Chicago to Issue $1.6 Billion of Municipal Bonds to Refinance O'Hare Airport Debt.

The City of Chicago plans to sell $1.6 billion of bonds to refinance outstanding debt sold to pay for improvements at O'Hare International Airport.

The issuance will be split into four tranches, according to roadshow material posted Tuesday on MuniOS.

The General Airport Senior Lien Revenue Refunding Bonds will be divided into $515.7 million in Series 2024 C and $840.1 million in Series 2024 D. The General Airport Senior Lien Revenue Bonds will include $158.4 million in Series 2024 E and $61.3 million in Series 2024 F debt. Series C and Series E are subject to the alternative minimum tax, while Series D and Series E are exempt.

Preliminary pricing information wasn't available. Pricing is scheduled for Oct. 17 and closing on Oct. 30, with both of those subject to change.

The Series 2024 C and 2024 D bonds will mature between 2025 and 2046. The Series 2024 E and 2024 F mature between 2025 and 2032.

Proceeds will be used to refund outstanding obligations, among other expenses. The bonds are backed by a pledge of revenue earned from airport's operations. Most of that money comes from the rental payments, fees and charges collected under airline use and lease agreements, according to the preliminary official statement posted to MuniOS. Series E and Series F debt is also backed by a subordinate pledge of revenue collected from a passenger facility charge.

About 36.6 million people boarded flights at O'Hare in 2023, up 7.3% from the prior year, with 82% of those passengers boarding domestic flights. The total number of people boarding flights was up 9.2% this year through Aug. 31. O'Hare was the fifth-largest airport in the country for both originations and destinations and total connecting passengers.

The debt is expected to receive a rating from S&P Global Ratings. Fitch Ratings has assigned the bonds a rating of A+.

"The rating reflects the strong air trade service area, Chicago's strategic location as a hub and the demonstrated importance of the airport to both United Airlines, Inc. and American Airlines, Inc.," Fitch said in a report Wednesday. "The rating also reflects risks related to the very sizable capital programs with overall escalated costs estimated at $12 billion over the next decade requiring around $9 billion of bond funding, including the recent series 2024A&B bonds."

J.P. Morgan and Jefferies are lead underwriters on the sale.

Provided by Dow Jones

Oct 9, 2024 9:31am

By Paulo Trevisani

Alabama College Reaches Deal With Nuveen After Bond Stress.

- **Deal requires Spring Hill to raise $5 million by Oct. 31**
- **Leadership is evaluating options to divest noncore real estate**

Spring Hill College, the oldest Catholic educational institution in the southeast of the US, has struck a deal with its biggest creditor Nuveen that gives it more time to shore up its finances and overcome a default.

The Mobile, Alabama-based college entered into what's known as a forbearance agreement with UMB Bank — the trustee for bondholders like Nuveen — after breaching a covenant, according to an Oct. 1 regulatory filing.

As part of such agreements, bondholders can agree to hold off on steps like lawsuits to give distressed borrowers more time to right their finances.

Continue reading.

Bloomberg Markets

By Amanda Albright and Nic Querolo

October 2, 2024

Columbia Is the Latest Ivy League School to Tap Muni Debt Market.

- **Ivy League schools have borrowed $2.8 billion so far this year**
- **Colleges are rushing to sell bonds to spruce up campuses**

Columbia University is expected to tap investors to borrow $500 million of debt, joining a boom of elite colleges that have issued in the capital markets this year.

The Ivy League university is poised to sell both tax-exempt and taxable securities this week to raise money for projects across its campus in Manhattan. A portion of the bond proceeds will be used to pay for improvements to multiple dorms, the addition of chemistry and quantum physics lab-space in academic buildings, furnishing the law school's library and upgrades to the college's medical center campus.

The deal marks one of the latest debt offerings from a US college, which have surged this year as the direction of interest rates stabilized and investor demand increased. Universities broadly have sold $24 billion of municipal debt so far in 2024, with sales from Ivy League schools climbing to nearly $3 billion, an increase of more than 650% from the same period a year ago, according to data compiled by Bloomberg.

Continue reading.

Bloomberg Markets

By Lily Meier

October 1, 2024

[Private Equity-Backed Texas Housing Development Taps Muni Market.]

- **Muni authority seeking debt for residential development**
- **Developers are planning to build more than 1,000 homes**

In suburban Texas, a neighborhood complete with an amphitheater, dance hall and goat farm is scheduled to be erected 40 miles from Houston's downtown — providing municipal-bond investors a window to bet on one of the fastest-growing areas of the US.

In a transaction that priced this week, a municipal authority sold high-risk, tax-exempt bonds to finance infrastructure associated with a housing development dubbed Two Step Farm. The planned community stretches more than 2,000 acres in Houston's sprawling metropolis. Once built out, the development will have more than 1,000 homes priced between $350,000 and $1 million, as well as parks and amenities.

The bonds are backed by future revenues generated by the project, meaning investors are wagering that the development will be built out and populated. Texas metros are seeing the most sustained population growth of all the nation's major cities this year, according to US Census Bureau data. Houston added nearly 140,000 people to its population this year, following closely behind Dallas. San Antonio and Austin also ranked in the top 10 of the largest increases in new residents.

Continue reading.

Bloomberg Markets

By Sri Taylor

October 4, 2024

S&P: California Utilities Enter Period Of Significant Capital Spending That May Strain Water And Sewer Rate Affordability

Key Takeaways

- Rising costs and affordability risks will be increasingly meaningful to municipal utility credit quality in California, particularly as they adapt to more extreme weather patterns, bolster supply resiliency, and invest in storage, which we expect will raise debt levels but reduce operating risks.
- California utilities' capital plans and needs far exceed those of its national peers, given their outsized exposure to water contaminants, strict wastewater discharge requirements, and substantial renewal and replacement costs.
- Rating downgrades in California outpaced upgrades in 2024, a trend we expect will continue through 2025, consistent with our negative sector outlook.

Continue reading.

3 Oct, 2024

ICE Launches Physical Climate Risk Municipal Indices.

Five new indices to track performance of securities of obligors exposed to climate risk, uses ICE Climate Risk Scores

Intercontinental Exchange, a leading global provider of technology and data, announced that it has launched a new suite of climate risk municipal indices, using the ICE Climate Risk Score, aimed at tracking the performance of securities selected based on exposure to acute climate risks.

The new suite of climate risk municipal indices is a collaboration between ICE's Climate and Index teams. The indices, using ICE Climate Risk data, track the performance of securities issued by obligors with different projected vulnerability to a range of climate risks, including hurricanes, wildfires and floods.

The new index family includes:

- ICE US High Physical Climate Risk Municipal Index (MUNIHICR)
- ICE US Low Physical Climate Risk Municipal Index (MUNILOCR)
- ICE US High Physical Wildfire Risk Municipal Index (MUNIWFCR
- ICE US High Physical Flood Risk Municipal Index (MUNIFLCR)
- ICE US High Physical Hurricane Risk Municipal Index (MUNIHRCR)

"ICE indices have helped market participants capture exposure to some of the most dynamic trends that shape the global economy, and climate risk has increasingly become an important factor in the investment decision-making process," said Preston Peacock, Head of ICE Data Indices, administrator of the new indices. "This new suite of climate indices will be an effective tool to track advancements in the repricing of climate risk in bond markets for researchers and investors."

The ICE Climate Risk Score serves as a singular assessment, ranging from 0.0 to 5.0, amalgamating all the ICE Sustainable Finance Platform's climate hazard models. It provides a comprehensive, relative measure of estimated total property risk stemming from physical climate hazards for a specific location, or a collection of locations related to the obligor.

"ICE research shows that, despite accelerating economic damages from severe weather, physical climate risk is not yet being priced into municipal bonds," said Evan Kodra, Head of Climate R&D at ICE. "That lack of pricing signal could obscure the true risk and perpetuate complacency around climate in the market. We are pleased to assist in the launch of new indices that can help address this, giving investors a consistent pulse on the climate-yield relationship and a benchmark for managing portfolio risk."

These new climate risk municipal indices join ICE's fixed income index offering, which includes approximately 6,000 standard indices tracking more than $100 trillion in debt spanning the global bond markets, with debt represented across 51 currencies.

Massachusetts Spurs Transit Projects With $500 Million Muni Deal.

- **The cash-strapped MBTA is breaking ground on repairs, projects**
- **The South Coast Rail will boost access to Boston for residents**

The commonwealth of Massachusetts is seeking $490.7 million in municipal debt to help fund improvements for its commuter rail and other transportation projects throughout the state.

The deal, according to preliminary bond documents, is comprised of three series: $150 million revenue bond series to fund the rail enhancement program, $125 million sustainability bonds and $215.7 million in revenue refunding bonds.

The sustainability bonds will finance construction for the Massachusetts Bay Transportation Authority's South Coast Rail Project, which will restore commuter rail service between Boston and southeastern Massachusetts — a region that historically hasn't had commuter rail access to the heart of the city.

Continue reading.

Bloomberg Markets

By Sri Taylor

September 25, 2024

Commonwealth of Virginia: Fitch New Issue Report

The 'AA+' rating on the Virginia Commonwealth Transportation Board's Federal Transportation Grant Anticipation Revenue Notes (GARVEES), one notch below the commonwealth's 'AAA' Long-Term Issuer Default Rating (IDR), reflects the appropriation commitment on the part of Virginia's general assembly to pay debt service using all legally available funds, including funds derived from the commonwealth's general fund, should this be necessary. The one notch rating differential reflects the slightly elevated risk associated with non-appropriation. Virginia's 'AAA' Long-Term IDR and GO ratings reflect the commonwealth's substantial fiscal resources, careful management of fiscal operations and debt, and exceptional gap-closing capacity. The commonwealth's strong economic profile provides a stable revenue base and solid growth prospects for tax revenues. Virginia also maintains a low long-term liability burden relative to its economic resource base.

Access Report

Thu 26 Sep, 2024

Commonwealth of Kentucky: Fitch New Issue Report

The 'AA-' rating on the Commonwealth of Kentucky's appropriation-backed debt, including the project no. 131 bonds, is set one notch below the commonwealth's 'AA' Issuer Default Rating (IDR) based on debt service for lease payments that are subject to annual appropriation. The ‘AA–’ rating reflects a slightly elevated risk of nonrepayment given the appropriation pledge.

[Access Report](#)

Fri 27 Sep, 2024

[Fitch: Florida (Re)Insurers’, Citizens’ Ratings Unlikely Affected by Hurricane Helene](#)

Fitch Ratings-New York/Chicago-27 September 2024: Hurricane Helene, while resulting in the tragic loss of life and significant economic losses in affected areas, is not likely to affect credit ratings for property/casualty (P/C) (re)insurers, Citizens Property Insurance (Citizens; AA) or the Florida Hurricane Catastrophe Fund (FHCF; AA), Fitch Ratings says. This assessment is based on our initial estimate of an insured loss range from $5 billion to $10 billion, with anticipated individual insured losses that should remain within ratings sensitivities, ample capital levels and insurers’ ability to increase premium rates.

Hurricane Helene, which made landfall in the sparsely populated Big Bend region of Florida as a Category 4 hurricane and moved through the southeast U.S. as a tropical storm, is expected to generate considerable economic and insured losses. Florida will be meaningfully affected by heavy rainfall, storm surge, flooding and high winds. However, Georgia’s losses may exceed Florida’s due to strong sustained winds across highly populated areas. The Carolinas, Tennessee and Kentucky are also likely to experience losses.

Standard homeowners’ insurance does not typically cover flood damage. Private market flood insurance has grown, but remains less than 1% of industry direct premiums written, with the relatively small exposure limiting industrywide potential for loss. Fewer than 15% of homeowners buying insurance purchase primary flood insurance, with even lower take-up rates away from the coasts with less historical flooding. However, mortgage lenders require flood insurance if a homeowner has a federally backed mortgage and lives in a Federal Emergency Management Agency (FEMA) high-risk flood zone or if they have received prior FEMA compensation for flood damage.

[Continue reading.](#)

[Buffalo Bills Fans Snap Up Stadium Bonds in Tax-Shy New York.](#)

- **About 100 retail investors purchased the stadium bonds**
- **High-tax states tend to have stronger muni retail interest**

Buffalo Bills fans, fresh off a blowout win against the Jacksonville Jaguars, just scored another victory — this time in the municipal bond market.

Roughly 100 retail buyers placed orders for debt sold this week which will help finance the construction of a new $1.7 billion stadium for the National Football League team in Orchard Park, New York. Fans in the highest-tax bracket would need to find a taxable security yielding about 7% to compete with the payout on the offering’s 20-year bond. Treasuries would need to offer a yield of

5.83%.

That’s because the debt is exempt from state and federal income taxes, a valuable haven in a state with one of the highest levies in the US.

Continue reading.

Bloomberg Markets

By Maxwell Adler and Amanda Albright

September 25, 2024

Chicago Mayor Seeks Approval for $1.5 Billion Debt Refinancing.

- **Refinancing deal would generate savings to help plug deficit**
- **Measure is sitting with city council’s finance committee**

Chicago Mayor Brandon Johnson is seeking approval to sell as much as $1.5 billion of bonds to refinance old debt to help plug this year’s budget deficit.

Johnson filed the proposed ordinance last week, and it now sits with the city council’s finance committee. If passed by the committee, which meets on Oct. 2, the measure then needs approval from the full council.

The deal would include bonds sold as part of an entity set up in 2017 to issue debt backed by sales levies. They carry a higher rating than Chicago’s general obligation debt that is weighed down by factors including unfunded pension liabilities and back-to-back budget deficits.

Continue reading.

Bloomberg Markets

By Shruti Singh

September 25, 2024

S&P: BlackRock California Municipal Income Trust Series W-7 Variable-Rate Demand Preferred Shares Assigned Rating

NEW YORK (S&P Global Ratings) Sept. 25, 2024–S&P Global Ratings today assigned its short-term ‘A-1′ rating to BlackRock California Municipal Income Trust’s series W-7 variable-rate demand preferred (VRDP) shares, which have a liquidation preference of $100,000 per share.

The short-term rating addresses the expectation of timely repayment of the shares’ liquidation preference in the event of an optional tender, mandatory tender, or mandatory purchase, and reflects the short-term rating on the liquidity provider, Barclays Bank PLC (A+/Stable/A-1). If the short-term rating on the liquidity provider were to change, we would expect to make a corresponding change to our rating on the series of VRDP shares.

Continue reading.

More Than $1 Billion in Low-Interest Loans Help Michigan Communities Upgrade Water Infrastructure, Protect Health, Environment.

Critical water system upgrades are in the works in dozens of Michigan communities thanks to $1.05 billion in low-interest loans from the state revolving funds. The Michigan Department of Environment, Great Lakes, and Energy (EGLE) issued financing agreements to 72 projects in the Drinking Water and Clean Water state revolving funds across the state in fiscal year 2024.

These projects ensure safe drinking water is available for residents and reduce the risk of contaminants entering surface water and ground water. Funds for these low interest financing programs come from the Drinking Water State Revolving Fund and the Clean Water State Revolving Fund – mixes of federal and state dollars dedicated to financing community water infrastructure projects.

Requests for loan dollars were overwhelming, as cities, villages, and towns across Michigan struggle to maintain deteriorating water infrastructure. Properly functioning water systems are crucial to Michiganders' quality of life – from the water flowing from taps to the numerous lakes and streams that provide amazing recreational opportunities and flood control. Infrastructure is often taken for granted until it fails, impacting the well-being of people and the environment.

State Revolving Fund (SRF) interest rates are well below market rate and occasionally provide the opportunity for communities to secure principal forgiveness – a portion of the loan that does not have to be repaid. In fiscal year 2024, $147.3 million in loan dollars were forgiven for communities with financial hardships.

Demand has outpaced available funds, however, with community requests for project financing totaling nearly three times available funding.

"These long-term, low-interest loans help protect public health and the environment, reduce pressure on communities to raise funds quickly for essential upgrades, and minimize the need for large user rate increases," said Paul McDonald, EGLE's chief financial officer. "We've seen historic demand for assistance from the state revolving funds. While we've been unable to meet the entire demand, it is gratifying to see projects come to life in communities large and small."

"The state revolving funds have provided financing for communities undertaking water infrastructure improvements over the past 30 plus years," said Kelly Green, administrator of EGLE's SRF programs. "It's a proven program with long term financing options at very low interest rates that help communities and infrastructure users meet their needs and set the table for long-term success."

Detailed information on the low-interest loans issued to communities this year can be found by accessing the SRF visual dashboard. The dashboard also contains information on every loan issued under the SRF programs.

Those interested in hearing more about EGLE grants and loans may subscribe to "EGLE grant and loan opportunities" communications and others at EGLE's email update sign-up webpage.

Descriptions of funding sources

Drinking Water State Revolving Fund (DWSRF): Low-interest loan program to help public water systems finance the costs of replacement and repair of drinking water infrastructure to protect public health and achieve or maintain compliance with federal Safe Drinking Water Act requirements. As water systems repay their loans, the repayments and interest flow back into the DWSRF to support new loans.

Clean Water State Revolving Fund (CWSRF): Used by local municipalities to finance construction of water pollution control projects. These projects include wastewater treatment plant upgrades and expansions, combined or sanitary sewer overflow abatement, new sewers designed to reduce existing sources of pollution, and other publicly owned wastewater treatment efforts that improve water quality. The CWSRF can also finance stormwater infrastructure projects to reduce nonpoint sources of water pollution caused by runoff to lakes, streams, and wetlands.

michigan.gov

September 25, 2024

S&P Second Party Opinion: City of New York's General Obligation Bonds, 2025 Series D Taxable Social Bonds, Subseries D-1

S&P Global Ratings assesses City of New York's General Obligation Bonds, 2025 Series D Taxable Social Bonds, Subseries D-1 as aligned with Social Bond Principles, ICMA, 2023. The City, with a population of 8.3 million (July 2023 estimate), has the highest metropolitan area GDP of all U.S. metro areas and is a global hub for finance, leisure, and business tourism, universities, health care providers, and–increasingly–technology companies. The City established the HPD in 1978 to handle the development and maintenance of its affordable housing.

Download

Nuveen's Muni Funds Strike $3 Billion Deal to Sell Power Stock.

- **Company made up 8.4% of Nuveen's largest junk-muni fund**
- **Vistra will become the sole owner of its power subsidiary**

The municipal-bond market's largest high-yield fund is poised to offload its biggest position — equity shares of a power company called Vistra Vision LLC.

Nuveen LLC has reached an agreement to sell its 11% stake in Vistra Vision to Vistra Corp., in a deal expected to close in December, according to statement late Wednesday. The transaction will total about $3.25 billion, including a share from Avenue Capital Management.

After the sale is completed, Texas-based Vistra will become the sole owner of its subsidiary Vistra Vision and Nuveen will receive payments it can reinvest into its municipal-bond funds. Vistra is a developer and owner of power plants and the best performing stock in the S&P 500 Index this year.

Continue reading.

Bloomberg Markets

By Danielle Moran

September 19, 2024

[Kansas Development Finance Authority (State Revolving Fund): Fitch New Issue Report]

The loan portfolio is large, with 307 obligors, but concentrated, with the top 10 obligors accounting for about 59% of the portfolio total. The top two obligors, the city of Wichita and Johnson County, make up 23.1% and 9.5% of the portfolio, respectively. Acting in conjunction with the Kansas Department of Health and Environment, the authority provides below-market financing to municipalities in the state of Kansas for water supply and wastewater projects. Bond proceeds are combined with recycled funds from prior loans, federal grants and an EPA requirement for the state to provide matching funds for such projects. In aggregate, the top 10 obligors represent about 59% of the pool, generally in line with Fitch's 'AAA' median level of 57%. The city of Wichita's water system (water and sewer revenue bonds not rated by Fitch but assessed to be of very strong credit quality) is the largest obligor, approximating 23% of the total pool. Johnson County (GO bonds rated 'AAA' by Fitch) and the city of Salina (bonds not rated by Fitch but assessed to be of very strong quality) are the next two largest participants, accounting for 9.5% and 4.4% of the pool, respectively.

[Access Report]

Wed 18 Sep, 2024

[Indiana Finance Authority: Fitch New Issue Report]

The 'AAA' rating reflects the ability of the Indiana Finance Authority's (IFA, or the authority) clean water (CW) and drinking water (DW) State Revolving Fund (SRF) bond program's (the program) financial structure to absorb hypothetical pool defaults in excess of Fitch Ratings' 'AAA' stress scenario without causing an interruption in bond payments. Aggregate pool credit risk is measured using Fitch's Portfolio Stress Model (PSM), and the strength of the program's financial structure is measured using Fitch's Cash Flow Model.

[Access Report]

Wed 18 Sep, 2024

[State of California: Fitch New Issue Report]

The state of California's 'AA' Issuer Default Rating (IDR) reflects its large and diverse economy, which supports strong, albeit cyclical, revenue growth prospects, a solid ability to manage expenses through the economic cycle and moderately low long-term liabilities. Strong fiscal management — institutionalized across administrations and demonstrated through the buildup of the budgetary stabilization account (BSA) and elimination of past budgetary borrowing — allows the state to withstand economic and revenue cyclicality.

Access Report

Thu 19 Sep, 2024

Loop Taps Former Barclays, Ramirez Muni Bankers in Northeast.

- **Hires come during broad talent shift in municipal-bond market**
- **Scranton joins as head of surface transportation deals**

Loop Capital Markets has hired three public finance bankers as the Chicago-based investment bank expands in the Northeast amid a rebound in municipal-bond sales this year.

Jaimie Scranton joined Loop in Boston this month as a managing director and head of surface transportation deals, according to a statement from the bank. She most recently served as a senior banker at Barclays Plc.

Doug Adams joined in July to open a new office for Loop in Philadelphia. As a vice president, he will focus on higher education and transportation. He previously worked at Echo Financial Products, an advisory firm. Christopher Dinno joined Loop as an investment banking associate last month in New York. He previously worked for Ramirez & Co.

Representatives of Barclays, Ramirez and Echo didn't respond to emails seeking comment about the departures.

"We are looking to grow nationally, emphasizing Texas and the Northeast," Bo Daniels, Loop's head of public finance, said in the statement. "This new group of bankers further underscores that strategy, especially in the Northeast. The market is strong right now, and we expect that to continue into next year."

The hires come during a broader talent shift in the market after Citigroup Inc. and UBS Group AG largely exited the muni market. Loop is among a series of smaller banks now hiring from other competitors still active in the market, after recruiting earlier this year from the exiting firms.

In March, Loop announced it had hired three former Citigroup bankers and one from UBS to expand in Boston, Houston and San Antonio, according to a statement.

In Thursday's statement, Loop Chairman and Chief Executive Officer Jim Reynolds said the firm sees "tremendous growth opportunities" in the market.

Bloomberg Industries

By Shruti Singh

September 19, 2024

Texas Public Finance Authority: Fitch New Issue Report

Texas' 'AAA' Issuer Default Rating (IDR) and general obligation (GO) bond rating reflect its growth-oriented 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).

Access Report

Fri 20 Sep, 2024

ICE: Municipal Bonds – Reliable Pricing for a Fragmented Market

ICE's rules-based, transaction-driven approach provides a transparent representation of municipal market movement.

The complex and fragmented municipal bond market – comprised of around one million securities and 50,000-plus issuers – has long been a challenge to price. Data can be scarce, dated, and not standardized. ICE has been working to address this challenge over the past few years, drawing on our expertise in evaluations and depth of our pricing data. Today, our expanded range of Municipal Coupon & Callability Curves cover four ratings buckets (AAA, AA, A, BBB) three coupon rates (3%, 4%, 5%) and nine call structures (from 10 to 2 years to first call). The curves are mid yield, yield to worst (YTW) curves, with a methodology that is rules-based, transaction-driven, and updates based on certain round lot trades reported to the MSRB's Real-time Transaction Reporting System (RTRS).

To appreciate what distinguishes our methodology, it's important to understand how municipal bonds are priced for trading in the secondary market, where a market participant typically refers to recent trades for the price paid in conjunction with other factors such as the size of the trade and spread to the municipal bond (or "muni") reference curve. The typical muni reference curve is a AAA 5% coupon with a 10-year par call which has traditionally been the most common new issuance borrowing structure of municipalities. If no recent trades are available or market conditions have changed so the last trade price is no longer relevant, other sources are consulted – such as trades involving bonds with similar characteristics. That's where yield curves have a part to play in collating market color. Many participants are turning to ICE's AAA Municipal Yield Curve as the key reference curve in both primary and secondary markets due to its rules-based, transaction-driven framework. This provides a more transparent representation of municipal market movement than traditional methods of curve construction, which typically use a consensus approach.

Following the launch of ICE's AAA Municipal Yield Curve, its live pricing could be applied to as much as 80% of the one million active municipal bond securities universe. Yet ICE's municipal bond team recognised its limitations: not every bond has a 5% ten-year par call structure throughout its life. Using the AAA curve as a base, they built lower-level coupon and call curves from observed trades that met certain criteria. As criteria-acceptable trades are applied to the model, the curves are updated to reflect changes in current market conditions. This means the impact of any curve movements can be applied to a large swathe of bonds quickly- a more effective way to pass through market color to a larger set of comparable bonds. A survey-based approach would struggle to reflect market conditions in this manner.

The spreads from ICE's expanded curve set can update several times a day – but no less frequently than daily – and ICE's team aims to track and reflect the institutional mid yield of each maturity point of the curves. Trades fitting the selection criteria are each associated with a curve and its interpolated tenor yield. Several checks are included to maintain curve consistency across rating, coupon, call and curve shape, while a proprietary optimizer solves for the best suite of curves that minimizes total trade to curve spread differences. The curves are fitted through the middle of the selected trades for a particular curve, so each curve represents the average, or mean credit. ICE's evaluators are also on hand to provide oversight on curve behavior. Importantly, these curves are used daily to apply intraday and end-of-day market moves to most of the investment grade municipal bond universe evaluated by ICE. Intraday updates to the curves support ICE's Continuous Evaluated Pricing™ while the end-of-day curves are used to support ICE end-of-day municipal evaluation.

The development of ICE's expanded municipal curve offering was well underway when the most recent rate hike cycle began in March 2022. These rate hikes – unprecedented in their pace and magnitude – contributed to a market sell-off amid fears of a potential recession. This saw a growing number of outstanding municipal bonds fall into de minimis territory, with ICE estimating a third of tax-exempt munis were affected at the height of the sell-off. In addition, December 2022 saw the ICE Municipal AAA yield curve invert for the first time in history; a dynamic that persists with the two-t--10-year segment of the municipal yield curve. These factors – a drastic rate hike cycle, muni yield curve inversion, and thousands of bonds breaching de minimis – upended recent pricing relationships, underscoring the need for a broader set of municipal bond curves for use in evaluated pricing. These curves can be a valuable input for firms looking to partially or fully automate their trading on municipal securities. While ICE's evaluations take in and apply more market data than just the curves, the curve suite is now one of the main drivers of evaluation movement.

By Patrick Smith, Senior Director, Head of Municipal Evaluations, ICE

By fidesk -September 17, 2024568

[SOLVE Debuts AI-Driven Predictive Pricing Platform for the Municipal Bond Market.]

NEW YORK, Sept. 17, 2024 (GLOBE NEWSWIRE) — SOLVE, the leading provider of pre-trade data and predictive pricing for fixed income securities markets, is debuting SOLVE Px™, the firm's proprietary, AI-driven predictive price data for the municipal bond market. SOLVE Px will provide SOLVE's buy and sell-side customers with unprecedented visibility into "next-trade" pricing data on over 900,000 municipal bonds.

SOLVE's platforms–including SOLVE Quotes™, which provide price transparency data on over 20 million daily quotes and more than 1,250,000 securities across different asset classes–are already being used by investment, trading, and valuation experts across the fixed income market. SOLVE Px is the newest addition to a slate of products designed to give the fixed income investment ecosystem access to insights that enable better trading decisions, including for municipal bonds that are infrequently quoted and traded.

"One of the unique challenges in the municipal bond market is the sheer number of outstanding CUSIPs and the lack of pricing transparency on the vast majority of them. This makes valuing specific munis very time-consuming and market participants do not have the confidence that they have all the relevant information to make sound relative value decisions," said SOLVE founder and CEO Eugene Grinberg. "By tapping into our unparalleled quotes data and leveraging AI's ability to see in many dimensions, SOLVE Px lets front-office municipal bond professionals price munis with confidence and identify investment opportunities."

SOLVE Px leverages data from the extensive SOLVE Quotes database and is based on an AI Prediction Model powered by nearly 300 feature inputs. This Prediction Model is re-trained daily to adjust dynamically to constantly evolving market conditions. SOLVE Px incorporates real-time Quotes, trades, and reference data to produce predictive prices in real time.

"We leveraged our deep muni market relationships as we developed our predictive pricing platform, sought industry feedback, and performed rigorous back-testing to ensure Px meets the high standards of our diverse client base. Our output, Px, is a unique platform that delivers predictive prices for the buy and sell sides and at the trade size that makes sense to our clients," said Gregg Bienstock, Group Head of Municipal Markets. "This is just the beginning as we move to expand this offering with tools for relative value and as we move to other asset classes."

SOLVE Px has proven highly accurate over its year-long testing period and will bring many competitive advantages to SOLVE's customers.

Key Benefits Include:

- Unmatched predictive accuracy – SOLVE Px is a highly accurate prediction model that enables sell-side and buy-side investors to execute trades with better and more informed data. SOLVE Px's median absolute yield error of just 5-6 bps significantly improves trading outcomes.
- Relative Value – SOLVE Px, by accurately pricing virtually every security in the municipal asset class, is uniquely suited for various Relative Value exercises, including rich/cheap bond vs. bond, bond vs. cohort, or cohort vs. cohort analyses and visualizations.
- Breadth of coverage – Access to the largest suite of price transparency-driven data and analytics – Including Quotes that come from parsing a client's own messages with AI, Quotes that come from other contributing clients, and tools to identify comparisons and generate representative pricing.

SOLVE Px is available now and predicts the next trade price for over 900,000 fixed coupon bonds, representing 99% of all fixed coupon bonds and over 93% of the entire universe of live municipal bonds.

To learn more about SOLVE Px, please visit https://solvefixedincome.com/solve-px.

