Texas Has a Warning for Its Pensions: Sever Ties With BlackRock

Comptroller sends letters to state money managers warning they may not be complying with intent of divestment law

Texas Comptroller Glenn Hegar is stepping up his battle against so-called sustainable investing, telling state money managers that they haven't done enough to cut ties with BlackRock Inc. and other financial firms that he says boycott the oil and gas industry.

Hegar sent letters late Wednesday to five Texas government-employee pension funds and an entity that manages money for the public school systems, "strongly" encouraging them to sever all relationships with companies on his office's divestment list, according to copies of the missives seen by Bloomberg News. The move follows a 2021 law that requires state entities to sell their shares in financial companies or investment funds that limit business with the fossil-fuel industry. In August, Hegar released a list of 10 companies including BlackRock and UBS Group AG and more than 300 individual funds that he says discriminate against oil and gas.

The demands laid out by Hegar increases pressure on state agencies that manage hundreds of billions of dollars in assets to completely cut off the firms on the boycott list. While the state firms indicated they didn't own direct stakes in the financial companies, Hegar said that an examination of their holdings and business relationships showed some still had investment funds issued by the companies or were paying the firms for services such as analytics or risk management.

Continue reading.

Bloomberg Green

By Danielle Moran and Shelly Hagan

February 23, 2023

A California Bill Would Pull State Business From Banks That Work With Gun Makers.

- **Bill would keep some banks from underwriting California deals**
- **Proposal signals growing politicization of muni-bond market**

A California bill would pull state business from Wall Street banks who work with gun makers, in another sign of the growing politicization of the $4 trillion municipal-bond market.

Legislation filed in the state Senate earlier this month by a Democrat from Orange County would "prohibit financial institutions that do business with gun manufacturers from doing business with the state of California," according to the bill's text. If enacted, it could have major repercussions in one of the largest segments of the $4 trillion municipal-bond market.

Wall Street banks have been caught in the US debate over firearms as a handful of states consider policies limiting government business with firms that restrict the gun industry. The pending California legislation is the opposite of a 2021 law passed in Texas that bars most government contracts there with companies that curb their business with the gun industry.

[Continue reading.]

Bloomberg CityLab

By Danielle Moran

February 21, 2023

[Bond Measure Ballot Question Fix for CA AB 195-AB 809 Requirements: Orrick]

Good news! California Senator Scott Wiener, 11th Senate District, has introduced Senate Bill 532 ("SB 532"), which, if enacted into law, would provide an option to California school districts and other local governments calling bond elections to include key financial information in voter information guides rather than including the information currently required by Assembly Bill 195 (Obernolte) ("AB 195")/Assembly Bill 809 (Obernolte) ("AB 809") in the 75-word ballot question.

AB 809 was signed into law in 2015 and required new information to be included in ballot questions when a new tax is to be imposed or an existing tax rate is to be raised by a measure. Specifically, the amount of money to be raised annually and the rate and duration of the tax to be levied is to be included in the statement of the measure in such cases. (The statement of the measure is the 75-word ballot question voters see prior to voting.) As drafted, the requirements of AB 809 did not apply to measures placed on the ballot by a local governing body. The requirements of AB 809 only applied to initiative measures. AB 195 made the AB 809 requirements applicable to measures placed on the ballot by a local governing body, including bond measures. AB 195 defines a "local governing body" as "the governing body of a city, county, city and county, including a charter city or charter county, or district, including a school district."

The additional information required by AB 195/AB 809 has proven problematic for bond measures because, among other things, the additional information confuses and misleads voters. Tax rates for property tax supported bonds, as well as the amount of money to be raised annually for such bonds, may vary significantly over the term of the bonds. Moreover, the duration of the tax is dependent upon many factors. To comply with the AB 195/AB 809 requirements, many school districts and other local governments use averages or other projections to present the required information. In reality, the actual tax rates and amounts to be raised might be significantly different than the averages in many of the applicable years. There are not enough words in a 75-word ballot question to adequately explain the information presented and how it may vary over the term of the bonds. As a result, the information provided is often over-simplified and can be confusing and misleading.

SB 532 provides school districts and other local governments calling bond elections the option to include key financial information in voter information guides rather than including the information required by AB 195/AB 809 in the 75-word ballot question. If the SB 532 option is selected, SB 532 requires that one sentence follow the ballot question: “See voter guide for measure information statement.” Those seven words would count against the ballot question 75-word limit.

The key financial information to be included in the voter information guide under SB 532 would include: (i) a description of the purpose of the proposed tax; (ii) a list of expected tax rates; (iii) a description of what would cause tax rate(s) to vary over time; and (iv) an explanation regarding the duration of the tax.

The following link will take you to the bill:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB532

SB 532 provides that “[i]t is the intent of the Legislature that elections officials prepare ballot materials for the March 5, 2024, primary election in compliance with this act.” In other words, the relief provided by SB 532 is intended to be effective for March 2024 elections, even though those elections will be called prior to the January 1, 2024, effective date of the bill.

Local governmental entities interested in bond measures can help support the passage of SB 532 as follows:

Contact your legislators (state Senators and Assembly Members) to encourage their support for SB 532. An email or a phone call to the Capitol or District office works great.

Rosters with contact information for legislators:

- Senators: https://www.senate.ca.gov/senators
- Assembly Members: https://www.assembly.ca.gov/
- Legislator Look-Up tool: https://findyourrep.legislature.ca.gov/

Submit an official position letter in support of SB 532 as it moves through the legislative process, starting with a letter to the author to express your organization’s support. Note, this requires an updated letter each step of the way to be on record with each legislative committee. This can be done via the Legislative Letter portal: https://calegislation.lc.ca.gov/Advocates/

Share your story! If your school district or other local government entity has been affected by AB 195/AB 809, please share your story so that it can inform the legislative process. This helps to personalize the issue for legislators who serve in key leadership positions and will be critical to successful passage of SB 532. Reach out to Rebekah Kalleen, legislative advocate for Coalition for Adequate School Housing (CASH), to share your story. Rebekah can be reached at rkalleen@m--h.com.

February.21.2023

Nebraska Bill Would Require Public Vote Before School Districts Could Use ‘Work Around’ to Finance New Schools.

LINCOLN — Voters would have to approve agreements to finance new schools via little-used interlocal agreements under a legislative bill given first-round approval Wednesday.

State Sen. Lou Ann Linehan of Elkhorn said Legislative Bill 299 would close a “loophole” in state law that allows financing of new school construction without a public vote.

“If you’re going to put people in debt, people should have the right to vote ‘yes’ or ‘no,’ ” Linehan said.

Continue reading.

NEBRASKA EXAMINER

BY: PAUL HAMMEL – FEBRUARY 22, 2023

New York City Coffers are Flush With Cash as It Taps Bond Market.

- **City has $14.6 billion cash balance, double last year’s amount**
- **Challenges include labor costs and office market weakness**

As New York City prepares to sell nearly $680 million of bonds Wednesday, investors are unlikely to see much short-term risk: Its coffers are flush with cash.

The city’s cash balance, which includes reserves, stood at $14.6 billion in early February, twice as much as the same time a year earlier, according to the Comptroller. Although Wall Street bonus payments are projected to decline 20%, personal-income-tax revenue withheld from worker paychecks in January was almost 7% higher than the same month last year, showing that the city is still gaining from the strong labor market.

“The city’s financial position is much stronger than it was before the pandemic,” said Vikram Rai, head of Citigroup Inc.’s municipal bond strategy group.

Continue reading.

Bloomberg CityLab

By Martin Z Braun

February 22, 2023

Pennsylvania Makes Progress Toward Public Employee Pension Sustainability.

How a series of reforms has put the Keystone State on a positive trajectory

Pennsylvania’s public employee pension plans are on a path to long-term fiscal sustainability thanks to a multiyear effort by policymakers to address the state’s sizable unfunded pension liability. Although the plans’ funded level remained relatively low in 2020 at 58%—below the national average of 70%—the state made three consecutive years of payments to the plans that were sufficient to cover benefits and reduce debt, which is real progress. In addition, a new benefit plan put in place to better manage financial risk, along with efforts to reduce investment fees by billions, limits the threat of developing new unfunded liabilities.

It will take decades for Pennsylvania's pension plans to achieve full funding, but an understanding of how policymaker decisions created a more positive trajectory can inform efforts elsewhere to improve the fiscal sustainability of public employee pensions.

Pennsylvania serves as both a cautionary tale and a turnaround story. The Pennsylvania State Employees' Retirement System (SERS) and the Pennsylvania School Employees' Retirement System (PSERS) were fully funded in 2000, thanks largely to strong investment gains in the 1990s stock market. But unfunded benefit increases and a longtime pattern of not fully funding annual required contributions meant that the state went from a $20 billion surplus in 2000 to a $60 billion deficit in 2015—one of the largest dips recorded nationwide.

Continue reading.

The Pew Charitable Trusts

By: David Draine, Greg Mennis & Keith Sliwa

February 21, 2023

New London, Connecticut: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aa': Fitch expects future revenue growth to approximate long-term U.S. inflation, supported by modest property appreciation and new construction that should add to the local tax base. Property taxes and state aid comprise the majority of the city's revenues. There is no legal limit to the property tax rate or levy. Expenditure Framework: 'aa': Fitch expects the natural pace of spending growth to remain in line with to marginally above that of revenue. Fixed costs related to debt service, pension and other-post employment benefits (OPEB) are expected to climb but remain moderate over the next few years as pension costs increase and the city continues to issue additional debt to support school construction projects. Control over headcount, wages, benefits and work rules is somewhat limited by staffing and labor contract requirements. Long-Term Liability Burden: 'aa': New London's debt and Fitch-adjusted net pension liabilities (NPL) represent a moderate share of personal income. Fitch expects that the city's liability burden will increase though remain consistent with the 'aa' assessment given future debt plans associated with city and school construction projects and pension liability trends. Operating Performance: 'aa': Fitch believes the city's substantial inherent budgetary flexibility and improved reserve levels support management's ability to maintain high fundamental financial flexibility through future downturns.

ACCESS REPORT

Tue 21 Feb, 2023 – 10:52 AM ET

New York City, New York: Fitch New Issue Report

The upgrade of the city's Issuer Default Rating (IDR) and GO bond rating to 'AA' reflects the improved financial foundation coming out of the pandemic, which places the city in a much stronger position to manage through future economic downturns, including near-term challenges due to an expected deceleration of revenue growth. The record revenue performance and strong recovery from the pandemic, as well as improvement in reserve levels following the removal of restrictions on such activity, will help management mitigate these pressures and other uncertainties associated with inflation and future labor costs. Collective bargaining agreements with the bulk of city employees are in negotiations and the potential impact to the budget remains to be seen.

ACCESS REPORT

Wed 22 Feb, 2023 – 1:10 PM ET

Cambridge, Massachusetts: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': Revenues are derived primarily from property taxes, and total annual general fund revenue growth over the past 10 fiscal years has exceeded U.S. GDP rates, reflective of strong growth in Cambridge's economy and tax base. Prospects remain strong for future economic advancement. The city maintains significant excess levy capacity under the state's Proposition 2 1/2 law, providing for a high legal ability to raise revenues. Expenditure Framework: 'aa': The natural pace of spending growth is expected by Fitch to be in line with or slower than natural revenue growth over time. Carrying costs for debt and retiree benefits claim a moderate proportion of governmental spending. Fitch expects carrying costs to remain moderate even with future debt issuances and budgeted annual increases in other-post employment benefit (OPEB) and pension contributions. The city maintains strong legal control over headcount and other key employment terms as provided by state statute. Long-Term Liability Burden: 'aaa': Cambridge's direct debt, net of water and sewer debt paid from user charges, and Fitch-adjusted net pension liabilities (NPL) are low at approximately 5% of residents' personal income. Fitch anticipates Cambridge's long-term liability burden will remain in line with the 'aaa' assessment based on expected growth in the city's population and personal income, future debt plans, and a rapid pace of principal amortization. OPEB liabilities compared to personal income are high when compared to debt and NPLs, but management is actively managing these costs.

