and potential tax treatments – making price discovery more challenging than for liquid, standardized securities like Treasuries. Unlike corporate bonds, municipal issuers follow different accounting standards, making financial comparisons difficult. Legal protections for bondholders vary by state, and political



factors like pension liabilities and tax policies impact creditworthiness. This structure has historically led to wide bid-ask spreads, meaning the difference between what buyers pay and what sellers want can be larger. Most municipal bond trades require an intermediary, such as a broker, to facilitate transactions. Investors looking to buy or sell municipal bonds must often work with brokers, and buy on the offer, rather than executing trades instantly.

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by John Sweeney, 2/24/25

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## **Breaking Tradition: Vanguard's Bold Bet on Active Fixed-Income ETFs**

For many investors, indexing and Vanguard go hand-in-hand. After all, the asset manager pioneered the concept of tracking a stock market index and was one of the first firms to embrace ETFs as part of its line-up. It even has its own indexing fanbase, known as "Bogleheads", named after its founder John Bogle. So, when Vanguard takes an active approach to managing a fund, it's kind of a big deal.

When it launches several new active funds? Investors need to take notice.

And that's just what has been happening. Vanguard continues to launch a variety of new active ETFs covering the fixed-income space, with four new funds launched over the last few months. For investors, these launches underscore how powerful active ETFs and active management can be in the bond space.

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**dividend.com**

by Aaron Levitt

Feb 21, 2025

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## **The Availability and Impact of Public and Private Funding Following a Natural Disaster: Chicago Federal Reserve**

Natural disasters are shocks to income, wealth, and capital, and over the past few decades, according to federal statistics, the number of natural disasters where losses have exceeded \$1 billion has been increasing. Homeowner's insurance is essential for well-functioning property markets because it enables homeowners to cover the cost of repairs following a natural disaster. Yet home insurance is becoming more expensive, and some insurance companies are limiting plan offerings in some states.

In the aftermath of a natural disaster, community banks have the potential to provide liquidity to homeowners who are uninsured or underinsured. But community banks are less likely to have the capacity to lend after large-scale natural disasters, particularly if they are unable to raise sufficient capital. Do community banks play a unique role in lending in the wake of natural disasters? How has

the decline of community banking affected post-disaster recovery and economic growth?

On **Wednesday, March 5, 2025, at 11:00 am CT**, join the Chicago Fed's Economic Mobility Project for **The Availability and Impact of Public and Private Funding Following a Natural Disaster**, a virtual event during which Chicago Fed senior economist Daniel Hartley will present results from three of his studies.

- In "Credit when you need it," Hartley and his co-authors, analyze the impact of emergency credit access on households' finances after a federally declared natural disaster and find that the provision of credit in a time of crisis has effects on consumption, particularly on additional car purchases. Their findings suggest that well-timed liquidity provided to households in need can have substantial and ongoing positive effects.
- In "Natural disasters, local bank market share, and economic recovery," Hartley and his co-author look at differences in post-disaster credit allocation and regional redevelopment based on the concentration of local banks following bank deregulation that drastically diminished the role of community banks. They note that savings, credit markets, and insurance are not always sufficient to smooth the negative financial consequences of a natural disaster.
- In "Weathering an unexpected financial shock: The role of federal disaster assistance on household finance and business survival," Hartley and his co-authors study the financial impact of FEMA individual assistance grants in the wake of a tornado.

The research presentation will be followed by a moderated panel, where scholars and other experts on housing finance, insurance, and credit access will discuss the impacts of the current insurance crisis and potential policy solutions to provide financial stability to homeowners affected by natural disasters.

[Click here](#) to learn more and to register.

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## **Muni-Backed Charter School in Texas to Close, Risking \$25 Million of Debt.**

- **Texas school will shutter at the end of the academic year**
- **Charter schools are leading the distress rate for borrowers**

A charter school in San Antonio is expected to close at the end of the year, jeopardizing \$25 million of municipal bonds the institution borrowed just three years ago.

The Gathering Place, a school of roughly 555 students in kindergarten through the 6th grade, had its charter-renewal request denied by the Texas Education Agency because of "academically unacceptable" performance, according to a securities filing dated Feb. 13. The school's board of directors decided not to appeal the decision, the filing said.

"While we're proud of our students' progress and growth, we recognize that our academic achievement results haven't yet reached the level our TGP community deserves," school superintendent Brian Sparks wrote in a letter earlier this month.

[Continue reading.](#)

## **Bloomberg Markets**

By Sri Taylor and Martin Z Braun

February 18,

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## **NAMA Wishlist for MSRB's Review of MA Rules Includes Technical Fixes, Good Dialogue.**

The Municipal Securities Rulemaking Board's decision to launch a holistic review of its municipal advisor rules is "completely understandable," National Association of Municipal Advisors Executive Director Susan Gaffney said, but before the MSRB makes any big changes she hopes "it will engage with the MA community."