About SOLVE
SOLVE is the leading market data platform provider for fixed-income securities, trusted by sophisticated buy-side and sell-side firms worldwide. Founded in 2011, SOLVE leverages its proprietary Deep Market Insight™ to offer unparalleled transparency into markets, reduce risk, and save hundreds of hours across front-office workflows. With the largest real-time datasets for Securitized Products, Municipal Bonds, Corporate Bonds, Syndicated Bank Loans, Convertible Bonds, CDS, and Private Credit, SOLVE empowers clients to transform the way they bring new securities to market, trade on secondary markets, and value highly illiquid securities. Headquartered in New York, with offices across the globe, SOLVE is the definitive source for market pricing in fixed-income markets. For more information, visit https://solvefixedincome.com.

SOLVE Px does not constitute Investment Advice and does not seek to value any security and does not purport to meet the objectives or needs of specific individuals or accounts.

Media Contact:

Jake Katz

jkatz@outvox.com

California Community Choice Aggregator Issues Third Pre-Pay Green Bond.

Clean Power Alliance on Sept. 12 said it has issued its third municipal non-recourse Clean Energy Project Revenue Bond through the California Community Choice Financing Authority.

The $1.524 billion bond issuance is expected to reduce CPA's renewable energy costs by an estimated $93 million over the initial eight-year period of the bond, or an average of $11.6 million annually.

The savings from this prepay transaction are locked in until 2032, at which time the bond will be repriced.

Founded in 2017, Clean Power Alliance is the locally operated not-for-profit electricity provider for 33 cities across Los Angeles County and Ventura County, as well as the unincorporated areas of both counties.

The bond received an investment-grade A1 rating from Moody's and a 'Green Bonds' designation by Kestrel Verifiers.

CPA issued its first two Clean Energy Project Revenue bonds in February 2023 and April 2023, respectively. The three bond issuances are expected to generate total annual savings of approximately $25.3 million.

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

A Clean Energy Project Revenue Bond is a form of wholesale electricity prepayment that requires three key parties: a tax-exempt public electricity retailer (CPA in this transaction), a taxable energy supplier (J Aron & Company, LLC in this transaction), and a municipal bond issuer (CCCFA in this transaction)

The three parties then enter into long-term power supply agreements for zero-emission clean electricity sources such as solar, wind, geothermal, and hydropower. The municipal bond issuer issues tax-exempt bonds (underwritten by Goldman Sachs in this transaction) to fund a prepayment of energy that will be delivered over 30 years.

The energy supplier provides a discount to the tax-exempt public electricity retailer in exchange for the prepayment of power purchases funded by the bond proceeds.

CPA has assigned three solar-plus-storage power purchase agreements to this prepay transaction. The bond will be utilized to prepay the purchase of a combined capacity of 854.5 megawatts of renewable energy.

For the bond, CPA was advised by municipal financial advisor Municipal Capital Markets Group and by the law firm Chapman & Cutler.

publicpower.org

by Paul Ciampoli

September 12, 2024

[Orrick: Portland International Airport Opens Main Terminal After $2 Billion+ Renovation]

Passengers at Portland international Airport are coming and going through a new terminal, part of a broader renovation that also includes enhancements to parking and rental-car areas.

Orrick has served as bond and/or disclosure counsel for the Port of Portland in five financings totaling $2.2 billion since 2019. Those financings provided funding for the renovation work, including a $589.9 million financing that closed around the same time as the new terminal opened August 14.

THE COMPANIES
The Port of Portland operates Portland International Airport and two other airports as well as four marine terminals and five business parks.

With hundreds of employees, the Port is an economic engine for transforming the region into a place where everyone is welcome, empowered, and connected to the opportunity to find a good job or grow their business.

THE IMPACT
Built and designed by more than 30,000 local craftspeople, the terminal offers more places to eat, drink and shop. It has “double the capacity but keeps the heart and character of the airport that consistently ranks among travelers’ favorites,” the Port said.

“Our focus throughout this entire project was: How do we reflect the pride and love we all have for the region in the new PDX?” said Curtis Robinhold, executive director for the Port of Portland. “It was a lot of local love for the Pacific Northwest that made it all happen.”

The terminal includes new airline check-in areas, a public space with stadium seating and a mezzanine restaurant, a streamlined security process and 11 local shops and restaurants.

Work from now until 2026 will add more shops and restaurants, more escalators and elevators to the arrivals level, shorter walks to and from airline gates and new airline VIP lounges, among other things.

THE TEAM
Greg Blonde and Christine Reynolds led the Orrick teams that have advised the Port of Portland on five financings since 2019. The teams also included John Stanley, Mayling Leong, Leslie Conrad Krusen IV, Alexandra Bartos-O’Neill and Angie Gardner.

September.09.2024

[State of Illinois: Fitch New Issue Report]

The State of Illinois’ ‘A–’ Long-Term IDR reflects solid operating performance that nonetheless remains weaker than that of most other states. Illinois has a long record of structural imbalance primarily related to pension underfunding, offset by continued progress toward more sustainable budgeting practices. The rating also reflects the state's elevated long-term liability position and resulting spending pressure. Illinois' deep and diverse economy is growing slowly, but still provides a strong fundamental context for its credit profile.

Access Report

Thu 12 Sep, 2024

Idaho State Building Authority: Fitch New Issue Report

The 'AA+' rating on the series 2024A bonds reflects strong growth prospects for state sales tax collections, the source of revenues pledged to the bonds, and the resilience of the bond structure. Available sales tax collections, net of distributions that come ahead of the School Modernization Facilities (SMF) Fund distribution, provide strong debt service coverage, even when taking into account maximum future issuance.

Access Report

Fri 13 Sep, 2024

Greenberg Traurig Represents Bond Investors in Electric Vehicle Charging Infrastructure Grant Anticipation Notes Issuance.

ORLANDO, Fla. – Sept. 9, 2024 – Global law firm Greenberg Traurig, P.A. represented bond investors in the issuance of Electric Vehicle Charging Infrastructure Grant Anticipation Notes Series 2024 and Series 2024-B by the National Finance Authority, totaling $50,400,000. The proceeds from these bonds have been loaned to Francis Energy Charging, LLC to finance the construction of an electric vehicle charging station network. This project will be reimbursed by funds from the federal National Electric Vehicle Infrastructure program.

The Greenberg Traurig team was led by Public Finance & Infrastructure Shareholder Carl McCarthy with assistance from Associate Violeta Gonzales.

About Greenberg Traurig's Public Finance & Infrastructure Practice: Greenberg Traurig, LLP has a national public finance practice that consistently ranks among the top bond, disclosure, and underwriter's counsel firms according to The Bond Buyer's nationwide and statewide rankings. Greenberg Traurig LLP's Public Finance & Infrastructure Practice has been serving the needs of state and local issuers, underwriters, credit providers, bondholders, and conduit borrowers throughout the United States for more than forty years in virtually every area of public finance. The firm currently has 35 attorneys in the Public Finance & Infrastructure Practice in its Arizona, Colorado, Florida, Georgia, Illinois, Massachusetts, New York, Pennsylvania, Texas, and Washington, D.C. offices.''

About Greenberg Traurig: Greenberg Traurig, LLP has more than 2750 attorneys in 47 locations in the United States, Europe and the Middle East, Latin America, and Asia. The firm is a 2022 BTI

“Highly Recommended Law Firm” for superior client service and is consistently among the top firms on the Am Law Global 100 and NLJ 500. Greenberg Traurig is Mansfield Rule 6.0 Certified Plus by The Diversity Lab. The firm is recognized for powering its U.S. offices with 100% renewable energy as certified by the Center for Resource Solutions Green-e® Energy program and is a member of the U.S. EPA’s Green Power Partnership Program. The firm is known for its philanthropic giving, innovation, diversity, and pro bono. Web: www.gtlaw.com.

Phillips Academy Andover Prepares $54 Million Muni Bond Sale.

- **Andover plans to use proceeds to refinance existing debt**
- **School’s endowment was valued at $1.4 billion in June**

Phillips Academy Andover, a top prep school that counts two former US presidents among its alumni, is tapping the municipal bond market to pay off existing debt.

Andover is slated to issue $53.7 million of bonds through the Massachusetts Development Finance Agency on Thursday, preliminary documents show. Proceeds of the offering will be used for refinancing and terminating an interest-rate swap, as well as paying for issuance costs, according to the prospectus.

The alma mater of both Presidents George H. W. Bush and George W. Bush, Andover joins a smattering of private schools that have come to the state and local debt market of late. Earlier this summer, St. Ignatius College Preparatory sold muni bonds in California to revamp its campus, while Massachusetts’ the Wheeler School raised debt in April.

Continue reading.

Bloomberg Markets

By Erin Hudson

September 9, 2024

NY’s JFK Airport Developer Preps $1.5 Billion Muni Bond Sale.

- **Borrower targets tax-exempt muni sale for Oct. 8 at earliest**
- **The airport is in the midst of a large renovation project**

The developer behind a major renovation of John F. Kennedy International Airport is preparing a $1.5 billion municipal bond sale next month.

JFK Millennium Partners is considering tapping the market with a tax-exempt issue to refinance outstanding obligations issued in 2022, according to a regulatory filing posted this week to the Municipal Securities Rulemaking Board’s EMMA website. That debt includes bank loans and an initial series of bonds issued with the Royal Bank of Canada.

The group behind the public-private partnership is in the process of developing the airport’s new Terminal 6, which is expected to be 1.2 million square feet and cost $4.2 billion. The first gates at the terminal are expected to open in 2026 with the project finishing two years later.

Construction began on the terminal in February 2023. The new terminal, which is set to have food offerings like Italian-sandwich shop Alidoro and Momofuku founder David Chang's Fuku, is part of a larger $19 billion overhaul of the airport in Queens. The new terminal will also include features like touchless check-in technology and a taxi plaza.

The municipal bonds would be sold though the New York Transportation Development Corporation and could be priced as early as Oct. 8. The sale would be underwritten by a group led by Goldman Sachs and Siebert Williams Shank, according to the filing.

Bloomberg Markets

By Lily Meier and Shruti Singh

September 12, 2024

Philadelphia College Files Bankruptcy After Shock Closure.

- **University of the Arts bond trustee sought accelerated payment**
- **School abruptly closed its doors in June, shocking students**

The University of the Arts, a private college in Philadelphia that abruptly closed its doors in June, filed bankruptcy Friday, two weeks after it faced a demand by its bondholders for immediate repayment of more than $50 million in debt.

The school listed assets and liabilities of $50 million to $100 million, in a petition for Chapter 7 liquidation filed in the US Bankruptcy Court in Delaware. The school's board of trustees held a special meeting on Sept. 5 to approve the filing. It was subsequently approved by 17 of 18 board members.

The closing of the school came as a shock to students, parents and staff who were only given a week's notice. The action spurred protests at its campus as well as multiple legal actions.

Continue reading.

Bloomberg Markets

By Martin Z Braun

September 13, 2024

Orrick: The Largest Energy-as-a-Service Health Care Transaction in U.S. History: Adventist Health and Bernhard Enter Into 30-Year Lease and Concession

Adventist Health, a faith-based nonprofit health system across the West Coast and Hawaii, has entered into a 30-year energy-as-a-service concession and lease with Bernhard.

Orrick advised Adventist and served as bond counsel. The project involves a $457 million tax-exempt project financing and investment in energy-related infrastructure systemwide.

Bernhard will support Adventist as a long-term developer to optimally and most efficiently operate and maintain the new and existing energy assets, including renewable energy assets and central utility plants.

The guaranteed utility cost savings as a result of the improvements are structured to offset the design, construction, financing and operations and maintenance costs for the project. This tax-exempt financing structure was novel in that it used a special purpose not-for-profit entity formed by the broader Adventist organization to support this transaction. It also included multiple bond issuers to finance improvements in three different states.

Continue reading.

September.03.2024

California Munis in Trouble.

California's high-yield municipal bonds, intended to fund housing for essential workers like police officers and teachers, are under financial stress. The state issued between $8 billion and $10 billion in speculative municipal bonds to convert existing apartments into affordable housing for middle-income families, but these projects are now struggling due to rising interest rates and declining occupancy.

Local agencies often borrowed beyond the purchase price, assuming high occupancy would cover expenses, but that assumption has proven risky as the economic landscape shifts. The bonds, many of which were sold when interest rates were historically low, now face significant challenges as financial conditions tighten.

Experts are increasingly doubtful about the sustainability of this workforce-housing model, which has not yet been tested across different economic cycles.

Nasdaq

Written by dkorth@finsum.com

August 28, 2024

Metropolitan Water District of Southern California: Fitch New Issue Report

The 'AA+' ratings reflect MWD's very low leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), within the context of the district's very strong revenue defensibility and operating risk profiles, both assessed at 'aa'. Between fiscal 2018 (FYE June 30) and 2022, leverage, measured as net adjusted debt to adjusted FADS, ranged between 5.4x and 6.5x. However, lower demand due to drought conservation measures weakened FADS and overall performance in fiscal 2023 and drove leverage up to 8.2x. Based on estimated actual performance in fiscal 2024, leverage could increase further, potentially approaching 12.0x, largely the result of sustained lower demand as purchasers utilized more of their respective local supplies rather than purchasing from MWD. Positively, action taken by MWD's board of directors (the board) in adopting its current biennial 2025 and 2026 budget increased both water rates and property tax rates. The increases are expected to drive improved margins and performance beginning in fiscal 2025, which should bring performance and leverage back in line with the current rating. Fitch's Analytical Stress Test (FAST) also points to declining leverage thereafter, supportive of the current rating and Outlook.

[Access Report]

Thu 05 Sep, 2024 – 9:22 AM ET

[Texas Officials Sued Over Anti-ESG Law Targeting Wall Street.]

- **American Sustainable Business Council sues state officials**
- **Lawsuit argues the Texas legislation is unconstitutional**

The American Sustainable Business Council sued Texas officials in an effort to block a law that restricts state investments with certain financial firms because of their energy policies.

The lawsuit filed Thursday in federal court in Austin, argues the 2021 state law is unconstitutional and it seeks to "coerce and punish" businesses seeking to reduce reliance on fossil fuels.

The group — a nonprofit that represents thousands of businesses and advocates for environmentally-friendly policies — sued Texas Comptroller Glenn Hegar and the state's Attorney General Ken Paxton, who have been vocal supporters of the measure. In the lawsuit, it argued that the law overstepped and went against the First Amendment.

[Continue reading.]

Bloomberg Markets

By Amanda Albright and Madlin Mekelburg

August 29, 2024

[San Antonio (TX): Fitch New Issue Report]

The 'AA' bond ratings along with the 'aa' Standalone Credit Profile (SCP) reflect SAWS' combined water and sewer system's (the system) very strong revenue defensibility assessment of 'aa', supported by its fundamental role as the sole water and sewer service provider to a broad service area with very favorable demographic trends. Its very strong operating risk assessment of 'aa' incorporates ample and diversified water supplies, a very low operating cost burden and strong levels of capital investment. The system's leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), measured 6.0x in fiscal 2023 (FYE Dec. 31), up slightly from the prior year's level of 5.9x. The increase was the result of a residential rate decrease, which was mostly revenue neutral (less than 2% decline from year prior) because of offsetting rate increases to other customer classes, in conjunction with an increased debt burden. The revision of the Outlook to

Stable from Positive reflects an updated view on the system's leverage, which is now expected to modestly exceed 7.0x in upcoming years. After the residential rate decrease in fiscal 2023, rates were further held flat in fiscal 2024 compared to previous expectations that incremental adjustments would be implemented beyond fiscal 2023.

Access Report

Thu 05 Sep, 2024 – 2:30 PM ET

Texas Water Development Board: Fitch New Issue Report

The 'AAA' rating reflects the ability of the SWIRFT program's (the program) financial structure, and funding mechanisms, to absorb hypothetical pool defaults in excess of Fitch's 'AAA' stress scenario without causing an interruption in bond payment. Aggregate pool credit risk is measured using Fitch's Portfolio Stress Model (PSM), and the strength of the program's financial structure is measured using Fitch's Cash Flow Model (CFM). The PSM's liability stress hurdle is measured against the CFM's breakeven default tolerance rate to produce a model-implied rating. A positive net difference (the default tolerance less the hurdle) in the calculation suggests a passing model output at a given rating stress. Additionally, given the nonstandard investments of the program, Fitch also applied stress to its approximately $1.8 billion in outstanding investments to create a Fitch-modelled investment stress scenario, as per Fitch's criteria.

Access Report

Thu 05 Sep, 2024 – 3:32 PM ET

Arizona Water Infrastructure Finance Authority: Fitch New Issue Report

The 'AAA' rating reflects the ability of the Water Authority Infrastructure Authority of Arizona's (WIFA or the authority) Master Trust Indenture (MTI) program's (the program) financial structure to absorb hypothetical pool defaults in excess of Fitch's 'AAA' stress scenario without causing an interruption in bond payments. Aggregate pool credit risk is measured using Fitch's Portfolio Stress Model (PSM), and the strength of the program's financial structure is measured using Fitch's Cash Flow Model. The loans pledged are made by the authority pursuant to state legislation from the authority's Clean Water Revolving Fund and the Drinking Water Revolving Fund (together, the SRF pledged pool). The SRF pledge pool produces a 'AAA' liability stress hurdle of 40.0% in the PSM. On an annual basis, Fitch's cash flow modeling demonstrates the program can continue to pay bond debt service with a default tolerance rate of 100% through the anticipated October 2027 maturity of the series 2024 bonds without an interruption in debt service. As the default tolerance exceeds the 'AAA' stress hurdle, this implies a passing result under Fitch's criteria.

Access Report

Thu 05 Sep, 2024 – 9:27 AM ET

Alabama Hospital Defaults on Municipal Debt as Expenses Soar.

- **Jackson Hospital & Clinic faced demands for repayment**
- **Montgomery, Alabama non-profit hospital has 344 beds**

A 344-bed hospital in Alabama's capital, Montgomery, defaulted on $60 million of municipal bonds, failing to meet a bondholder trustee's demand for immediate repayment of the debt.

The non-profit Jackson Hospital & Clinic, squeezed by high labor costs and inflation, didn't make an interest payment that was due to be paid on Sept. 3, according to a filing. Last month, UMB NA, the bond trustee, demanded full payment of all principal and interest, saying the hospital had breached the terms of bond documents by failing to make rent and lease payments for five months.

Pat Mathews, Jackson's interim chief financial officer, didn't respond to a request for comment. Jackson bonds with a 4% coupon, maturing in 2036 last traded at about 53 cents on the dollar on Aug. 27.

Continue reading.

Bloomberg Markets

By Martin Z Braun

September 4, 2024

NFL's 'Bills Mafia' Tapped to Finance New Stadium With Muni Debt.

- **Erie County, New York, is selling $110 million of bonds**
- **The new Bills stadium is expected to open for the 2026 season**

Buffalo Bills' most committed fans, known as Bills Mafia, are known for lending a hand to the team, having cleared snow from the NFL franchise's stadium for a playoff game earlier this year. Now, these enthusiasts are being offered the chance to finance the team's new $1.7 billion stadium.

The Erie County Comptroller's Office plans to open a retail order period on Sept. 23 for individual investors and Buffalo Bills fans to buy a piece of a $110 million municipal bond sale, a day before the debt will be available to institutional investors.

The bonds will help fund the county's pledged contribution of $250 million toward the construction of a new stadium for the Bills. The county will split its obligation between cash and proceeds raised from the upcoming bond sale.

Continue reading.

Bloomberg Markets

By Maxwell Adler

August 29, 2024

[WSJ: The King of Risky Hometown Bonds Is Back]

Former Nuveen executive John Miller begins a second act at First Eagle

It seemed as though John Miller's luck was running out.

Buying the riskiest bonds in the $4 trillion market for state and local debt had made Miller a power player in a corner of Wall Street often derided as staid and boring. But the 2022 bond rout drained billions from his flagship high-yield fund at Nuveen. Last year, on Miller's 56th birthday, the trillion-dollar asset-management company abruptly announced plans for his departure.

Now, Miller is on the rebound. He joined forces with a boutique firm, recruited a handful of analysts and traders and, earlier this year, started a fund from scratch. Money is pouring in: about $3 billion this year through August, according to Morningstar Direct.

Continue reading.

The Wall Street Journal

By Heather Gillers

Sept. 7, 2024

Florida Boomtown Borrows Millions to Help Fix Bursting Jail.

- **Pasco County had seen a large population gain in 2023**
- **Bond sale priced on Thursday in a negotiated transaction**

A county close to Tampa, Florida, is one of the fastest growing in the US and the influx of new residents is causing a problem — its local jail is bursting.

Pasco County — located on Florida's Gulf Coast — borrowed $65 million from municipal bond investors this week to help finance capital projects including an expansion of its local correctional facility to add about 500 new beds, according to bond documents. A portion of proceeds will also be used to fund improvements to local parks including athletic fields and a recreation complex.

The new Pasco County Corrections Center broke ground last year and construction is expected to be completed in the spring of 2026. The project comes after surging population growth in the area. The county saw a 27% increase in residents over the past decade, with growth accelerating the last several years after slew of office relocations and sports facilities made it a regional center for jobs.

Continue reading.

Bloomberg Markets

By Erin Hudson

September 6, 2024

[Why Miami Struggled to Sell its First Forever Bonds.]

Larry Spring has overseen the sale of hundreds of millions of dollars of government bonds during his career. But his roughest day was mid-June when the city of Miami first sold its Forever Bond to investors.

"It was a tough day," Miami's Chief Financial Officer reflected several weeks later. "I've been affiliated with the city for 20 years and it was actually my worst day in the market ever."

The city was borrowing its first Miami Forever Bond. That is the name of a borrowing plan approved by voters in 2017. The plan calls for borrowing $400 million to spend on five areas: floodwater protection, roads, parks, public safety and affordable housing.

The city started spending the money a year after the vote. But it didn't actually borrow the money until this summer when the city went looking for investors to lend it its first $179 million dollars. That was in June.

Continue reading.

WLRN Public Media | By Tom Hudson

Published September 4, 2024 at 6:00 AM EDT

State of California: Fitch New Issue Report

The state of California's 'AA' Issuer Default Rating (IDR) incorporates 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 moderately low level of long-term liabilities. Strong fiscal management, institutionalized across administrations and demonstrated through the buildup of the budgetary stabilization account (BSA) and elimination of past budgetary borrowing, allows the state to better withstand economic and revenue cyclicality.

Access Report

Tue 20 Aug, 2024 – 12:11 PM ET

California Munis for Police, Teacher Housing Show Cracks.

- **Local agencies sold as much as $10 billion of the bonds**
- **Deals were highly levered and rely on high occupancy**

High-yield municipal bonds issued to finance housing for police officers, teachers and nurses in California are showing signs of strain.

Mira Vista Hills Apartments, a 280-unit rental complex in the Bay Area city of Antioch, disclosed in a Friday filing that it didn't meet a debt-service coverage ratio required by investors. At least four other complexes, known as "workforce housing," have drawn on reserves since the start of 2023 to help pay their debt, according to securities filings.

About $8 billion to $10 billion of munis — all in a speculative category without a credit rating — have been issued in California to convert market-rate apartments into affordable housing for middle-income households, according to research firm Municipal Market Analytics. Seven of the nation's 10 priciest housing markets are in the state, according to the National Association of Realtors.

Continue reading.

Bloomberg Markets

By Martin Z Braun

August 20, 2024

Texas Drought Forces Small Town to Default on Water System Debt.

- **Clyde, Texas, missed its Aug. 1 municipal bond payment**
- **The action caused S&P to drop debt rating from A- to D**

A persistent drought in Texas is hurting the finances of a small town, making it unable to pay bondholders in a rare instance of climate-related default.

The city of Clyde, located roughly halfway between Dallas and Midland, informed investors it couldn't make a debt payment due in August, according to a securities filing. Instead, its bond insurers — Assured Guaranty and Build America Mutual — were asked to cover the payment, illustrating the financial strain facing the city.

"Such draw is unscheduled and reflects financial difficulties of the issuer, including without limitation financial difficulties resulting from increased costs related to operations and maintenance of the issuer's waterworks and sewer system," the filing dated Aug. 15 read. The bonds were sold to support the city's water and wastewater system.

That caused S&P Global Ratings to drop the grade on the bonds to D from A-, a whopping 15-notch downgrade, according to a report from the company late Friday. It also cost the city its A- credit rating, as S&P downgraded Clyde's general-obligation debt to B, which is below investment-grade.

Analysts led by Misty Newland wrote that "a lack of willingness to pay an unconditional debt obligation results in a rating cap."

Clyde is a commuter community near Abilene, and is home to about 4,000 residents. Roughly one-third of Callahan County, where it's located, is facing a moderate drought. The city has been implementing a drought-contingency plan for several years, which includes double-digit water reductions. Following the restrictions, the town's water sales decreased — which hit revenues.

On Aug. 1, the day the bond payment was due — Clyde issued a "water emergency" notice, outlining "severe water shortage" conditions with the intention of reducing usage by 30%.

Local government bond defaults are incredibly rare, with those caused by climate-related events all but unprecedented. While bondholders will be made whole because the debt is insured, Clyde's financial challenges are a stark reminder that the $4 trillion municipal bond market isn't without risk and extreme weather can pose a threat.

Texas is the epicenter of such weather events in the US, and has faced multiple disasters this year. Hurricane Beryl knocked out power in Houston for days in July. A May derecho punched windows out of skyscrapers in the city and a storm that month dropped hailstones the size of DVDs near Lubbock. The largest wildfire in state history burned more than 1 million acres in the panhandle in February and March.

Currently, more than 30% of Texas is experiencing drought conditions, according to the US Drought Monitor. The most extreme issues are in western part of the state, but almost all of North Texas is facing dryness. Governor Greg Abbott has issued a drought disaster proclamation for the state.

To help reduce water usage, officials in Clyde have prohibited the use of water for cleaning sidewalks and driveways. Only new lawns at residents' homes can be watered, not existing ones.

The drought has affected life in other ways. Some residents were unhappy that a splash pad — which is a playground of sprinklers used by children — wasn't working, according to local news station KTXS.com.

"Would you rather have your splash pad running so your kid can spend two hours a day in the water there, or do you wanna be able to bathe your kid with water at your house?," the mayor told KTXS.com.

Michael Stanton, head of strategy and communications at Build America Mutual, said in an emailed statement that the company's insurance protected investors. "Although this is a small exposure, our team is in contact with city officials and their professional advisors and will continue to represent bondholders' interests in those discussions," the statement read.

Robert Tucker, senior managing director of investor relations and communications at Assured Guaranty, said in a statement that bondholders would be protected. "The type of situation Clyde, Texas, encountered – unexpected conditions leading to the non-payment of debt service – is exactly what our bond insurance is designed for," he said.

Bloomberg Green

By Amanda Albright

August 19, 2024

— With assistance from Jeremy Diamond, Will Wade, and Songyan Yu

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[Houston Schools Propose Largest Debt and Property Tax Increase in Texas History.]

Voters would have to approve a $4.4 billion bond package in November, to be financed by property tax increases over 33 years. Including interest, the package would cost $11 billion.

The Houston Independent School District board voted last week to pass a $4.4 billion bond proposal. This total excludes the interest on the principal. When included, it brings the total debt obligation to nearly $11 billion.

To pay for it, the board will authorize levying new, additional property taxes over 33 years, if voters approve the proposal in November. Taxpayers would be saddled with additional debt and taxes through 2058, according to the bond certificate filed by the district.

This is the largest debt and property tax increase proposal in state history.

Continue reading.

governing.com

Aug. 14, 2024 • Bethany Blankley, The Center Square

Peace River Manasota Regional Water Supply Authority (FL): Fitch New Issue Report

The 'AA' rating on the revenue bonds and 'AA' Issuer Default Rating (IDR) reflect Peace River Manasota Regional Water Supply Authority's 'Very Strong' financial profile in the context of its 'Very Strong' revenue defensibility and operating risk profile, as well as the very strong credit quality of the authority's two largest wholesale customers — Sarasota County, FL (utility system rated 'AA+') and Charlotte County, FL. The authority's revenue defensibility is supported by strong contract provisions with the ability to reallocate costs, limiting bondholder exposure to individual members. The purchasers' obligation to make payments to the authority is unconditional and payable as an operating and maintenance expense of their respective utilities based on proportional water use. The authority's operating risk assessment reflects a very low operating cost burden and moderate life cycle investment needs. The revision of the outlook to Negative from Stable reflects the authority's projected increases in leverage, measured as net adjusted debt to adjusted funds available for debt service (FADS), as it works through a capital-intensive period driven by surface water expansion projects to meet growing demand. Leverage registered 6.1x in fiscal 2023 and is expected to grow substantially to 17.8x in fiscal 2025 in Fitch's rating case scenario.

Access Report

Thu 22 Aug, 2024 – 2:30 PM ET

McKinsey: Will Mortgages and Markets Stay Afloat in Florida?

Flood risk is rising in Florida due to climate change. How exposed is residential real estate—both directly and indirectly—and what can be done to manage the risks?

Located in a tropical cyclone zone with low elevation and an expansive coastline, Florida faces numerous climate hazards, including exposure to storm surge and tidal flooding that are worsened by sea level rise, and heat stress due to rising temperatures and changes in humidity. Other unique features include the state's porous limestone foundation which can exacerbate flooding as water seeps into properties from the ground below and also causes saltwater intrusion into water aquifers, and makes adaptation challenging.

Much of Florida's physical and human capital is located along its vulnerable coast. Two-thirds of the state's population lives near the coastline, exposing many of them to tidal flooding, and almost 10 percent is less than 1.5 meters within sea level. At the same time, Florida's economy depends heavily on real estate. In 2018, real estate accounted for 22 percent of state GDP. Real estate also represents an important part of household wealth for the 65 percent of Floridians who are home owners: primary residences represent 42 percent of median home owner wealth in the United States.

In this case study, we focus on residential property in Florida exposed to flooding from storm surges and to tidal flooding and assess the likely impact both in terms of direct and knock-on effects, for example through housing price adjustments (See sidebar: An overview of the case study analysis).

Continue reading.

McKinsey Global Institute

April 27, 2020

Sixth Circuit Considering Whether Placing a Water Lien on a Property Could Violate the Fair Housing Act.

In 1968, the Federal Fair Housing Act (FHA) was enacted to protect individuals from discrimination based on certain protected characteristics when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. However, a recent class action lawsuit—which is currently on appeal before the federal Sixth Circuit—seeks to stretch one provision of the FHA further than any other case before it, with significant consequences to municipalities.