ACCESS REPORT

Wed 22 Feb, 2023 – 4:20 PM ET

Illinois Faces Hurdles Steering Budget to Navigate a Recession.

- **Governor Pritzker to give fiscal 2024 budget address Wednesday**
- **Investors look for more progress on pensions, reserves**

Illinois, back from the brink of a junk rating, faces more challenges than other US states maneuvering its budget to weather an impending recession.

Governor J.B. Pritzker, the billionaire Democrat who was reelected in November, will deliver the first state of the state and budget address of his second term on Wednesday. Investors in the lowest-rated US state said they want to know how he plans to prepare for the expected economic slowdown that risks dimming the outlook for the coming fiscal year.

Illinois won a string of upgrades from the three major credit raters starting in mid-2021, which pulled it back from the verge of a non-investment grade rating. Its revenue topped forecasts, and general funds through the first seven months of fiscal 2023 beat the same stretch in the prior year by almost $2 billion. The state used some of that cash to build up its rainy-day fund, pay back pandemic-era federal loans, and put more into its underfunded pensions.

Continue reading.

Bloomberg Politics

By Shruti Singh

February 14, 2023

DeSantis Proposes Barring ESG Criteria in Florida Muni-Bond Sales.

- **State, local governments wouldn't be able to use ESG criteria**
- **Republican's proposal builds on plan announced late last year**

Florida Governor Ron DeSantis said he will propose legislation that would bar the state and its local governments from using environmental, social, governance criteria when issuing municipal bonds, expanding his push against what he has called a "woke agenda."

DeSantis released new details on Monday about his plan to require state and local government investments only be guided on potential returns. The Republican governor has previously said the state's asset managers must stop using ESG investing strategies if they want to keep overseeing Florida's money, including $220 billion of pension funds.

"We're also finally going to make sure that ESG is not infecting other decisions at both the state and local government," DeSantis said during a press conference in Naples on Monday. "So no investment decisions at the state or local government with ESG, no use of ESG in procurement and contracting and no use of ESG when issuing local or state bonds."

Continue reading.

Bloomberg Green

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

S&P U.S. Local Governments Credit Brief: Florida Municipalities, Counties, And School Districts

Overview

Florida municipalities, counties, and schools (or local governments [LGs]) have demonstrated stable credit quality in recent years, which we believe is supported by continued economic development and growth despite the recent pandemic, supply chain disruptions, and a tight labor market that has affected local government portfolios nationwide. S&P Global Ratings expects credit quality for Florida LGs to remain stable in the near term despite the shallow recession predicted for the first half of 2023, due in large part to the added financial flexibility most of the portfolio has realized subsequent to injection of federal stimulus funds during the pandemic and ongoing economic development. Employment growth in Florida exceeds the national rate. Recovery in the leisure and hospitality sector was achieved during the last two years due to stronger domestic visitor activity, while international visitor activity remains depressed compared with pre-pandemic levels. All the while, business and professional services, financial, and information sectors continue to expand. Florida's unemployment rate has continued to trend below the national rate, at 2.7% as of October 2022, whereas the annual population growth at 1.9% has exceeded the national rate of 0.4% during 2022.

S&P Global Ratings maintains ratings on 101 LGs: 22 schools, 19 counties, and 60 municipalities. Overall, Florida LG credit quality remained stable during 2022, with only 1% experiencing rating movement. Two LGs within the portfolio experienced one-notch upgrades. Hernando County's upgraded rating reflects material improvement in reserves, coupled with stronger financial management policies and practices, whereas Seminole County's credit quality improvement reflects positive operations and economic growth within the county, supported by robust and forward-looking policies and practices. In addition, the portfolio realized one outlook revision, for Indian River County School, to stable from negative due to the district's improved financial profile during the past two years as a result of prudent expense management and revenue growth. The majority of the ratings have a stable outlook, with Winter Haven the only credit on positive outlook due to improving per capita market values, which we expect will continue to support a strong economic profile, while Hillsborough County School District is the only credit on negative outlook, reflecting uncertainty in the district's ability to balance recurring revenues and expenditures, without federal stimulus support, while facing expenditure uncertainty from labor contracts.

Continue reading.

10 Feb, 2023

Fitch to Affirm ST 'F1+' Rating on Houston GO CP Notes Series E-2

Fitch Ratings-New York-13 February 2023: On the effective date of Feb. 15, 2023, Fitch Ratings will affirm the short-term (ST) rating assigned to the $100,000,000 City of Houston, Texas General Obligation Commercial Paper Notes Series E-2 (notes) at 'F1+'. A maximum of $100,000,000 aggregate principal amount of authorized notes may be outstanding at any given time.

The rating action is in connection with (i) the substitution of the current liquidity facility issued in the form of a Credit Agreement provided by Wells Fargo Bank, National Association (Wells Fargo; AA-/F1+/Stable) supporting the notes, with a substitute liquidity facility in the form of a Credit Agreement also to be provided by Wells Fargo and (ii) the reoffering of the notes.

KEY RATING DRIVERS:
On the effective date, the short-term 'F1+' rating will be affirmed based on the support of the substitute liquidity facility to be provided by Wells Fargo. The substitute liquidity facility provides coverage for the principal amount and interest on the maturity dates of the notes.

The substitute liquidity facility will expire on April 22, 2025, unless such date is extended, or upon any prior termination of the substitute liquidity facility. For information on the long-term rating on the City of Houston, TX (AA/Stable), see the press release dated July 28, 2022 “Fitch Affirms Houston, TX’s IDR and LT Bond Ratings at ‘AA’; Outlook Stable” available on Fitch’s website at www.fitchratings.com.

U.S. Bank Trust Company, National Association acting as Issuing and Paying Agent (IPA) will continue as the Issuing and Paying Agent for the notes, and as IPA, is directed to request an advance under the substitute liquidity facility whenever proceeds of the sale of rollover notes and other funds of the City of Houston are insufficient to pay maturing notes. The substitute liquidity facility provides sufficient coverage for the principal amount of notes and 270 days of interest calculated at 10% based upon a 365 day year.

All notes will be issued at par, with interest due at maturity. Following the occurrence of an event of default under the liquidity facility, Wells Fargo may direct the IPA to immediately stop the issuance of any additional notes. In such event, the substitute liquidity facility will expire after all the notes supported by such liquidity facility mature and have been paid from funds drawn on the substitute liquidity facility. In addition, the substitute liquidity facility may be terminated by Wells Fargo upon the occurrence of specified immediate termination events.

RATING SENSITIVITIES:
Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term ‘F1+’ rating is Fitch’s highest short-term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the notes will be adjusted downward in conjunction with the short-term rating of the bank providing the substitute liquidity facility and, in some cases, the long-term rating of the issuer.

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Additional information is available on www.fitchratings.com

Lynchburg, Virginia: Fitch New Issue Report

Revenue Framework: ‘aa’: Revenues have been rising at a pace approximating the rate of inflation. Fitch Ratings expects growth to generally match inflation over the long term, reflecting continued population growth and economic development activity. The city enjoys strong revenue flexibility given its independent legal ability to increase the property tax rate or levy without limitation. Expenditure Framework: ‘aa’: The natural pace of spending growth is expected to remain in line with to marginally above revenue growth. Moderate carrying costs and broad flexibility to manage labor-related costs allow the city solid leeway to adjust spending throughout economic cycles. Long-Term Liability Burden: ‘aa’: The combined burden of debt and the net pension liabilities is moderate relative to personal income. Fitch expects this metric to remain relatively stable over time due to the city’s manageable future debt needs and relatively modest net pension liability. Operating Performance: ‘aaa’: The city’s healthy financial reserves are well in excess of its target policy. In conjunction with a superior ability to adjust revenues and spending, this leaves the city very well positioned to address cyclical revenue declines.

ACCESS REPORT

Thu 16 Feb, 2023

Florida Seaport Investment Program: Fitch New Issue Report

The ‘AA+’ rating is based on the ‘aaa’ level resilience of the bond structure with exceptional coverage of debt service from the $47 portion of MV title fees deposited to the STTF. Revenues are expected to grow at a pace above inflation consistent with an ‘aa’ assessment reflecting the solid underlying economic and demographic characteristics of the state. The allocation of pledged revenues to the STTF is subject to appropriation by the state, which limits the rating to one notch below the state’s Issuer Default Rating (IDR; AAA/Stable). Key Rating Drivers Exceptional Resilience: The $47 portion of the MV title fee deposited to the STTF generated $268.7 million in fiscal 2022, 9.5% higher than three years prior, before pandemic-related disruptions. Of this amount, $10 million is statutorily directed to the SIP, subject to appropriation, and pledged to bondholders. Following the refunding sale, maximum annual debt service (MADS) is estimated to be $7.8 million in 2041; debt service is limited to the current $10 million STTF allocation to the SIP. Solid Growth Expectations: Fitch expects MV title fee revenues to exceed inflation over time underpinned by the state’s favorable in-migration record and prospects for ongoing economic expansion. The state is forecasting flat revenue trends over the next several years but actual results tend to outperform estimates

ACCESS REPORT

Fri 17 Feb, 2023

Anti-Environmental Investing Law Costing Texas Taxpayers $445 million a Year

Vindictive and meaningless political gestures costing Texas taxpayers

Over the past decade, many industries have placed more emphasis on managing their ESG (environmental, social and governance) risks and investors have been rewarding firms that use ESG data in their investing with increased capital inflows and higher equity valuations. Investment firms also have added offerings that avoid environmentally dangerous industries or invest in companies that are focused on energy efficiency, water conservation, or wildlife protection. To maximize shareholder value, some banks have also adopted ESG investing practices that evaluate companies on how well they are managing relevant risks including climate risk and governance practices as compared to their peers.

Because of Texas' large oil and gas industry, some Texas lawmakers have chosen to interpret this as an attack on the state, rather than a shift in the priorities and preferences of a functioning market. In 2021, legislators introduced Senate Bill 13, which banned banks that had divested from the oil and gas sector from participating in public finance markets in the state. A similar bill, Senate Bill 19, banned state and local governments from contracting with lenders that are limiting business in the firearms industry. Both laws took effect in September 2021.

Continue reading.

environmentamerica.org

FEBRUARY 9, 2023

Florida Lawmakers Move to Take Over Disney's Special-Tax District.

If approved, bill would give Gov. Ron DeSantis the power to appoint members to oversee the district, instead of eliminating it, as governor had pledged

Walt Disney Co.'s dominion over its magic kingdom in Florida may be coming to an end.

Republicans in Florida's House of Representatives on Monday filed a bill that would dramatically alter the governance—and even change the name of—the Reedy Creek Improvement District, a special-tax district near Orlando that has allowed Disney to self-govern the land that houses its Walt Disney World Resort for more than 50 years. The move is the culmination of GOP efforts floated last year to rein in Disney's special tax status, though it stops short of eliminating it outright.

The bill, sponsored by Orlando Rep. Fred Hawkins, would rename Reedy Creek as the Central Florida Tourism Oversight District and give Gov. Ron DeSantis the authority to appoint members to its governing body, the five-member board of supervisors. Florida's state Senate would have to approve any such appointments.

Continue reading.

The Wall Street Journal

By Robbie Whelan

Feb. 6, 2023

Disney Special Tax-District Bill Is Approved by Florida Senate.

Measure, which Gov. DeSantis is expected to sign, would move control of the Reedy Creek district to the state

The Florida Senate on Friday approved a bill that would dramatically alter the governance of a special-tax district near Orlando that has allowed Walt Disney Co. to self-govern the land that houses its theme parks, sending the measure to Republican Gov. Ron DeSantis, who is expected to sign it into law.

The bill would rename the Reedy Creek Improvement District—which houses Walt Disney World Resort and other parks and has existed for more than 50 years—the Central Florida Tourism Oversight District. The measure would give Mr. DeSantis the authority to appoint members to its governing body, the five-member board of supervisors, which under current law is essentially handpicked by Disney.