The MSRB's second quarterly board meeting of fiscal year 2025, held in January, included discussion regarding the launch of a "holistic review," of the MSRB's municipal advisor rules, MSRB CEO Mark Kim confirmed in an interview following the meeting.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the wake of the global financial crisis, "expanded the MSRB's statutory authority to include the regulation of municipal advisors," Kim said, noting that it's been "10 years or so since we implemented our first MA rule and that body of regulation is now essentially complete."

Still, markets change and rules need to change too in order to remain relevant and have their intended impact, which makes this an appropriate time to launch such a review, he said.

The MSRB received approval from the Securities and Exchange Commission in October 2014 to adopt MSRB Rule G-44, its first dedicated rule for municipal advisors.

"As I think Mark and the MSRB pointed out, it's been a good 10 years since the beginning of all the rules being in place, and so it's likely to be a multi-year project," Gaffney said in a recent interview.

A "good first step" would be to make some technical changes to bring the rule book "up to speed to reflect the actual regulatory environment," she said. For example, areas within the MSRB's rules that use the term financial advisor when referring to municipal advisors should be updated, the NAMA executive director said.

"Certainly, people still refer to MAs as FAs, but the rule book should reflect that we are MAs and that's what the MSRB regulates," Gaffney said.

Making such technical changes might sound easy, "but I know it's not easy," she said.

"So we understand that that is a lift," Gaffney said. "Even though it may not be a substantive lift, we know that it nonetheless takes time."

In addition, NAMA hopes that the holistic review looks not only at the rulemaking but also at "all the guidance and different types of materials that the MSRB has produced over the years and kind of bringing that together to be more helpful and useful for the MA community," she said.

For example, "if I have some challenging G-20 questions, I'd like to be able to go to one spot to see all the resources available," Gaffney said.

Given the time that has passed since the MSRB's municipal advisor rules first went into effect, NAMA hopes that the MSRB "will constructively engage with the MA community and determine how

various types of MA firms have applied and complied with the rule book,” she said.

“This is such a diverse community that hearing from them about where there might be some pain points, some pressure points, is going to be really important,” Gaffney said.

Municipal advisors are “very different” from underwriters, she said, adding that when the MSRB is looking at the MA rules, it’s important that the language and framework of those rules reflect the various activities that MAs perform for their clients.

Most MA firms are “very small,” Gaffney said, adding that before the MSRB makes any big changes to its MA rules, it’s important to get input from MAs to ensure the changes are “well understood and not too burdensome.”

In addition to being small, MA firms are also “very regional,” the NAMA executive director said.

For example, in Minnesota there’s a prevalence of competitive bond sales due to state law, which makes that segment of the market “a little bit different than let’s say California and other areas,” she said.

“So just the issuance practices differ,” she said, adding that “how MAs must comply with all MA rules relating to providing services to clients and running a firm varies.”

NAMA is “very much looking forward to” working with the MSRB as it undertakes its holistic review of the rules “and hopefully the guidance as well,” Gaffney said.

“MSRB looks forward to engaging with NAMA and the MA community as we move forward with MSRB’s holistic review of MA rules,” Ernie Lanza, chief regulatory and policy officer of the MSRB, said in comments provided to The Bond Buyer on Wednesday.

By Kathie O’Donnell

BY SourceMedia | MUNICIPAL | 02/20/25 01:02 PM EST

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## **[Risk Management and the Bond Credit Rating Evolution: CDEFA Webinar](#)**

**Tuesday, July 15, 2025 | 2:00 PM - 3:00 PM**

**Session Focus:** The evolution of bond credit ratings is shaped by technology advancements, global economic shifts and social factors, and the need for better transparency and regulatory compliance. Panelists will share their perspectives on how these changes reflect a broader trend toward a more dynamic and complex understanding of creditworthiness, allowing markets to function more efficiently and effectively and provide more nuanced and reliable credit risk assessments.

**Key Takeaways:** Attendees will gain an understanding of practical adaptations to improve the accuracy, timeliness, and comprehensiveness of ratings, benefiting both investors and issuers.

### **Moderator(s)**

- Katie Moriarty, Director, Council of Development Finance Agencies
- Troy Pitman, Vice President, Relationship Management, The Bank of New York

[Click here](#) to learn more and to register.

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## **S&P Second Party Opinion: Massachusetts Housing Finance Agency (MassHousing) Impact Framework**

MassHousing is an independent, quasi-public agency created in 1966 in the Commonwealth of Massachusetts. The agency provides affordable mortgage loans and other assistance for low and moderate-income homebuyers, and financing to build and preserve affordable and mixed income rental housing. Since its inception, MassHousing has provided more than \$29 billion in financing for affordable housing, including financing single-family loans, down payment assistance loans, and multifamily loans. These activities further its mission to confront the housing challenges facing the commonwealth and improve the lives of its citizens. In addition, MassHousing operates the Massachusetts Community Climate Bank, the nation's first green bank dedicated to affordable housing, created in 2023.