Under 42 U.S.C. § 3604(a), which codified Section 804 of the FHA, it is unlawful to "make [housing] unavailable" to individuals based on those protected characteristics. Actions such as redlining, discriminatory pricing, racial steering, and discriminatory appraisals have all been held to violate § 3604(a).

But in 2019, a group of individuals filed a class action against the City of Cleveland, Ohio, under § 3604(a). See *Picket et al. v. City of Cleveland*, Case No. 19-cv-2911 (N.D. Ohio). Their claim? That Cleveland makes housing unavailable when it certifies a tax lien against a property when the owner or tenant has let their water bill become seriously delinquent. (State law allows cities to certify liens in that circumstance, and the plaintiffs do not challenge that authorization.)

Continue reading.

Frost Brown Todd LLP – Philip K. Hartmann, Jesse J. Shamp and Anthony R. Severyn

August 22 2024

NJ Lines Up $2.4 Billion Muni Bond Sale for Transportation Fixes.

- **A state trust fund will invest billions to modernize transit**

- **The bonds were assigned an 'A' rating by Fitch Ratings**

New Jersey is poised to sell $2.4 billion of bonds for its transportation infrastructure, according to a report from Fitch Ratings.

The New Jersey Transportation Trust Fund Authority is expected to issue $1.3 billion of transportation system bonds and roughly $1.1 billion of transportation program bonds through a negotiated sale in October, the Fitch report said.

The fund is charged with modernizing statewide transportation infrastructure like highways and bridges as well as providing additional capital funding for NJ Transit — New Jersey's public transit agency. The state is expected to extend as much as $8.8 billion in bonding authorization to the authority over the next five years, or approximately $1.76 billion annually, according to a March press release.

Continue reading.

Bloomberg Markets

By Sri Taylor

August 20, 2024

Casino Reinvestment Development Authority, New Jersey: Fitch New Issue Report

Future growth is likely to resemble pre-pandemic trends, with longer-term growth prospects limited, supporting a 'bbb' assessment. Factors potentially affecting long-term growth include the effects of competing regional gaming options, online gambling and sports betting. The sharp rebound in pledged revenue following pandemic-related shutdowns in 2020 has rebuilt the structure's cushion against volatility relative to recent years. Additional leverage in the current sale modestly reduces the structure's cushion against future revenue volatility, but resilience remains consistent with an 'a' assessment. The Casino Reinvestment Development Authority is an instrumentality of the State of New Jersey, which is the collection agent for luxury taxes. The brief deposit of these revenues in the state's general fund caps the rating at New Jersey's Issuer Default Rating (IDR) of 'A+'/Stable; this is not currently a rating factor for the bonds given that the bond rating is four notches below the state's IDR. Pledged revenues are separate from the financial operations of the city of Atlantic City.

Access Report

Tue 20 Aug, 2024 – 12:41 PM ET

Penn State Will Likely Take On Up to $700M in Debt for Beaver Stadium Upgrades. How Will It Pay It Back?

STATE COLLEGE — Penn State is prepared to take on up to $700 million in debt to renovate Beaver Stadium, a price tag drawing scrutiny at a time when the university is implementing steep budget cuts and offering buyouts to some employees.

The school has emphasized that the athletics department, which has a self-sustaining budget, will pay back the debt and interest incurred through the renovation process. Students' tuition and taxpayer dollars will not fund the project, the university has said.

However, Penn State University is likely to take on the necessary debt rather than the athletics department. One expert told Spotlight PA this setup is typical for universities and allows an organization like Penn State to secure better financing costs.

Penn State generally uses its standing as a public university with tens of thousands of tuition-paying students to secure bonds and provide financial backing for debt, according to a review of bond documents. For example, last year Penn State sold $204 million in bonds under the university's authority. That sale was used in part to finance "replacements to and renovations of Beaver Stadium," though the university said at the time the bonds would be repaid by athletics.

Penn State declined to make an official available for an interview for this story. A university spokesperson wrote in an email that the university's support for the project "is a signal of the commitment to bettering our student-athletes' experience and as a land-grant university, elevating Beaver Stadium's significance in driving local and state economies."

Christopher Collins, vice president and senior municipal credit analyst at Moody's Ratings, told Spotlight PA that although universities could have specific departments take out debt — perhaps as a way to increase accountability — issuing bonds through the entire university lowers financing costs. A university generally has a better credit rating, and a wider source of possible repayment, than a specific department, said Collins, who has analyzed Penn State's credit rating.

Some university trustees questioned what would happen if Penn State defaults on the debt. Penn State's athletic department reported $126,000 in profit off of a $202 million total budget in fiscal year 2023.

By Wyatt Massey Spotlight PA State College Aug 22, 2024

Buffalo's Home County to Issue 'Bills Bonds' for NFL Stadium.

When it comes to the construction of the Buffalo Bills' $1.7 billion new stadium, local officials are taking the concept of "public financing" to a new level.

On Sept. 24, Erie County in western New York will offer fans the opportunity to buy "Bills bonds" toward the development of the new facility being built next door to Highmark Stadium. The county is issuing $125 million in bonds to pay half of its portion toward construction.

The county is offering the bonds to individuals for a single day before it offers them to outside investors.

"This is a once-in-a-generation opportunity," county comptroller Kevin Hardwick said in a radio interview on Monday, "and there might be some average Bills fans out there who normally do not invest in municipal bonds, who might be interested in saying to themselves or telling their grandchildren that I had a hand in helping construct that stadium."

The minimum investment for the bond is $5,000. The website for the bond offering indicated that "the Series 2024B Bonds are general obligations of the County and are not an obligation of the Buffalo Bills."

Sportico has reached out to the Erie County's comptroller office as well as the Bills, but has not heard back.

Construction of the new Highmark Stadium is being funded largely by taxpayers in one of the most controversial stadium financing deals in recent memory. In March 2022, New York Gov. Kathy Hochul, herself a Buffalo native, announced a deal between the Bills, the state and county to develop the 62,000-seat, open-air stadium in Orchard Park next door to the team's current home.

Of the $1.4 billion in financing, the state will contribute $600 million while Erie County will put in $250 million. The NFL will loan $200 million to the Bills, and the team itself will add $350 million. The $850 million in state and county contributions are the largest public subsidy ever committed to the development of an NFL stadium. The team will have a 30-year lease for the new field, which will officially be owned by the state.

Healthcare insurer Highmark Blue Cross Blue Shield of Western New York is carrying on its naming rights deal from the current building, which originally opened as Rich Stadium in 1973, to the new stadium. The current Highmark Stadium was also known as Ralph Wilson Stadium after the late founding owner, and New Era Field until the insurer took the rights in 2021.

In April, the Pegula family retained Allen & Company to facilitate the sale of a non-controlling minority stake in the Bills, with a reported "working figure" of 25% to be offered. The Bills are worth $5.03 billion, according to Sportico's latest NFL franchise valuations, published last week. Buffalo ranks 23rd among all 32 teams, jumping three spots compared to one year ago, as the price tag rose by 23%.

sportico.com

By Jason Clinkscales

August 26, 2024 3:54pm

New York City, New York: Fitch New Issue Report

New York City's 'AA' Long-Term IDR and GO bond ratings reflect New York City's exceptionally strong budget monitoring and controls, supporting Fitch Ratings' 'aa' financial resilience assessment given the city's 'high' revenue control, 'mid-range' expenditure control and Fitch's expectation that the city will maintain reserves at or above 7.5% of spending. For the purposes of this calculation, Fitch includes unrestricted general fund reserves (the sum of committed, assigned and unassigned), the available balance in the retirees' health benefits trust (RHBT) and the fiscal year-end budget stabilization and discretionary transfers of surplus for prepayment of certain of the following year's operating expenditures. The available balance as of fiscal year-end 2023 was $12.8 billion, equal to 11.8% of expenditures and transfers out.

Access Report

Mon 19 Aug, 2024

The City of New York Announces Successful Sale of $1.8 Billion of General Obligation Bonds.

The City of New York (the "City") announced the successful sale of $1.8 billion of General Obligation bonds, comprised of $1.5 billion of tax-exempt fixed rate bonds and $300 million of taxable fixed rate bonds. Proceeds from the sale will be used to fund capital projects.

The City received over $327 million of orders during the retail order period and $4.9 billion of priority orders during the institutional order period, which in total represents approximately 3.5x the tax-exempt bonds offered for sale.

Due to investor demand for the tax-exempt bonds, yields were reduced relative to the start of the institutional order period by 2 basis points in 2028, 2029, and 2042; by 3 basis points in 2027 and 2052; by 4 basis points in 2041, 2047, and 2048; by 5 basis points in 2030, 2043, and 2044; by 6 basis points in 2050; and by 8 basis points in 2031.

Final yields ranged from 2.62% in 2026 to 4.19% in 2052.

The tax-exempt bonds were underwritten through a syndicate led by book-running lead manager Loop Capital Markets, with BofA Securities, J.P. Morgan, Jefferies, Ramirez & Co., Inc., RBC Capital Markets, Siebert Williams Shank, and Wells Fargo Securities serving as co-senior managers.

The City also sold $300 million of taxable fixed rate bonds via competitive bid. The bid attracted 8 bidders, with J.P. Morgan winning at a true interest cost of 4.617%.

August 22, 2024

NYC Drama School Faces 14.5% Interest Rate on Muni-Bond Breach.

- **American Musical and Dramatic Academy borrowed money in 2023**
- **School faces penalty for covenant default related to cash pile**

A drama and arts school with campuses in New York City and Los Angeles is facing an interest rate as high as 14.5% as a penalty for breaching an agreement with its municipal bondholders.

The American Musical and Dramatic Academy didn't maintain a cash pile that would last three months, breaking an agreement with holders led by Preston Hollow Community Capital. The school had 67 days of cash on hand as of June 30, while it was supposed to maintain 90 days, a regulatory filing shows. Such a breach is known as a covenant default.

Now, the academy will have to pay jacked-up interest rates between 12.25% and 14.5% on two series of debt, according to letters sent to the school this month by Preston Hollow. The correspondence was included in a securities filing posted Thursday. The two series of bonds priced with already-high coupons of 7.25% and 9.5%, according to data compiled by Bloomberg.

Such a move by bondholders is rare in the municipal market. It's more common for investors to enter into forbearance agreements with struggling borrowers — meaning holders pledge not to take actions such as demanding immediate repayment on debt even if they have that right. For colleges, these agreements provide a runway to fix their finances while often requiring them to disclose more regular information or hire a consultant to offer suggestions.

The right to charge higher interest rates if a borrower defaults is a common protection that corporate and real estate lenders write into their credit documents. In practice, the ability to charge default interest often becomes a key element of negotiations between the parties on how to resolve the borrower's financial challenges.

Such penalties risk worsening distressed borrowers' financial situation, said Eric Kazatsky, senior US municipals strategist for Bloomberg Intelligence.

A spokesperson for Preston Hollow declined to comment. John Galgano, AMDA's chief operating officer, didn't reply to phone calls or email messages seeking comment. David Silverman, the school's chief financial officer, didn't respond to an emailed request for comment.

Campus Real Estate

The American Musical and Dramatic Academy opened in 1964 and is a prominent performing arts institute with about 3,000 students stretched across two campuses, on Manhattan's Upper West Side and in Hollywood. Its alumni includes Modern Family star Jesse Tyler Ferguson and pop star Jason Derulo.

This isn't the college's first brush with distress. The financings last year were meant to provide relief to the academy after it went into covenant default on prior obligations.

In 2023, the school sold $91.6 million of bonds in two separate deals. The borrowing, which refinanced old debt and also included funds for campus projects, was originated by Preston Hollow and the firm purchased $51.65 million of the securities, according to a November statement from the company. The deal "gives AMDA the flexibility to build out exciting new initiatives as they continue to pursue their important mission," Ron Van Den Handel, a former managing director at Preston Hollow, said in the statement at the time.

Like other small US colleges, the school has struggled in recent years. Its performing-arts focus has also brought unique challenges, especially after Broadway performances closed during the pandemic. Total enrollment has been falling, dropping from 4,098 in 2018-19 to a projected 3,219 in 2023-24, according to the 2023 bond documents.

The letters from Preston Hollow say the school also needs to begin "real estate monetization procedures" as a result of the covenant breach. The 2023 bond documents noted that if the borrower couldn't satisfy certain financial covenants, it could be required to sell real estate.

The academy has several buildings in New York City and its main facility is located at 211 West 61st Street, close to Lincoln Center. It has an Art-Deco tower in Los Angeles blocks from the Hollywood Walk of Fame, along with other campus buildings.

Bloomberg Markets

By Amanda Albright

August 23, 2024

— With assistance from Erin Hudson

BofA Snubbed by Louisiana’s GOP Treasurer in ESG Culture Wars.

- **Treasurer snubs bank’s bid to serve as state fiscal agent**
- **Announcement marks latest skirmish in anti-ESG fight**

Fresh off a win in Louisiana, Bank of America Corp. was dealt a blow by a Republican official in the state.

On Monday, Louisiana State Treasurer John Fleming said he wouldn’t recommend Bank of America’s application to become a state depository and fiscal agent for the state — his counsel will be considered by an ad hoc panel. There are nearly 100 banks that have been approved to work as state depositories and fiscal agents, according to the state.

“It is my opinion and that of many Americans that financial institutions should not weigh in on matters involving a political viewpoint, either conservative or liberal,” Fleming said in a statement, citing concerns that the company is denying banking services to certain clients like religious organizations and gunmakers.

Continue reading.

Bloomberg Politics

By Amanda Albright

August 13, 2024

Illinois Senior-Living Default Spurs Bondholders to Hire Adviser.

- **FTI hired as adviser for holders of $150 million of munis**
- **Lutheran Life Communities owns three facilities in Illinois**

Investors holding about $150 million of municipal bonds issued to refinance debt of an Illinois senior-living operator hired a financial adviser after the non-profit defaulted on a separate series of obligations.

Majority holders of the non-rated debt sold in 2019 on behalf of Lutheran Life Communities hired FTI Consulting, Inc. to advise on a potential long-term forbearance or debt restructuring, according to a securities filing Wednesday. Lutheran Life operates three continuing care communities in Illinois and one in Indiana.

The hiring came after the non-profit failed to make an Aug. 1 payment on about $25 million of floating-rate debt that was also sold in 2019. A May filing shows that First Midwest Bank, which merged with Old National Bancorp. in 2022, held that portion as of March 31. Kathy Schoettlin, a spokesperson for Old National, didn’t respond to a request for comment.

Continue reading.

Bloomberg Markets

By Martin Z Braun

August 14, 2024

S&P Second Party Opinion: Caritas Affordable Housing Calif. Mobile Home Park Senior Revenue Bonds Series 2024

S&P Global Ratings assesses Caritas Affordable Housing Inc.'s Calif. Mobile Home Park Senior Revenue Bonds Series 2024 as aligned with Social Bond Principles, ICMA, 2023. CAH is a 501(c)(3) public benefit corporation based in Irvine, Calif. Along with its sister organization, Caritas Corp., it provides and maintains affordable housing to residents in California.

Download

Nossaman: Water Alternative Delivery in CA

Through recent updates to California's Public Contract Code, public agencies are being equipped with new tools to deliver major infrastructure projects through use of the progressive design-build (PDB) model. As more public agencies gain access to the legislative tools available to use PDB, we expect to see an increasing number of water projects undertaken and completed successfully under the PDB or other early contractor delivery methods.

In Nossaman's California Water Views – 2024 Outlook, I examine the differences between PDB and fixed-price design-build (DB) projects as well as the benefits of and best practices for utilizing a PDB delivery model.

By Elizabeth Cousins on 08.02.2024

New York Sells $144.6 Million of Municipal Bonds on Behalf of Pace University.

The Dormitory Authority of the State of New York sold $144.6 million of tax exempt revenue bonds on behalf of Pace University to refund existing debt.

The sale includes $84.6 million of Series 2024B municipal bonds with maturities ranging from 2025 through 2042, according to an official statement posted Tuesday on MuniOS. Bonds due in 2034 have an interest rate of 5%, yield 3.54% and priced at 111.864.

The $60 million of Series 2024C bonds are variable rate securities. The interest rate payable to investors who hold the debt will be set on a weekly basis. The bonds can be redeemed starting in 2037 and reach final maturity in 2044. Pace has the option to convert the bonds to bear interest at a daily, commercial paper, term or fixed rates, among others.

The first floating rate determination date is scheduled for Sept. 5.

Proceeds will be used to refund bonds sold on Pace's behalf in 2013 and 2014 by the authority and the Westchester County Local Development Corp.

Pace had operating revenue of $434.8 million in fiscal year 2023, according to the school's website.

Founded in 1906 as a school for accounting, Pace had total enrollment of 14,092 undergraduate and graduate students for the 2023-24 academic year, and operates three campuses in New York City and Westchester County. The school had about $306.7 million of debt outstanding as of July 30.

The bonds are rated BBB- by S&P Global Ratings and Baa3 by Moody's Investors Service.

BofA Securities was the underwriter.

Provided by Dow Jones

Aug 14, 2024 11:04am

By Patrick Sheridan

Write to Patrick Sheridan at patrick.sheridan@wsj.com

(END) Dow Jones Newswires

August 14, 2024 14:04 ET (18:04 GMT)

CIM-Backed Revamp of Atlanta Downtown to Tap Muni Market

- **Muni bond sales to help fund Atlanta megadevelopment**
- **Developer CIM Group backed Miami Worldcenter earlier this year**

A CIM Group affiliate is tapping the municipal-bond market to help finance a $4.2 billion megadevelopment intended to transform a downtown section of Atlanta from parking lots into apartments and shops.

JPMorgan Chase & Co. — which plans to provide a $175 million loan for part of the project — is serving as underwriter on two municipal debt deals totaling $556 million associated with the development. Both issues are being sold through the Atlanta Development Authority.

Real estate developer CIM Group is shepherding the project that will add more than 2,600 apartments and more than 2,900 hotel rooms, as well as space for retailers and a data center. The area is currently known as the Gulch, and it's a defunct rail yard where Atlanta residents gather to tailgate in parking lots before NFL games.

Continue reading.

Bloomberg Markets

By Sri Taylor and Amanda Albright

August 15, 2024

New Jersey Appellate Division Invalidates Municipal Ordinance Regulating Ownership of Age-Restricted Residences: Day Pitney

In the recent appellate case *New Jersey Realtors v. Township of Berkeley*, the Superior Court of New Jersey, Appellate Division, invalidated a municipal ordinance that restricted property ownership in certain senior housing communities to individuals aged fifty-five or older. This decision, rendered on July 31, 2024, highlights the legal limits of municipal authority in enacting land use regulations that impact property rights and underscores the protection against discrimination based on familial status under the federal Fair Housing Act (FHA) and the New Jersey Law Against Discrimination (NJLAD).

The dispute arose when Berkeley Township enacted Ordinance No. 22-13-OA (the Ordinance), amending its land use provisions to mandate that ***ownership*** in specific senior housing communities be limited to those aged fifty-five or older. New Jersey Realtors (NJR) challenged the Ordinance, claiming it violated the FHA and the NJLAD by discriminating based on familial status and failing to comport with the exemption for age-restricted housing. NJR argued that the FHA and the NJLAD only require that age-restricted housing be ***occupied*** by an individual fifty-five or older.

The core issue here was whether Berkeley Township's Ordinance, which required that age-restricted units be purchased or owned by individuals aged fifty-five or older, contravened the anti-discrimination provisions of the FHA and the NJLAD, which prohibit discrimination on the sale or lease of property based on familial status. Answering affirmatively, the Appellate Division provided three key reasons to support its holdings.

Continue reading.

Day Pitney LLP – Katharine A. Coffey, Craig M. Gianetti and Larry Zhao

August 5 2024

NYC's Transit System Plans to Sell Debt Backed by Mansion Tax Revenue.

- **MTA plans to sell real estate bonds later this year or in 2025**
- **New credit expected to provide $2 billion for transit upgrades**

New York City's transit system plans to borrow against real estate taxes it receives to help raise $2 billion for infrastructure upgrades, creating a new borrowing mechanism that's separate from its traditional farebox credit.

The Metropolitan Transportation Authority, the nation's largest mass-transit network, is slated to start selling debt backed by real estate transfer tax receipts — a so-called mansion tax — later this year or in early 2025, according to Kevin Willens, the MTA's chief financial officer.

The state began allocating the mansion tax revenue, along with state and city sales tax receipts, to the MTA in 2019 to help fund necessary capital projects and service improvements. The transit agency collected $345 million of real estate transfer tax revenue in 2023 and anticipates receiving a similar amount each year through 2028, per the MTA's latest financial plan.

The strong demand for housing in New York City means the levy will provide the MTA with a reliable source of revenue, even as some wealthier residents have decamped for Florida or Texas, according to Matt Fabian, a partner at Municipal Markets Analytics.

New York City is “the most established real estate market in America,” Fabian said. “The risk with a transfer tax is that properties stop transferring because demand for properties goes away. But that has never been the case in New York, even now. Even in the financial crisis, it was never an existential crisis for this tax base.”

The $2 billion of mansion tax bonds will help fund the MTA’s $51.5 billion 2020-2024 capital program, which will upgrade subway stations, finance flood-protection projects and renovate a 130-year-old rail bridge that links New York City to its northern suburbs.

The MTA had $47.4 billion of debt outstanding as of July 24, including $18.3 billion of transportation revenue bonds that are repaid with transit fares, according to MTA data. Adding another borrowing tool provides some relief to its operating budget and offers bondholders a way to invest in the MTA while avoiding ridership fluctuation as transit usage has yet to match pre-pandemic levels.

The mansion tax is a supplemental levy on the transfer of residential properties of at least $2 million. The revenue flows into MTA’s capital lockbox — rather than its operating budget — with that pot of money being reserved for infrastructure needs. Keeping the revenue separate from the operating budget should enhance the new real estate credit, Willens said.

“Our expectation is that it’s going to be a high quality credit,” Willens added.

The MTA has sold other bonds that are repaid from a different revenue source than farebox receipts and bridge and tunnel tolls. The transit provider has issued payroll mobility tax debt, bonds backed by New York City sales tax revenue and also securities repaid with a combination of motor fuel taxes, petroleum business taxes and mortgage recording levies.

While the MTA and state lawmakers have found ways to raise money for the transit system, Fabian says investors need to remember that an MTA bond repaid with money other than farebox revenue is still an obligation of a more than 100-year-old system that already has a high debt level and must modernize and fortify itself from extreme weather events.

“They may not be the same revenue stream,” Fabian said, “but they’re sisters.”

Bloomberg Markets

By Michelle Kaske

August 6, 2024

Florida Boomtown Borrows to Fix Pier Wiped Out by Hurricane.

- **Naples, Florida, is selling $21 million of bonds on Tuesday**
- **Part of proceeds will rebuild pier destroyed by 2022 hurricane**

Naples, Florida, is turning to the municipal bond market to rebuild its famous pier ravaged by Hurricane Ian, marking its at least its fifth reconstruction because of extreme weather damage.

Tuesday’s deal comes just days after rain from Tropical Storm Debby inundated the city. About $11 million of proceeds raised from a $21 million bond issuance will be used to reconstruct the Naples Pier, which was destroyed by Hurricane Ian in 2022. The new pier — which will stretch an estimated 1,000 feet into the Gulf of Mexico — will be designed to be more resilient to future storms, the city told investors in preliminary bond documents.

The upcoming reconstruction will be at least the fifth time the iconic pier has been rebuilt. The city replaced it following hurricanes in 1910, 1926, 1944 and 1960. In 2015, it underwent a major $2.7 million renovation. Two years later, Hurricane Irma wrought about $244,000 in damages before Ian dealt a death blow of "catastrophic" damage, according to city officials.

Continue reading.

Bloomberg Markets

By Erin Hudson

August 6, 2024

Bankers Reap $15 Billion of Muni Deals From Florida Growth Boom.

- **Muni bond sales in the state grow at fastest pace in a decade**
- **FMSBonds expects record underwriting volume for dirt deals**

Florida's transformation into the Wall Street South is fueling a surge in newcomers, wearing on infrastructure across the state and forcing municipalities to borrow at the fastest pace in over a decade.

The state's municipal borrowers have already sold roughly $15 billion of bonds in 2024, outpacing a national surge in supply. While overall muni sales have increased by about one-third, Florida's issuance has more than doubled, up 132% since the same period last year. That's the fastest pace of borrowing since at least 2013, according to data compiled by Bloomberg.

The surge is emblematic of a larger shift, showing how governments are flooding the debt markets with sales to accommodate the infrastructure needs of growing populations. A migration South exaggerated by the pandemic has fueled investments in new schools, roads, bridges, highways and airports — shifting the muni market's center of gravity. So-called Southern states make up about 35% of muni bond sales this year, up 10 percentage points from 2004.

Continue reading.

Bloomberg Markets

By Maggie Eastland

August 7, 2024

Chicago Delays $643 Million Bond Deal Due to Market Volatility.

- **City had planned tax-exempt general obligation deal Wednesday**

- **‘We did not like the volatility in the market’: CFO Jaworski**

Chicago is delaying its $643 million bond sale that was expected to price on Wednesday amid volatility in the $4 trillion market for state and local bonds.

“We are not selling today as we did not like the volatility in the market and are waiting for more stable market conditions,” Chicago Chief Financial Officer Jill Jaworski said in an emailed statement.

Chicago had planned to come to market during what was expected to be a busy week for municipal bond sales. Those new transactions are building on a surge of deals that has caused issuance to jump about 38% so far this year, compared to the same period in 2023, data compiled by Bloomberg show.

Continue reading.

Bloomberg Markets

By Shruti Singh

August 7, 2024

Tennessee Hospital Delays $316 Million Deal on Weak Demand.

Erlanger Health — a hospital system based in Chattanooga, Tennessee — has delayed a $316 million municipal bond sale that was scheduled to price Thursday after yields surged the last several days.

The deal was marketed to investors on Thursday morning at spreads ranging from 58 to 70 basis points over the benchmark, according to a pricing wire seen by Bloomberg. The deal was moved to day-to-day status following inadequate demand from investors, according to people familiar with the matter.

Chicago also paused a bond sale that was scheduled to price Wednesday. Municipal bonds slid on Wednesday in a rout that drove yields on 15-year benchmark debt to surge the most in nearly a year. Prices continued to drop on Thursday.

Erlanger Health — a teaching hospital affiliated with the University of Tennessee — was planning to refinance outstanding debt with some of the proceeds of the debt sale. So-called refunding deals are sensitive to large swings in interest rates because it determines how much savings the borrower can secure. The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, is planning to issue the debt on behalf of Erlanger.

“Due to recent market volatility and yield expectations falling short of our target, we have decided to pause the transaction,” Lynn DeJaco, the system’s chief financial officer, said in an emailed statement. “We will continue to monitor market conditions and reapproach the market next week.”

A spokesperson for Morgan Stanley declined to comment.

Bloomberg Markets

By Nic Querolo and Amanda Albright

August 8, 2024 at 12:54 PM PDT

Texas and Oklahoma Anti-ESG Laws Defended Amid Attacks.

The wagons are circling around anti-environmental, social, and governance laws enacted in Texas and Oklahoma amid a flurry of studies on their financial impact and congressional scrutiny.

The two states were early enactors of laws that led to the blacklisting of more than 20 financial firms, including municipal bond underwriters, for “boycotting” or “discriminating” against the fossil fuel or firearm industries. The laws call for divestment of public pension and other assets and prohibit governmental contracts worth $100,000 or more with banned firms.

The passage of a wide-variety of anti-ESG bills slowed dramatically this year with Pleiades Strategy, a research and advisory firm, reporting just six becoming law, compared to 23 in 2023. Louisiana in June enacted a law aimed at punishing banks and others unfriendly to the gun industry.

Studies pointing to adverse financial and economic impacts from the Texas and Oklahoma laws are piling up, attracting attention from Democratic members of the U.S. House Judiciary Committee who requested information on their financial effects.

“A growing body of evidence demonstrates that these policies threaten public employees’ retirement savings and leave taxpayers on the hook for higher fees and increased borrowing costs,” Reps. Jerrold Nadler, D-N.Y., and J. Luis Correa, D-Calif., said in a May 20 letter to Texas officials.

They cited a study by researchers at The Wharton School and Chicago Federal Reserve that was the first to examine the fallout from diminished underwriter competition under two Texas laws. It found bond issuers in the Lone Star State will incur $300 million to $500 million in additional interest on $31.8 billion of debt sold during the first eight months after the laws took effect Sept. 1, 2021.

A more recent study conducted for the Texas Association of Business Chambers of Commerce Foundation that showed a spike in average underwriting spreads per $1,000 of bonds issued by Texas local governments since the laws’ effective date was also cited in the inquiry.

Texas Comptroller Glenn Hegar called the studies “erroneous and fundamentally flawed” in his June 7 response to the federal lawmakers, which also highlighted the more than $9 billion in oil and natural gas production tax revenue that flowed into the state’s coffers in fiscal 2023.

“Because there is a myriad of factors that affect these (issuance and borrowing) costs, including the size, type, credit quality, liquidity and structure of each municipal bond transaction, not to mention general economic conditions such as a significantly higher interest rate environment, it is impossible to accurately conclude that any transitory adjustments or disruptions on the municipal bond market in Texas are solely or even partially attributable to the change in statute,” he wrote.

Justin Marlowe, director of the Center for Municipal Finance at the University of Chicago’s Harris School of Public Policy, said while it’s good to see some evidence on actual financial impacts making its way into the debate over anti-ESG state laws, more and better data is required.

“We need more updated data to not necessarily prove the point, I think the Wharton study and others do a pretty good job of showing that there was an impact,” he said. “The question is whether the negative financial impacts for borrowers in the state have sustained ? whether that’s been an ongoing phenomenon or whether it was just a more immediate response to the passage of that law in Texas and Oklahoma and elsewhere."

The Texas-based American Energy Institute pointed to faulty findings in the March Texas Association of Business study conducted by Austin-based economic analysis and public policy consulting firm TXP, Inc., using Texas Bond Review Board data for 2023 and 2022 that was restated by the board in May.

"When corrected data from the Texas Bond Review Board was applied, it showed that the costs of bond issuance in 2022 and 2023 remained consistent with historical averages, debunking the report's claims," an institute opinion piece stated.