Disney would remain liable under the bill for nearly $1 billion in municipal debt issued by the district to pay for roads, sewers and other infrastructure, rather than shifting that burden to the taxpayers of nearby Orange and Osceola counties. The new district also would retain the ability to levy taxes and issue bonds.

Continue reading.

The Wall Street Journal

By Arian Campo-Flores and Robbie Whelan

Feb. 10, 2023

DeSantis Proposes Barring ESG Criteria in Florida Muni-Bond Sales.

- **State, local governments wouldn't be able to use ESG criteria**
- **Republican's proposal builds on plan announced late last year**

Florida Governor Ron DeSantis said he will propose legislation that would bar the state and its local governments from using environmental, social, governance criteria when issuing municipal bonds, expanding his push against what he has called a "woke agenda."

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"We're also finally going to make sure that ESG is not infecting other decisions at both the state and local government," DeSantis said during a press conference in Naples on Monday. "So no investment decisions at the state or local government with ESG, no use of ESG in procurement and contracting and no use of ESG when issuing local or state bonds."

Continue reading.

Bloomberg

By Michael Smith, Danielle Moran and Nic Querolo

February 13, 2023

Citi Dropped from Texas $3.4 Billion Muni Deal on Gun Policy.

- **State AG said the bank 'discriminates' against gun industry**
- **Bank spokesperson declined to comment on the removal**

Citigroup Inc. has been dropped from the group of banks poised to handle the biggest-ever municipal-bond transaction from Texas after the state's attorney general's office determined the firm "discriminates" against the firearms industry, barring it from underwriting most government borrowings in the state.

The Texas Natural Gas Securitization Finance Corp. board met on Thursday and took action to "reconstitute" the syndicate on the $3.4 billion deal, according to Lee Deviney, executive director of the Texas Public Finance Authority, the state agency overseeing the borrowing. Citigroup had been listed in the original iteration of the underwriting firms approved by the board in May and is no longer included in the final group.

A spokesperson for Citigroup declined to comment.

Continue reading.

Bloomberg Markets

By Danielle Moran

February 9, 2023

Ron DeSantis to Take Control of Disney's District Board in New Bill.

- **Local governing body would have a change in leadership**
- **Legislation would not impact outstanding debt obligations**

Florida lawmakers are proposing to give Ron DeSantis full control over the board overseeing Walt Disney Co.'s special district, as the Republican governor escalates his fight with the entertainment giant.

A new bill filed Monday would give the governor power to appoint the five-member board of supervisors that runs what is now known as the Reedy Creek Improvement District, a special government entity that's granted sweeping benefits to Disney for half a century. Those appointees will then have to be confirmed by state senators. The new rules prevent anyone with ties to a theme park in the past three years from serving on the board.

“Florida is dissolving the corporate kingdom and beginning a new era of accountability and transparency,” Bryan Griffin, DeSantis’ press secretary, said in an emailed statement. The former rules “gifted extraordinary special privileges to a single corporation.”

Continue reading.

Bloomberg Markets

By Nic Querolo and Felipe Marques

February 6, 2023

S&P U.S. Local Governments Credit Brief: Florida Municipalities, Counties, And School Districts

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Continue reading.

10 Feb, 2023

Fitch: Bolingbrook (IL) Rating Actions Point to Analytical Differences

Fitch Ratings-San Francisco/New York/Chicago-10 February 2023: The Village of Bolingbrook, IL's recent default on a series of nonrecourse sales tax revenue bonds backed by a narrow area of its tax base would not affect Fitch Ratings' view of the municipality's overall credit quality. While Fitch does not rate the Bolingbrook's dedicated tax or general obligation (GO) bonds, Fitch believes the recent downgrade of Bolingbrook's GO bond ratings by another rating agency highlights a meaningful difference in our approach to the distinctions between dedicated-tax bond obligations ratings and an issuer's GO and Issuer Default Ratings (IDR).

Our ratings definitions state that IDRs "opine on an entity's relative vulnerability to default…on financial obligations whose non-payment would best reflect the uncured failure of the entity," and a default of nonrecourse bonds does not meet this criteria. Fitch determines the legal obligations of issuers and specific pledged tax revenue stream when assigning ratings to dedicated-tax bonds. Transaction documents generally include explicit language that informs bondholders that issuers are not responsible for curing pledged revenue shortfalls. A default on a dedicated-tax bond that does not have any recourse to the issuer's general revenues would not trigger negative rating action on the issuer's IDR because it does not reflect the issuer's general credit quality or willingness to pay its financial obligations.

Fitch generally caps the ratings of local government dedicated-tax bonds at the IDR because we believe such pledges are unlikely to survive the filing of a bankruptcy by the municipality absent legal protections such as a statutory lien. We frequently rate dedicated-tax bonds like Bolingbrook's 2005 sales tax revenue bonds substantially below the local government's IDR, reflecting our view of the limited pledge and its lower resilience to revenue pressures.

The limited offering memorandum for Bolingbrook's unrated bonds explicitly warns that the bonds are payable solely and only from the sales taxes on a concentrated, small retail area encompassing existing retailers and speculative development potential, which makes them "subject to a high degree of risk." The offering statement further explains that the bonds are not general obligations and offered investors "neither the full faith and credit nor the general taxing power" of the municipality as security.

In some cases, municipal market issuers have intervened to prevent payment defaults on dedicated-tax bonds, including hotel tax bonds during the pandemic, even though they were not obligated to do so under the bond's legal structure/terms of the offering agreement. Fitch rates to the explicit obligations of the issuer under the terms of the legal documents and does not assume that a local government would step in to cover the payment obligations of a nonrecourse bond.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

S&P: California's Fiscal 2024 Executive Budget Proposal Closes A Projected $22.5 Billion Budget Gap

Key Takeaways

- We believe the governor's fiscal 2024 budget, as proposed, would largely maintain structural budget balance, although, state-projected revenues could prove optimistic; the California Legislative Analyst's Office forecasts slightly lower fiscal 2024 revenue than the governor's proposal, and neither the office nor the governor anticipates a recession
- The governor's executive budget proposal identifies a $22.5 billion potential general fund budget gap over the next year and a half, which would mostly be closed through reduction of previously approved one-time spending, spending delays, and shifting costs to other state funds
- The governor's proposal would spend down significant amounts of unreserved fund balance, but still increase the restricted budget stabilization fund slightly to $22.4 billion (10.0% of proposed general fund expenditures) in 2024, while at the same time paying down about $1.9 billion of long-term pension and other postemployment benefit liabilities
- While the executive budget forecasts substantial operating deficits throughout its five-year projection, these deficits would be eliminated or reduced to relatively small levels if what the state self-identifies as one-time spending is netted out. The state currently counts $32.4 billion of one-time spending in fiscal 2023, before proposed adjustments.

Continue reading.

7 Feb, 2023

City of Austin Must Pay $90 Million to Acquire Disputed Airport Terminal.

- **Operator resisted city takeover bid for airport expansion plan**
- **Demand for flights has surged as city seeks to add terminals**

A Texas probate court ordered the City of Austin to pay $90 million — nine times more than it had once offered — to the operator of a privately-run airport terminal that municipal officials want to demolish as part of a planned expansion project.

Lonestar Airport Holdings, the operator, had resisted the city's effort to take over the South Terminal at Austin Bergstrom International Airport, accusing officials of engaging in "municipal thuggery" by attempting to end the New York company's 40-year lease 34 years early. The city initiated eminent domain proceedings in June, after Lonestar rejected a $10 million offer to buy their lease rights.

The $90 million price tag for the takeover was determined late Monday by three court-appointed special commissioners in Travis County probate court, which administers the area's eminent domain cases.

Continue reading.

Bloomberg

By Madlin Mekelburg

February 7, 2023

Lubbock, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Very Favorable Service Area; Some Affordability Pressure: The overall service area assessment considers the very strong customer growth and unemployment rates, as well as household income figures that trail state and national averages. Affordability is incrementally pressured due to moderately elevated rates, and the aforementioned lower-than-average income metrics. The service area is home to Texas Tech University (TTU), which adds to the region's economic stability. Operating Risk: 'aa'; Very Low Operating Cost Burden; Manageable Capital Needs: Historical capital investment has been sound, as reflected by the system's very low life cycle ratio. Operating costs are very low despite the exposure to a wholesale supplier, which represents 60% of water supply. Financial Profile: 'aa'; Improving Leverage; Stable Financial Margins: The system's debt amortization and manageable capital spending contribute to the currently very low leverage. Liquidity and coverage of full obligations (COFO) are sound, and thus neutral to the financial profile assessment.

ACCESS REPORT

Thu 09 Feb, 2023

Victoria, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Favorable Service Area Characteristics; Affordable Service Costs: Revenues are derived entirely from the system's exclusive right to provide retail water and sewer service within the service area. Service area characteristics are favorable with midrange growth, income and unemployment attributes. The system has independent rate-setting authority, and rates are affordable for the vast majority of the population. Operating Risk: 'a'; Very

Low Operating Cost; Life Cycle Ratio Increasing: The operating risk assessment is supported by the system's very low operating cost burden, although the system displays elevated investment needs with a high life cycle ratio of 53% in fiscal 2021, up from 43% in fiscal 2017. Estimated capital spending over the next five years focuses primarily on renewal and replacement. Financial Profile: 'aa'; Very Strong Financial Profile: The system's very strong financial profile is supported by decreasing leverage over the last five fiscal years, largely attributable to rapid debt amortization. Leverage will increase slightly in Fitch's scenario analysis from the current 2.9x but remain supportive of the assessment. Fitch expects the liquidity profile to remain neutral to the assessment.

ACCESS REPORT

Tue 07 Feb, 2023

University of California: Fitch New Issue Report

Revenue Defensibility: 'aa'; Leading Statewide Public Research System; Strong State Support: The 'aa' assessment reflects UC's very strong demand characteristics, as well as a sizable and accretive clinical enterprise and good state operating support. Despite a meaningful decline in summer 2022 enrollment yoy, overall yoy enrollment was steady. The enrollment pipeline remains healthy; freshman applications for fall 2022 were up a sizable 3.5%, though transfer activity was softer due largely to community college enrollment pressures. Selectivity, matriculation and retention levels have remained solid and are reflective of UC's role as the state's land-grant research institution system. Operating Risk: 'a'; Solid Cash Flow at System and Healthcare Enterprise, and Meaningful but Manageable Capital Plans: Solid cost flexibility and consistent cash flow margins are reflected in the 'a' assessment, based on systemwide performance indicators. Through 2022, UC generated sufficient cash flow and coverage (adjusted for pension/other post-employment benefits [OPEB]). Margins remain susceptible to growth in compensation and inflation, reflecting UC's significant pension obligation and union presence. However, systemwide efforts on operating efficiency, collaboration across campuses and medical centers, and continued growth in revenue have preserved operating performance through the worst of the pandemic and have been sufficient to partially support a sizable capital investment program. Financial Profile: 'aa'; Sizable and Resilient Financial Profile: UC maintains a strong financial position, with generally improving available funds relative to expenses and adjusted debt over time.

ACCESS REPORT

Wed 08 Feb, 2023

Tarrant County Hospital District, Texas: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) and limited tax bond rating reflect Tarrant County Hospital District's (TCHD, or the district) very strong revenue defensibility, strong historical and projected operating margins, and financial profile consistent with Fitch's 'AA' category, inclusive of this series 2023 debt. The district has been building liquidity for the past several years in preparation of its two-phase capital improvement plan. TCHD carries only a very modest amount of long-term debt, but under its $800 million bond authorization, it will issue $450 million (including premium) of series 2023 bonds and follow up with a second issuance of approximately $350 million in the next four to five years. In addition to the debt, TCHD's $1.5 billion of capital spending plans will be partially funded from operating cash flow and reserves.