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## **S&P Charter School Brief: Colorado**

[Read the S&P Brief.](#)

19 Feb, 2025 | 19:15 United States of America

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## **Patrick Mahomes' Alma Mater Gets Stadium Makeover With Munis.**

- **Texas Tech system sold about \$342 million of muni bonds**
- **University is acquiring upgraded projects from foundation**

The football stadium at Texas Tech University, where Kansas City Chiefs quarterback Patrick Mahomes played, is the latest to get a debt-financed face-lift.

One of the school's athletic foundations — known as the Red Raider Facilities Foundation — has already financed the renovations which include upgrades to the stadium's south end zone and a new athletic training facility. Both projects were completed last year and financed through \$116.7 million of donations as well as debt. Even Mahomes chipped in \$5 million to support the endeavor.

This week, the Texas Tech University System — which encompasses five institutions and enrolls more than 63,000 students — sold \$341.5 million of municipal bonds to help acquire the projects from the foundation, according to offering documents. Proceeds from the sale are expected to pay off the loan the nonprofit incurred for the projects, among other uses, the documents state.

Colleges often tap the municipal bond market to help finance upgrades on campus including stadium renovations. Last year, a roughly \$300 million bond sale funded improvements to Florida State University's football stadium. The bond sale was secured by revenue from the athletic department and Seminole boosters.

The Texas Tech Red Raiders play at Jones AT&T Stadium in Lubbock, which is roughly 350 miles west of Dallas. When it opened in 1947, the stadium could hold 27,000 people and has gone through multiple renovations over the years. Now it has a capacity of more than 60,000, about the same as some professional facilities.

The school's football coach and athletics director toured NFL stadiums to get inspiration for the most recent renovations, which mark the largest athletic project in school history. The upgrades feature new concession options, luxury suite seating and screening rooms for football players to watch tape and simulate plays.

"This initiative extends beyond the stadium, including state-of-the-art training facilities that will enhance the student-athlete experience and support their development both on and off the field," said Allison Hirth, assistant vice president of marketing and communications at Texas Tech, in a statement. "The project underscores Texas Tech's commitment to competing at the highest level, equipping student-athletes with the necessary resources while elevating the gameday experience for fans."

The bond deal priced on Thursday and was managed by Siebert Williams Shank, according to investor roadshow documents. Tax-exempt bonds maturing in 2051 priced at a 4.22% yield, 34 basis points above AAA rated municipals, according to data compiled by Bloomberg.

The securities carry a AA+ rating from Fitch Ratings and Aa1 from Moody's Ratings, the second-highest grades available. The rating incorporates Texas Tech's "excellent strategic positioning and sizable scope of operations," according to a report by Moody's authored by Nicolanne Addalli.

## **Bloomberg Markets**

By Elizabeth Rembert and Amanda Albright

February 20, 2025

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### **[Ending Muni Tax Break 'Would Be a Killer,' NYC MTA Official Says.](#)**

- **NYC's transit system relies on tax-exempt debt for upgrades**
- **MTA would need to cut borrowing by \$3 billion absent exemption**

One of the biggest issuers in the municipal-bond market is warning it may need to scale back its borrowing plans if federal lawmakers eliminate the tax-exemption on municipal debt.

The Metropolitan Transportation Authority, which runs New York City's transit system, anticipates selling \$13 billion of debt to help support its 2025—2029 capital plan. But the MTA would need to lower that amount to about \$10 billion if the agency were forced to sell taxable bonds rather than tax-exempt, according to Kevin Willens, the agency's chief financial officer.

"There's been discussion of eliminating tax exemption for public sector infrastructure projects, which would be a killer to our ability to raise capital," Willens said Monday during the MTA's finance committee meeting.

The MTA had \$47.3 billion of outstanding debt as of Feb. 12, according to agency data. Its system of subway, bus and commuter rail lines relies on the municipal-bond market to keep its infrastructure

in a state of good repair and to also rehabilitate a more than 100-year-old system that gets pummeled by extreme weather events.

“Unless we got additional revenue, we’d have to borrow less because debt service cost for every dollar borrowed would be higher,” Willens said in an interview after Monday’s committee meeting.

Tax-exempt debt helps finance public works projects throughout the US. Federal lawmakers are working on potential tax reform legislation that may limit the use of such borrowings or even eliminate it completely. Ending the tax benefit on municipal debt would cost states and local governments about \$824 billion over a decade, according to a [report](#) by Public Finance Network, a collection of industry groups.

## **Bloomberg Markets**

By Michelle Kaske

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