The Texas Association of Business said a note was added to the study to clarify the analysis was based on the bond review board's original annual report.

"This does not change the fact that a tightening of the competitive bond market in Texas limits local governments' access to financing for taxpayer-approved bonds, which ultimately results in more debt shouldered by taxpayers and Texas businesses, as multiple other economic analyses have similarly shown," it said in a statement.

Bond issuers in Texas have said the laws' reach has extended beyond underwriting to other governmental services provided by banks such as letters of credit.

The American Energy Institute also pushed back against a study that found a 2022 Oklahoma law banning state and local government contracts with investment banks that "boycott" the fossil fuel industry boosted municipalities' borrowing costs by 59 basis points on average.

The study, conducted by the University of Central Oklahoma's Economics Department and released by the Oklahoma Rural Association in April, has methodological flaws that included cherry-picked data and comparisons, according to the institute.

"It's clear that the Energy Discrimination Elimination Act of 2022 is crucial for safeguarding Oklahoma's economic interests and ensuring sound fiduciary practices," Institute CEO Jason Isaac said in a statement. "Our research debunks the flawed claims against the (act), highlighting its role in protecting vital energy sectors and promoting financial stability for the state."

Using the average yield to worst real-time measure of market borrowing rates for the S&P Municipal Bond Oklahoma Index since 2022, Paul Tice, a senior fellow at think tank National Center for Energy Analytics, reported that average yield measurement for issuers in the state tightened by 14 basis points since Oct. 31, 2022.

"Almost all of the yield volatility over the past 19 months has been driven by movements in underlying interest rates as seen by the lockstep trading between Oklahoma and its municipal peers and the U.S. Treasury Bond Index," he wrote in a June 13 piece posted on the RealClear Energy website.

There are additional studies, including one released in April by Texas-based economic analysis firm Perryman Group, which said the state's banning of municipal bond underwriters or restricting public pension funds' investment options could lead to "notable" economic harm.

A 2023 study by Econsult Solutions Inc. looked at the impact if bills, similar to the Texas laws, were enacted in six other states, including Oklahoma, finding that state would have incurred an estimated $49 million in additional interest costs for bonds issued over a 12-month period.

Oklahoma Treasurer Todd Russ, who has blacklisted seven companies, including Barclays, Bank of America (BAC), JP Morgan, and Wells Fargo (WFC), defended the importance of the oil and gas industry to the state and pointed to a commercial banking sector trend toward "de-banking companies that do not align with certain ESG criteria."

"This practice can have severe consequences for Oklahoma industries, limiting their access to capital and financial services," he said in a June 28 statement. "By resisting policies that lead to de-banking, Oklahoma can safeguard its key industries from financial exclusion and ensure that businesses have the necessary resources to thrive."

Enforcement of the Energy Discrimination Elimination Act was permanently halted last month by an Oklahoma County District Court judge, who found it violated the state constitution. The Oklahoma Supreme Court is expected to issue a procedural ruling soon related to the state attorney general's appeal of the injunction.

The pro-ESG movement is fighting back.

Unlocking America's Future, a nonprofit advocacy group that works to counter attacks against ESG, launched a Texas campaign in May that includes a six-figure digital ad campaign "to set the record straight about the economic costs of Texas' extreme positions on a range of issues including responsible investing."

As part of its 2024-25 platform and resolutions, the National Association of Counties noted "special interest groups are actively collaborating on a nationwide campaign to restrict and eliminate local authority regarding pensions, municipal bonds, and government funds by passing legislation and resolutions at both the national and state levels that oppose local control and free-market principles."

The group adopted a policy in July urging "Congress and the administration to support policies that provide for local governments' ability to invest and borrow as they self-determine, which must include continued access to free capital and credit markets."

By Karen Pierog

BY SOURCEMEDIA | MUNICIPAL | 08/06/24 08:00 AM EDT

S&P, KBRA and Moody's Announce Assured Guaranty's Financial Strength Is Unchanged Following Merger of Principal Subsidiaries; Assured Guaranty Municipal Bonds Now Carry Assured Guaranty Inc.'s Ratings.

S&P, KBRA and Moody's Announce Assured Guaranty's Financial Strength Is Unchanged Following Merger of Principal Subsidiaries; Assured Guaranty Municipal Bonds Now Carry Assured Guaranty Inc.'s Ratings

Assured Guaranty Ltd. (NYSE: AGO) (AGL, together with its subsidiaries, Assured Guaranty) announced today that S&P Global Ratings (S&P), Kroll Bond Rating Agency (KBRA) and Moody's Ratings (Moody's) have indicated that they see no change to Assured Guaranty's financial strength as a result of the August 1, 2024 merger of Assured Guaranty Municipal Corp. (AGM) into Assured Guaranty Inc. (AG).

S&P

S&P, which assigns a AA (stable) financial strength rating to AG, released a report on August 1, 2024, stating “there are no changes to the ratings of any of the S&P Global rated entities in the AGL group hierarchy.” Additionally, they wrote: “We expect no change in the company’s business strategy or approach to risk management. When evaluating capital adequacy for the companies, we run a consolidated capital adequacy model and already considered the business being assumed by AG in our analysis.”

This followed a July 9, 2024 S&P bulletin stating that the merger “won’t change its assessment of the Assured Guaranty group’s business risk or financial risk positions.”

KBRA

KBRA issued a press release on August 1, 2024 about Assured Guaranty’s insurance financial strength ratings (IFSRs) after the merger was completed, in which it wrote: “The IFSRs of AG (AA+/Stable), AGUK (AA+/Stable), AGE (AA+/Stable), as well as the Issuer Rating (A+/Stable) and all outstanding Debt Ratings for Assured Guaranty US Holdings Inc., remain unchanged.”

KBRA had previously written, on July 8, 2024, that “there will be no rating changes to any KBRA-rated insured obligations currently insured by AGM, AGUK or AGE as a result of the merger,” adding that it “views the merger and the resultant simplification of the overall organizational structure as creating capital, operational, and regulatory efficiencies, as well as enhancing Assured Guaranty Ltd.’s overall global platform and scale as management continues to position its business to optimize its market position and future growth opportunities.”

Moody’s

A Moody’s press release issued on August 2, 2024, noted that “by operation of law, all securities that had been insured by Assured Guaranty Municipal Corp. are now guaranteed obligations of Assured Guaranty Inc.” and that the insurance financial strength (IFS) rating of AG is A1 (stable).

Previously, on July 10, 2024 in response to the announcement of the planned merger, Moody’s issued a press release affirming the A1 (stable) IFS ratings of AG, AGM and Assured Guaranty UK Limited, as well as the Baa1 (stable) senior debt ratings of Assured Guaranty US Holdings Inc., the Baa2(hyb) (stable) junior subordinated debt rating of Assured Guaranty Municipal Holdings Inc. and the Baa1 (stable) long-term issuer rating of AGL.

Moody’s wrote that its affirmation reflects the Assured Guaranty group’s “strong capital profile, conservative underwriting of US municipal, international infrastructure and structured finance risks and leading market position in the financial guaranty insurance sector.” They added that “Assured Guaranty’s ability to organically generate significant capital through premium and investment earnings make the credit profile of its operating subsidiaries resilient to a broad range of stress scenarios.” Moody’s stated that it believes the merger “results in a moderate strengthening of the combined entity’s credit profile relative to the current overall credit profiles of AGM and AG.”

Additionally, in Moody’s view, “The larger insured portfolio and claims paying resources of post-merger AG enhances risk diversification and reduces the size of large single risk exposures relative to capital. Despite the planned extraction of $300 million of capital through a special dividend following the merger, AG’s pro forma risk-adjusted capital adequacy will be stronger than AGM’s current capital adequacy.”

Procedural Rating Agency Merger Action

As AG is the surviving company of the merger, all three rating agencies withdrew their ratings of AGM, and bonds that had been insured by AGM now carry AG's ratings.

Any forward-looking statements made in this press release, including those regarding growth opportunities for Assured Guaranty, demand for its product, and sustained economic conditions for increased new business, reflect Assured Guaranty's current views with respect to future events and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. These risks and uncertainties include, but are not limited to, difficulties executing Assured Guaranty's business strategy; those risks and uncertainties resulting from changes in rating agency models or opinions; Assured Guaranty's continued capital adequacy; adverse credit developments in Assured Guaranty's insured portfolio and the impact of those developments on rating agency models and opinions; other risks and uncertainties that have not been identified at this time, management's response to these factors, and other risk factors identified in Assured Guaranty's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which are made as of August 5, 2024. Assured Guaranty undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Assured Guaranty Ltd.

Assured Guaranty Ltd. is a publicly traded (NYSE: AGO), Bermuda-based holding company. Through its subsidiaries, Assured Guaranty provides credit enhancement products to the U.S. and non-U.S. public finance, infrastructure and structured finance markets. Assured Guaranty also participates in the asset management business through its ownership interest in Sound Point Capital Management, LP and certain of its investment management affiliates. More information on Assured Guaranty can be found at: AssuredGuaranty.com.

Provided by Business Wire

Aug 5, 2024 7:20am

[ICE Bonds and MarketAxess Connect Liquidity Networks to Bring Greater Efficiency to Municipal and Corporate Bond Markets.]

Connectivity to provide access to deeper liquidity in the fixed income markets

NEW YORK–(BUSINESS WIRE)–ICE Bonds, part of Intercontinental Exchange (NYSE: ICE), a leading global provider of technology and data, and MarketAxess Holdings Inc. (Nasdaq: MKTX), the operator of leading electronic trading platforms for fixed-income securities, today announced plans to connect their respective liquidity networks to bring greater efficiency and access to deeper liquidity in fixed income markets to the institutional and wealth management spaces.

With this announcement, ICE Bonds and MarketAxess plan to establish unique connectivity to their respective protocols and liquidity pools. This will enable ICE Bonds' automated trading system (ATS), ICE TMC, and MarketAxess' Open Trading network to communicate with each other, expanding the depth and reach for their respective global user bases.

"This collaboration connects two mature liquidity networks in fixed income markets to offer new trading and risk management solutions for clients," said Pete Borstelmann, President of ICE Bonds. "By combining our complementary strengths, we aim to offer users expanded opportunities to access liquidity in corporate and municipal bonds, enhancing market efficiency and benefiting participants across both platforms."

By leveraging ICE Bonds' established retail brokerage and wealth management presence alongside MarketAxess' leadership in institutional trading, the interaction between liquidity pools aims to enhance price transparency, best execution, and overall market liquidity for all participants.

"We look forward to delivering enhanced value and innovation to our clients through this collaboration," said Rich Schiffman, Global Head of Trading Solutions at MarketAxess. "Our joint efforts are focused on providing access to deeper liquidity across municipal and corporate bonds and diversifying trading options for participants in our marketplace."

About MarketAxess

MarketAxess (Nasdaq: MKTX) operates a leading electronic trading platform that delivers greater trading efficiency, a diversified pool of liquidity and significant cost savings to institutional investors and broker-dealers across the global fixed-income markets. Over 2,000 firms leverage MarketAxess' patented technology to efficiently trade fixed-income securities. MarketAxess' award-winning Open Trading® marketplace is widely regarded as the preferred all-to-all trading solution in the global credit markets. Founded in 2000, MarketAxess connects a robust network of market participants through an advanced full trading lifecycle solution that includes automated trading solutions, intelligent data and index products and a range of post-trade services. Learn more at www.marketaxess.com and on X @MarketAxess.

The press release may contain forward-looking statements, including statements within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 with respect to the proposed collaboration, including statements regarding the connection of liquidity networks and the anticipated benefits of such connection. These and other statements that relate to future events are based on MarketAxess' current expectations. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. More information about the factors affecting MarketAxess' business and prospects are contained in MarketAxess' periodic filings with the Securities and Exchange Commission and can be accessed at www.marketaxess.com.

About Intercontinental Exchange

Intercontinental Exchange, Inc. (NYSE: ICE) is a Fortune 500 company that designs, builds, and operates digital networks that connect people to opportunity. We provide financial technology and data services across major asset classes helping our customers access mission-critical workflow tools that increase transparency and efficiency. ICE's futures, equity, and options exchanges — including the New York Stock Exchange — and clearing houses help people invest, raise capital and manage risk. We offer some of the world's largest markets to trade and clear energy and environmental products. Our fixed income, data services and execution capabilities provide information, analytics and platforms that help our customers streamline processes and capitalize on opportunities. At ICE Mortgage Technology, we are transforming U.S. housing finance, from initial consumer engagement through loan production, closing, registration and the long-term servicing relationship. Together, ICE transforms, streamlines, and automates industries to connect our customers to opportunity.

Trademarks of ICE and/or its affiliates include Intercontinental Exchange, ICE, ICE block design, NYSE and New York Stock Exchange. Information regarding additional trademarks and intellectual property rights of Intercontinental Exchange, Inc. and/or its affiliates is located here. Key Information Documents for certain products covered by the EU Packaged Retail and Insurance-based Investment Products Regulation can be accessed on the relevant exchange website under the heading "Key Information Documents (KIDS)."

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 — Statements in this press release regarding ICE's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 8, 2024.

About ICE Bonds

Trading and execution services are offered through ICE Bonds Securities Corporation or ICE Bonds, member FINRA, MSRB and SIPC. The information found herein, has been prepared solely for informational purposes and should not be considered investment advice, is neither an offer to sell nor a solicitation of an offer to buy any financial product(s), is intended for institutional customers only and is not intended for retail customer use.

Contacts

Media:
Marisha Mistry for MarketAxess
+1 917 267 1232
mmistry@marketaxess.com

Damon Leavell for ICE
damon.leavell@ice.com
(212) 323-8587
media@ice.com

Investor:
Stephen Davidson for MarketAxess
+1 212 813 6313
sdavidson2@marketaxess.com

Katia Gonzalez for ICE
katia.gonzalez@ice.com
(678) 981-3882
investors@ice.com

The Wyoming State Treasurer's Office Modernizes Its Loan Management Practices with DebtBook.

The Wyoming State Treasurer's Office Modernizes Its Loan Management Practices with DebtBook

DebtBook, a leading provider of cloud software for treasury and accounting teams in the public finance industry, today announced that the Wyoming State Treasurer's Office (Wyoming STO) has selected the firm's Debt Management solution to centralize and unify its loan data, processes, and reporting.

The Wyoming State Treasurer's Office is a constitutional office responsible for agency administration, banking and cash management, distributions, investment of state funds, and the unclaimed property program.

Using DebtBook as its centralized loan management platform, the Wyoming State Treasurer's Office will increase operational efficiencies and enable organization-wide knowledge capture. With DebtBook, the Wyoming STO team will be able to track their entire loan portfolio by borrower, prepare year-end financial disclosures, and easily share all loan-related information with accounting and financial reporting teams, as well as with external stakeholders.

DebtBook provides a single-source debt management and accounting platform that helps power the organizations that improve our communities. The configurable solution is purpose-built to help treasurers and accountants in public finance streamline their debt management processes, including, data management, payments, accounting and financial reporting, disclosure, tax compliance, and proceed spend-down management. With greater data integrity, productivity, and visibility, DebtBook customers deliver better financial outcomes while reducing risk for their organizations.

About DebtBook

DebtBook offers modern treasury and accounting software designed to help state and local government, higher education, healthcare, and others go from operational overload to strategic leadership.

Our Debt and Cash Management solutions empower strategic treasury and improve financial outcomes by automating operational work and allowing teams to more easily analyze their data and extract valuable insights. Our Lease and Subscription Management solutions give accounting teams hours back to their day by automating GASB 87 and 96 compliance workflows. Visit debtbook.com to see why more than 2,100 organizations nationwide work with DebtBook.

Provided by Business Wire

Aug 6, 2024 6:01am

Miami-Dade County Sells $235 Million In Bonds for New Government Facility.

Florida's Miami-Dade County sold $235 million in municipal bonds to fund the development of a new government center.

The Series 2024A Capital Asset Acquisition Special Obligation Bonds have maturities ranging from 2027 to 2054, according to a filing Tuesday on MuniOS. Bonds due in 2034 have an interest rate of 5% and a yield of 3.120%.

Jefferies won the bonds in competitive bidding on July 30.

Miami-Dade plans to use the proceeds from the tax exempt bonds to fund the acquisition, construction, improvement and renovation related to the West Dade Government Center. The facility would be aimed at providing a one-stop hub to get permitting paperwork approved, according to the Miami Herald.

The county also plans to use proceeds from the bonds to fund capitalized interest through Oct. 1, 2026.

Total costs for the projects related to the complex are listed as $238.8 million in the official statement posted on MuniOS.

The bonds have been assigned ratings of Aa2 by Moody's Investors Service and AA by S&P Global Ratings.

Provided by Dow Jones

Aug 6, 2024 12:05pm

By Patrick Sheridan

Write to Patrick Sheridan at patrick.sheridan@wsj.com

(END) Dow Jones Newswires

August 06, 2024 15:05 ET (19:05 GMT)

Atlanta Development Authority to Sell $200 Million in Bonds for Downtown Development.

The Atlanta Development Authority plans to issue $200 million in municipal bonds to fund the Centennial Yards downtown development project.

The issue will be split into the $55 million in Series 2024A-1 senior revenue bonds, and $145 million in Series 2024A-2 senior revenue bonds, with maturities starting in 2029. Details about maturities, coupons and yields weren't available in a preliminary official statement posted Monday on MuniOS.

The project includes the redevelopment of approximately 50 acres of land in downtown Atlanta, known as the Gulch, into a pedestrian-friendly area with residential, retail and commercial space to be marketed as Centennial Yards.

J.P. Morgan Securities is the lead underwriter.

Provided by Dow Jones

Aug 5, 2024 2:17pm

By Paulo Trevisani

Write to Paulo Trevisani at paulo.trevisani@wsj.com

(END) Dow Jones Newswires

August 05, 2024 17:17 ET (21:17 GMT)

Seattle Issues $817.9 Million In Bonds To Upgrade Airport.

The Port of Seattle sold $817.9 million in municipal bonds to finance improvements in the Seattle-Tacoma airport, Washington state's largest.

The agency sold $648.94 million in series 2024B, taxable bonds and $168.98 million in non-taxable series 2024A bonds, according to a document posted on MuniOs.

Maturities on the non-AMT portion ranged from 2025 to 2040, with a 5% coupon. The 10-year yield is 3.05%.

Maturities on the AMT tranche ranged from 2025 to 2044, with a 5% coupon on maturities up to 2038 and 5.25% for the remaining bonds. The 10-year yield is 3.76%.

A $183.4 million term bond due July 1 2049 is part of the issuance. It carries a 5.25% interest rate and a 4.3% yield.

Besides funding improvements to the airport, the proceeds will also refund certain Port of Seattle obligations, making deposits to reserve accounts and cover other financial costs.

Bonds are payable from the Port's revenues. BofA Securities was the lead manager.

Moody's Investors Service assigned a A1 rating to the bonds. Both S&P Global Ratings and Fitch Ratings have rated the bonds as AA-.

Provided by Dow Jones

Aug 8, 2024 10:22am

By Paulo Trevisani

Write to Paulo Trevisani at paulo.trevisani@wsj.com

(END) Dow Jones Newswires

August 08, 2024 13:22 ET (17:22 GMT)

Mayor Brandon Johnson Announces the Upgrade of Chicago's Ratings by Fitch Ratings, Inc.

CHICAGO — Mayor Brandon Johnson announced Fitch Ratings, Inc. has upgraded the City of

Chicago's General Obligation (GO) rating to 'A-' from 'BBB+,' and Chicago's Sales Tax Securitization Corporation's (STSC) senior lien bonds to 'AAA' from 'AA+. The ratings agency has also maintained its outlook for both STSC and GO at Stable.

"We are appreciative that Fitch Ratings has increased the City's rating on our bonds, which we use to fund needed investments in our infrastructure. These rating upgrades recognize our commitment to responsible fiscal management and the economic strength and vitality of Chicago," Mayor Brandon Johnson said. "It reflects the vibrancy of our economy and will lower our borrowing costs, supporting the hard work and dedication of our administration to build a stronger, more resilient Chicago for all residents."

The upgrades reflect the implementation of Fitch's new U.S. Public Finance Local Government Rating Criteria. Fitch cites the City's adherence to sound fiscal practices, as well as a commitment to solving budget gaps through structural solutions as contributing factors. The ratings agency noted that the City's demographic and economic profile remain an asset, and that Chicago's population in 2022 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

"For years, we have believed that rating agencies undervalue the strength and potential of Chicago," Chief Financial Officer Jill Jaworski said. "A big driver of this rating increase is the fact that the new criteria afford due recognition of Chicago's financial resilience and resources deriving from our large and diversified local economy."

Improved ratings lead to lower borrowing costs and broaden the pool of investors in the City's bonds. The savings, resulting from the upgrade, makes funds available to further invest in the City's programs. With a stronger financial position, the City of Chicago can enhance services such as education, public safety, and infrastructure, thereby improving the overall quality of life for all its residents.

July 31, 2024

Mayor's Press Office 312.744.3334

US Soccer to Sell $200 Million of Debt for New Atlanta-Area Base.

- **The tax-free bonds are expected to price Aug. 1, are rated BBB**
- **Plan is to open new headquarters before 2026 men's World Cup**

The US Soccer Federation is set to borrow $200 million this week through a sale of municipal debt that will help the organization finance the construction of a new national training center and headquarters in the Atlanta area.

A municipal development agency for Fayette County outside Atlanta is set to issue the tax-exempt bonds on Aug. 1 on USSF's behalf to fund the roughly $225 million project, which will draw on support from a package of state and local tax incentives and donations. The contributions include $50 million from Arthur Blank, a co-founder of Home Depot Inc. and owner of the National Football League's Atlanta Falcons and Major League Soccer's Atlanta United FC.

The venue in Fayette County will feature over a dozen soccer fields and 200,000 square feet of office space. US Soccer will shift there after more than three decades in Chicago. The debt will be secured by the deed on the training facility and a lien on gross revenue from the federation's sponsorship and media contracts, ticket sales and game-day revenue. The bonds are rated BBB by Fitch Ratings, two steps above speculative grade.

Continue reading.

Bloomberg Markets

By Maxwell Adler

July 30, 2024

Miami Borrows $234 Million of Debt for Troubled Office Space.

- **County estimates $862 million in savings over three decades**
- **Plan to purchase office building draws some criticism**

Miami has become so pricey for renters that even the county wants to become its own landlord. It's selling $234 million of municipal debt to do just that.

Florida's most-populous county plans to use the proceeds of this week's bond sale to purchase a mostly vacant, half-century old office building for several government departments. The move will allow the county to own its real estate rather than leasing, but some local officials see it as too high of a price for a building that was in financial trouble and sits about 13 miles west of downtown Miami.

"It's better to own than to rent if you can afford it," said Jimmy Morales, chief operations officer for the county. "Let's invest. We're not going away. It's not like we're going to relocate our headquarters."

Continue reading.

Bloomberg Markets

By Maggie Eastland

July 29, 2024

Williams College Joins Higher Ed Bond Boom Amid Investor Demand.

- **Massachusetts school's $108 million debt sale gets Aa1 rating**
- **Proceeds will go toward a new art museum, recreation center**

Williams College, the liberal arts school sprawled across 450 acres of the Berkshire highlands in Massachusetts, is out to show municipal bond investors the greater value of some higher education debt.

The alma mater of former President James Garfield and current US Rugby Olympian Kristi Kirshe plans to sell $108 million of bonds next week to help fund a new art museum and a multipurpose recreation center, according to bond documents. The Massachusetts Development Finance Agency will serve as issuer and Goldman Sachs Group Inc. as lead underwriter.

At least 50 universities and colleges have flooded the market this year with more than $10 billion in securities to address project funding and refinancing needs, according to data compiled by Bloomberg. That's more than double the amount for the same period in 2023.

Continue reading.

Bloomberg CityLab

By Sri Taylor

August 1, 2024

New York City, New York: Fitch New Issue Report

The affirmation of New York City's 'AA' Long-Term IDR and GO bond ratings incorporates Fitch Ratings' analysis using its new "U.S. Public Finance Local Government Rating Criteria." The ratings reflect New York City's exceptionally strong budget monitoring and controls, supporting Fitch's 'aa' financial resilience assessment given the city's 'high' revenue control, 'mid-range' expenditure control and Fitch's expectation that the city will maintain reserves at or above 7.5% of spending. For the purposes of this calculation, Fitch includes unrestricted general fund reserves (the sum of committed, assigned and unassigned), the available balance in the retirees' health benefits trust (RHBT) and the fiscal year-end budget stabilization and discretionary transfers of surplus for prepayment of certain of the following year's operating expenditures. The available balance as of fiscal year end 2023 was $12.8 billion, equal to 11.8% of expenditures and transfers out.

ACCESS REPORT

Fri 26 Jul, 2024 – 6:11 PM ET

California's Largest Swath of Private Land Taps Municipal Bond Market.

- **Bonds will fund developments on Tejon's commerce center**
- **Tejon Ranch projects have fueled debate on fires, urban sprawl**

Tejon Ranch, the largest stretch of private land in California, is tapping the municipal bond market for $61.6 million bond deal to expand the commercial center roughly 83 miles north of downtown Los Angeles.

Encompassing roughly 270,000 acres, or about 420 square miles, the mixed-use property owned by the publicly traded Tejon Ranch Co. has long been at the center of a debate over wildfires and urban sprawl. The latest financing is for a project that would more than double the size of the Tejon Ranch Commerce Center, a complex that currently houses distribution centers for IKEA, Caterpillar, L'Oreal and other retail giants.

Tejon Ranch Public Facilities Financing Authority is expected to issue the bonds for the center on

Thursday. Proceeds will be used for what's anticipated to be a 20 million-square-foot development, according to bond documents. Construction is already underway on an apartment community slated to add 228 housing units by next year.

Continue reading.

Bloomberg Markets

By Sri Taylor

July 22, 2024

Connecticut Sells $214.2 Million of General Obligation Refunding Bonds

Connecticut has sold $214.2 million in municipal bonds to refinance outstanding debt.

The general obligation refunding bonds include Series E-1 2024 bonds for $27.5 million, and 2024 Series E-2 bonds totaling $186.7 million.

The bonds mature starting in September 2025 through September 2034. The debt maturing next year will pay investors an interest rate of 5.00% and yield 2.90%. The 2034 maturities also pay interest at a rate of 5.00% and yield 2.93%. The securities aren't subject to mandatory redemption prior to maturity, according to an official statement posted Thursday on MuniOS.

All of the bonds sold are backed by a pledge of revenue from the state.

The securities were issued to refund all or parts of the state's 2014 Series D and Series E general obligation bonds.

The bonds were sold by the state in a competitive sale to WellsFargo.

Moody's Investors Service rated the bonds Aa3, S&P Global Ratings and Fitch Ratings both have the debt rated at AA-.

Provided by Dow Jones

Jul 26, 2024 1:43pm

By Paulo Trevisani

Write to Paulo Trevisani at paulo.trevisani@wsj.com

(END) Dow Jones Newswires

July 26, 2024 16:43 ET (20:43 GMT)

San Antonio, Texas: Fitch New Issue Report

San Antonio's 'AA+' Long-Term IDR and bond ratings reflect Fitch Ratings' strongest assessment for financial resilience, 'aaa', based on the city' s low-midrange budgetary flexibility and Fitch's expectation that available reserves will remain at or above 20% of spending. The ratings also reflect strong population growth and a population and economy of sufficient size and diversification, respectively, balanced against weak demographic and economic metrics and an elevated liability burden.

ACCESS REPORT

Tue 30 Jul, 2024 – 4:47 PM ET

Minnesota School District Credit Enhancement Program (MN): Fitch New Issue Report

Minnesota's 'AAA' IDR and GO bond ratings reflect the state's steadily growing and broad-based economy, highly educated workforce, expanding population and a revenue structure well designed to capture economic growth. The ratings also reflect a low long-term liability burden and historically strong control over revenue and spending that, in conjunction with a sophisticated approach to reserve funding, leaves Minnesota well positioned to manage through economic cycles while maintaining a high level of financial flexibility. The 'AA+' ratings on the general fund appropriation bonds, COPs and lease revenue bonds, one notch below the state's IDR, reflect the slightly higher degree of optionality associated with payments subject to annual appropriation. The 'AA+' programmatic rating on the Minnesota School District Credit Enhancement Program reflects both supportive structural factors and the state's commitment to make timely debt service payments if a participating district is unable to, which Fitch views as similar to an annual appropriation debt security.

ACCESS REPORT

Tue 30 Jul, 2024 – 4:25 PM ET

Oklahoma Water Resources Board (OK): Fitch New Issue Report

Key Rating Drivers Portfolio Credit Risk Approximately 62% of OWRB's loan pool consists of borrowers exhibiting investment-grade ratings. This translates to an implied pool quality, measured by aggregate rating and loan term, of 'BBB-'. The pool consists of 163 obligors, with the top 10 obligors comprising about 66.8% of the loan portfolio. Obligor security is solid, with nearly all of the pool backed by water or sewer revenue pledges. Financial Structure The program's cash flows are adequate with projected minimum annual DSC of about 1.4x. Fitch's cash flow modeling demonstrates that program resources are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as derived using the PSM, without causing an interruption in bond payments. Program Management Management has demonstrated strength and capability in its underwriting and monitoring processes, as evidenced by the fact that the program has never experienced a pledged loan default.

ACCESS REPORT

Wed 17 Jul, 2024

Texas Children's Hospital and Affiliated Entities: Fitch New Issue Report

The downgrade to 'AA-' reflects Texas Children's material underperformance in profitability driven by multiple factors, including weaker than expected volumes in the Houston market, a delayed opening of the new Austin inpatient facility and operating headwinds faced by the health plan. These factors contributed to the operating income loss of approximately $198.1 million (negative 6.4% operating margin and negative 3.1% operating EBITDA margin) through the first six months of FY24. Fitch Ratings does not expect Texas Children's to meet its obligated group debt service coverage covenant at FYE24.

ACCESS REPORT

Wed 17 Jul, 2024

Baltimore County (MD): Fitch New Issue Report

The rating incorporates the county's 'aaa' financial resilience, which is based on its high midrange budgetary flexibility and an expectation for available reserves to be maintained equal to at least 10% of spending, compared to the current level of 27%. The economic and demographic strength composite, which incorporates the county's unemployment rate relative to the nation, educational attainment and median household income (MHI) as a percentage of the portfolio median, is 'Strong' but offset by a 'Weak' population trend metric. Population size and economic diversification are neutral to the rating. The rating also incorporates the county's 'Midrange' long-term liability burden composite. The rating additionally reflects the application of one positive analytical factor that recognizes the county's role as the center of an important and growing MSA that contributes significantly to the national economy.