[ACCESS REPORT]

Wed 08 Feb, 2023

[Lower Colorado River Authority Transmission Services Corp., Texas: Fitch New Issue Report]

The 'A+' rating reflects the strong financial profile of Transmission Services Corp. (TSC) in the context of its very low operating risk and the strength of its regulated revenue framework in the ERCOT market, in which TSC operates. Transmission revenues are regulated by the Public Utility Commission of Texas (PUCT) and collected from all retail customers within ERCOT. The largest utilities contributing to TSC's transmission revenues have a collective midrange purchaser credit quality and consist primarily of the largest electric utilities operating within the state. Leverage (measured by net adjusted debt to adjusted funds available for debt service) remained consistently in the range of 8.0x over the last decade, despite large additional capex investments in new and existing transmission assets, primarily funded from new debt. The regulatory process in ERCOT allows capex additions to be included in the transmission tariff in a timely manner, allowing revenues to keep pace with the increased debt costs.

[ACCESS REPORT]

Wed 08 Feb, 2023

[State of Ohio: Fitch New Issue Report]

Revenue Framework: 'aa': Like most states, Ohio has an unlimited legal ability to raise operating revenues. Its revenue base is diverse and relies on broad-based income and sales taxes. Revenue growth has historically been slow, with state-source revenues expanding in line with, or slightly above, inflation when factoring in the effect of tax policy changes. Direct revenue effects of the tax cuts that Ohio has implemented over the past several biennia have so far been manageable, aided by favorable economic and fiscal trends. Expenditure Framework: 'aaa': Ohio retains ample flexibility to cut spending throughout the economic cycle. As in most states, the natural pace of spending growth is likely to be somewhat above revenue growth, requiring ongoing budget management. Carrying costs for debt and retiree benefits are below the median for states. Long-Term Liability Burden: 'aaa': Debt levels are conservatively managed and debt primarily consists of GO bonds. On a combined basis, outstanding debt and net pension obligations are below the U.S. states' median. Operating Performance: 'aaa': The state generally has a careful approach to financial operations, consistently achieving budgetary balance and restoring its Budget Stabilization Fund (BSF) during the last economic expansion.

[ACCESS REPORT]

Thu 09 Feb, 2023

Washington Suburban Sanitary District, Maryland: Fitch New Issue Report

Revenue Defensibility: ‘aa’: Very Strong Revenue Source Characteristics; Very Favorable Service Area: Washington Suburban Sanitary District (WSSD) serves an expansive and very favorable service area that encompasses portions of two counties. Enhancing the district’s independent ability to raise revenues is the authority to levy ad valorem taxes for debt service; to date, this authority has not been utilized. Operating Risk: ‘aa’: Very Low Operating Cost Burden; Moderate Investment Needs: The district’s operating risk profile is very strong, reflected in the very low operating cost burden and low life cycle ratio. Financial Profile: ‘aa’: Stabilizing Financial Profile with Expectations for Declining Leverage: The district’s financial profile assessment reflects its 8.9x leverage ratio in fiscal 2022, moderating from a recent peak of 11.1x as the effects of pandemic-related revenue stresses began to abate. Although leverage is expected to rise in fiscal 2023, Fitch anticipates leverage will decline thereafter, through at least fiscal 2027.

ACCESS REPORT

Fri 10 Feb, 2023

Aurora, Colorado: Fitch New Issue Report

Revenue Defensibility: ‘aa’: Very Strong Revenue Defensibility Supported by Very Favorable Demand Characteristics: Very strong revenue defensibility reflects the city’s autonomy to adjust rates, monopolistic service provision and very affordable rates. Robust growth underpins the very favorable service area, further supporting the assessment. Operating Risk: ‘aa’: Very Low but Rising Operating Costs; Low Life Cycle Ratio: The system’s operating cost burden has been rising and is approximated at $5,400 per million gallons (mg) of treated flows in 2021, excluding estimated stormwater costs. Financial Profile: ‘aaa’: Extremely Strong Financial Profile Supported by Robust Liquidity: The system’s leverage was 2.1x in fiscal 2021 (ended Dec. 31) and is expected to peak in 2023 with the system’s new debt issuance. However, leverage is typically not expected to exceed 3.0x through 2026, which is supportive of the ‘aaa’ assessment.

ACCESS REPORT

Fri 10 Feb, 2023

Prosper Independent School District, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘a’: Rapid taxable assessed value (TAV) and enrollment growth have led to strong revenue gains, outpacing U.S. GDP, and post-pandemic revenue growth prospects remain strong. Fitch expects future enrollment and revenue trends to mirror recent trends, based on current economic development. As is the case with other Texas school districts, Prosper ISD’s independent legal ability to raise revenues is limited by state law. Expenditure Framework: ‘aa’: Fitch expects the natural pace of spending growth to remain slightly above revenue growth, reflecting operating costs for new schools and additional teachers and staff. State support for pension and other post-employment benefits (OPEBs) costs helps keep the fixed-cost burden moderate, and expenditure flexibility is solid. Long-Term Liability Burden: ‘a’: Fitch expects the long-term liability burden to remain elevated but still within the moderate range given the district’s significant capital needs and needs of overlapping issuers over the medium to longer term. Operating Performance: ‘aaa’: Fitch anticipates the district will maintain a high level of operating flexibility due to its sound expenditure flexibility and supplemented by a sound reserve cushion. Fitch believes the district is well positioned to address challenges posed by future economic cycles. Conservative budgeting practices have helped management navigate the recent rapid growth.

ACCESS REPORT

Fri 10 Feb, 2023

Orrick Team Prevails in Long Court Fight to Preserve Approximately $4.5 Billion in Bay Area Transportation Funding.

Removing a significant legal roadblock to an estimated $4.5 billion in transportation funding for the San Francisco Bay Area, the California Supreme Court this week let stand a series of lower court decisions orchestrated by a cross-practice Orrick team through five years of litigation.

This action by California’s high court involves a challenge by the Howard Jarvis Taxpayers Association to legislation and a voter-approved ballot measure providing for a $3 toll increase on seven state-owned toll bridges in the region to fund transportation projects to relieve traffic congestion.

Our team has led the successful defense of the legislation and ballot measure on behalf of the Metropolitan Transportation Commission and the Bay Area Toll Authority. This has included four favorable judgments in the trial courts, as well as the precedent-setting appeals court decision in 2020 which the state Supreme Court let stand this week.

The Orrick team has been led by partners Devin Brennan and Eric Shumsky, associate Max Carter-Oberstone, as well as partner Christine Reynolds, former partner Brian Goldman, of counsel Michael Weed and former associates Monica Haymond and Ethan Fallon.

January.30.2023

Community Members Voice Concerns Over Buffalo Bills Stadium Deal.

- **Public hearing held Thursday in Orchard Park, New York**
- **Several residents were skeptical of the stadium proposal**

Community members expressed skepticism at a public hearing Thursday evening about a proposed deal to build a new National Football League stadium near Buffalo, New York, with $850 million in municipal subsidies.

The concerns raised at the Orchard Park meeting included the potential use of eminent domain, pollution stemming from construction, the lack of a dome in the Buffalo Bills arena’s design and whether this is an appropriate use of public funds.

Since there was “substantive negative comment” at Thursday’s meeting, the Erie County Stadium Corporation will hold another public hearing on the stadium plan at the end of February, Stephen Gawlik, senior counsel for the corporation who ran the session, said in an interview during a hearing recess.

“I love the Bills. I have my Bills mafia hat,” said Jay Knavel, a 20-year veteran of the Orchard Park Fire District. “At the same time, a lot of respect needs to be paid to the homeowners who have been around longer than the Bills. And since they’re not paying as much taxes as the residents, that respect needs to be paid.”

Proposals for new professional sports stadiums have long touched off debates over whether the benefits justify the costs, as well as the question of public funds helping teams that are private businesses.

Patrick Dell is also a Bills fan but had mixed emotions about the new stadium.

“I’m happy that this new stadium will keep the team in Buffalo, but I’m not happy with the amount of money they’re spending,” added Dell, 34. “Buffalo is not a wealthy area. It’s the definition of a middle class city.”

The Bills and the National Football League will contribute $550 million to the $1.4 billion 60,000-seat stadium, with Erie County and New York State providing the rest.

Buffalo native Erik Ortiz, 27, thought the stadium being built in Orchard Park, an affluent suburb about 15 miles (24 kilometers) southeast of Buffalo, wasn’t ideal.

“I wish it was more inner city,” Ortiz said. “I think building the stadium closer to the waterfront would bring the city together and bring in a lot of revenue.”

The new home of the Bills would rise across the street from Highmark Stadium, where the team has played since 1973.

In the coming days, the legal team of New York’s principal economic development public-benefit corporation, will review all oral and written remarks from the hearing and determine if there was “substantive negative comment,” in which state officials will publicly review the comments, according to Laura Magee, a spokesperson for Empire State Development.

Bloomberg Markets

By Maxwell Adler

February 2, 202

[Buffalo Bills Stadium Deal Faces Public Vetting as Final Approval Nears.]

Project has secured among the highest public funding for a stadium in US sports history

The Buffalo Bills and New York State officials are nearing final approval to build a new National Football League stadium in Orchard Park, New York, with $850 million in municipal subsidies.

On Thursday, the Erie County Stadium Corporation, a subsidiary of New York’s principal public-benefit corporation, will hold a public hearing on the $1.4 billion stadium project at 5 p.m. local time. Residents will have the chance to weigh in on the merit of the deal — which ranks among the largest taxpayer contributions ever for a pro football facility — as well as the community benefits agreement.

Locals from Erie County could hold up the project if there are substantive negative comments. If the hearing goes smoothly, the deal will be sent to the Erie County legislature and executive for signoff before construction can commence, according to Laura Magee, a spokesperson for Empire State Development. The NFL has already approved the deal.

Continue reading.

Bloomberg CityLab

By Maxwell Adler

February 2, 2023

Fitch: TX Perm School Fund Cap Has Minimal School District Credit Impact

Fitch Ratings-Austin/New York-31 January 2023: Fitch Ratings expects minimal negative effects on the credit profiles of school districts that issue debt without the benefit of the Texas Permanent School Fund's (PSF, or the program) 'AAA' guarantee as a result of the program's currently limited capacity.

School districts must have an investment-grade rating in order to qualify for the PSF guarantee. School districts with a weaker demographic profile, which are often lower rated, will receive priority under the program, and available capacity will be allocated based on need. Those districts forced to issue without the guarantee will face increased borrowing costs, but these costs should be easily absorbed by wealthy, higher-rated districts. Although the prioritization of lower credit quality school districts could weaken the program's aggregate pool quality over time if the program's guarantee cap is not raised, Fitch's cash flow modelling demonstrates that the program has ample cushion to mitigate this risk.

The program's leverage capacity is restricted by both state statute and IRS rules. The IRS limit (currently the constraining limit) is capped at 5.0x the fiscal-year 2009 book value of the fund, or $117.3 billion. The amount of guaranteed bonds was approximately $109 billion at the end of October 2022.

PSF management is working with state and federal regulators to expand the capacity limit, but timing of a resolution is uncertain. Until then, guarantee capacity will be based on bonds maturing or bond issuance amounts that are lower than the authorized amount. As of 4Q22, approximately $4.3 billion of bonds were scheduled to mature in 2023, or about 4% of the total.

Wealthier school districts' strong and growing tax bases support their ability to absorb higher borrowing costs and repay debt. Tax base growth has been driven by population inflows and home price appreciation. Home prices in Texas have softened slightly in the past few months, but generally remain near peak levels observed over the past three years.

In addition to potentially higher borrower costs, building materials and labor cost inflation may also cause some school districts to pause capital projects and postpone debt issuance. Non-residential construction materials and labor costs have trended up since the beginning of the pandemic, and issuers may wait until building supply availability improves and costs decrease. Other districts may not be able to wait on much-needed improvement and repairs due to strong enrollment growth and the need for additional classroom space.