ACCESS REPORT

Thu 18 Jul, 2024

South Carolina Public Service Authority (Santee Cooper) (SC): Fitch New Issue Report

The 'A-' rating reflects South Carolina Public Service Authority's (Santee Cooper or the authority) financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), which improved to 10.4x in 2023, but remains elevated. The Outlook revision to Stable reflects Fitch Rating's expectation that Santee Cooper's financial flexibility and revenue defensibility will improve following the expiration of its agreement to lock rates through January 16, 2025. The agreement was reached as part of a legal settlement to resolve significant litigation challenging the authority's ability to recover costs related to the V.C. Summer nuclear project (the

Cook Settlement). The improved flexibility should allow the authority to support higher leverage. Moreover, with the expiration of the rate lock approaching, the effect of previously deferred costs appears to be manageable, even if these costs cannot be recovered in the future.

ACCESS REPORT

Fri 19 Jul, 2024

A's Exec Tells Las Vegas Officials the Club Plans to Leave $30 million in Public Money on the Table.

LAS VEGAS — Oakland Athletics executive Sandy Dean told the Las Vegas Stadium Authority on Thursday that the club does not expect to spend the entire $380 million in public money allocated to build a new stadium in Las Vegas.

Dean said the A's plan to spend $350 million of those funds, leaving $30 million on the table. He also told the authority that the club plans to finance $300 million of the stadium cost, but no lenders have been secured.

"We've had strong interest from a number of companies that want to participate in that portion of the project," Dean said.

The other $850 million needed to build the $1.5 billion stadium would come from private equity.

Continue reading.

By Associated Press

Published July 18, 202

A's Offer Initial Vegas Stadium Funding Plans; Won't Use Entire $380M in Public Funding.

The Stadium Authority is told the team is "in good shape" for private financing and expects to have agreements in place by the fall.

A representative of the Oakland Athletics said Thursday the team is in "good shape" on securing financing for its future $1.5 billion stadium on the Strip, but didn't offer specific details on how the franchise will fund its expected $1.2 billion share of the stadium construction costs.

During a Las Vegas Stadium Authority meeting, a partner with the Fisher family and team owner John Fisher said the A's plan to use only $350 million of the legislatively approved $380 million in public financing, and never planned to use the full amount of financing provided by state lawmakers last year.

Sandy Dean said the team will offset a portion of the public money through debt financing.

Continue reading.

The Nevada Independent

by Howard Stutz

July 18th, 2024

Oakland Counts on Coliseum Sale to Close $117 Million Budget Gap.

- **City faces a $117 million budget shortfall this year**
- **Development group plans to build on old stadium site**

Oakland, California, risks having to slash spending and stall capital projects if officials are unable to close the sale of the city's soon-to-be defunct pro-sports arena in the next six weeks.

The Bay-Area city is facing a $117 million budget gap this fiscal year and a $175 million shortfall for the next. It's relying on cash from the sale of the Oakland-Alameda County Coliseum, where Major League Baseball's Athletics are playing their final season. Yet that deal is far from finalized.

To avoid cuts to city services, Oakland needs cash from the sale to come through by Sept. 1. There isn't a written purchase and sale agreement and the African American Sports and Entertainment Group — which plans to buy the facility — hasn't given the city a good faith deposit, according to city council member Janani Ramachandran, who voted against the plan to adjust Oakland's budget with those funds.

Continue reading.

Bloomberg Economics

By Maxwell Adler

July 17, 2024

University of California: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) reflects the University of California (UC) system's growing enrollment and very strong student demand characteristics, solid international reputation, steady operating performance inclusive of a sizable and accretive health system, generally steady support from the State of California (IDR AA/Stable) and expectations of flexibility and manageable leverage through a sizable capital improvement program. The 'AA' rating on the general revenue bonds (GRBs) reflects the support of UC's broad revenue pledge of unencumbered system revenues.

ACCESS REPORT

Tue 09 Jul, 2024

San Francisco To Sell $1.15 Billion In Bonds To Help Fund Sewer Projects.

San Francisco is planning to sell $1.15 billion in municipal bonds to help pay for improvements to its sewer system.

The Public Utilities Commission of the City and County of San Francisco will issue $432.3 million 2024 Series A bonds, $85.8 million 2024 Series B bonds, $547.8 million 2024 Series C bonds and $86.3 million 2024 Series D bonds to help finance capital projects benefiting wastewater treatment including its Sewer System Improvement Program, as well as retiring tax-exempt commercial paper notes and other purposes.

The 2024A and 2024C bonds have been designated as green bonds, meeting the Water Climate Bond Standard. The 2024A and 2024B notes are federally taxable, according to a document posted Monday on MuniOS.

Officials say the sewer program is aimed at helping maximize system flexibility, improving operational and seismic reliability, as well as promoting current and future regulatory compliance. San Francisco's combined sewage and stormwater system handles an average of about 40 billion gallons a year.

The interest rate and yield on the debt have yet to be determined. The bonds are expected to price on July 17 and 18 and the transaction has a preliminary closing date of July 31.

The bonds are secured by a pledge of net revenues from the Wastewater Enterprise under the utilities commission.

Moody's Ratings assigned Aa2 to all of the bonds. S&P Global Ratings assigned AA to the 2024B, 2024C and 2024D bonds but hasn't assigned a rating to the 2024A note.

BofA Securities and Morgan Stanley are the lead underwriters.

Provided by Dow Jones

By Patrick Sheridan

Jul 10, 2024 2:55pm

Write to Patrick Sheridan at patrick.sheridan@wsj.com

Baltimore County to Sell $386.9 Million of Municipal Bonds.

Maryland's Baltimore County plans to sell $386.9 million of general obligation bonds, including $160 million of construction bonds and $227 million of refunding bonds, according to a preliminary offering statement posted Monday on MuniOS.

The county will sell $115 million of Baltimore County Consolidated Public Improvement Bonds, and $45 million of Baltimore Country Metropolitan District Bonds. The refunding bonds consist of $124.2 million of Baltimore County Consolidated Public Improvement Bonds and $102.6 million of Baltimore County Metropolitan District Bonds.

The securities will be sold in a competitive bidding process on Tuesday. Public Resources Advisory Group is advising on the sale.

Money to repay buyers of the public improvement bonds will come from the general revenues of the county, including property and income taxes. The primary source of repayment for the metropolitan district bonds are special assessments and charges levied against property in the area.

Money raised from the sale of the improvement bonds will be used for public works, land preservation, and education. Proceeds from the construction bonds will be used for designing, building and acquiring water supply, sewerage and drainage systems for the county.

Moody's Ratings has rated the bonds Aaa. S&P Global Ratings and Fitch Ratings have rated the securities at AAA.

Provided by Dow Jones

Jul 8, 2024 1:39pm

By Stephen Nakrosis

Write to Stephen Nakrosis at stephen.nakrosis@wsj.com

Jerry Brown's Elite High School to Sell $132 Million of Bonds for Campus Upgrade.

- **Bond proceeds will help build student space with ocean views**
- **Students pay $32,950 to attend former governor's alma mater**

The elite Catholic high school that educated former California Governor Jerry Brown plans to tap the municipal bond market to raise $132 million to spruce up its 11-acre San Francisco campus.

St. Ignatius College Preparatory, a private high school just blocks from the Pacific Ocean has plans to build a new 165,000 square-foot learning complex complete with classrooms, gardens, cafes and the campus chapel. The so-called New Learning Commons will cost an estimated $185 million, most of it funded by municipal bonds, in a deal slated to price on July 17. The remaining financing will come from donations and its endowment, among other funds, according to preliminary bond documents.

"Our existing facility was built in 1969, and it's time for something new," said Ken Stupi, the school's vice president of finance and administration in an interview. "We need the space."

Continue reading.

Bloomberg Markets

By Maggie Eastland

July 11, 2024

[State of Connecticut: Fitch New Issue Report]

Absent tax policy changes, Fitch expects Connecticut's underlying revenues to grow only modestly over time, consistent with the state's wealthy and diverse, but slow-growing, economic profile. Connecticut's natural pace of spending growth is expected to marginally outpace revenue growth despite recently extending robust budget controls for the next decade. The state has consistently demonstrated the ability to cover its comparatively high fixed costs with more than a decade of full actuarial contributions to pensions supplemented by statutory additional pension payments from excess revenues. The state's long-term liability burden is elevated and among the highest for U.S. states but still moderate relative to personal income. Connecticut's robust fiscal resilience is bolstered by statutory mechanisms supporting accumulation of reserves, including setting aside in the budget reserve fund volatile revenue collections over specific thresholds and a required excess margin of revenues over budgeted spending.

ACCESS REPORT

Fri 12 Jul, 2024

[Fitch to Take Actions on Triborough Bridge and Tunnel Auth, NY Series 2003B-2 General Rev VR Bonds.]

Fitch Ratings-New York-11 July 2024: On the effective date of July 18, 2024, Fitch Ratings will revise the long-term rating to 'AA+' from 'AA-' and assign a short-term 'F1+' rating to the Triborough Bridge and Tunnel Authority, NY's general revenue variable rate bonds subseries 2003B-2. The Rating Outlook will be Stable for the long-term rating.

The rating action will be in connection with (1) the mandatory tender of the subseries 2003B-2 bonds,(2) the addition of an irrevocable direct-pay letter of credit (LOC) to be issued by TD Bank, N.A. (TD Bank, rated AA-/F1+/Negative), which will provide support for the subseries 2003B-2 bonds; (3) the remarketing of the subseries 2003B-2 bonds as VRDBs in the daily rate mode; and (4) the amendment and restatement of the certificate of determination for the bonds, which will take place on July 18, 2024.

KEY RATING DRIVERS
The long-term 'AA+' rating will be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying long-term rating assigned to the subseries 2003B-2 bonds by Fitch (AA-/Stable), and the long-term rating assigned by Fitch to TD Bank (AA-/Negative), which will provide a LOC to support the subseries 2003B-2 bonds. The short-term 'F1+' rating will be based solely on the short-term rating of the bank providing the LOC. For information about the underlying credit rating see Fitch's rating action commentary dated Jan. 31, 2024 at 'www.fitchratings.com'.

Fitch's dual-party pay criteria considers 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 will provide holders with a same day tender option while in the daily rate mode and an option to tender bonds upon seven-days notice while the bonds bear interest in the weekly interest rate mode; both daily and weekly modes will be rated by Fitch. Fitch will apply a two-notch uplift, which will result in a long-term rating of ‘AA+’ for the bonds.

TD Bank will be obligated to make regularly scheduled payments of principal and interest on the bonds in addition to payments upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The LOC will have a stated expiration date of July 18, 2029, unless extended or earlier terminated, and will provide full and sufficient coverage of principal plus an amount equal to 53 days of interest at a maximum rate of 9% based on a year of 365 days and purchase price for tendered bonds, while in the daily and weekly rate modes. TD Securities (USA) LLC will be the remarketing agent for the bonds.

The subseries 2003B-2 bonds will initially bear interest at a daily rate but may be converted to a weekly, commercial paper, term or fixed interest rate. While the bonds are in the daily or weekly rate modes interest payments will be on the first business day of each month starting on Aug. 1, 2024. The trustee will be obligated to make timely draws on the LOC to pay principal, interest, and purchase price. Funds drawn under the LOC are held uninvested, and are free from any lien prior to that of the bondholders.

Holders may tender their bonds on any business day, provided the tender agent and remarketing agent are given the requisite prior notice of the purchase. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate; (2) upon expiration, substitution or termination of the LOC; (3) following receipt of written notice from the bank of an event of default under the letter of credit and reimbursement agreement, and (4) following receipt of notice from the bank that the interest component will not be reinstated and directing such mandatory tender. Optional and mandatory redemption provisions also apply to the bonds.

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade
The Long-Term rating will be tied to the underlying long-term rating assigned to the bonds and the long-term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the long-term rating assigned to the bonds. Additionally, 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 to be assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the LOC.

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade
The long-term rating will be tied to the underlying long-term rating assigned to the bonds and the long-term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the long-term rating assigned to the bonds.

The short-term rating to be assigned to the bonds is at the highest rating level and cannot be upgraded.

New York State Authority to Sell $1.29 Billion of Municipal Bonds.

The Dormitory Authority of the State of New York plans to sell almost $1.29 billion of municipal bonds backed by money collected from the state's sales tax.

The Series 2024A bonds will be available in three separate tranches as part of a competitive sale scheduled for Wednesday, according to a preliminary offering statement posted on MuniOS. Public Resources Advisory Group is acting as an advisor on the sale.

Bonds being sold in Bidding Group 1 and Bidding Group 2 total about $430.3 million and $437.8 million, respectively, and pay an interest rate of 5%. The securities being offered in Bidding Group 3 total about $419 million and will be offered at a minimum interest rate of 5% and a maximum rate of 5.25%.

Proceeds from the sale will be used to finance, refinance and reimburse some or all of the costs related to certain capital projects. That includes work done as part of the Consolidated Local Street and Highway Improvement Program, and projects for the Metropolitan Transportation Authority.

The Dormitory Authority is one of three entities authorized to issue state sales tax revenue bonds. The state estimates it will collect about $19.1 billion in sales tax receipts during the 2024-2025 fiscal year. That is up from about $16.5 billion in the 2021-2022 fiscal year.

Moody's Ratings assigned the bonds a rating of Aa1.

Provided by Dow Jones

Jul 9, 2024 9:45am

By Adam L. Cataldo

Write to Adam L. Cataldo at adam.cataldo@wsj.com.

New York State Authority Sells $1.22 Billion in Bonds for Transportation Programs.

The Dormitory Authority of the State of New York sold $1.22 billion of municipal bonds to cover the costs of transportation programs and other projects.

The authority issued three groups of tax-exempt Series 2024A bonds maturing between 2026 and 2056, all with a 5% interest rate. The 10-year bonds carry a 2.98% yield, according to a statement published Thursday on MuniOs.

DASNY initially planned to raise nearly $1.29 billion with the sale.

The proceeds are meant to finance, refinance or reimburse the costs of certain capital projects, including work done as part of the Consolidated Local Street and Highway Improvement Program and projects for the Metropolitan Transportation Authority.

The bonds were sold in competitive bidding on Wednesday. Morgan Stanley bought the first tranche of bonds, which mature between 2026 and 2041. J.P. Morgan Securities bought the second group, maturing between 2042 and 2050, and BofA Securities bought the third tranche, maturing between 2051 and 2056.

The bonds are backed by money collected from the state's sales tax. The state estimated it would collect about $19.07 billion in sales tax receipts during the 2024-2025 fiscal year.

Interest is payable on each March 15 and Sept. 15, starting in March 2025.

Moody's Ratings has assigned the bonds an Aa1 rating and Kroll Bond Rating Agency rated them AAA.

Provided by Dow Jones

By Paulo Trevisani

Jul 12, 2024 10:35am

Write to Paulo Trevisani at paulo.trevisani@wsj.com

Orrick: Henry Ford Health Closes First-of-its-Kind Central Energy Hub Transaction

Henry Ford Health plans to build a $235 million Central Energy Hub as part of a broader $2.2 billion Detroit hospital campus expansion known as Destination: Grand.

Orrick represented the underwriters and served as special tax counsel in design, construction, financing, operations and maintenance deal for the Central Energy Hub, which will provide electric heating and cooling to several new hospital buildings.

Innovating in the energy as a service market, the deal achieved meaningful delivery and operational risk transfer of the Central Energy Hub to Provident Resources Group and Kiewit Development Company. That enables Henry Ford Health to focus on its core mission of providing world-class healthcare to its community.

The deal also involved tax-exempt financing that lowered the cost of capital and maximized the scope for the project.

In an interview with *IJGlobal*, Orrick's Matthew Neuringer discussed the nuances of the solution the Orrick team helped design and implement.

"This is a novel application of this particular type of not-for-profit tax-exempt financing solution through a project-developer-led approach for the energy as a service space," Neuringer said.

Plans for the Central Energy Hub are part of a major construction project that includes a new state-of-the-art patient tower with all private rooms, a 1,500-space parking deck and a physical rehabilitation institute through a partnership with Shirley Ryan AbilityLab.

THE COMPANIES

Henry Ford Health is a leading integrated and academic healthcare system based in Detroit, serving southeast and central Michigan.

In March of 2023, Henry Ford Health began looking for a private partner to design, build, finance, operate and maintain the Central Energy Hub. HFH selected Henry Ford Health Energy Partners (e.g. Kiewit, Veolia and Provident) as the preferred bidder.

Kiewit HFH Investors is the sole member of Henry Ford Health Energy Partners and a 100% equity sponsor.

Henry Ford Health Energy Partners has contracted with Kiewit Development Company for long-term management services.

"The project enables Henry Ford to focus on its core mission of transformational healthcare services and expanding those services while partnering with a world class provider of DBFOM services and energy development to focus on the non-core mission of the hospital development," Neuringer said in the interview.

Henry Ford Health said in a statement that the Central Energy Hub "will feature a hot and chilled water pump system that will provide electric heating and cooling to the new hospital facilities, allowing the system to limit and eventually fully avoid natural gas usage in those facilities. That means those buildings, including the CEH itself, will produce zero fossil fuels or emissions by our target dates in 2050."

THE TEAM

Orrick's Matthew Neuringer led the team as underwriters counsel. The team also included Robyn Helmlinger, Charles Cardall, Young Lee, Joseph Lodico, Ladan Mohaddes, Joshua Bonney, Ian Busche, Eric Newman & Henry McKenzie.

LEARN MORE

- Henry Ford Health
- Henry Ford Health news release on Central Energy Hub
- Kiewit Development Company
- Provident Resources Group announcement
- Read the IJGlobal article (requires subscription)
- Read More Orrick Client Results

San Diego, California: Fitch New Issue Report

The upgrade of the city's IDR and GO rating to 'AA+' from 'AA' reflects implementation of Fitch's new "U.S. Public Finance Local Government Rating Criteria". The 'AA+' rating incorporates the city's 'aa' financial resilience assessment, which reflects a limited budgetary flexibility and an expectation that available reserves will be maintained between 17.5% and 25% of spending (compared to the current 19%). The rating also reflects the city's midrange long-term liability burden (42nd percentile of the Fitch local government rating portfolio), midrange population trend (42nd percentile) and strong demographic and economic level, the composite of which is at the 64th percentile of Fitch's local government portfolio. The rating further reflects the application of positive additional analytical factor notches that recognize the city's role as the center of an important and large MSA with a vital role in the national economy. The 'AA' rating for the lease revenue bonds and commercial paper notes reflects the slightly higher optionality associated with the requirement to budget and appropriate for their debt service.

[ACCESS REPORT]

Fri 05 Jul, 2024 – 3:24 PM ET

[Voters to Decide if California Can Borrow $20B for Climate and Education.]

State lawmakers will likely place two bonds, one for climate change impacts and one for school repairs – each worth $10 billion – on the November ballot. The bonds will require a two-thirds approval from both chambers to reach the ballot.

California voters will likely decide whether to let the state borrow $20 billion to fight climate change and support schools, issues that advocates say are in need of a cash influx in light of recent budget cuts.

State lawmakers said Sunday that they reached agreements to place both a $10 billion bond to pay for climate change impacts and another $10 billion bond for school repairs.

Voter approval of borrowing is never a sure thing, even in a presidential election when turnout is high and the electorate skews more progressive. In 2020, for example, voters rejected a $15 billion schools facilities bond.

[Continue reading.]

governing.com

July 3, 2024 • Ari Plachta, The Sacramento Bee, TNS

[Bay Area Residents To Vote on $20 Billion Housing Bond.]

Localities Seek Regional Solution As State Cuts Funding Resources

Voters in San Francisco and eight adjoining counties will decide in the November election whether to support spending up to $20 billion to build or preserve affordable housing.

The ballot referendum could make enough funding available through municipal bonds to develop or preserve about 70,000 houses priced for households with low and moderate incomes. Its chances of passing depend on whether voters’ concerns about the housing crisis outweigh their fears of the higher property taxes needed to pay for the bonds.

The matter is headed for the ballot after the Bay Area Housing Finance Authority, the writer of the measure, voted to support it at a meeting this week. The California state legislature created the agency in 2019 to address the region’s spiraling housing costs.

[Continue reading.]

CoStar News

By David Holtzman

June 26, 2024

Los Angeles, California: Fitch New Issue Report

The Issuer Default Rating (IDR) upgrade to 'AA+' reflects the implementation of Fitch Ratings' new "U.S. Public Finance Local Government Rating Criteria". The 'AA+' IDR also reflects the city's 'aaa' financial resilience assessment and moderate long-term liability burden, balanced against weak demographic and economic trends and level metrics, including flat population growth, elevated unemployment, and below-average median household income (MHI).

ACCESS REPORT

Wed 26 Jun, 2024

Texas Biomed Taps Muni Market for Next Pandemic Battle.

Watch video.

Bloomberg Markets: The Close – Muni Moment

July 2nd, 2024, 2:19 PM PDT

Houston to Sell $589.4 Million of Bonds as Part of Settlement With Firefighters.

Houston plans to sell a total of $720.4 million of municipal bonds to payoff outstanding legal obligations and existing debt.

The city will sell Series 2024A bonds totalling $589.4 million to cover expenses related to the settlement of a legal dispute between the Houston Professional Fire Fighters's Association, according to a document posted on MuniOs. The Series 2024B securities, for $131 million, are bonds that will go to refund debt maturing in in 2025 and 2026.

Preliminary pricing information on the interest rate and yield on the debt wasn't provided. Investors will be paid back by money raised from city taxes on property.

Moody's Investors Service has rated the bonds Aa3.

Ramirez & Co. is lead underwriter on the deal.

Provided by Dow Jones

Jul 1, 2024 12:08pm

By Paulo Trevisani

[Nashville to Sell $350 Million of Bonds for Vanderbilt University,]

Nashville plans to issue $350 million in municipal bonds to pay for upgrades at Vanderbilt University.

Proceeds from the sale will be used to finance the cost of acquiring, constructing and installing certain capital improvements to the educational and educational support facilities at the university, according to a document posted on MuniOS.

The bonds will be sold on Vanderbilt's behalf by the Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County.

The interest rate and yield on the debt have yet to be determined, according to a document posted on MuniOS. The bonds are expected to price July 10 and the transaction has a preliminary closing date of Aug. 1.

Bond holders will be repaid with funds from the school's endowment, tuition, fees and other charges to students and revenue from the university's medical center.

Founded in 1873, Vanderbilt is located on a 330-acre campus in Nashville, Tenn., and has about 13,500 undergraduate, post-graduate and professional students. The university operates what it describes as 10 different academic units including schools of nursing, medicine, law and engineering.

Moody's Investors Service and S&P Global Ratings have assigned ratings of Aa1 and AAA, respectively, to the bonds.

RBC Capital Markets and BofA Securities are lead underwriters on the deal.

Write to Patrick Sheridan at patrick.sheridan@wsj.com

Provided by Dow Jones

Jul 1, 2024 11:21am

[Florida's Miami-Dade to Sell $923.5 Million in Bonds to Refund Debt Sold for Miami International Airport.]

Florida's Miami-Dade County plans to issue $923.5 million in municipal bonds to refund debt sold in connection with capital improvements at Miami International Airport.

Proceeds will be used to refund aviation bonds series 2014, 2014A and 2014B.

Miami-Dade County is issuing $782.4 million Aviation Revenue Refunding Bonds Series 2024A subject to the alternative minimum tax and $141.1 million Aviation Revenue Refunding Bonds Series 2024B, which is non-AMT.

The interest rate and yield on the debt have yet to be determined, according to a document posted Tuesday on MuniOS. The bonds are expected to price July 16 and the transaction has a preliminary closing date of Aug. 1.

Bondholders will be repaid with funds from the terminals, grounds, runways and taxiways of the Miami International Airport and three other general aviation airports.

The airport is American Airlines' largest international hub operation, including providing most of the carrier's capacity from the U.S. to the Caribbean and Latin America.

S&P Global Ratings and Fitch Ratings have each assigned A+ to the Series 2024 bonds.

Barclays is the lead underwriter.

Provided by Dow Jones

Jul 3, 2024

By Patrick Sheridan

Tallahassee (FL): Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'aa' Favorable Service Area, Affordable Rates for a Significant Majority of the Population: The city retains the legal authority to adjust rates as needed without external oversight. Fitch considers the monthly residential water and sewer bill affordable for about 77% of the service area population based on standard monthly usage of 7,500 gallons for water and 6,000 gallons for sewer. The favorable service area is supported by the city's role as a regional economic center and state capital, that is characterized by a moderate unemployment rate relative to the nation, yet below-average income levels. The customer count contracted in fiscal 2023 with the implementation of a new billing system, but in prior years was growing less than 1% annually; modest growth around this level is expected to continue. Income levels are about 30% lower than the national median as of 2022. The unemployment rate has decreased to 3% since 2020. However, it was 6% less than the national average in 2023.

ACCESS REPORT

Fri 05 Jul, 2024 – 10:19 AM ET

Washington, State of (WA): Fitch New Issue Report

Key Rating Drivers Revenue Framework – 'aaa' Revenue performance over time has exceeded U.S. GDP growth, and Fitch expects this to continue to support strong growth prospects. The state has complete independent control over taxation, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework – 'aa' Washington possesses ample expenditure flexibility, with statutory commitments, broad responsibility for education and infrastructure spending offset by low carrying costs. Washington also benefits from the broad expense-cutting authority common to most U.S. states. Washington's spending growth, absent policy actions, will likely be marginally above its solid revenue growth, requiring regular budget management to ensure ongoing balance. Long-Term Liability Burden – 'aaa' The combined burden of debt and net pension liabilities is low as a percentage of personal income but above the median for U.S. states. Debt ratios incorporate the funding of substantial capital needs, particularly for transportation, but are offset by a moderate net pension liability and an expanding economic resource base.

ACCESS REPORT

Wed 26 Jun, 2024 – 3:00 PM ET

District of Columbia Water & Sewer Authority: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) and subordinate lien bond rating reflect the authority's very strong financial profile in the context of its very strong revenue defensibility and operating risk profile, both assessed at 'aa'. The strength of the revenue defensibility is rooted in the authority's independent ability to increase user charges for both retail and wholesale customers without external oversight as well as its location within a robust economic area. The operating risk profile reflects a very low operating cost burden and moderate life cycle ratio.

ACCESS REPORT

Thu 27 Jun, 2024

Ohio Sells $250 Million of Municipal Bonds to Finance Clean Water Projects.

The Ohio Water Development Authority has sold $250 million of revenue bonds to fund clean water projects across the state.

Money from the sale will go to the authority's Drinking Water Assistance Fund, which lends money to government agencies to help them pay for public water projects.

Securities maturing in 2034 will pay investors an interest rate of 5% and yield of 2.9%, according to a document posted Tuesday on MuniOS.

The bonds are backed by various sources of revenue, including all interest payments made on loans by the fund, along with all payments made on already existing and future loans that the fund makes.

The fund was established in 1997 following passage of the Safe Drinking Water Act Amendments of 1996, which was meant to help states finance infrastructure repairs so they could maintain compliance with federal clean water requirements and protect public health.

The bonds were rated by Moody's Ratings Aaa, and by S&P Global Ratings AAA.

Stifel Nicolaus & Company and Ramirez & Co. were lead underwriters on the deal.

Provided by Dow Jones

Jul 3, 2024 4:04pm

By Stephen Nakrosis

Chicago Pension Debt Rises to $37 Billion as City Hunts for Cash.

- **Net liability rose 5% in 2023, according to annual report**
- **Mayor says city still faces long-term structural challenges**

Chicago's pension burden climbed again last year as new laws and accounting measures added to costs, and first-term Mayor Brandon Johnson looks for new revenue.

The net pension liability across the city's four retirement funds rose about 5% to $37.2 billion as of Dec. 31, up from $35.4 billion a year earlier, according to Chicago's latest annual financial report.

The amount the city owes to its four pensions that pay benefits to retired firefighters, police officers, municipal workers and laborers increased because of changes in pension assumptions and legislation, according to the report. The increase in costs was partly offset by investment income.

Continue reading.

Bloomberg Markets

By Shruti Singh

July 1, 2024

New Jersey College Asks Bondholders to Borrow Against Mortgage.

- **School would be able to borrow more if Princeton campus sells**
- **Effort shows struggle of small schools facing enrollment pinch**

Rider University, a small college outside of Trenton, New Jersey, is trying to raise additional funds to help an ongoing liquidity crunch.

College officials asked bondholders for permission to borrow against the mortgage on the school's main campus in Lawrenceville, New Jersey, according to a bond filing dated Friday. If approved, the move would free up much-needed cash for Rider in the short-term.

"In the spirit of good partnership with our current bondholders, we have been in discussion with them regarding this, and we understand that a majority of them are willing to consent to the amendment," said Kristine Brown, a spokesperson for the school.

The proposal shows the mounting challenges for small schools to make ends meet as they contend with declining enrollments and rising costs. Those pressures have driven colleges across the US to close or merge, while pushing others into new lines of business like online education, adult learning and monetizing real estate.

Continue reading.

Bloomberg Markets

By Nic Querolo

July 2, 2024

City of Phoenix, Arizona: Fitch New Issue Report

The ‘AA+’ excise tax bond rating reflects solid post-pandemic growth prospects for the city’s pledged revenues, as well as its robust financial resilience. Additional leveraging of the pledged revenues is not expected to materially reduce the current healthy debt service cushion, given the application of surplus pledged revenues to support general fund operations.

ACCESS REPORT

Tue 18 Jun, 2024

State of Michigan: Fitch New Issue Report

Michigan’s ‘AA+’ Issuer Default Rating (IDR) reflects the state’s robust financial resilience bolstered by ample reserves, low long-term liability burden consisting of debt and net pension liabilities, and moderate fixed costs. Michigan’s cash, governmental reserves and rainy-day fund balance, combined, exceed previous highs due to conservative revenue forecasting and a disciplined approach to budgeting, reflecting the state’s demonstrated commitment to directing nonrecurring revenues to one-time uses.

ACCESS REPORT

Tue 18 Jun, 2024

Massachusetts Bay Transportation Authority: Fitch New Issue Report

The ‘AAA’ rating on the Massachusetts Bay Transportation Authority’s (MBTA) senior dedicated sales tax bonds reflects the strong standalone credit quality of the dedicated portion of the commonwealth’s sales tax allocated to the MBTA. The rating incorporates leverage limitations that provide structural resilience, in light of a sizable ongoing borrowing program and relatively strong revenue growth. The bonds are insulated from both the operations of the MBTA and the commonwealth, allowing for a rating distinct from MBTA operations and linked to, but not capped by, the commonwealth’s ‘AA+’ Issuer Default Rating (IDR).

ACCESS REPORT

Thu 20 Jun, 2024

Metropolitan Transportation Authority, New York: Fitch New Issue Report

Expectations for pledged payroll taxes and certain transportation fees reflect the large, diverse and wealthy economic base of the Metropolitan Commuter Transportation District (MCTD). The payroll component constituted an estimated 89% of receipts in 2023 and will constitute a larger share following the July 2023 rate increase. Pledged receipts are economically sensitive, particularly the component levied on regional payrolls, but the bonds' structure supports resilience against revenue volatility at a level consistent with a 'aaa' assessment. A statutory prohibition against a Metropolitan Transportation Authority (MTA) bankruptcy filing, the allocation of dedicated revenues to the MTA without appropriation and the state legislature's ability to change the taxable base eliminates MTA operating exposure and caps it at the state's Issuer Default Rating.

ACCESS REPORT

Fri 21 Jun, 2024

Los Angeles Is Borrowing $150 Million to House Thousands of Its Homeless.

- **City plans to raise funds by selling municipal debt on June 24**
- **Unhoused population is up 63% since 2016 vote to tackle crisis**

Los Angeles plans to issue $150 million of municipal debt next week to raise money for housing construction as it moves to ease a mounting homelessness crisis in the second-most populous US city.

The sale is part of a $1.2 billion city bond measure — Proposition HHH — that voters approved in 2016. It was designed to develop permanent, rent-stabilized housing for some of the city's residents most in need. Proceeds of this month's borrowing will finance the construction of 2,574 units, bond documents show. Ultimately, the financing earmarked through HHH is expected to provide residences for as many as 16,000 people.

The city of 3.8 million has been pouring money into addressing a growing homelessness emergency that's been magnified by soaring rents and stagnant incomes in the wake of the pandemic. Some 46,260 people in Los Angeles were unhoused in 2023, up almost a third from before the pandemic and 63% from eight years ago when the measure passed, the Los Angeles Homeless Services Authority estimates. Combining the city and county, Los Angeles trails only New York City in terms of the size of its homeless population, federal data show.

Continue reading.

Bloomberg Markets

By Maxwell Adler and Ali Juell

June 18, 2024

Trial Over Austin's Project Connect Financing Model Halted by Appeal from Texas AG.

Lawyers in the Texas attorney general's office filed an appeal in a Travis County courtroom Monday, halting the trial to determine whether the funding model for Austin's planned multibillion-dollar light rail is allowed under state law.

Project Connect, which was approved by voters in 2020 with an increase of more than 20% in the city's maintenance and operations property tax rate, originally was to include several transit projects and miles of light rail — the centerpiece of the proposition, which supporters lauded as a generational investment in Austin's transit infrastructure.

Plans for the light rail portion of the project have since been scaled down to under 10 miles, and construction is estimated to cost more, city and Austin Transit Partnership leaders have said. The Austin Transit Partnership is a local government corporation established by the city and Capital Metro to plan and build the light-rail system.

Continue reading.

Austin American-Statesman

by Ella McCarthy

June 17, 2024

S&P on California Groundwater: Tulare Lake Subbasin's Probation May Herald More Restrictions, Rating Changes

A California groundwater subbasin's probation placement could pressure the revenue and pricing power of 40 San Joaquin Valley municipal water, sewer, and utility districts. S&P Global Ratings also believes it could influence agricultural output, depress land value, raise water production costs, and ultimately force land out of agricultural use and raise household bills.

Continue reading.

13 Jun, 2024

S&P Pension Spotlight: Massachusetts

Key Takeaways

- Massachusetts' largest commonwealth and regional pension systems are comparably poorly funded, and the commonwealth has mandated that government pension plans be fully funded by 2040.
- Pension plan funding schedules include large annual contribution increases and elevated discount rate assumptions. We believe that contribution costs will continue to outpace local governments' budgetary growth, pressuring many municipal budgets, especially those with limited tax base

growth or little revenue raising flexibility under Proposition 2 ½ limits.
- Many local governments do not plan to fund their other postemployment benefits (OPEBs) until their pension system is fully funded, resulting in liabilities that rise in tandem with budgetary and funding risk.
- We will evaluate, on a case-by-case basis, the influence rising pension contributions within municipal and state budgets have on our ratings.

Continue reading.

17 Jun, 2024

Fitch: Securing Funds Key to MTA Credit in Wake of NYC Congestion Pricing Pause

Fitch Ratings-New York-11 June 2024: Fitch Ratings does not anticipate taking near-term negative rating action on the Metropolitan Transportation Authority's (MTA) 'AA'/Stable Issuer Default Rating (IDR) in response to New York State Governor Hochul's decision to pause the MTA's New York City congestion pricing plan. The governor and state legislative leaders have emphasized the state's strong commitment to support and find alternative revenue sources for the MTA. This aligns with Fitch's view that the MTA has a close fiscal relationship with the state (AA+/Stable), as assessed under our Government-Related Entities (GRE) Rating Criteria, which explicitly recognizes the likelihood of support.

The MTA's operating outlook remains stable, reflecting an improved fiscal outlook largely driven by the state's increase of the maximum rate of the Payroll Mobility Tax (PMT) last year. However, the indefinite suspension of congestion pricing creates significant uncertainty for the MTA capital program only months after the agency announced it was halting all new construction contracts due to lawsuits against congestion pricing. Extended delays in replacing the lost revenue from the congestion plan could weaken Fitch's assessment of the state's support of the MTA under the GRE criteria and negatively affect the MTA's Standalone Credit Profile and IDR.

Congestion pricing, which was to begin on June 30, 2024, was expected to raise $1 billion in annual revenue to support $15 billion in borrowing capacity, or approximately half of the approximately $30 billion of remaining project costs under the MTA's current $51.5 billion 2020-2024 capital plan. Congestion pricing as a bond financing vehicle was itself not without uncertainty, lacking a proven revenue history for a first-of-its-kind system in the U.S. Nevertheless, the delay will postpone various projects including signal upgrades and replacement, the purchase of new railcars and electric buses, and ADA accessibility projects.

Fitch does not view the loss of proceeds from congestion pricing as a near-term liquidity challenge for the MTA. Per Fitch's GRE criteria, the MTA's IDR reflects an 'extremely likely' score assessment that the state would support the MTA in case of need. However, extended delays by the state in establishing a long-term revenue solution threatens the MTA's ability to effectively execute its 2020-2024 capital program. This could have long-term ramifications for system performance and ridership, which is still only at about 70% of pre-pandemic levels on most weekdays. An extended delay could also lead Fitch to reassess the state's propensity to provide support in the future, which would result in a negative rating action on the MTA's IDR.

Long-term replacements for congestion pricing project revenues could include new or expanded state or regional taxes and fees or a limited draw on state resources. The state legislature adjourned this weekend without deciding on an alternative long-term funding source with the next regular session starting in January 2025. However, the governor can convene an extraordinary session before then.

The MTA, through its Triborough Bridge and Tunnel Authority (TBTA), has a $544 million contract with Transcore to design, build, operate and maintain the tolling program. Congestion pricing infrastructure, including gantries and license plate readers, is already in place, supported with $193 million in TBTA bond anticipation notes (A+/Stable). Although TBTA intended to take out the bond anticipation notes with debt backed by congestion toll revenues, Fitch's rating conservatively assumes the bonds will be rolled over to long-term TBTA revenue bonds (outstanding senior and subordinate bonds rated 'AA-'/'A+' Stable).

The MTA's CEO recently stated the authority intends to continue pursuing congestion pricing, including challenging outstanding lawsuits. The governor's decision may face litigation alleging violations of the 2019 Traffic Mobility Act, which mandated that the MTA create the congestion pricing program but without an explicit deadline. The MTA board, which is scheduled to meet on June 26, has stated it cannot proceed with congestion pricing without the consent of the state under applicable federal law and regulation. This appears to address questions related to the MTA board's legal standing to suspend congestion pricing.

S&P Bulletin: Postponement Of Congestion Pricing Could Strain Revenue Sources For Metropolitan Transportation Authority, NY

NEW YORK (S&P Global Ratings) June 7, 2024–S&P Global Ratings said today that the likely indefinite postponement of the Metropolitan Transportation Authority, N.Y.'s (MTA) central business district tolling program (CBDTP) increases uncertainty regarding funding sources for MTA's current and next multiyear capital plan. At the same time, the postponement could eliminate the risk of lower traffic on MTA's bridges and tunnels.

As a result of these two developments, we don't anticipate revising the MTA's transportation revenue bonds (TRB) rating or outlook (A-/Positive) at this time. However, we are expecting MTA's upcoming July and November financial plans to provide clarity on this funding shortfall. We also anticipate the MTA will release the cost and funding plan for its next multiyear capital program this fall.

We also do not expect to change our rating on MTA's payroll mobility tax bonds (AA+/Stable), given that the pledge of revenues consists mainly of employer mobility tax collected from private- and public-sector employers within the Metropolitan Commuter Transportation District and is not dependent on MTA's operation or ridership levels.

Continue reading.

7 Jun, 2024

New York's MTA Braces for Higher Borrowing Costs With Toll Halt.

- **Debt service may increase by $300 million without new funding**
- **MTA may need to sell farebox bonds sooner than anticipated**

While delaying New York City's congestion pricing initiative blew a $15 billion hole in the Metropolitan Transportation Authority's capital program, it also may strain the transit agency's operating budget.

The MTA, which runs the city's subways, buses and commuter rail lines, was counting on $1 billion of new revenue each year from motorists paying a new toll to drive into Manhattan's central business district. The MTA would then issue new congestion pricing bonds to provide $15 billion to modernize the more than 100-year-old system.

Selling the congestion pricing bonds would have allowed the MTA to postpone issuing debt that's repaid from its operating budget, giving that spending plan some breathing room as it works to increase ridership before taking on more debt. But without congestion pricing bonds or an alternative revenue source, the MTA says it will need to sell such debt earlier than planned. That means debt-service costs would increase sooner than anticipated by as much as $300 million a year, the MTA has warned.

Continue reading.

Bloomberg Markets

By Michelle Kaske

June 12, 2024

Palm Beach Seeks $95 Million Bond to Help House Service Workers

- **Wealthy transplants mean housing costs have nearly doubled**
- **An income up to $137,620 can qualify for subsidized housing**

Florida's Palm Beach has lured some of the world's wealthiest and most powerful people with its palatial, oceanfront estates home to presidential hopefuls, hedge-fund titans and real-estate tycoons.

Now, one of the nation's richest counties is asking investors for $95 million to make sure teachers, firefighters and garbage men have a place to live there too.

Palm Beach County is expected to offer property-tax backed municipal bonds to finance low-interest loans for developers building affordable and workforce housing. The deal, slated to price on Tuesday, is part of a larger $200 million package voters approved in 2022 to respond to one of the most acute housing crises in the US.

Continue reading.

Bloomberg Markets

By Maggie Eastland

June 17, 2024

[MarketAxess Announces First Portfolio Trade for Tax-Exempt Municipal Bonds.]

New tool brings e-trading efficiency and certainty of execution to muni baskets of up to 1,500 CUSIPs

NEW YORK, June 13, 2024–(BUSINESS WIRE)–MarketAxess Holdings Inc. (Nasdaq: MKTX), the operator of a leading electronic trading platform for fixed-income securities, today announced the platform's first ever portfolio trade for tax-exempt municipal bonds. The portfolio trade was executed earlier this month between a large bank and a large asset manager.

The new Portfolio Trading for Tax-Exempt Munis tool allows clients to send lists to multiple counter-parties or a single dealer, negotiating price improvements and trading discreetly on a diversified basket of Tax-Exempt Munis in one singular point of transaction. Clients can load portfolio trades manually or utilize straight-through-processing via their OMS. Once loaded, clients can see instantly the changes in portfolio metrics, any impact on the portfolio's overall market value and utilize MarketAxess' technology to make split-second decisions on portfolio composition and pricing. During the portfolio negotiation process, clients also have the option to counter or remove individual line items for optimal execution.

Daniel Kelly, Head of Municipal Securities at MarketAxess, commented, "The portfolio trading tool was among the most requested enhancements to our Municipal bond franchise. Now muni traders can finally experience the same efficiency their counterparts in the corporate bond market have enjoyed for years—the flexibility to negotiate on individual line items without sacrificing certainty of execution for up to 1,500 unique CUSIPs in a single transaction.

With the launch of our automated execution suite of tools for munis last year and now, portfolio trading—we are proud to be delivering the innovation municipal market participants have asked for, and needed, to effectively scale their businesses," he continued.

MarketAxess is one of the fastest growing electronic marketplaces for muni bonds. Last month, MarketAxess accounted for 8.1% estimated market share of municipal bonds—up from 5.6% the year prior—and representing $577 million in average daily volumes.

For more information on MarketAxess muni solutions, visit:
https://www.marketaxess.com/trade/municipal-bonds

Thu, Jun 13, 2024

[Troubled Pennsylvania Hospital Chain Preps $1 Billion Debt Swap.]

- **Proceeds of new debt sale will be used for working capital**
- **Tower Health expects to reach profitability this year**

Struggling Pennsylvania hospital chain Tower Health plans to exchange current debt and raise additional funds as it pursues a turnaround.

The system, trustee and bondholders of about $992 million in debt are supporting an exchange of "substantially all" existing bonds, according to a May 31 agreement that Tower Health disclosed in a filing Monday. The system also plans on selling $142.5 million of new municipal bonds for working capital. The finalized agreement will close in August, according to a spokesperson for Tower Health.

"This agreement secures substantial liquidity support and provides a longer-term window to advance our continued financial turnaround efforts," Tower Health said in an emailed statement.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

June 3, 2024

The Superior Court of California Invalidates the HOME Act: Seyfarth Shaw

Several cities in California successfully petitioned for a writ of mandate seeking the invalidation of California Senate Bill 9 (the HOME Act).

On April 22, 2024, the Superior Court of California for the County of Los Angeles granted the cities' petition on the basis that SB 9 violates the California Constitution because the act is not "sufficiently narrowly tailored to … ensure access to affordable housing."[i] *City of Redondo Beach et. al, vs. Rob Bonta, in his capacity as California Attorney General, et. al. Superior Court of California, County of Los Angeles (Case No. 22STCP01143).*

In short, the Court held that even if single family residential lots would presumably be more easily subdivided (by means of regulatory changes brought about by the HOME Act, as we discuss next), affordable housing may not result.

Continue reading.

by Gordon F. Peery

May 30, 2024

Seyfarth Shaw

Orrick: Nearly $725 Million in Bond Proceeds to Finance New Replacement Passenger Terminal at Hollywood Burbank Airport

The authority that operates Hollywood Burbank Airport has closed on $724.78 million in bonds to help finance construction of a new passenger terminal.

Orrick represented the Burbank-Glendale-Pasadena Airport Authority as bond and disclosure counsel in issuing 2024 Series A, B and C Airport Senior Revenue Bonds.

The final pricing terms resulted in a true interest cost of 4.54% and total net debt service of $1.32 billion, the authority said in a statement.

THE AUTHORITY

The Burbank-Glendale-Pasadena Airport Authority is a government agency created under a joint powers agreement between the cities of Burbank, Glendale and Pasadena for the sole purpose of owning and operating Hollywood Burbank Airport.

THE IMPACT

The financing will support a new 14-gate passenger terminal at Hollywood Burbank Airport.

More than 100 institutional investors participated in the transaction.

“The Authority and its financing team believe the overwhelming reception for the bonds by the investment community provides a strong foundation for a second bond issue, anticipated to occur in 2026, to complete funding of the (Replacement Passenger Terminal) Project,” says Felicia Williams, President of the Authority.

The replacement terminal is scheduled to open in October 2026.

THE TEAM

Orrick’s Larry Sobel and Jenna Magan led the team advising the authority. The team also included Les Krusen, Sean Baxter and Cathleen Chang.

May.31.2024

How Debt Ate Chicago.

Mounting liabilities are the greatest threat to the city’s survival.

A fight broke out late one Saturday night, or, more accurately, early Sunday morning, at a bar on Chicago’s South Side. Someone called the police just after 4:30 AM. But the police didn’t come. The fight soon moved outside; one man issued a threat, got into his car, and then plowed it into the crowd, just before five o’clock. Three people were killed. Still no police. An officer wasn’t dispatched until 5:20 and didn’t arrive until more than an hour after the original call.

Chicago faces a dire police shortage. (See “Can We Get Back to Tougher Policing?,”) Over half of high-priority 911 calls had no cops available to respond. One important reason is that the city is now allocating almost half of its budget to debt and pensions, leaving ever less for essential services, including public safety. The municipal government is acting more like a conduit channeling money from residents to check-collectors than a protector of its citizens’ rights and liberties.

Chicago has dominated America’s heartland since the late nineteenth century. As the City of the Big Shoulders, it has been a place whose self-reliance and drive allowed it to compete with coastal metros boasting more obvious advantages. Chicago’s landscape and weather may leave something to be desired, but the city’s combination of cosmopolitanism and localism, embodied in its diverse neighborhoods, has helped give it a distinctive American personality. Yet bad services, corrupt politics, and elevated crime have made life in Chicago increasingly unpleasant, all worsened by the city’s parlous finances.

Continue reading.

City Journal

by Judge Glock

Spring, 2024

Illinois Debt Penalty Shrinks as 'Unexciting' Budget Passes.

- **Fiscal 2025 budget heads to Governor Pritzker for signature**
- **State has 'come a long way' narrowing gap with peers: Schoback**

Illinois is closing the gap with its peers in the municipal-bond market as investors herald the passing of an on-time budget and a broad improvement in the state's fiscal standing.

The extra yield that investors demand on Illinois debt shrank on Wednesday toward the lowest levels of 2024 as lawmakers approved a $53 billion budget for the year starting July 1, a sign pressure is easing on the US state with the weakest credit rating.

The budget was the tightest in several years and led to back and forth in the two Democrat-controlled chambers about how to balance revenue with rising costs. But there were none of the kind of fireworks Illinois has exhibited in past years, such as in the budget impasses seen from 2015 to 2017, said Ty Schoback, a senior municipal research analyst for Columbia Threadneedle Investments.

Continue reading.

Bloomberg Markets

By Shruti Singh

May 29, 2024

Yale University's Hospital System to Sell $670 Million of Debt.

- **Connecticut chain is returning to muni market like its peers**
- **Half of the proceeds will be used on capital projects**

Yale New Haven Health System is slated to join a flurry of hospitals issuing municipal bonds this year.

The Connecticut-based chain affiliated with the Ivy League university plans to borrow about $670 million next month. Half of the proceeds from the debt sale will be used for its capital-spending program, which includes a neurosciences center, said Dana Marnane, a spokesperson for the system, in an email.

Hospital borrowing in the state and local government debt market has boomed this year, with deals already running at more than triple the rate of 2023, and more bond issuances are expected. Many of the larger systems are seeing their finances stabilize after the upheaval of the pandemic, though they've had to adjust to much higher costs for labor and supplies.

Continue reading.

Bloomberg

By Lauren Coleman-Lochner

May 30, 2024

Bank of America Backtracks on Lending Ban to Some Gunmakers.

- **Ban ends on loans to makers of assault weapons for civilians**
- **Policy pullback comes as Florida, Texas hit banks in ESG fight**

Bank of America Corp. is loosening restrictions on lending to the firearms and energy industries amid pressure from anti-ESG politicians in Texas and Florida.

The bank backed off its ban on lending to companies that make assault-style guns used for non-military purposes. Rather, the firm will make such decisions on a case-by-case basis with senior risk officers, according to its latest environmental and social risk policy framework. The Charlotte, North Carolina-based bank also made similar changes to its energy lending policies — it no longer has a blanket ban on financing for Arctic drilling.

"Certain client relationships or transactions that carry heightened risks go through a due diligence process that involves senior level risk review," a Bank of America spokesperson said in an emailed statement. "We recently detailed that in our updated risk policy framework."

Continue reading.

Bloomberg Markets

By Amanda Albright

May 31, 2024

Philadelphia Arts College With $50 Million of Muni Debt to Shut.

- **The University of the Arts is the latest to announce closure**
- **School was in fragile financial state with enrollment dip**

University of the Arts, a private college in Philadelphia that trains future animators and dancers with roughly $50 million of municipal debt outstanding, is abruptly closing after its finances deteriorated.

The college, founded in 1876 with about 1,200 full-time students, announced on Friday that it would close on June 7, marking the latest college to announce plans to do so this year. The school's campus is located in a historic arts district of Philadelphia.

"Like many institutions of higher learning, UArts has been in a fragile financial state, with many years of declining enrollments, declining revenues, and increasing expenses," Judson Aaron, chair of the board of trustees, and Kerry Walk, president of the college, said in a statement dated May 31.

"We are struggling to make sense of the present moment."

Continue reading.

Bloomberg Markets

By Amanda Albright

June 3, 2024

Texas Capital Securities Launches Public Finance Division, Taps Veteran Investment Banker to Spearhead Expansion.

Steve Genyk has joined Dallas-based Texas Capital Securities as Managing Director and Head of Public Finance. The investment banker, formerly head of public finance at UBS Financial Services, will build out TCS's new Public Finance business.

Launched in 2022, Texas Capital Securities initially focused on corporate and mortgage sales/trading services. The new public finance division will provide municipal underwriting services to governments, nonprofits, and institutions in Texas and across the country.

The announcement was made by Texas Capital Bancshares, the parent company of Texas Capital.

Texas Capital President & CEO Rob C. Holmes said the expansion to serve municipal and public finance clients was "the next logical step to ensure Texas Capital remains the first call for companies and institutions" across the state.

"We're particularly excited about our prospects in public finance thanks to potential synergies with Texas Capital's well-established Government, Nonprofit and Institutions corporate banking group," he said in a statement.

Holmes emphasized that "Texas cities, towns, schools and other institutions should be served by Texas-based municipal dealers and advisors," adding that TCS is proud to extend its full-service platform to the government and public finance sector.

Holmes called Genyk's appointment a "significant milestone" for Texas Capital as it continues to expand its corporate & investment banking capabilities. "Municipalities, nonprofits, and other municipal issuers in the state of Texas deserve to have a firm that makes decisions locally," he said.

Genyk, who is based in Dallas, comes to Texas Capital from UBS Financial Services, where he held several leadership positions, including head of public finance, head of institutional middle markets and head of municipal trading.

As head of public finance, TCS said Genyk brings a proven track record of business building in the public finance sector and a shared obsession for client service. The company said Genyk's addition underscores its commitment to being a full-service financial services institution equipped to serve the state, cities, schools, and institutions of Texas and beyond.

"It's an honor to join Texas Capital as it continues to build the premier full-service financial services firm headquartered in Texas," Genyk said in a statement.

The new managing director looks forward to “building on the track record of innovation at TCS with the successful launch of our Public Finance business, partnering with the other firms conducting municipal business in this great state, and serving our clients with diligence and integrity.”

TCS said Genyk brings more than three decades of comprehensive leadership experience in the financial industry to his new role.

Before joining UBS, Genyk was head of fixed-income capital markets at Janney Montgomery Scott LLC and SVP of financing services at Philadelphia Industrial Development Corp. Genyk also held the role of managing director of public finance at Bear, Stearns & Co.

DALLAS INNOVATES

BY LANCE MURRAY • MAY 17, 2024

Quincy Preston contributed to this report.

Texans Face Higher Taxes Due To a Republican Fight With ‘Woke’ Banks.

“Banks should act like banks, not like political activists that are hostile to our state, our citizens, and our economy.” Those are the words of Ken Paxton, the attorney general for the State of Texas. If only Paxton would abide a variation of his advice for banks, whereby Republicans would act like Republicans, and not act in hostile fashion toward businesses that operate in the state of Texas. Alas, Paxton isn’t abiding the proposed variation.

Instead, he’s supported legislation in the Lone Star State dating back to 2021 that disallows governmental bodies in Texas from doing business with financial institutions seen as hostile toward or taking a stand against firearms or fossil fuels. Put another way, Paxton and other Texas pols are using swagger not their own to bully financial institutions operating within Texas to do the kind of business they think they should do.

Up front, politicians harassing businesses isn’t a huge surprise. That’s the way of things, or frequently the way of things among Democrats. Except that Paxton et al are yet again Republicans. Which lends the story a man-bites-dog quality. Republicans don’t do this, do they?

Continue reading.

Forbes

by John Tamny

May 21, 2024

Posh Florida Care Facility to Borrow $260 Million for Expansion.

- **Shell Point Retirement plans to build a new 14-story tower**
- **Hurricane Ian hit operator with up to $85 million in damages**

The largest single-site, not-for-profit retirement community in the US is selling municipal bonds to finance an expansion, less than two years after Hurricane Ian caused as much as $85 million of damages.

Fort Myers, Florida-based Shell Point Retirement Community plans to borrow about $260 million to build a new tower with independent-living units, plus a 152,000 square-foot “town center” facility. The new community center will also be a hurricane-grade shelter, said Burke Rainey, Shell Point’s chief financial officer.

Retirement communities with land to build are adding independent-living units “because that’s what’s driving their businesses right now, higher occupancies, for which they generally receive an entrance fee,” Richard Scanlon, senior managing director at B.C. Ziegler and Company, said.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

May 22, 2024

Florida’s 125% Surge in Property-Insurance Bills Sows Havoc.

- **Mounting costs push assisted-living centers in state to brink**
- **‘We are headed into a train wreck,’ one operator says**

For Filicia Porter, the insurance bills were the final straw. They’d been climbing steeply for her assisted-living business as Florida was battered with ever more-powerful storms, and eventually, the numbers stopped adding up.

So in March, she finally decided to call it quits, shutting the facility near Palm Beach that she opened just two years ago. That came four months after she closed an older location in Port St. Lucie, opened in 2017. Together, they left a dozen residents scrambling to find another place to live.

“Each year you see a rise. Why pay more?” said Porter, who first started The House of Cares to capitalize on the burgeoning demand for elder care as baby boomers flooded into the Sunshine State. But now, as her premiums soared on top of all her other costs, she just couldn’t “continue to deplete” herself.

Continue reading.

Bloomberg Green

By Lauren Coleman-Lochner and Melina Chalkia

May 20, 2024

NY's MTA Mulls Replacing Build America Bonds With Lower-Cost Debt.

- **Transit agency has $3.73 billion of BABs outstanding**
- **MTA seeks to use special provision to refund BABs for savings**

New York's Metropolitan Transportation Authority is considering refunding at least a portion of its $3.73 billion of taxable Build America Bonds into tax-exempt debt, even as some investors push back against such transactions.

The MTA's board is set to meet this Wednesday and could give the transit agency the authority to refinance its BABs if officials see an opportunity to reduce debt-service costs, according to MTA board documents. The transit agency, which runs New York City's subways, buses and commuter rail lines, has yet to announce a potential refunding sale.

BABs are taxable municipal securities that were sold in 2009 and 2010. The federal government originally said it would cover 35% of the interest costs on the securities but has since lowered that subsidy through sequestration. Some issuers claim that a subsidy cut is an extraordinary event, which allows them to use an optional redemption provision to refinance the debt at a lower cost.

State and local governments have been refinancing their BABs this year by using that provision. The MTA also believes it can use that option rather than refund through a make-whole call, which is more expensive for an issuer.

"Based on MTA staff review and outside legal advice, a material adverse change to certain sections of the Internal Revenue Code, which resulted in the decrease in the cash-subsidy payments to MTA and TBTA caused by sequestration, constitutes an 'extraordinary event'," according to MTA board documents, referring to the Triborough Bridge and Tunnel Authority, which the MTA oversees.

The Regents of the University of California in March closed a $1 billion refunding deal that refinanced BABs for tax-exempt munis even after investors questioned the legality of the transaction. Some bondholders risk taking a loss in such refundings as the cash payment may be lower than what they originally paid to buy the bonds.

The Municipal Securities Rulemaking Board last month warned investors of the risks in buying BABs that are trading at more than 100 cents on the dollar as some issuers are buying back the securities before they mature.

Bloomberg Markets

By Michelle Kaske

May 20, 2024

— With assistance from Nic Querolo and Amanda Albright

Teachers, School Boards Threaten to Sue Over Gov. Newsom's Fix for Revenue Shortfall.

Powerful organizations argue governor would address immediate problem but deny schools additional funding they're entitled to

Two powerful education groups’ opposition could derail Gov. Gavin Newsom’s plan to fix a massive state budget shortfall for TK-12 schools and community colleges and lead to litigation this summer with an unpredictable outcome.

The dispute is over Proposition 98, the 35-year-old, complex formula that determines how much money schools and community colleges must receive annually from the state’s general fund. Newsom says he’s complying with the law while largely sparing schools and community colleges the larger budget cuts facing UC, CSU and non-educational parts of state government.

To which the California School Boards Association and the California Teachers Association say, “Thanks, but no thanks.”

Continue reading.

EDSOURCE.COM

by JOHN FENSTERWALD

MAY 18, 2024

Alaska’s New ‘Green Bank’ Hopes to Improve the Financial Case for Renewable Energy.

Alaskans looking to invest in solar panels or other renewable energy infrastructure for their homes will likely have some new options in the next few years. The state is setting up a new “green bank” that aims to help Alaskans keep their power costs down and speed the transition to renewable energy.

The legislation creating Alaska’s green bank hasn’t been signed into law yet — it’s awaiting a few final checks before Gov. Mike Dunleavy’s signature — but Chris Rose, who has led the nonprofit Renewable Energy Alaska Project for two decades, is excited.

“I think the green bank can actually play a pretty big role in helping people get upfront capital to do the kinds of projects that they want to do, but they just don’t have that money,” Rose said in a phone interview.

Continue reading.

By Eric Stone, Alaska Public Media – Juneau – May 23, 2024

BNP Bond Desks Stop Offering Regular Oil and Gas Deals.