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Pendergast Elementary School District No. 92, Arizona: Fitch New Issue Report

The 'AA–' Issuer Default Rating (IDR) reflects the district's sound operating performance, supported by its solid expenditure flexibility and healthy financial cushion. The IDR also incorporates the district's low long-term liability burden and weak revenue framework. The Arizona Legislature in its 2016 and 2017 sessions (52nd and 53rd Legislatures) approved amendments to various sections of the Arizona Revised Statutes that provide unlimited tax (ULT) bondholders with a statutory lien on ad valorem taxes of cities, towns, counties, school districts, community college districts and various special districts in the state.

ACCESS REPORT

31 Jan, 2023

Manchester, Connecticut: Fitch New Issue Report

The 'AAA' Issuer Default Rating (IDR) and GO bond rating reflect Manchester's capacity to sustain a high level of fundamental financial flexibility throughout economic cycles. The town's high gap-closing capacity is supported by its unlimited legal ability to raise revenues and solid expenditure flexibility. Fitch Ratings expects the town's long-term liability burden will remain low relative to its economic resource base and fixed-cost spending to remain a moderate portion of total governmental spending.

ACCESS REPORT

31 Jan, 2023

Residents of Suburban Atlanta's Newest City Are Already Trying to Secede.

The ink isn't even dry on the incorporation charter for the new City of Mableton in Georgia, and already there's a sizable faction that is trying to secede from it.

Residents of Atlanta's unincorporated Cobb County suburbs voted in November to establish a diverse new city of roughly 71,000 residents called Mableton. That city isn't even today-years-old — it won't become a working municipality until leaders are elected in March — but there is already a sizeable faction vying to de-annex, or secede, from it.

Hundreds of would-be Mableton city residents flooded the Cobb County Police Training Center auditorium on Jan. 18 to voice their dissent at a town hall hosted by Georgia state Representative David Wilkerson, who is also against the incorporation of Mableton in its current form. The discussion centered around how people could legally carve their residential areas out of the Mableton city boundaries. Wilkerson said a bill was in the works that would allow them to de-annex, but that they would have to pressure state lawmakers in their local delegation.

Continue reading.

Bloomberg CityLab

By Brentin Mock

January 24, 2023

S&P: California's Atmospheric River Brings Widespread Damage But Has Limited Credit Impact To Date

Key Takeaways

- A Presidential disaster declaration was issued for 58 counties, providing federal aid to recovery efforts and typically covering 75% of the cost of repairs. However, FEMA reimbursements typically cover only infrastructure repair and replacement costs and not related revenue stream disruptions.
- As of Jan. 20, 2023, California estimates $533 million in governmental infrastructure damage

incurred by local jurisdictions and an additional $113 million incurred by the state itself, for a total of $646 million.
- Issuers with available cash on hand to cover initial cleanup costs and that employ emergency and financial planning practices tend to fare best in the aftermath of major storms. FEMA reimbursements are also an important part of rebuilding but may take time to receive, so an issuer's liquidity and reserves are instrumental in the period following an event.
- Historically, many communities hit by storms see a temporary bump in sales taxes during rebuilding. While this provides revenue enhancement during a difficult time, rebuilding generally replaces what was lost rather than generating new economic growth.

Continue reading.

26 Jan, 2023

Fitch: California 2024 Budget Proposal Benefits from Prior Budgetary Actions

Fitch Ratings-New York/San Francisco-25 January 2023: California is well-positioned to address weaker revenue performance both in the current fiscal year 2023 and in the upcoming fiscal 2024, says Fitch Ratings.

California Governor Newsom's executive budget proposal for fiscal 2024 addresses lower than anticipated revenues by tapping resilience built into the fiscal 2023 and previous budgets without dipping into the rainy day fund (the budget stabilization account) or taking deep cuts to spending. The state now projects fiscal 2023 general fund revenues, prior to transfers, will be $12 billion (5.5%) lower than the June 2022 enacted budget estimate and down 5.6% yoy. General fund revenues are forecast to be essentially flat to fiscal 2023 at $209.7 billion in fiscal 2024, $23.7 billion (10.2%) lower than the June 2022 estimate, but still well above pre-pandemic levels.

The lower revenue forecast is driven largely by weakness in the personal income tax (PIT) that began to be evident at the start of fiscal 2023 in both withholding and estimated payments cash receipts. Lower withholding and capital gains are expected to be the main drivers of lower PIT revenues in the forecast. The PIT is highly sensitive to changes in the economy and the forecast reflects slower economic growth after the very rapid pace of growth immediately following the pandemic recession. The economic assumptions underlying the governor's budget proposal assume slightly stronger growth than does Fitch's economic outlook for the U.S., with the state assuming 0.9% real national GDP growth in 2023 versus Fitch's outlook of 0.2%. Fitch anticipates a mild recession beginning in 2Q23 while the governor's economic forecast anticipates slower economic growth, but no recession, leaving the state's revenue forecast susceptible to downside risk.

Balancing Actions

Prior enacted budgets enhanced financial resilience that will allow the state to address the current moderate slowdown. These budgets reduced budgetary and other debt, limited growth in on-going spending, applied non-recurring revenues to one-time spending including for capital investment rather than debt issuance, placed revenue triggers on new programs, and built reserves.

The bulk of the budget balancing actions proposed by the governor involve some form of spending reduction rather than revenue enhancement and are focused on funding delays, reductions and pullbacks, and trigger reductions that can be restored if the revenue picture improves. The budget also eliminates $3 billion that was available but not allocated in the fiscal 2023 budget to address potential inflation costs, withdraws a proposal to retire $1.7 billion in general obligation bonds using cash, shifts anticipated cash funding of capital projects to lease revenue bond issuance, and eliminates supplemental deposits to the budget stabilization account and other reserves.

The budget proposal continues programmatic spending that was funded in the fiscal 2023 budget, although in some cases funding is delayed or subject to trigger reductions. This includes initiatives in climate resilience, child care investments, transitional kindergarten, universal school meals, higher education investments and expanding health care access. The budget continues a multi-year investment in various state-wide infrastructure projects and housing development to address homelessness and affordability. The budget also maintains the accelerated paydown of state retirement liabilities as required by Proposition 2, with $1.9 billion in additional payments in fiscal 2024.

Fitch anticipates the details of the enacted budget will vary from the governor's plan, which will be updated in May to reflect any changes in the economy. If the economic situation deteriorates, the governor may propose additional program reductions as well as use of the budget stabilization fund, which is fully funded at $21.5 billion as of fiscal 2023 (10.2% of fiscal 2023 revenues). It is Fitch's expectation that the state will continue to make decisions that support a structurally balanced budget and that it will take the steps necessary to align expenditures with revenues as the revenue outlook develops.

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Additional information is available on www.fitchratings.com

Fitch: CA Weather Events Underscore Climate Risks to Local Govts, Utilities

Fitch Ratings-Austin/San Francisco/New York-26 January 2023: Recent extreme weather events in California underscore the state's challenges in addressing storms, drought, wildfires and widely fluctuating temperatures, Fitch Ratings says. Mitigating climate risk is an important part of the state's current fiscal 2023 budget, which provided $54 billion over five years in climate-related spending that will help local governments, utilities and other entities reduce greenhouse gas emissions and build resilience to environmental risks. These funds will also supplement municipal governments' resources and help preserve general fund flexibility.

To date, state and federal disaster relief funds have largely mitigated the financial impact of weather-related events on Fitch-rated local governments. However, local government credit quality could be affected if there are reductions in state and federal disaster support, and local resources are insufficient to address adverse effects.

The state now projects fiscal 2023 general fund revenues, prior to transfers, will be $12 billion (5.5%) lower than the June 2022 enacted budget estimate with general fund revenues forecast to be essentially flat to fiscal 2023 at $209.7 billion in fiscal 2024, $24 billion (10.2%) lower than the June 2022 estimate. One of the balancing solutions proposed by Governor Newsom in his recently released FY 23-24 budget would reduce the five-year climate spending to approximately $48 billion.

The fiscal 2022 and 2023 budgets committed $649 million to combat extreme heat and $1.9 billion for community resilience investments over multiple years to promote climate resilience in low-income and underrepresented communities. These funds may help local communities and governments reduce general fund spending or debt financing to address weather and climate issues. While lower, the most recent budget plan maintains $444 million (68%) of extreme heat funding and $1.6 billion (85%) of community resilience funding.

Recent rainstorms that have destroyed property and left thousands without power, primarily along California's coast and Sacramento valley, illustrate the impact that extreme weather events have on the state. Counties, cities and utilities that saw damage from the storms are expected to face significant clean up and rebuilding costs; however, affected entities are highly rated and have financial resources, including federal and state disaster aid, to address repairs. The Federal Emergency Management Agency (FEMA) is making federal disaster assistance available to supplement local and state resources, including funding, equipment and personnel. The state's fiscal 2021 and 2022 budgets committed a total of $1.3 billion for coastal resilience, which may be available to help these communities prepare for and mitigate future flood events.

The fiscal 2023 budget also funded programs that provided support to the electric grid during the September 2022 extreme heat event. The California Independent System Operator (ISO) declared an Energy Emergency Alert amid record breaking temperatures and energy usage across the state, asking residents and businesses to reduce their electricity use to avoid blackouts. Droughts reduced hydro generation, straining the ability of the energy grid to meet demand and thrusting reliance back on fossil fuels for energy generation. In turn, purchased power prices, already elevated from higher natural gas prices, spiked further due to scarcity, increasing costs for electric utilities.

Utilities with pass through fuel adjustment cost mechanisms in their rate structures that allow rates to be adjusted in response to mid-year power cost increases are better positioned to manage the financial burden of grid strain and recoup higher power costs. Conversely, increased costs may pressure the financial margins of utilities without automatic adjustment mechanisms if rate increases are not approved.

Chicago 'Social Bond' Issue Deemed a Success with Big and Small Investors.

The $160 million offering will fund neighborhood projects that include vacant-lot cleanups, affordable housing expansion and tree planting.

Chicago's first effort in years to market its municipal bonds to everyday buyers instead of financial institutions was a success, resulting in lower interest rates for the city and strong investor support for community projects, officials said Tuesday.

Last week, the city went to market with $160 million in what it called “social bonds” to fund sundry work, including construction of affordable housing, cleanup of vacant lots and the promised planting of 75,000 trees over five years.

The offering was structured to give first crack at the bonds to individual investors, especially Chicago residents. Municipal bonds typically are gobbled up by institutions.

As a result, 8% of the bond sales went to Chicago residents and 24% went to Illinois investors, said Jennie Huang Bennett, the city’s chief financial officer. She said the city generally sees only about 0.3% of bond sales going directly to individuals.

The bonds had high overall demand, she said. The greater the demand, the lower the interest the city must pay.

Bennett said the yields on bonds not subject to federal tax ranged from 2.56% to 3.86%, depending on maturities that ranged from 2026 to 2044. Also issued were taxable bonds that produced yields of 4.408% to 5.293%, depending on maturities from 2026 to 2041.

While participation by individuals was emphasized, large investors also gravitated to the bonds. Bennett said the city saw substantial activity from investment funds focused on environmental, social and governance standards, known as ESG.

She said 11 ESG-focused investment funds acquired $88 million worth of bonds.

Bennett called the offering “a unique social bond which allowed Chicagoans to invest in historic investments in their own community.”

Bond sales to individuals were encouraged in the city’s marketing, as well as by a decision to reduce the minimum investment to $1,000 from the standard $5,000. Individuals were given a one-day head start in purchasing the bonds before they were made available to institutions.

In addition, 43 participating banks and brokerages cooperated on streamlined procedures for taking individual orders.

Jack Brofman, the city’s deputy chief financial officer, said the last time the city took a direct-to-t-e-people approach with a bond sale was in 2005-06.

Bennett said recent improvements in the city’s bond ratings by outside firms reduced the overall interest it must pay. Higher bond ratings give investors more assurance they will be paid. The bonds were issued by the Sales Tax Securitization Corp., which is connected to the city but doesn’t have its pension debt. It repays bondholders from sales taxes.

Other programs the social bonds will fund include the city’s purchase of electric vehicles for its fleet and grants to rehabilitate vacant buildings along neighborhood commercial streets.

The Chicago Sun-Times

By David Roeder

Jan 24, 2023

Connecticut AG Says P3 for New London Pier Redevelopment is Legal.

Connecticut's attorney general has given the legal stamp of approval to a high profile public-private partnership that has come under fire for cost overruns.

After an investigation by a state watchdog commission into the contracts behind the Connecticut Port Authority's flagship redevelopment of the State Pier in New London, Attorney General William Tong issued an opinion Tuesday saying the public-private-partnership behind the $255 million project is legal.

The Port Authority is redeveloping the State Pier as an base for offshore wind installations, a project that has received kudos from the Biden administration as part of its larger efforts to create an offshore wind infrastructure that would deploy 30 gigawatts of offshore wind by 2030, enough, the administration says, to power 10 million homes with clean energy.

The P3 arrangement the that port authority, investor-owned New England electric utility Eversource, and Danish renewable energy developer Orsted struck in late 2020 is supposed to turn the pier into a one-stop, state of the art hub for the production and shipping of windmill turbines.

But the Connecticut State Contracting Standards Board, which oversees state agency contracting and procurement policies, has raised questions about rising costs and delays.

The board and acting chair Robert Rinker say the port authority lacked the clear authority to enter into the P3 arrangement driving the pier's development.

The attorney general, in a response published Tuesday to a request by the contracting board, said otherwise.

"The Port Authority is a quasi-public agency and retains the authority to enter into all necessary, desirable, or incidental contracts and into partnerships with governmental or private entities," Tong wrote.

"Some of these partnerships might be characterized colloquially, in business documents and by the General Assembly as public-private partnerships since they are literally partnerships between government and private entities," he continued, further referring to the arrangement as a "special type of public private partnership."

It was not the result the 14-member contracting board had hoped for.

The board plans to draft an immediate response, Rinker said.

"Calling it a public-private-partnership has to fit in under a statutory construct," Rinker said, adding that the AG's ruling doesn't help tack down where it fits. "The legislature is going to have to take a look at this, because the bottom line is that this quasi-public agency spending hundreds of millions of dollars of taxpayers' dollars without oversight."

The contracting board says it is problematic that the State Pier deal was approved before the passage of a law in June 2021 banning the formation of new P3's for any agency but the state Department of Transportation without prior approval from the legislative.

"Now the General Assembly has some oversight by having legislative hearings on these partnerships," Rinker said. However, contracts for the CPA's "biggest procurement now and probably for a very long period of time" were inked in the latter half of 2020, a little under a year before the new law passed and avoided such scrutiny.

A spokesperson for the port authority said the Attorney General's opinion was "welcomed confirmation that the CPA's statutory authority to enter into public-private partnerships is clear and consistent with the CPA's position when this was first raised one year ago."

The traditional argument for P3s is that they benefit both governments and private partners by splitting the costs and risks of joint ventures. However, costs have skyrocketed at the New London Pier project and only the government has so far shouldered the burden, according to a report submitted to the state's General Assembly by the SCSB in February.

The original projected cost in 2020 was $93 million, and under the agreement, the private partners fronted $75 million to cover a majority of the price. Today costs stand at $255 million and the state has covered the entirety of the difference, to the ire of the contracting board.

The port authority's latest request for $20 million of state bond funds was approved by the State Bond Commission in May; more is expected to be needed to complete the project.

Port authority officials attributed the over two-fold increase to inflation, rising material costs, and other unforeseen difficulties. While that's true, Rinker said the board's audit revealed the organization wasn't the best manager for such a large project.

"They didn't fully understand the scope of the project and it's a relatively small organization that doesn't do construction, involved in one of the more high scale, high-priced infrastructure projects," Rinker said.

Construction services within other agencies, like the state DOT, may have been more up to the task.

"Going from $93 million to $255 million, and maybe north of that, is a matter of public debate," Rinker said.

In his ruling, Tong left the door open for other avenues of investigation by the SCSB.

"This opinion does not speak to the legality, propriety, or ethics of any particular public-private partnership," he said. "We do not assume that any specific project or development characterized as a public-private partnership is or should be a partnership within the meaning of the General Statutes."

The SCSB investigation also looks at instances of self-dealing in the contracting of construction services.

The SCSB found that Omaha-based construction contractor Kiewit, awarded an $87 million contract to manage most of the pier's construction, had assigned at least five subcontracts to itself, which were then approved by the port authority.

"In terms of proper procurement everybody has to be on the same, level playing field," Rinker said. "There was a sense that some people had information that other people did not when they were putting their proposals or their bids."

While the state contracting board can't penalize or stop the project, it can make recommendations to legislators.

A bill introduced last week by Sen. Cathy Osten, D-Sprague, and Rep. Christine Conley, D-Groton, would prohibit construction managers on capital projects like Kiewit from subbing work to themselves or subsidiaries.

By Thomas Nocera

BY SOURCEMEDIA | MUNICIPAL | 01/27/23 01:45 PM EST

[Alabama-Based Investment Bank Dominates Bond Industry within its Home State, Statistics Show.]

The Frazer Lanier Company landed first in the number of Alabama bond deals, with 42 transactions totaling $1.172 billion, according industry data

MONTGOMERY , ALABAMA , US , January 26, 2023 /EINPresswire.com/ — In an industry dominated by firms from around the nation, a locally owned, Alabama-based investment bank is celebrating recent figures that place it first in the state for bond work in 2022.

The Frazer Lanier Company, Inc. landed first in the number of Alabama bond deals, with 42 transactions totaling $1.172 billion, according to available industry data from Thomson Reuters. Transaction totals include Frazer Lanier's role as both senior manager and co-manager.

[Continue reading.]

Beacon Communications

January 26, 2023

[Minnesota Bill to Expand Municipal Investment Authority Advances.]

Bill would allow limited investment with the State Board of Investment or index mutual funds.

The [House State and Local Government Finance and Policy Committee] on Jan. 24 will consider HF 159 (Rep. Mike Freiberg, DFL-Golden Valley). The bill would extend investment options available to cities with credit ratings of at least AA by a national rating organization (e.g., Moody's, S&P, and Fitch) to include certain long-term equity investments like index mutual funds and available investments with the Minnesota State Board of Investment.

Background on the bill

In 2017, the Legislature authorized local governments with populations over 100,000 and those with ratings of AAA to invest up to 15% of certain reserves, including unassigned cash, cash equivalents, deposits, and investment in these additional equity options.

The bill would extend the expanded 2017 authorization to AA-rated jurisdictions and also allow local government insurance pools that provide property insurance and workers' compensation insurance to many local governments, including the League of Minnesota Cities Insurance Trust, to invest in the same type of investments that the state of Minnesota invests in through the State Board of Investment.

Long-term investment options needed for local government

Currently, cities and counties under [Chapter 118A] have a limited number of investment options such as U.S. Treasuries, highly rated U.S. Government Agencies, highly rated state and local municipal bonds, and certificates of deposit (CDs) from banks that are FDIC-insured.

These investments work well for short-term investments of a few months to a few years for purposes such as cash to pay operating expenses between the time a local government receives property tax payments.

However, these fixed income bonds and CDs do not work as well for long-term investments; for example, when a city is setting aside long-term capital funds to pay for replacing a water treatment plant or for local government insurance pools that are paying workers' compensation benefits to an injured employee over 15 or more years.

League of Minnesota Cities

January 23, 2023

State of Wisconsin: Fitch New Issue Report

Revenue Framework: 'aa': Wisconsin's sound revenue framework relies on broad-based taxes that generally reflect economic performance and which Fitch Ratings anticipates will continue to grow in line with long-term expectations for inflation. Wisconsin has an unlimited legal ability to independently raise revenues. Expenditure Framework: 'aaa': Fitch anticipates Wisconsin will continue to effectively manage a natural pace of spending growth expected to be slightly above annual revenue growth, reflecting the primary drivers of Medicaid and education. The state benefits from low fixed carrying costs and has demonstrated ample ability to cut spending if needed. Long-Term Liability Burden: 'aaa': Long-term liabilities are low and below the U.S. state median. The state benefits from strong pension funding and a benefit structure that shares the risk of investment underperformance with beneficiaries. Operating Performance: 'aa': State fiscal performance in recent biennia has improved, with less reliance on one-time resources, stronger liquidity and reserves boosted from historically modest levels relative to the state's operating budget. The state maintains considerable flexibility through careful spending management.

ACCESS REPORT

Wed 25 Jan, 2023

Dallas, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'aa'; Very Strong Rate Flexibility; Expansive Service Area: The system's revenue defensibility is supported by DWU's extensive service area that includes the city and much of the neighboring suburban communities on a wholesale basis. The city anchors the large and diverse Dallas-Fort Worth regional economy. Rate increases have been regular and measured, yet rates remain low relative to other large utilities both within and outside of the state. The assessment is further supported by the monopolistic nature of DWU's revenues and its legal independent authority to raise rates. Operating Risk: 'aa'; Very Low Operating Cost Burden: DWU's operating risk assessment reflects its very low operating cost burden and favorable life cycle ratio. DWU continues to invest in system maintenance to address aged facilities while also investing in additional water resources in partnership with TRWD. Financial Profile: 'aa'; High Leverage Driven by High Capital Investment and Pipeline Partnership Project: The system's leverage remains somewhat elevated due to inclining debt and reduced FADS. Based on planned debt issuances over the next few years, which include obligations associated with the final phase of the IPL, leverage is expected to remain around 9.0x. The liquidity cushion and coverage of full obligations (COFO) are sound and considered neutral to the assessment.

ACCESS REPORT

Fri 27 Jan, 2023

An Iowa Town's $60 Million Plan to Span the Broadband Gap.

In a bid to boost digital access, West Des Moines is building its own fiber-optic conduit network — and committing Google to provide citywide service.

Ben McAlister, principal engineer for West Des Moines, Iowa, shows off a small hunk of flexible plastic tubing roughly three inches in diameter, filled with narrower tubes that look like thick colored straws.

It's a section of fiber-optic conduit — the small, multilane tunnel through which internet cables run, and a critical piece of the town's developing digital infrastructure. Nearly 1,000 miles of conduit like this is being laid in West Des Moines, bringing lightning-fast internet to every home and business, thanks to a $60 million municipal bond and a novel public-private partnership

The municipality, a suburb of Des Moines with a small, historic downtown and about 67,000 residents, is like many communities in less-populous parts of the US in that residents rely largely on outdated internet infrastructure. Most West Des Moines residents get their internet either through coaxial cable originally intended for cable television or through copper lines initially laid for telephone service, known as DSL internet. DSL typically boasts maximum speeds of around 30 megabits per second download speed, which is barely faster than the federal government's minimum speed required to be considered broadband (25 Mbps). Cable internet is better, but both are far slower than fiber — the gold standard in internet access, wherein data is encoded as light signals and sent across hair-thin glass threads.

Continue reading.

Bloomberg CityLab

By Katie Thornton

January 27, 2023

[Pharrell Williams-Backed Surf Park to Tap $121 Million of Bonds.]

- **It's one part of a $330 million development in Virginia Beach**
- **The city to help fund with $140 million of its own dollars**

Clap along for Grammy-winning singer and producer Pharrell Williams, whose long-awaited effort to build a surf park in his hometown of Virginia Beach, Virginia, will mark one of the biggest high-yield deals so far this year.

In a two-part transaction split between the Virginia Small Business Financing Authority and the Atlantic Park Community Development Authority, the issuers plan to sell a combined $121 million of unrated revenue bonds on behalf of private developer Venture Realty Group.

Proceeds from the sale will help fund a 4-acre surf park dubbed The Wave. It's the pièce de résistance of a gargantuan $330 million development project, Atlantic Park, which is the largest public-private partnership in the city's history, according to bond documents.

Continue reading.

Bloomberg Markets

By Allison Nicole Smith

January 27, 2023

[Texas AG Says Citi 'Discriminates' Against Gun Industry, Halting Muni Business.]