- **Bank no longer doing conventional bond sales for sector**
- **Development follows stricter ESG rules, climate lawsuit**

BNP Paribas SA, the European Union’s biggest bank, has effectively ceased underwriting bonds for oil and gas producers, representing one of the most dramatic crackdowns on fossil fuels among the world’s major financial firms.

BNP is no longer participating in conventional bond sales for the sector, according to clarifications provided by the bank in connection with its annual general meeting on Tuesday. The lender, which hasn't formulated an official policy on the matter, told Bloomberg separately that the practice currently applies to all upstream activities.

BNP has gradually been limiting oil and gas clients' access to financing as the bank contends with ever stricter ESG regulations in Europe, as well as a lawsuit brought by climate activists last year. At the same time, BNP has continued to step up its presence in sustainable finance, and is now the biggest underwriter of green bonds globally, according to data compiled by Bloomberg.

Continue reading.

Bloomberg

By Natasha White

May 14, 2024

Texas State University System Board of Regents (TX): Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'aa' Sound Growth Prospects for System; Strong State Funding Support TSUS serves students across seven campuses in several regions of the state of Texas (AAA/Stable). Its student base has generally tracked flat to modest growth in recent years, although full time enrollment (FTE) rose by a robust nearly 5% yoy to 69,936 in fall 2023 (fiscal 2024) or 91,334 in headcount. Applications are reportedly up year-to-date for fall 2024, and further TSUS enrollment expansion is anticipated by management over the next few years. Management reports student housing occupancy remains strong (96% in fall 2023) at nearly all of TSUS' four-year institutions, bolstered in part by limitations inherent in a low inventory of student housing. Fitch expects sound demand fundamentals will generate similar trends over the intermediate term. TSUS' revenue base is strong and fairly diverse, with additional pricing power, if needed. The system also benefits from the state's strong funding framework for operations and capital. Net tuition/fees and auxiliary revenue contributed a more typical 45% of fiscal 2023 adjusted total operating revenues, followed by 28% from state appropriations.

ACCESS REPORT

Fri 17 May, 2024

Texas Capital Hires Ex-UBS Banker to Head New Muni Practice.

- **Steve Genyk starts as bank's head of public finance in Dallas**
- **State's No. 4 bank swoops in as recent laws crimp Wall Street**

Texas Capital Bancshares Inc. has hired a former UBS Group AG executive to build out its municipal bond desk.

Steve Genyk, who most recently served as head of public finance at UBS before it shuttered much of its muni division, will lead a newly formed group devoted to state and local government debt, according to a release announcing the hire. He will be based in Dallas.

The move is the first step in Texas Capital's entry into the underwriting of municipal bonds, an industry that's been recently upended in Texas because of legislation targeting some Wall Street banks' stances on environmental, social or governance causes.

"The expansion of our broker dealer to serve municipal and public finance clients was the next logical step to ensure Texas Capital remains the first call for companies and institutions across our state," Chief Executive Officer Rob Holmes said in a statement. Texas Capital is the state's fourth-largest commercial bank and has recently expanded its investment banking and wealth management services.

Rapid population growth in Texas and the subsequent need for updated infrastructure such as schools and airports make it a lucrative market for public finance bankers. Last year, Texas was the biggest market for muni sales, according to data compiled by Bloomberg.

However, the state's political backdrop has complicated the muni underwriting business for some banks. Certain firms have been barred from working on deals there due to a pair of Republican-backed laws targeting their energy and firearm policies. UBS was put on a state list of companies that it deems to "boycott" the fossil fuels industry in 2022, representing a blow to its muni group.

Attorney General Ken Paxton is currently reviewing banks' energy policies and could bar more national firms from the state's muni market. That may create an opportunity for smaller firms to gain market share.

Bloomberg Markets

By Shelly Hagan and Amanda Albright

May 15, 2024

Dimon Met With Texas AG as State Bans Banks Over ESG Policies.

- **The April meeting with the JPMorgan CEO took place in New York**
- **Banks are being examined for their stance on oil and gas**

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon met with Texas Attorney General Ken Paxton as the Republican official threatens to bar more banks from helping the state and its local governments sell bonds to raise funds for projects.

Dimon and Paxton met in New York in April, according to a person familiar with the meeting who is not authorized to speak on the matter and asked not to be identified. Staffers in the attorney general's office have been meeting with several bankers as they examine companies to determine whether they engage in a boycott of the oil and gas industry. Paxton has targeted members of the Net-Zero Banking Alliance, which includes JPMorgan.

"Jamie meets with elected officials all the time, but his message has been consistent on Texas: JPMorgan Chase is committed to the state in the long-term and to helping Texas remain a top energy producer," a spokesperson for the bank said in a statement. "We make independent business decisions and are not constrained by our memberships to any third-party organizations."

Continue reading.

Bloomberg Green

By Amanda Albright and Danielle Moran

May 13, 2024

New CA Bills Aim to Protect Water Rates, Charges from Prop. 218 Litigation: Brownstein

Lawmakers introduce tools to ease pressure from SGMA and infrastructure demands on public agency revenue powers

Adopted in 1996, Proposition 218 (and later Proposition 26 in 2010) amended the California Constitution to create limits, including voter approval requirements, around local and regional government revenue powers (taxes, assessments and fees). While the intent of these laws is clear, ensuring proper compliance is far more convoluted. The California State Legislature introduced three bills this session in an apparent effort to reduce the vulnerability of public agencies' revenue streams to legal attack.

Why now?

One major factor is the significant pending costs of infrastructure and service improvements that agencies are planning to implement to meet future water supply and reliability needs in the face of climate change and implementation of the Sustainable Groundwater Management Act (SGMA).

Along with the increased need to raise revenue, there are significant questions as to who should pay and how much. Using SGMA implementation as an example: how should costs for projects to mitigate subsidence, shrinking groundwater storage, seawater intrusion, declining groundwater levels, poor water quality and depleted interconnected surface water be allocated? Most would probably answer, "fairly." But what fair means is not always clear, even assuming there is sufficient data to determine the cause of these undesirable results. For example, how should project costs be allocated between:

Continue reading.

by Jena Shoaf Acos, Baltazar Cornejo and Laura K. Yraceburu

May 16 2024

Brownstein Hyatt Farber Schreck LLP

Southern California Public Power Authority (CA): Fitch New Issue Report

The 'AA-' rating on Southern California Public Power Authority's (SCPPA) project bonds reflects the credit quality of the Los Angeles Department of Water and Power (LADWP; AA-/Stable), the sole project participant in the Apex Power Project. The rating is largely driven by the project's unconditional, take-or-pay contract terms in the power sales agreement (PSA) between the SCPPA and LADWP. Given the contract terms, the credit quality of LADWP is the most important rating driver, informed by the project's operational value to LADWP.

ACCESS REPORT

Thu 16 May, 2024

Great Lakes Water Authority (Sewer) - Fitch New Issue Report

The 'AA-' and 'A+' sewer revenue bond rating, along with the 'a+' Standalone Credit Profile, reflect the system's very strong financial profile in the context of its very strong revenue defensibility and very strong operating risk profile, both assessed at 'aa'. The system's leverage, measured as net-adjusted debt to adjusted funds available for debt service (FADS), was very low at 9.2x in fiscal 2023. Leverage is projected to peak at 9.7x in fiscal 2024 in Fitch's Analytical Stress Test (FAST) rating case, supporting the Positive Outlook. The revenue defensibility assessment considers Great Lakes Water Authority's (GLWA, or the authority) ability to reallocate any shortfalls from a non-performing customer to its performing customers via a rate increase and the overall strength of such customers. While Fitch Ratings considers the credit quality of Detroit Water and Sewerage Department's (DWSD) sewer system midrange, the authority's other large wholesale customers have stronger credit profiles, resulting in a strong aggregate purchaser credit quality (PCQ). The operating risk profile considers the system's very low operating cost burden, coupled with its favorable life cycle ratio, while recognizing continued robust capital plans.

ACCESS REPORT

Thu 16 May, 2024 – 4:47 PM ET

Great Lakes Water Authority, Michigan: Fitch New Issue Report

Great Lakes Water Authority (GLWA) has contract provisions that allow for full cost recovery and the unlimited reallocation of costs across users. Under the water and sewer services agreements in place with wholesale customers, the authority has the exclusive right to establish rates for the water service it provides. The authority has delegated to the city of Detroit its right to establish rates with respect to services provided to city of Detroit customers. In fiscal 2023, the system's operating cost burden was considered very low at $2,568 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 35% in fiscal 2023. The system had moderate leverage of 10.2x as of fiscal 2023, which is in line with historical performance of between 9.7x and 10.2x since fiscal 2019. GLWA provides wholesale water services to a population of approximately 3.8 million, or 38% of the state's population.

ACCESS REPORT

Fri 17 May, 2024

NJ's American Dream Mall Gets Boost as First-Quarter Sales Soar.

- **Quarterly sales jumped 27% compared to a year earlier**
- **They remain off pace from 2017 performance projections**

Sales at New Jersey's American Dream mega mall soared in the first quarter as consumers demonstrated continued demand following the busy holiday shopping period.

Gross sales for the mall's retail, attractions, entertainment, dining and parking rose 27% to just under $148 million in the first quarter compared to the same period a year earlier, according to a municipal bond filing.

Triple Five Group, the mall's owner, borrowed about $1.1 billion in the municipal bond market to help finance the $5 billion project. About $300 million of the securities, backed by New Jersey economic development grants sold to investors to fund the development, didn't make their February interest payment, according to a filing that same month, the fourth straight time that the semi-annual interest payment was missed.

Continue reading.

Bloomberg Markets

By Neil Callanan and Martin Z Braun

May 14, 2024

Pharrell Williams-Backed Surf-Park Project Gets Virginia Beach Funding.

- **Bonds sold by city's development authority on Thursday**
- **Project includes surf park, entertainment venue and retail**

Virginia Beach tapped the municipal bond market to help fund a surf-park development backed by multi-Grammy award winning artist Pharrell Williams.

The Virginia Beach Development Authority sold about $189 million of debt on Thursday with some of the bond proceeds financing the construction of a 3,500-person entertainment venue, parking facilities and land acquisitions, as well as other projects associated with the development.

The city had pledged some of its own cash to help build the $350 million enterprise called Atlantic Park, which will be anchored by the surf park and includes a multi-purpose event venue, residences, offices, retail space and restaurants. The project's developer — Venture Realty Group — had tapped muni investors for unrated, high-yield bonds early last year.

Continue reading.

Bloomberg Markets

By Nataly Pak

May 16, 2024

California Statewide Communities Development Authority: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility – 'bbb' Maintenance of Leading Market Positions; Growing in Accretive Markets Adventist's revenue defensibility continues to be midrange, with solid positions in multiple markets, all of which exhibit stable-to-favorable population growth trends and socioeconomic characteristics. Adventist is a multistate provider, with system operations in four states and inpatient hospital facilities located in three states: California, Oregon and Hawaii, (with one retirement facility in Washington), although the vast majority of facilities are located in California. Operating Risk – 'bbb' Improved, but Challenged Performance in Fiscal 2023; Expected Operational Progress with Robust Capex Plan The system's operating risk assessment remains midrange with the expectation of adequate cost management opportunities to continue supporting improved operating performance. In fiscal 2023 (Dec. 31), Adventist recorded an operating loss of approximately $108 million, which is significantly improved from the prior period's $241 million operating loss in fiscal 2022. Fiscal 2023's improved operating performance translated into a better 3.0% operating EBITDA margin (up from 0.3%), and is in line with management's projections. Fitch anticipates operational performance to continue to track positively and reach between 6%-7% over the next 24 months, which should be attainable.

ACCESS REPORT

Wed 08 May, 2024

San Diego Unified School District, California: Fitch New Issue Report

The downgrade to 'A' from 'A+' reflects implementation of Fitch's new U.S. Public Finance Local Government Rating Criteria. The 'A' IDR incorporates the district's weak financial resilience ('bbb'), which reflects the relatively low five-year unrestricted fund balance (6.3% of spending) and limited budgetary flexibility. The district's long-term liability (LTL) composite includes the weak LTL associated with direct debt and Fitch-adjusted net pension liabilities as a percentage of residents' personal income (9.8%, 20th percentile), high fixed carrying costs as a percentage of governmental expenditures (approximately 20.0% of governmental expenditures; 19thpercentile) and high liabilities to governmental revenues (287%, 13th percentile). Demographic trend is weak (population growth is in the 22nd percentile) and the demographic strength composite is midrange (56th percentile), offset somewhat by the district's population with a bachelor's degree significantly above the national average. In addition, MHI is moderately above the Fitch portfolio average and the district's unemployment rate is just the 19th percentile

ACCESS REPORT

Thu 09 May, 2024

New Jersey Infrastructure Bank: Fitch New Issue Report

The 'AAA' bond rating reflects the ability of the New Jersey Infrastructure Bank's (NJIB, or I-Bank)

Water Bank Program (WBP or the program) financial structure to absorb hypothetical pool defaults in excess of Fitch's 'AAA' liability stress hurdle without causing an interruption in bond payments. The F1+ assigned to the Environmental Infrastructure Extendable Commercial Paper (ECP) notes is mapped to the long-term debt rating of the WBP and is based on its program's superior market access granted by its 'AAA' bond rating.

ACCESS REPORT

Fri 10 May, 2024

Dormitory Authority of the State of New York (School Districts Revenue Bond Financing Program): Fitch New Issue Report

The 'AA–' program rating, two notches below the State of New York's 'AA+'/Stable Issuer Default Rating (IDR), reflects linkage to the IDR given the statutory ability to intercept available state school aid to provide funds to pay debt service on a timely basis if borrowers fail to make payments on the underlying loans to the Dormitory Authority of the State of New York (DASNY). Although annual state aid has provided coverage of pro forma maximum annual debt service for all participating school district borrowers, not all school districts participating in the program have historically received sufficient state aid in the time between when loan payments are due to DASNY and when debt service is due (intercept periods). There is no provision for advancement of aid that has been appropriated but not yet paid. There is a constitutional mandate for, and strong history of, state support for education. Fitch Ratings believes program management by DASNY, a key issuer for the state's capital program, is a credit strength for this pooled financing program and mitigates the above-mentioned concerns, including around intercept periods.

ACCESS REPORT

Thu 09 May, 2024

BlackRock Cuts Jobs in Muni Business Under New Leadership.

- **Patrick Haskell took over muni group from Peter Hayes in 2024**
- **BlackRocks' muni ETF dwarfs its largest actively-managed fund**

BlackRock Inc., the world's largest money manager, cut fewer than 10 jobs in its municipal bond department under the new leadership of Patrick Haskell, according to a person familiar with the matter.

Haskell, a former co-head of fixed-income capital markets at Morgan Stanley, took over the group this year from Peter Hayes, who retired after nearly four decades managing state and local government debt.

"BlackRock continuously organizes its teams to better serve the market and our clients, and this week aligned our municipal bond investment team to help us accelerate processes, improve information sharing and drive performance," a BlackRock spokesperson wrote in an emailed statement.

Continue reading.

Bloomberg Markets

By Martin Z Braun

May 6, 2024

Muni Momentum Spurs Illinois to Speed Up $1.8 Billion Bond Sale.

- **Demand allowed state to sell earlier as spread tightened**
- **Market rally and state's improved credit rating helped sale**

Illinois took advantage of an improving credit grade to speed up an $1.8 billion debt sale, bolstered by investors' hunger for yield amid a rally in the municipal market.

The state sold $1.55 billion in tax-exempt bonds and $250 million in taxable debt for capital projects and to finance an accelerated pension payment program on Tuesday. Illinois received more than $12 billion in orders, which includes $1.5 billion from retail investors, according to the state.

While the state is still the lowest rated in the US, it has earned nine credit rating upgrades in the last three years, pulling back from the brink of junk near the start of the pandemic. Illinois now carries three A-level grades.

Continue reading.

Bloomberg Markets

By Shruti Singh

May 8, 2024

WSJ: Texas Ban on 'Woke' Banks Opens Door for Smaller Firms.

Megabanks are in retreat in the $4 trillion municipal-bond market

The political conflict over socially conscious finance is a boon for smaller investment banks in one contentious market: Texas.

The clash over environmental, social and corporate-governance investing follows state restrictions passed in 2021 on government business with financial firms perceived as taking a stand against firearms or fossil fuels. Wall Street heavyweights such as Bank of America and Wells Fargo have pulled back in Texas, even as the state's growth has made it the nation's top issuer of state and local debt, with $42 billion last year.

Even beyond Texas, big banks are in retreat in the $4 trillion municipal-bond market. Higher rates and depressed borrowing have dented profits, which weren't that spectacular to begin with. Large firms are pulling back at varying rates as a result.

Continue reading.

The Wall Street Journal

By Heather Gillers

May 4, 2024

Barclays Is the Latest Firm to Face Anti-ESG Wrath in Oklahoma.

- **Treasurer added company to state list of oil boycotters**
- **Move could hurt bank's public finance business in Oklahoma**

Oklahoma State Treasurer Todd Russ announced on Friday that Barclays Plc would be added to his list of companies that he claims have boycotted the fossil fuel industry — a gesture that aims to limit the governmental business the bank can conduct in the state.

The Republican treasurer's office justified the move by saying the British bank has "publicly committed to boycott fossil-fuel companies," according to an emailed statement. Barclays' 2024 climate change statement says the bank does not provide project financing, or other direct financing to energy clients, for upstream oil and gas expansion projects or related infrastructure.

According to the 2022 Republican-backed law, Oklahoma state agencies and political subdivisions can't contract with a company unless it provides a written verification that it doesn't boycott energy companies.

Continue reading.

Bloomberg Markets

By Amanda Albright

May 3, 2024

Wells Fargo, RBC Bankers Met Texas AG Staff Regarding ESG Probe.

- **Paxton's office is investigating banks' stance on fossil fuels**
- **Meetings took place in Austin last month, emails show**

The Texas Attorney General's staff met with municipal finance executives from Wells Fargo & Co. and RBC Capital Markets as Ken Paxton's probe into whether the Wall Street banks "boycott" the fossil fuels industry drags on.

Bankers from RBC, including Bob Spangler, the New York-based head of municipal finance for the firm, met with Paxton's staff on Tuesday at the attorney general's office in Austin, according to emails obtained by Bloomberg News through a public records request.

Earlier in April, Wells Fargo also met with members of the attorney general's office, other emails between the bank's employees and Paxton's staff show. Attendees included Scott Fontenot, senior vice president for state and local government relations at the bank, and Blaine Brunson, a Texas public finance banker. They were joined by the bank's lawyers.

Continue reading.

Bloomberg Green

By Amanda Albright and Danielle Moran

May 1, 2024

What Could Ken Paxton's Bank Bans Mean for the Dallas Bond?

As banks are banned from the Texas bond industry, interest rates are inflating and taxpayers are footing the bill.

Finance experts from across the state gathered in Austin last month for The Bond Buyer's Texas Public Finance conference, where they lamented, among other things, the cost of Ken Paxton's bank bans.

The bans stem from a 2021 anti-ESG (environment, social and governance) state law barring banks from underwriting municipal bonds if the bank is seen as boycotting or discriminating against the fossil fuel or firearm industries. The law pertains to any local government contract over $100,000, and has been enforced through investigations by Attorney General Ken Paxton.

So What Does That Mean for Dallas?

When voters approve a bond package, city officials go to major banks for the loans. Once local governments find underwriters for the bonds, Paxton signs off on the deals, per state law. With a $1.25 billion bond package approved by Dallas voters on May 4, the city now has to find a bank or banks to loan the money. But now they have fewer options than they did with previous bond measures.

Continue reading.

Dallas Observer

By Emma Ruby

May 6, 2024

Bonds for Florida High-Speed Rail Pop in Market 'Starved' for High-Yield Munis.

- **Florida rail firm tapped muni, corporate bond market last week**
- **Muni high-yield fund flows helped drive demand for the issue**

Municipal bonds issued last week for Florida's private rail operator, Brightline, climbed in the secondary market as investors clamored for new high-yield securities.

Prices on large block trades for the BBB- rated securities issued with a 5.5% coupon rose as high as 105.4 cents on the dollar Tuesday, up from 102.3 cents when they were priced last week. Eager investors drove risk premiums, or the spread over top-rated debt, on the bonds tighter to about 75 basis points from 120 basis points.

Brightline's Florida route where trains can reach speeds as fast as 125 miles per hour, is the first new US private passenger railroad in the US in more than a century. The railroad issued about $3.2 billion of municipal bonds as part of a debt restructuring and recapitalization last week. With backing from Fortress Investment Group, Brightline is also building a new, faster train line connecting Las Vegas to Southern California.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 30, 2024

Connecticut Waterfront Real Estate Project to Tap Muni Market.

- **Roughly $30 million in bonds are expected to be issued**
- **Bridgeport district's first phase now calls for 420 apartments**

A district set up by Bridgeport, Connecticut, to transform a waterfront steelworks site off of Interstate 95 into a new residential neighborhood with shops and parks plans to sell more municipal bonds to fund the project.

The Steel Point Infrastructure Improvement District — on behalf of a subsidiary of developer RCI Group — will issue $30 million of additional debt in May, according to an investor presentation disclosed Monday on the Municipal Securities Rulemaking Board's EMMA website. Since the sale of about $50 million in unrated muni bonds in 2021, plans for the first phase of the massive 2.8 million-square-foot development have changed, necessitating extensive site clean up and infrastructure.

Proceeds of the latest bond offering will cover public improvements and remediation.

Continue reading.

Bloomberg Industries

By Martin Z Braun

April 29, 2024

BlackRock Cuts Jobs in Muni Business Under New Leadership.

- **Patrick Haskell took over muni group from Peter Hayes in 2024**

- **BlackRocks' muni ETF dwarfs its largest actively-managed fund**

BlackRock Inc., the world's largest money manager, cut fewer than 10 jobs in its municipal bond department under the new leadership of Patrick Haskell, according to a person familiar with the matter.

Haskell, a former co-head of fixed-income capital markets at Morgan Stanley, took over the group this year from Peter Hayes, who retired after nearly four decades managing state and local government debt.

"BlackRock continuously organizes its teams to better serve the market and our clients, and this week aligned our municipal bond investment team to help us accelerate processes, improve information sharing and drive performance," a BlackRock spokesperson wrote in an emailed statement.

Continue reading.

Bloomberg Markets

By Martin Z Braun

May 6, 2024

State of Illinois: Fitch New Issue Report

The 'A-' Long-Term Issuer Default Rating (IDR) of Illinois reflects its solid operating performance, albeit still weaker than most other states', and long record of structural imbalance, primarily related to pension underfunding offset by continued progress toward more sustainable budgeting practices. The 'A-' IDR also reflects the state's elevated long-term liability position and resulting spending pressure. Illinois' deep and diverse economy is only slowly growing, but still provides a strong fundamental context for its credit profile.

ACCESS REPORT

Wed 01 May, 2024

Oklahoma Republicans Weigh Rolling Back Anti-ESG Law They Passed.

- **Oklahoma study shows anti-ESG law has caused higher debt costs**
- **The state's house is considering the Republican-backed bill**

Lawmakers in Oklahoma are having second thoughts about anti-ESG legislation that limits which Wall Street banks local governments can do business with.

A Republican-introduced bill that would narrow the scope of a state law that blacklisted financial firms for their restrictions on lending to oil, gas and coal companies, is making its way through Oklahoma's legislature.

The proposal comes as concerns mount that the 2022 law is driving up municipalities' borrowing costs in the state. Three major municipal-bond underwriters — Bank of America Corp., Wells Fargo & Co. and JPMorgan Chase & Co. — are on a state list of companies considered to "boycott" the fossil fuels industry.

A new study published Monday from the Oklahoma Rural Association — a group representing smaller communities — found that the state is incurring "avoidable" costs as a result of the law.

According to Oklahoma's Energy Discrimination Elimination Act, state agencies and political subdivisions can't contract with a company unless it provides a written verification that it doesn't boycott energy companies. In the 17 months since the law went into effect it's cost the state and its governments $185 million in additional expenses, the study estimated.

"This increase in borrowing costs imposes an unnecessary financial burden on Oklahoma municipalities, potentially forcing them to cut spending on important public services or infrastructure projects, or raise taxes," according to the report's author, Travis Roach, an economics professor at the University of Central Oklahoma. The estimate is conservative, he noted.

The GOP stronghold is one of a handful of US states, including Texas, that enacted legislation targeting environmental, social and governance corporate policies in recent years, driving upheaval in local muni markets. Bank of America, Wells Fargo and JPMorgan are among the six companies considered energy boycotters by Oklahoma's Republican State Treasurer Todd Russ. Since the law went into effect, the firms have seen their public finance business in the state dry up.

Bank of America was Oklahoma's top muni bond underwriter in 2021 and has since ceded its spot to Robert W. Baird & Co., according to data compiled by Bloomberg. JPMorgan and Wells Fargo – also once major underwriters in Oklahoma — have also seen their public finance business there dwindle.

'Free Market' Barrier

Roach's study compared the average coupon rate on muni bonds sold in Oklahoma against those of states without a similar law. He found that Oklahoma's coupon rates are now 59 basis points higher than they would have been if the law didn't pass.

"This number will continue to grow for as long as the EDEA policy restricts municipalities from participating in a free market and selecting banks that meet their economic needs," he said.

Oklahoma's Senate Bill 1510, would rein in the energy law so it only applies to state agencies and no longer applies to cities and counties.

The bill was introduced by Republican state senator Chuck Hall, who is the chief executive officer of Exchange Bank and Trust Co. He told the Oklahoma Voice that he didn't think the law should pre-empt local decision-making. The legislation has advanced to the state house.

John Collison, director of the Oklahoma Rural Association, said that the bill is a "step in the right direction" and the group hopes it passes. Still, he said he would like to see more work done on the issue.

"The ideal outcome would be to get back to where we were two years ago and let the lending institutions lend to cities and municipalities and the state of Oklahoma at the best rate possible," he said.

Bloomberg Green

By Amanda Albright

April 22, 2024

S&P Charter School Brief: North Carolina

Overview

As of April 23, 2024, S&P Global Ratings maintains six public ratings on North Carolina charter schools. North Carolina began allowing charter schools to operate after passing the Charter Schools Act of 1996. As of the 2023-2024 school year, North Carolina is home to 211 charter schools serving approximately 145,000 students, representing around 9% of all public school students in the state.

Although our six rated North Carolina charter schools represent a small sample size, we believe growing charter school enrollment, compared with that of traditional district schools, reflects increasing demand for charter school options in the state.

Continue reading.

23 Apr, 2024

Bears Request More Than $2 Billion in Public Money to Fund $4.6 Billion Stadium Project.

The Chicago Bears have some big plans for the new stadium they're looking to build to replace their longtime home of Soldier Field. Of course, they aren't planning to pay for it all themselves.

The team revealed reveal plans Wednesday for a $4.6 billion project to build a new enclosed stadium on the Lake Michigan lakefront area. The team is planning to pledge $2.025 billion to make it happen, leaving Illinois taxpayers on the hook for the remaining $2.6 billion.

For perspective, that works out to $183 per Illinois resident.

Continue reading.

Yahoo Sports

by Jack Baer & Liz Roscher

Wed, Apr 24, 2024,

Vegas-to-California $12 Billion Rail Line Kicks Off Construction.

- **Brightline West awarded $3 billion under infrastructure bill**
- **Fortress-backed rail refinancing some $4 billion for Florida**

Brightline West, a $12 billion high-speed rail project connecting Las Vegas to Southern California, broke ground Monday, the latest step in bringing high-speed rail to the US.

“People have been dreaming of high-speed rail in America for decades — and now, with billions of dollars of support made possible by President Biden’s historic infrastructure law, it’s finally happening,” Department of Transportation Secretary Pete Buttigieg said in a statement.

The Fortress Investment Group-backed rail operator is projected to run 218 miles (about 350 kilometers) along the median of Interstate 15. Trains will be capable of running at speeds of 200 miles per hour, making it the first true high-speed rail line in the US. Amtrak’s 457-mile Acela service on the East Coast tops out at 150 miles per hour and is variously labeled high-speed or “higher-speed.”

The project has been in the works for years as Brightline — the operator of the first new US private passenger railroad in more than a century — seeks to expand its footprint outside of Florida.

Currently, the rail company is seeking to refinance roughly $4 billion in debt for its Florida line. Brightline plans to sell $2 billion of municipal bonds with some of the lowest investment grade ratings as well as about $1.25 billion of subordinate taxable debt.

Last year, Brightline West was awarded $3 billion in funding under President Joe Biden’s Bipartisan Infrastructure Bill. The rest of the project will be privately funded and has also received a total allocation of $3.5 billion in private activity bonds from the US Department of Transportation.

“This is a historic project and a proud moment where we break ground on America’s first high-speed rail system and lay the foundation for a new industry,” said Wes Edens, Brightline founder. “Today is long overdue, but the blueprint we’ve created with Brightline will allow us to repeat this model in other city pairs around the country.”

Bloomberg Industries

By Skylar Woodhouse

April 22, 2024

[San Francisco’s Sluggish Recovery Puts S&P Credit Rating at Risk.]

- **Outlook on the city’s debt cut to negative from stable by S&P**
- **Rating firm cites slow revenue recovery and swelling budget**

San Francisco’s sluggish recovery from the pandemic, coupled with growing budgetary expenditures, threatens to deteriorate the city’s ability to repay its debt, according to S&P Global Ratings.

The outlook on the city-county’s outstanding general obligation and appropriation debt was cut to negative from stable this week by the ratings company. The weakness in the city’s commercial real estate market and tourism activity were factors that drove the move, S&P said. Adding to the city’s burdens, San Francisco’s budget expenditures outpaced revenue growth in fiscal 2023.

“We believe management will be challenged to make the cuts needed to restore it to budgetary balance during the outlook horizon, which could lead to rating pressure if the city’s general fund reserves decline precipitously," S&P said in a release.

Persistent work-from-home habits, inordinately expensive real estate, homelessness and crime are colliding to threaten the city's growth and its spot among the world's top-tier metropolises.

A change in outlook doesn't necessarily mean that the credit rating will be adjusted. However, a top credit rating is often a point of pride for public officials, and losing it could make it more expensive for the city to borrow in the municipal-bond market.

The ratings company also affirmed its AAA long-term rating and underlying rating on San Francisco's outstanding general obligation debt, citing ample general fund reserves that give the city-county room to weather projected deficits during the next two years.