- **Texas AG rules that bank 'discriminates' against gun industry**
- **Citigroup disputes finding and maintains bank is in compliance**

Citigroup Inc. is once again facing an ouster from the booming Texas municipal-bond market after the state's Attorney General Ken Paxton's office determined the bank "discriminates" against the firearms industry.

The ruling indicates that the New York-based bank runs afoul of a Republican-backed law passed nearly two years ago that bars most government contracts with companies that engage in anti-gun business practices. The decision appears to halt the bank's ability to underwrite most municipal-bond offerings in the state.

It's a whipsaw moment for Citigroup. The bank had temporarily halted its work in the Texas muni market after the law went into effect in September 2021 but had revived that business two months later, saying it complies with the law. Paxton's ruling ends a months-long probe into Citi's corporate policy.

Continue reading.

Bloomberg Markets

By Danielle Moran

January 19, 2023

[Texas AG to Halt Most of Citigroup's Municipal Offerings on Gun Law Row.]

(Reuters) -Citigroup Inc has discriminated against the firearms sector, the office of Texas Attorney General Ken Paxton said, making a decision that “has the effect” of Texas halting Citi’s ability to underwrite most municipal bond offerings in the state.

Republicans have been ramping up pressure on the finance industry over environmental, social and governance (ESG) investment practices. Texas enacted a law in 2021 prohibiting government contracts with entities that discriminated against the firearms industry.

“It has been determined that Citigroup has a policy that discriminates against a firearm entity or firearm trade association”, the assistant attorney general chief of the public finance division of Texas AG wrote on Wednesday in the letter seen by Reuters.

“Citi’s designation as an SB-19 discriminator has the effect of halting its ability to underwrite most municipal bond offerings in Texas,” Paxton’s office told Reuters, referring to the law.

Until further notice, The Texas AG will not approve any public security issued on or after Wednesday in which Citigroup purchases or underwrites the public security, she added in the letter.

“Citi does not discriminate against the firearms sector and believe we are in compliance with Texas law”, a Citigroup spokesperson said in an emailed statement to Reuters, adding that the company would remain engaged with the Texas AG office to review options.

In 2018, Citigroup put restrictions on new retail business clients that sell guns, requiring that they pass background checks. That followed a high school shooting in Florida in February of that year in which 17 people died.

Bloomberg News first reported the news on Thursday.

By Reuters

Jan. 19, 2023

(Reporting by Lavanya Ahire and Akanksha Khushi in Bengaluru,Additional reporting by Urvi Dugar and Mrinmay Dey; Editing by Bradley Perrett, Bernadette Baum and David Gregorio)

[The Man Enforcing Texas’ Crackdown on Wall Street Over ESG.]

- **Republican anger over woke investing puts focus on Glenn Hegar**
- **He’s a gatekeeper for $330 billion of state investment assets**

The crackdown started last year with a letter from a little-known Texas politician. Sent to more than 100 of the world's largest financial firms, the missive demanded they make clear whether they restrict business with the fossil-fuel industry. If so, they'd risk getting shut out of working with the fastest-growing US state.

The responses pushing back poured in from BlackRock Inc., the Vanguard Group and other industry titans, addressed to someone who'd likely never crossed their desks before: Texas Comptroller of Public Accounts Glenn Hegar, the chief financial officer for the world's ninth-largest economy.

The showdown with Wall Street has lifted the 52-year-old Republican from relative anonymity and made him a gatekeeper to the state's roughly $330 billion of investment assets. He's been thrust into the center of one of the most divisive issues in American politics as GOP officials from Florida Governor Ron DeSantis to former Vice President Mike Pence reject efforts to align investment policies with social and environmental goals.

Continue reading.

Bloomberg Markets

By Danielle Moran

January 20, 2023

Texas Limits Citi Bond Business, Saying Bank 'Discriminates' Against Gun Industry.

Citigroup will no longer be able to underwrite most municipal bonds in Texas after state Attorney General Ken Paxton's office said the bank "discriminates" against the gun industry.

In a Wednesday letter, Mr. Paxton's office rejected a document that had allowed Citigroup to lead public debt sales in Texas, where it was previously the largest underwriter of municipal bonds.

Citigroup limited its business with gun retailers in response to the mass shooting in Parkland, Fla., in 2018. Texas passed a law in 2021 that barred government contracts with banks that discriminated against firearms and ammunition companies and groups.

Continue reading.

The Wall Street Journal

Jan 19, 2023

Community Reinvestment Area Act Major Overhaul for Ohio.

Signed into law by Governor Mike DeWine on January 2, Ohio Senate Bill 33 (SB 33) delivers significant changes to the Community Reinvestment Act. These changes can be organized into the following categories: (1) Facilitation of the creation and implementation of Community Reinvestment Areas (CRA) (2) Benefits to project owners; (3) New allocation of tax revenue and potential impact to school districts; and (4) Increased access to CRA information. This law will be effective on April 2.

What is a CRA?

A CRA is an economic development program first introduced in Ohio over 50 years ago and governed by Ohio Revised Code Sections 3735.65 to 3735.70 (the "Act"). A CRA is a bounded area that has been designated through an ordinance (municipality) or resolution (county or limited home rule township, under the new law) as "one in which housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged." (R.C. 3735.65(B)).

Once designated, the CRA allows the granting of real property tax exemptions of up to 100% on *residential, commercial, or industrial* projects within the bounded area for the building of new structures or the remodeling of existing structures. Depending on the nature of the project, tax exemptions granted under the CRA program can extend up to 15 years (or 30 years in the case of a qualifying Megaproject). (R.C. 3735.67(D)(1)). For commercial or industrial projects in CRAs created after 1994, the property owner and the legislative authority for the subdivision granting the exemption must enter an agreement specifying terms of the exemption (R.C. 3735.671).

Effect of SB 33

Facilitation of the Creation and Implementation of CRAs

Inclusion of Limited Home Rule Townships. Previously, CRAs were able to be created and utilized only by municipalities and counties. SB 33 revises the language of the Act to include limited home rule townships as a political subdivision with authority to create a CRA. (R.C. 3735.65(F)).

Elimination of Requirement for State Certification. The current process for establishing a CRA involves a petition to the Ohio Department of Development (ODOD) for the certification of the area. (R.C. 3735.66). Under SB 33, this requirement is eliminated, and instead, the political subdivision will be required to send a copy of the resolution and the map of the CRA to the ODOD upon adoption. While the ODOD would no longer be involved in the determination of the validity of the CRA, the ODOD would still need to provide a unique designation for each CRA prior to the political subdivision's ability to grant any tax exemption.

Model Agreement. Under Section 3735.671(A) of the Act, proposed commercial and industrial projects for tax exemption within a CRA require a written agreement between the project owner and the legislative authority of the municipality or county. SB 33 requires the ODOD to adopt a model agreement in conformity with the requirements as outlined in Section 3735.671.

Increased Threshold for Municipal Income Tax Sharing. Under R.C. 5709.82(C) and (D), municipalities were required to provide school districts compensation if the exemption granted under a CRA would create $1 million or more in increased municipal income tax revenue due to new employees in the commercial or industrial project. Under SB 33, income tax sharing is only required for $2 million or more in increased municipal income tax revenue (as adjusted for inflation each year). The $1 million threshold will continue for other tax incentive programs, including tax increment financing and enterprise zones.

Reduction of Annual Report Requirements. Under Section 3735.672 of the Act, the municipality or county is required to send an annual report to the ODOD and the board of education of each school district. Under SB 33, the municipality or the county is only required to send the annual report to the ODOD. Additionally, the required content of the annual report is reduced, including the elimination of the requirement to provide employment data, tax incentive review council action data, the number of rescinded agreements, and additional previously required information.

Benefits to Project Owners

Increased Exemption Threshold. Under Section 3735.671(A)(1) of the Act, approval is required by the school district's board of education in which the project property is located within the territory. However, former law only requires school district approval if the exemption exceeds 50% of the value of new or remodeled structures. (R.C. 3735.671(A)(2)). SB 33 further limits this approval requirement only if the exemption exceeds 75% of the value of new or remodeled structure(s).

Elimination of Annual Fee. Section 3735.671(D) of the Act, commercial and industrial project owners are required to send a CRA fee to the state annually. Under SB 33, this annual fee would be eliminated.

Reduction of Waiting Period Following Discontinuation. Under Section 3735.671(E) of the Act, for a period of five years following the discontinuation of operations or the expiration of the term of the agreement, the parties to the CRA agreement may not enter into another agreement under the CRA program or an enterprise zone agreement under R.C. Section 5709.62, 5709.63, or 5709.632. SB 33 reduces this period from five to three years.

New Allocation of Tax Revenue and Potential Impact to School Districts

SB 33 increases the approval threshold by an affected school district's board of education to exemptions which exceed 75% of the value of new or remodeled structures. This could lead to higher tax exemptions on real property for CRA projects, potentially resulting in more forgone revenue for school districts and other political subdivisions.

As previously discussed, SB 33 increased the required threshold for income tax sharing to $2 million or more in increased municipal income tax revenue, which would benefit municipalities, but reduce additional revenues available to school districts.

Increased Access to CRA Information

Under SB 33, the ODOD is required to publish and update annually on its website a list of all Ohio CRAs, including for each CRA: (a) boundaries on a map, (b) authorizing resolutions, and (c) applicable agreements for any commercial or industrial properties.

Frost Brown Todd LLP – Thaddeus M. Boggs and Emma H. Mulvaney

January 13 2023

Fitch: Illinois Bill Would Add to Chicago Public Schools' Labor Challenges

Fitch Ratings-New York/Chicago-17 January 2023: Chicago Public School (CPS) principals are likely to soon gain collective bargaining rights long held by their peers in other states should Illinois House Bill 5107 (HB5107) be signed into law. Efforts to enhance K-12 labor rights in Chicago highlight dynamics occurring in school districts across the country in which public school employees have sought higher wages and improved working conditions after a difficult few years of reduced staffing, low wages, pandemic concerns and teaching adaptations, Fitch Ratings says.

If HB5107 becomes law, CPS will likely see an already contentious labor environment grow more complex. CPS will need to negotiate with both its teachers through Chicago Teachers Union (CTU) and its administrators through their own separate, elected bargaining unit. This adds another layer of labor negotiation in a district well-known for its standoffs between mayors and CPS and union leadership.

CPS saw upticks in resignations and retirements for CPS principals in 2022, substantially above 2021 and 2020 totals. Within CPS, seasoned teachers may be dissuaded from pivoting to an administrative role that may pay less than what they currently earn. HB5107 could potentially lead to hiring more administrators from within a school's teaching ranks if principals successfully bargain to adjust wages.

As Fitch previously commented, US public school districts are facing heightened labor cost pressures due to wage inflation, pre-existing staff shortages exacerbated by the pandemic and a tight post-pandemic labor market. Nationwide teacher and other school staffing challenges will continue to compel districts to make salaries more competitive to attract and retain staff.

CPS spends approximately two-thirds of its general fund budget on employee salaries and benefits, and its budget reflects efforts to absorb the spending pressures associated with the negotiated wage increases and multi-year commitment to increased staffing levels included in the 2020-2024 CTU collective bargaining agreement. CPS is notable compared to most of its peers due to both its large proportion of fixed and essential spending commitments and its challenging labor environment, which may constrain its ability to achieve meaningful expenditure savings in response to an unexpected decline in revenue. While HB5107 will not affect CPS's rating in the short-term, CPS's ability to manage labor conflict could affect credit quality over time.

CPS has a Fitch ESG Relevance Score of '4' (on a 1 to 5 scale, with '1' indicating irrelevance and '5' signifying high relevance for the rating) for Labor Relations & Practices, which reflects the influence of labor-related issues and spending pressures on the credit profile. Fitch recently affirmed the Chicago Board of Education general obligation bond rating at 'BB+'/Stable.