Bloomberg CityLab

By Maxwell Adler

April 22, 2024

Gloria Vanderbilt's Prep School Joins Boomlet in Muni Market.

- **An $11 million tax-exempt bond sold on behalf of the school**
- **Proceeds of sale to go to new eight-lane pool, other amenities**

The Wheeler School, where heiress Gloria Vanderbilt attended, is joining other elite private schools in taking on debt to spruce up its campus on a farm in Massachusetts.

The Massachusetts Development Finance Agency, an agency that sells debt on behalf of nonprofits, sold an $11 million tax-exempt bond for the school to build a new eight-lane pool, an outdoor splash pad and a nature-based early learning center at its campus in Seekonk, Massachusetts, according to a statement by the agency on Thursday.

It is the latest elite school to sell debt in an effort to enhance their campuses with bells and whistles. In Connecticut, Loomis Chaffee School sold bonds for campus projects in December, and the Brunswick School issued debt in the fall. Curtis School, a private school catering to wealthy Los Angeles residents, tapped the municipal market earlier this year.

Continue reading.

Bloomberg Markets

By Amanda Albright and Sri Taylor

April 25, 2024

Fortress-Backed Brightline Asks Investors to Bet on Florida Rail.

- **$2 billion of investment-grade muni debt may price next week**
- **Rail will need to raise more cash for California-Vegas line**

Brightline, the first new US private passenger railroad in more than a century, is betting it can lure more Floridians out of their cars — but first, it is refinancing roughly $4 billion in debt.

The Fortress Investment Group-backed rail is reshuffling its debt in advance of a July 1 interest payment that should provide breathing room to ramp up operations after the opening of its long-haul Orlando line fell behind schedule and ridership came up short of the firm's own projections.

Success for Brightline hinges on convincing travelers to take the train all 235 miles (378 kilometers) to Orlando as the rail seeks to replicate Amtrak's popular Acela service in the Northeast, without government subsidies.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 18, 2024

Florida's High-Speed Rail Kicks Off $1.2 billion Junk-Debt Sale.

Florida's high-speed rail system, Brightline, is tapping the US high-yield market with a $1.25 billion offering on Monday.

The Fortress Investment Group-backed railroad is selling six-year senior secured notes callable after three years, according to people with knowledge of the matter. The bonds — which are expected to price next week — are part of the rail line's plans to refinance its roughly $3.9 billion debt load.

Morgan Stanley, the sole underwriter, had been sounding out investor appetite on the taxable junk bond at a yield of 10% to 11%, Bloomberg reported earlier this month. Interest has reached about $500 million for the deal at that yield range.

The offering is part of an expected $3.2 billion debt-refinancing package that includes proposed senior municipal bonds that may be issued this month by the Florida Development Finance Corp.

Earlier in April, the tax-exempt notes were assigned a S&P Global Ratings preliminary rating of BBB-, its lowest investment grade. The muni bonds also received preliminary designations of BBB- from Fitch Ratings and BBB from Kroll Bond Rating Agency.

Brightline is betting on replicating the model of Amtrak's high-speed Acela service in the Northeast with better amenities. The railroad says travelers between Miami and Orlando — both big tourism destinations and business centers — can avoid the stress of a traffic-clogged four- to five-hour drive as well as the hassles of air travel.

American Journal of Transportation

By: Caleb Mutua | Apr 15 2024 at 08:55 AM | Intermodal

–With assistance from Gowri Gurumurthy and Martin Z. Braun.

California’s Debt Continues to Grow.

After borrowing billions from the federal government to pay for unemployment during the pandemic, the state’s debt now stands at about $21 billion and growing. The state also currently accounts for about 20 percent of the nation’s unemployment.

California’s massive budget deficit, coupled with the state’s relatively high level of joblessness, has become a major barrier to reducing the billions of dollars of debt it has incurred to pay unemployment benefits.

The surge in unemployment brought on by the COVID pandemic pushed the state’s unemployment insurance trust into insolvency. And over the last year California’s joblessness has been on the upswing again, reaching 5.3 percent in February, the highest among all states. The March job numbers come out Friday.

To keep the safety-net program operating at a time when the taxes paid by employers and earmarked for jobless benefits are insufficient, Sacramento has been borrowing billions of dollars from the federal government. The debt now stands at about $21 billion and growing, an increasing burden for state deficit fighters and for the businesses that pay into the jobless insurance program.

Continue reading.

governing.com

April 18, 2024 • Don Lee, Los Angeles Times, TNS

Texas Muni Borrowers Bemoan Anti-ESG Laws Restricting Banks.

- **Issuers at Austin conference discuss laws enacted in 2021**
- **Two state laws target banks’ policies on guns, fossil fuels**

Texas borrowers gathered at an industry conference bemoaned two Republican-backed laws in the state that issuers say have restricted which Wall Street banks they can do business with.

The local officials spoke on a panel Tuesday before a packed room of city representatives, bankers and lawyers at an event hosted by the Bond Buyer in Austin. Several bankers at the conference work at firms that have been ensnared by the laws at various points since they took effect almost three years ago.

“I look around the room, I’m seeing a bunch of bankers, lawyers, prospect vendors that want to knock on the door of all the municipalities up here to do business,” said Vernon Lewis, director of the Treasury Department for the city of Houston. The “person that really needs to be in the room is the attorney general and the comptroller.”

Continue reading.

Bloomberg Markets

By Amanda Albright

April 16, 2024

[Texas CFO Welcomes Bankers Even as He Compiles Boycott List.]

Texas's chief financial officer told bankers on Tuesday that he wants as many companies involved in the state as possible even as probes into banks' ESG policies threaten their ability to do business.

"I want you to engage in Texas. I want you to be involved in Texas," Comptroller Glenn Hegar said Tuesday during a speech at a public finance conference hosted by the Bond Buyer in Austin.

Under Texas law, Hegar is charged with developing a list of financial firms that "boycott" the fossil fuels industry. If a firm is added to the so-called divestment list, state entities like pension funds have to sell their holdings of the companies, plus they're ineligible from certain public contracts. Listed companies aren't able to underwrite bond sales for the state or its municipalities, for example.

Continue reading.

Bloomberg Politics

By Amanda Albright

April 16, 2024

[Economic Fallout from Baltimore's Bridge Collapse Hits Home.]

Maryland legislators are taking steps to protect workers and businesses affected by the port and highway closure. There are broader, indirect effects, however, that are creating additional uncertainty.

In Brief:

- The now-crippled Port of Baltimore is responsible for 15,000 direct jobs and 140,000 indirect jobs and brings in over $70 billion in revenue every year.
- Baltimore is bracing for losses in tax revenues and fees, while regional inflation is expected to spike after the bridge's collapse.
- Analysts caution that the disaster's lasting economic impact will be in how workers and small businesses in communities around the port fare.

Continue reading.

governing.com

April 18, 2024 • Zina Hutton

S&P: Baltimore Bridge Accident Will Likely Increase Supply Chain Costs, With Minimal Rating Impacts

Key Takeaways

- We don't expect the accident at Baltimore's Francis Scott Key Bridge to dent the U.S. economy overall, but it could limit the disinflationary momentum and weigh on the local economy.
- Other East Coast ports seem to have capacity and operational flexibility to handle cargo diverted from Baltimore, but the accident will likely increase supply chain costs, especially for autos, coal, oil and gas, and agribusiness.
- The accident is unlikely to affect our ratings on the relevant U.S. public finance entities and insurers.

Continue reading.

15 Apr, 2024

City Rejects Revenue Stream Concept for Bears, White Sox Joint Stadium Funding Plan: Report

Illinois state leaders have told the Bears and White Sox they won't support separate public funding plans for their respective stadium aspirations.

In an attempt to meet everyone's needs, the Bears and White Sox have been working to create a joint public funding plan that can satiate the necessities of both teams, the city and the state.

But that's no easy task, as proven by the city's recent rejection of a part of the teams' joint plan.

According to Crain's Chicago Business, the city rejected a proposal from both teams to use the city's amusement tax from ticket sales at their respective stadiums to help the debt of the ISFA (Illinois Sports Facilities Authority) bonds attached to both Guaranteed Rate Field and the 2003 Soldier Field renovations.

Continue reading.

Yahoo Sports

by Ryan Taylor

Fri, Apr 12, 2024

S&P U.S. Local Governments Credit Brief: Illinois School Districts Means And Medians

Overview

Illinois school districts demonstrated credit stability in 2023, and we expect this will continue, supported by a stable state funding environment and generally healthy reserves.

Headwinds include rising labor costs and dwindling federal Elementary and Secondary School Emergency Relief (ESSER) funds, particularly for the minority of districts that used ESSER funds for recurring operating costs. Higher mortgage rates, a slowing national economy, and Illinois' declining population could dampen local tax base growth, though in most cases we do not expect this will materially limit school districts' revenue-raising flexibility. In our view, most districts are well positioned to navigate these challenges in the near term given the state's commitment to funding the Evidence-Based Funding (EBF) formula. In addition, the cumulative effect of ESSER, EBF, and elevated corporate personal property replacement tax (CPPRT) distributions has allowed many districts to shore up reserves and address capital needs.

S&P Global Ratings maintains ratings on general obligation (GO) or GO-equivalent debt for 424 school districts in Illinois. Ninety-eight percent of the ratings have a stable outlook, with three on positive outlook and seven on negative. Overall, credit quality has been stable over the past year, with 17 school district debt ratings raised since April 26, 2023. Over the same period, we lowered four school district debt ratings, and revised the rating outlook to positive from stable on two school districts and to negative from stable on one.

Continue reading.

17 Apr, 2024

Florida Board Approves Premium Reimbursement Formula to Help Insurers.

(The Center Square) — The Florida Hurricane Catastrophe Fund Advisory Council has approved a new premium reimbursement formula that will help alleviate the burden on insurance companies operating in Florida.

The FHCF operates under the State Board of Administration and is a tax-exempt state trust fund that reimburses a portion of hurricane losses to residential property insurance companies in the Sunshine State.

According to FHCF's website, it operates to protect and advance Florida's interest in maintaining sufficient insurance capacity. All residential property insurance companies are mandated to participate in the FHCF and enter into a reimbursement contract.

Continue reading.

By Andrew Powell | The Center Square Contributor Apr 5, 2024

New Florida Law Provides More Public-Private Partnership Opportunities: Holland & Knight

The Florida Legislature recently amended Section 255.065, Florida Statutes (P3 Law) pursuant to House Bill (HB) 781, which is expected to become effective on July 1, 2024. HB 781 provides responsible public entities (e.g., counties, cities, special districts and certain regional entities) with a new, alternative process for accepting unsolicited public-private partnership (P3) proposals.

P3s are contractual arrangements between public and private-sector entities that facilitate increased private-sector involvement in the funding and execution of public building and infrastructure projects.

Florida's P3 Law

The P3 Law provides a statutory framework for responsible public entities to undertake P3s. Under the current P3 Law, if a public entity desires to execute a comprehensive agreement for a project arising from an unsolicited proposal, it must first publish notice in the Florida Administrative Register (FAR) and a newspaper of general circulation, as well as mail a copy of the notice to each local government in the affected area that states it has received a proposal and will accept other proposals for the same project.

Continue reading.

Holland & Knight Alert

by Michael L. Wiener | Denise Ganz | Vlad Popik

APRIL 3, 2024

Changes to General Obligation Notes Borrowing in Wisconsin: Benefits to Municipalities - Foley & Lardner

Municipalities issuing general obligation promissory notes under section 67.12 (12)[1] of the Wisconsin Statutes may now take advantage of a statutory maximum maturity date of 20 years. 2023 Wisconsin Act 128 (the "Act")[2] took effect on March 23, 2024, and included legislation to extend the statutory maximum maturity date, which had been 10 years, for general obligation promissory notes. The maximum maturity date for general obligation promissory notes issued under section 67.12 (12) is now the same as the maximum maturity date for general obligation bonds as stated in Chapter 67[3]. This new legislation impacts all municipalities as defined under section 67.01 (5), which includes technical college districts, counties, cities, towns, villages, school districts, metropolitan sewerage districts, and certain other municipal issuers.

While the statutory maximum maturity date for general obligation bonds and promissory notes is now the same in most cases, there are several differences between the two types of debt that now make notes more attractive as described in more detail below: (1) notes may be issued for any public purpose and (2) the statutorily required procedures for issuance are less onerous for notes.

Prior to the Act, municipalities would frequently need to issue both general obligation bonds and promissory notes to finance their planned projects, given the statutory limitation on eligible projects that applies to bonds issued under Chapter 67. Promissory notes, on the other hand, would be used to finance other public purposes not otherwise eligible to be bond financed, such as vehicles, furniture, equipment, technology and software, and construction and improvements to any public building, for the shorter 10-year maximum borrowing period. Now, a single issuance of tax-exempt promissory notes could finance all a municipality's planned projects for a 20-year period[4].

Continue reading.

02 April 2024

Washington DC's Cash Bounty to Wither on Empty Offices, Downtown.

After a decade of flush coffers, Washington is bracing for lower revenue as the downtown of the nation's capital continues to struggle with a post-pandemic bounceback.

Glen Lee, Washington's chief financial officer, cautioned that the extra cash the city has enjoyed for the last several years is at risk as a result of slower revenue growth, the end of pandemic stimulus funding and higher operating costs.

"The surpluses that we've been enjoying are going to shrivel up," Lee said in an interview. As of the end of 2023, Washington had about $1.5 billion in reserve funds. "Worrying about whether or not we have enough cash on hand to pay bills — which was something inconceivable for a CFO since 2010 — is now a real issue."

Continue reading.

Bloomberg CityLab

By Skylar Woodhouse

April 9, 2024

How California Business and Government Might Solve the Freshwater Crisis - Together

Does the public sector need the private sector's help to address the freshwater crisis? That's the controversial thesis of Stanford law and environmental social sciences professor Barton "Buzz" Thompson's provocatively titled new book: Liquid Asset: How Business and Government Can Partner to Solve the Freshwater Crisis. (Buzz is also a member of the PPIC Water Policy Center's research network.) We sat down with him to hear more.

How is the private sector currently involved in water?

The private sector is already involved in water in many ways, some more controversial than others. The private provision of water and water marketing are the most controversial because they impact how water is allocated—who gets it, and who doesn't. But the private sector also provides new technology to reduce the cost of important processes like recycling or desalinization. And many private companies, which are the largest consumers of water, have adopted corporate water stewardship programs to reduce their water footprint.

We think of the Sustainable Groundwater Management Act (SGMA) as a public program, and it is. The legislature passed the law, and public agencies are implementing it. But if you look carefully, you'll see private handprints all over SGMA's success. The private sector has been instrumental in SGMA's passage, its implementation, and dealing with its impact.

Philanthropic foundations helped lay the groundwork that led to SGMA's passage, and they've funded development of new data and modeling tools. Private consultants provided the scientific and technical knowledge needed for implementation. Nonprofit organizations like the Environmental Defense Fund (EDF) and The Nature Conservancy have helped monitor SGMA's implementation to make sure it's meeting the law. They've also helped develop local groundwater markets and programs to help transition some farms to other land uses, including the Multibenefit Land Repurposing Program.

Why did you decide to write about this topic now?

I've worked in the water sector for about four decades. It's clear that water crises are growing and multifaceted, whether it's climate change, aging infrastructure, or groundwater overdraft. The public sector, populated by dedicated, smart officials, is struggling to meet all these challenges. The more I looked at the public sector, the more I realized it needs the private sector's help.

For instance, cities would love to do more water recycling, but for a lot of cities that would require new pipes and digging up streets, which people don't like. Epic Cleantec in San Francisco has developed modular equipment to recycle water on-site so you don't have to dig up the street. A lot of small water suppliers—frequently for low-income communities—are having a hard time financing new infrastructure. Nonprofit organizations like Water Finance Exchange and Moonshot Missions try to match small water suppliers with financing.

Where the public sector struggles, private entities can try to help. But the public sector needs to be willing to reach out, and the private sector needs to realize it can't contribute without the public sector.

What are some of the changes you're advocating, and why?

We need new technologies to solve current challenges, but we face a technological deficit in the US: we're not getting new technologies out and adopted quickly enough.

Places like Singapore have made a lot of progress on issues like desalination and recycling by working with the private sector. Singapore funds innovation and allows businesses to use public infrastructure to test new technologies. These technologies have become an export industry, adding $2 billion to Singapore's economy and employing 14,000 people. Government needs to develop regulations that encourage the development of new technologies and work with private companies to test and adopt them.

But government also must ensure that private companies aren't negatively impacting the public interest in water. The petroleum industry creates immense amounts of produced water—for instance, in the Permian basin, for every barrel of oil, you produce about four barrels of water. Companies recycle that water for reuse, the government's role is to ensure that the reuse is safe, as California has done with the use of produced water in Kern County agriculture. That's a key role of government—policing the private sector to protect the public interest.

What disincentivizes engagement between the public and private sectors?

The public sector is inherently conservative, and it should be when it comes to freshwater. If your iPhone malfunctions, it's an inconvenience. If the system that supplies water to San Francisco malfunctions, that could be a public health crisis. But in many cases, it's too conservative. Governmental agencies just don't have the same incentive to embrace new, creative ideas as the private sector.

The public sector is also highly fragmented. Many small utilities don't have funds to replace current infrastructure, and frequently they have no R&D program, which is where you'd typically interact with the private sector. They can't invest in new technologies. That makes it hard to take advantage of what the private sector has to offer.

The energy sector operates very differently—it's dominated by private companies that are developing new technologies and implementing them with public support. Between 2001–14, governments in the US provided about $8 billion of funding to develop new energy technologies; in the water field, it was $28 million. If we want to know how to solve water challenges, we can look at what the energy sector has done.

What gives you hope?

I've taught a class at Stanford on "The Business of Water" for seven years, bringing in dozens of companies working in water. Their enthusiasm, dedication, and creativity give me confidence that, with the public sector, they can help solve key water challenges.

Public Policy Institute of California

[Fitch Places Milwaukee, WI's Water System Revs Under Criteria Observation.]

Fitch Ratings – Austin – 08 Apr 2024: Fitch Ratings has placed the following rating related to the Milwaukee, WI water system (the system) Under Criteria Observation (UCO) in relation to the publication on April 2, 2024 of Fitch's revised rating criteria titled 'U.S. Public Finance Local Government Rating Criteria':

— Water system revenue bonds, series 2016.

Fitch will review the rating designated as UCO as soon as practicable, but no later than six months from the date of the criteria release.

The rating designated as UCO represents a water and sewer system rating that has a likelihood of being upgraded or downgraded following the release of the revised U.S. Public Finance Local Government Rating Criteria (LGR criteria), but requires additional information and analysis to fully assess the effect of the criteria on the rating. While this rating may be affected by the criteria changes, not all ratings designated as UCO will necessarily change.

[Continue reading.]

[A 'Fiscal Cliff' Threatens Pittsburgh, Where Shrinking Tax Revenues Could Drain City Coffers in Just a Few Years, Rcords Show]

Tax revenue projections, detailed by the city Controller's Office, are at odds with public financial picture presented by Mayor Ed Gainey's administration

Just six years after emerging from state receivership, Pittsburgh again is barreling toward a "fiscal cliff" that could drain its bank accounts in only a few years, according to internal city documents obtained by the Pittsburgh Post-Gazette.

Key sources of tax revenue have been beset by a series of unprecedented challenges that are likely to cause them to shrink significantly or dry up altogether in coming years, imperiling cash flows that pay for critical services and support quality-of-life programs relied upon by the city's 300,000 residents.

The new tax revenue projections, detailed in a series of internal documents prepared by the city Controller's Office, are starkly at odds with the public financial picture presented by Mayor Ed Gainey's administration, whose five-year plan projects a healthy bank account balance of between $83 million and $160 million during that span

Continue reading.

PITTSBURGH POST-GAZETTE

by NEENA HAGEN AND MIKE WERESCHAGIN

APRIL 8, 2024

Tallahassee, Florida: Fitch New Issue Report

The 'AA+' rating on the capital bonds reflects the low volatility of pledged revenues, which support the structure's strong resilience even when assuming full levering to the 1.25x additional bonds test (ABT). The rating also reflects Fitch Ratings' expectations for long-term pledged revenue growth that continues to trend in line with inflation over time. The capital bond rating is capped at the city's Issuer Default Rating (IDR) of 'AA+', with a Stable Rating Outlook

ACCESS REPORT

Wed 10 Apr, 2024

United Power, Inc. (CO): Fitch New Issue Report

The 'A' rating on United Power, Inc. (CO)'s series 2024 A & B First Mortgage Notes and the Issuer Default Rating reflect Fitch Ratings' expectation that United Power will maintain its historically strong and stable financial performance despite sizable payments related to the cooperative's May 1, 2024 withdrawal from Tri-State Generation & Transmission Association, Inc. (Tri-State, securities rated BBB+/Negative/F1) and the termination of its power supply agreement. The payments have been calculated pursuant to an exit fee methodology approved by the Federal Energy Regulatory Commission (FERC) and are expected to total $702 million, including a contract termination payment of roughly $627 million and asset purchases (primarily transmission assets) of $75 million. While United Power's plan to debt finance the payments will initially result in higher leverage, the cooperative's plan for retail rate increases over the next several years should buffer the effect and produce financial metrics that are consistent with the 'A' rating.

ACCESS REPORT

Thu 11 Apr, 2024

[State of Oklahoma (Oklahoma Capitol Improvement Authority): Fitch New Issue Report]

The ‘AA–’ rating on the Oklahoma Capitol Improvement Authority’s state facilities revenue bonds is directly linked to the state’s ‘AA’ Long-Term Issuer Default Rating. The one-notch rating differential reflects a slightly elevated risk of non-appropriation of moneys sufficient to pay debt service on the bonds, given the optionality inherent in repayment of bonds from budgetary appropriations. Fitch expects that Oklahoma’s revenues, which are supported by broad-based taxes and fees, will continue to reflect above average economic volatility tied to the natural resource sector over the medium term. 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. 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 the resource base. A constitutional provision limiting appropriations to 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state’s proactive management of financial operations has, to some extent, offset underlying revenue volatility.

ACCESS REPORT

Fri 12 Apr, 2024 – 3:52 PM ET

Maricopa County Industrial Development Authority (AZ): Fitch New Issue Report

The ‘A+’ ratings for the series 2024A/B/C&D bonds and the IDR and revenue bond rating affirmations reflect Fitch’s expectation that HonorHealth will maintain profitability and liquidity at levels consistent with the current rating (despite recent pressures from staffing challenges and inflation). The ratings also reflect HonorHealth’s solid market share in the competitive and growing Maricopa County service area, with a leading presence in Scottsdale, AZ. Fitch’s forward-looking analysis, which incorporates the expectation of capital spending above depreciation before this current debt issuance, shows HonorHealth absorbing the modest amount of new debt, and funding its capital plan of approximately $615 million over the next three years, while continuing to improve liquidity and capital ratios. Fitch expects HonorHealth’s margins to continue to improve in fiscal 2024 due to improved volume growth, reinforced by HonorHealth’s favorable payor mix. Fitch expects HonorHealth’s strategic initiatives including its focus on safety and quality care, workforce recruitment, development and retention efforts, and expanding its ambulatory presence in target areas will continue to improve margins through 2024 and beyond. In addition, Fitch expects that HonorHealth will spend above annual depreciation levels, with around one billion in capital spending over the next five years.

ACCESS REPORT

Fri 12 Apr, 2024 – 5:18 PM ET

Savannah Convention Center Gets Boost to Bond Capacity for Hotel.

- **Lawmakers raise authority's bonding capacity to $400 million**
- **Center's recent expansion doubled amount of exhibit hall space**

The Savannah-Georgia Convention Center Authority, just wrapping up a $276 million expansion, is now set to tap the municipal market to finance a new hotel, thanks to legislators' move to boost the agency's bonding capacity.

State lawmakers raised its debt limit to $400 million from $50 million this session to help finance the facility, and the legislation is awaiting Governor Brian Kemp's signature.

The authority would bond for the proposed 400-room hotel project, said Kelvin D. Moore, general manager of the convention center, said. The new project is "in the initial stages of pre-development," he said, and he wouldn't speculate on the selection of underwriters or when the deal might be sold.

Continue reading.

Bloomberg Markets

By Joseph Mysak Jr

April 9, 2024

Florida's Private High-Speed Train Wins Investment Grade Ratings.

- **Proposed $2 billion senior bonds garner BBB- rating from S&P**
- **Investment-grade ratings may widen market for rail line's debt**

Brightline, the first private US passenger railroad in more than a century, obtained investment-grade ratings on its proposed senior municipal bonds ahead of a planned $3.6 billion debt refinancing.

S&P Global Ratings assigned a preliminary BBB- rating, its lowest investment grade, to $2 billion of tax-exempt Brightline bonds. The bonds are likely to be issued this month by the Florida Development Finance Corp. Brightline expects Assured Guaranty to insure $1 billion of the tax-exempt debt.

The Fortress Investment Group-backed railroad, which started long-distance service between Miami and Orlando in September, also plans to sell $1 billion in speculative-grade corporate bonds yielding in the high-single to low-double digits, Bloomberg previously reported. Another $1.6 billion of debt and equity could come from Fortress or other investors.

Continue reading.

Bloomberg Markets

By Martin Z Braun

April 2, 2024

State of California: Fitch New Issue Report

Tax revenues are dominated by personal income taxes, which are economically sensitive, particularly those related to capital gains. Long-term growth prospects for revenues are strong, driven by the state's robust economic fundamentals. The state retains the independent legal ability to raise taxes, subject to a legislative supermajority voting requirement. California has a solid ability to reduce spending throughout the economic cycle, although its flexibility is somewhat more restricted than most states due to constitutional requirements for funding education and voter initiatives that limit state discretion. However, Proposition 98 school funding requirements also decline relatively quickly when revenues decline, acting as a form of automatic stabilizer during a downturn. Long-term liabilities, while above the median for U.S. states, remain a low burden on the resource base. The state is addressing its pension liabilities with measures including benefit changes, supplemental contributions, and a long-term plan to increase contributions to the teachers' system.

ACCESS REPORT

Tue 02 Apr, 2024

Sacramento Municipal Utility District, California: Fitch New Issue Report

Revenue is predominantly provided by retail (residential, commercial and industrial) electric sales to a modestly growing service area in and around the state capital. Demographic trends are favorable and SMUD has the exclusive right to provide electric service in its service area, providing strong revenue resiliency. Residential sales provide approximately 50% of annual revenue and no concentration exists in the customer base. Although the utility receives wholesale revenue, which can be more variable than retail sales, SMUD budgets conservatively, resulting in strong revenue performance to budget. Very strong rate flexibility is reflected in highly competitive rates and supported by the district board's independent legal ability to set its own rates. Rate affordability is high, with average annual electric costs accounting for only 1.8% of the city median household income. The rate structure does not include a natural gas or power cost adjuster but does include a hydro adjuster that recovers higher costs in low hydroelectric output years. The board adopts regular annual base rate increases, including 5.5% base rate increases in 2024 and 2025, split into two stages of implementation each year, on Jan. 1 (2.75%) and May 1 (2.75%). These increases are higher than in past years to keep pace with the inflationary cost environment given the lack of a power cost adjustment in the rate structure.

ACCESS REPORT

Tue 02 Apr, 2024

California Law for Asset Managers: California ESG Landscape - Ropes & Gray LLP

Click here to listen the audio

On this episode of Ropes & Gray's California Law for Asset Managers podcast series, Josh Lichtenstein, a benefits partner and head of the ERISA fiduciary practice, and Catherine Skulan, an asset management partner, further discuss the ESG landscape in California, including its climate-related disclosure regime as well as a fossil fuel divestment bill, which remains pending in the legislature, but if adopted, would impact managers overseeing state pension assets.

Transcript:

Catherine Skulan: Hello, and welcome to another installment of our Ropes & Gray podcast series on California Law for Asset Managers. I'm Catherine Skulan, an asset management partner based in California, and I am pleased to be joined by Josh Lichtenstein, a benefits partner and head of the ERISA fiduciary practice based in New York.

In our last two episodes in this series, my colleagues and I discussed recently enacted California laws that fall under the environmental, social and governance ("ESG") banner, and how those laws relate to asset managers and their portfolio companies. Hopefully, you were able to catch those episodes. Note, links to those episodes will be available in the transcript of this episode, so you can find them there: Overview of New California Law Requiring Disclosure on Diversity in VC Investments by "Venture Capital Companies" (December 5, 2023) and New California Climate Disclosure Requirements and Their Relevance to Asset Managers and Their Portfolio Companies (December 19, 2023). But, if you didn't catch them, here's a quick refresh:

Continue reading.

March 31 2024

California Risk Premium Climbs Ahead of $1.5 Billion Bond Sale.

- **Spread opened as much as 27 basis points since end of February**
- **Seasonal factors such as tax-season selling are contributing**

The yield premium on California bonds has jumped just as the most populous US state readies to borrow $1.5 billion while staring down a massive budget deficit.

An index showing the yield on 10-year California general obligation bonds compared to top-rated benchmark debt has widened as much as 27 basis points since the end of February, data compiled by Bloomberg show. Investors selling municipal debt from their portfolios to pay their taxes is in part driving the move.

The widening of that gap comes as lawmakers grapple with how to fill a roughly $73 billion budget shortfall expected in the fiscal year that begins July 1. The one-year median of the spread between 10-year California municipal bonds to AAA-rated securities had been around 2 basis points. That metric now stands at more than 11 basis points.

Continue reading.

Bloomberg Markets

By Maxwell Adler

April 4, 2024

Trinity River Authority, Texas: Fitch New Issue Report

The system serves a total of 21 members and the purchaser credit quality assessment is based upon the 'AAA' water and sewer bond ratings of Arlington, Mansfield, Carrolton and Grand Prairie. In fiscal 2022, the system had a very low operating cost burden of $1,976 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 29% in fiscal 2022. Annual capital spending relative to depreciation is robust, averaging 330% from fiscal years 2018 to 2022. Planned capital spending for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio. The system had moderate leverage of 10.3x as of fiscal 2022, which is generally in line with recent years' performance. The system consistently retains funds restricted for construction and, in consideration of those funds, leverage has typically fallen below 9.0x. The liquidity profile is neutral to the overall assessment with current days cash on hand of 122 and coverage of full obligations of 1.0x.

ACCESS REPORT

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