Historically, principals in Illinois have been precluded from unionizing because state labor law classifies them as managerial employees. HB5107 updates collective bargaining rights language for CPS principals specifically to include supervisory individuals engaged predominantly in executive and management functions, in contrast with managerial individuals who have significant roles in the negotiation of collective bargaining agreements and/or the formulation and determination of employer-wide management policies and practices. The bill, however, prohibits administrators who are required to hold administrative licenses from striking, unlike Illinois teachers, who are generally able to strike over pay and working conditions.

HB5107 was initially publicly opposed by both CPS and Chicago Mayor Lori Lightfoot; however, both have since issued statements of support. Having passed the state House and Senate, the bill is now awaiting signature by Governor Pritzker.

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The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

[Virginia College Building Authority: Fitch New Issue Report]

Revenue Framework: 'aa': Fitch expects Virginia's principal revenue sources, primarily income and sales taxes, will continue to reflect the depth and breadth of the economy as well as its above-average sensitivity to cyclical downturns. The commonwealth has complete control over its revenues, with an unlimited legal ability to raise operating revenues as needed. Expenditure Framework: 'aaa': Virginia maintains ample expenditure flexibility, with a low burden of carrying costs for liabilities and a broad ability to cut expenses common to most U.S. states. As with most states, Medicaid remains a key expense driver, but one Fitch expects the commonwealth will be able to actively manage without threatening fiscal stability. Long-Term Liability Burden: 'aaa': Virginia's long-term liability burden is low and well managed. Debt issuance is carefully monitored through both constitutional limitations and stringent institutional practices. Virginia's ratio of net pension liabilities to personal income remains below those of most states.

[ACCESS REPORT]

Tue 17 Jan, 2023

[Fitch to Upgrade New York City GO Bonds, Fiscal 2019 Ser D Subseries D-4 S-T Rating to 'F1+']

Fitch Ratings-New York-18 January 2023: On the effective date of Jan. 19, 2023, Fitch Ratings will upgrade the short-term rating assigned to the $150,000,000 City of New York General Obligation Bonds, Fiscal 2019 Series D Subseries D-4 to 'F1+ from 'F1'. The Short-Term rating action is in connection with the substitution of the current liquidity support provided by Barclays Bank PLC (Barclays, A+/F1/Stable) in the form of a Standby Bond Purchase Agreement (SBPA) with a SBPA to be provided by State Street Bank and Trust Company, (State Street, AA/F1+/Stable).

KEY RATING DRIVERS:

On the effective date, the Short-Term 'F1+' rating will be based on the liquidity support to be provided by State Street in the form of a substitute SBPA, which has a stated expiration date of Jan. 19, 2028, unless extended or earlier terminated, during the daily, two-day and weekly interest rate modes only.

The Long-Term ‘AA-’/Positive Outlook rating continues to be based on the rating assigned to the New York City General Obligation Bonds. For more information on the Long-Term rating, see the press release “Fitch Rates NYC’s $1.35B Fiscal 2023 Ser B GO Bonds ‘AA-‘; Outlook Positive, dated Sept. 26, 2022 on www.fitchratings.com.

The substitute SBPA provides for the payment of the principal component of purchase price plus an amount equal to 35 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the daily, two-day and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 19, 2028, the stated expiration date, unless such date is extended, upon conversion to a mode other than the daily, two-day or weekly rate mode; or upon the occurrence of certain events of default which result in a mandatory tender or other events of default related to the credit of the City of New York which result in an automatic and immediate termination.

The bonds are not subject to a mandatory tender in connection with the SBPA substitution, under the terms of documents mandatory tender is not required if the substitution does not result in a downgrade or withdrawal of the current short-term rating assigned to the bonds. The remarketing agent for the subseries D-4 bonds is Barclays Capital Inc.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The Short-Term rating assigned to the bonds is Fitch’s highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The Short-Term rating assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank, and, in some cases, the long-term rating of the bonds.

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Oklahoma Water Resources Board: Fitch New Issue Report

Sound Financial Structure: Fitch Ratings' cash flow modeling demonstrates that state revolving fund (SRF) program's pledged resources are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using its Portfolio Stress Model (PSM). Loss Protection Provided by Overcollateralization and Reserves: OWRB's aggregate outstanding bonds benefit from overcollateralization, as surplus loan repayments provide minimum annual debt service coverage of 1.4x. In addition, reserves under the prior indenture protect related bondholders from losses on a senior lien basis, and are available to all bondholders on a subordinated basis.

ACCESS REPORT

Wed 18 Jan, 2023

Greenville County, South Carolina: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': Fitch expects long-term revenue growth to exceed the pace of national economic growth due to the county's continued rapid population gains and the expansion of the local economy. While state law limits annual increases in property tax millage rates, the current allowable capacity to raise property tax revenues and the county's ability to adjust fees and charges provides considerable revenue-raising authority. Expenditure Framework: 'aa': County spending growth is projected to be consistent with, or slightly above, the pace of revenue growth in the absence of policy action. Management's considerable spending flexibility is supported by its ability to control labor terms and moderate carrying costs. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low, with most of the liability consisting of debt of the overlapping school district. The burden is expected to remain fairly stable given regional growth needs, rapid debt amortization and expectations for continued growth in personal income. Operating Performance: 'aaa': The county's consistently strong reserve levels are the result of conservative budgeting and prudent financial practices. Fitch expects management to utilize its significant revenue and expenditure flexibility to maintain sound reserves throughout economic cycles.

ACCESS REPORT

Thu 19 Jan, 2023

Heber Light & Power Company, Utah: Fitch New Issue Report

Heber Light & Power Company's 'AA–' long-term rating and Issuer Default Rating imply a very strong financial profile. HL&P's leverage ratio, as measured by net adjusted debt to adjusted funds available for debt service averaged 6.2x over the past three years ending fiscal 2021, during which time its sales grew by a CAGR of 3.6%. However, the Negative Outlook reflects expectations that lower operating margins and higher spending will weaken financial metrics and Fitch Ratings' growing concern that future rate increases may not keep pace with rising costs. The lack of timely cost recovery during fiscal 2022 resulted in a $2 million operating loss and spike in leverage to 10.3x from an average 6.3x over the preceding three years.

ACCESS REPORT

Fri 20 Jan, 2023

State of Washington: Fitch New Issue Report

Washington's 'AA+' Issuer Default Rating (IDR) and GO bond rating reflect the state's broad and steadily growing economy, with solid long-term revenue growth prospects, a demonstrated commitment to fiscal balance and combined long-term liabilities that place a low burden on resources. The ratings also reflect the state's very strong financial resilience supported by a statutory requirement for a balanced multiyear budget and formulaic funding of the budget stabilization account (BSA) leading to solid reserves. Education poses a unique spending pressure for the state given both steady population growth and the state's role as the primary funder for K-12 schools across the state.

ACCESS REPORT

Fri 20 Jan, 2023

Milwaukee, Wisconsin: Fitch New Issue Report

The 'A' Issuer Default Rating (IDR) and GO ratings reflect Milwaukee's recent trend of structural operating deficits, temporarily mitigated by federal pandemic stimulus funds, rising but still moderate long-term liability burden, stagnant revenue growth prospects, inability to independently raise revenue and adequate expenditure flexibility. The Negative Rating Outlook continues to reflect the city's long-term structural budget gap, with Milwaukee reliant on appropriations of its tax stabilization fund and stimulus funds in recent years to balance the budget.

ACCESS REPORT

Fri 20 Jan, 2023

Hoosier City Takes on Debt in Bet on Kids Sports.

- **Mishawaka's $36 million bond project is play for tourism money**
- **Developer sees $65 million in revenue, economist is skeptical**

Mishawaka, Indiana, is serious about high-school athletics, no surprise in a state whose nickname inspired the movie *Hoosiers*, an archetype of small-town sports heroics.

The depth of the city's commitment was on display earlier this month with its sale of almost $36 million of taxable lease-revenue bonds to finance the Mishawaka Fieldhouse. Developer Card & Associates forecasts the youth sports complex can generate $65 million in annual revenue once operation starts next year.

The city of 51,000 joins a growing list of municipalities with plans to attract tourism dollars by providing facilities for young athletes who otherwise would have limited opportunity to compete and to receive regional and national attention. But not all of the new public sites have seen immediate success. In Mesa, Arizona, a bond-financed park defaulted after opening a year ago.

Continue reading.

Bloomberg Markets

By Maxwell Adler

January 20, 2023

A Small City's Descent Into Bankruptcy.

"By far the worst that we have encountered," is how one person involved in resolving the fiscal mess described it. This first article in a three-part series, looks at how the troubled city's situation resembles another municipal bankruptcy about a decade ago.

Welcome back to the Route Fifty Public Finance Update! I'm Liz Farmer and this week's newsletter will be the first in a three-part series about Chester, Pennsylvania, a small city outside Philadelphia that filed for bankruptcy late last year. We'll start off by looking at how the situation in Chester compares to another Chapter 9 bankruptcy that took place about a decade ago. But first, here's the backstory.

Chester is an old city with a long history of manufacturing due to its location along the Delaware River. In fact, a marker in the city along the river commemorates the site where William Penn first landed in 1682. Its former courthouse was built in 1724 and is the longest continuously-used public building in the country. In the late 1800s, textile mills gave way to factories and by the mid-20th century, more than 66,000 people lived in Chester. During World War II, the shipyard along the Delaware River was home to 28 ship bays and employed 36,000—greater than the entire population of the city today.

Continue reading.

Route Fifty

by Liz Farmer

Jan 10, 2023

S&P Second Party Opinion: Connecticut Housing Finance Authority's

Sustainability Framework

CHFA's sustainability objectives are guided by its 2020 Strategic Plan, which identifies its key policy priorities, including the expansion of safe and energy-efficient housing choices for low- to moderate-income households across the state of Connecticut and the empowerment of these households to build wealth and security through first-time homeownership.

Download.

Colorado's DOT Goes from Building Roads to Building Homes.

In an effort to attract and retain workers, the department is taking on the role of developer to provide affordable housing. It is just one way the public sector is working to fill vacancies.

In Colorado's ski towns, the snow is really only fun on the slopes. That's where the people who plow the roads come in. They keep these communities safe and mobile. But sky-high home prices are keeping them from residing in the very mountain towns they serve, and it's fueling a shortage of road maintenance operators.

To fix it, the Colorado Department of Transportation (CDOT) is taking on the role of developer and building homes for its employees.

It's no secret the public sector nationwide is struggling to fill vacant positions. As of November, there were 881,000 job openings in state and local government. As agencies attempt to attract and retain workers, they're getting creative. While not all may be going so far as to build housing, they are looking beyond compensation to fill vacancies.

Continue reading.

Route Fifty

by Molly Bolan

JAN 13, 2023

Dallas Independent School District, Texas: Fitch New Issue Report

The 'AA+' Issuer Default Rating (IDR) and ULT and maintenance tax note bond ratings reflect Dallas Independent School District's (Dallas ISD, or the district) highest level of financial resilience, solid expenditure flexibility, a sound revenue framework led by solid growth prospects and a moderate liability burden. Fitch Ratings believes, over the long term, business activity should produce economic, population and tax base gains consistent with historical performance.

ACCESS REPORT

10 Jan, 2023

Fitch to Upgrade NYC Muni Water & Sewer Series 2010CC Rating to 'F1+'

Fitch Ratings-New York/Chicago-12 January 2023: On the effective date of Jan. 19, 2023, Fitch Ratings will upgrade to 'F1+ from 'F1 the short-term rating assigned to the $200,000,000 New York City Municipal Water Finance Authority Water and Sewer System Second General Resolution Revenue Bonds, Adjustable Rate Fiscal 2010 Series CC. The rating action is in connection with the substitution of the liquidity support currently provided by Barclays Bank plc (Barclays, A/F1/Stable), in the form of a standby bond purchase agreement (SBPA), with a substitute SBPA to be provided by State Street Bank and Trust Company (State Street, AA/F1+/Stable).

KEY RATING DRIVERS

On the effective date, the short-term rating will be based on the liquidity support provided by State Street in the form of a substitute SBPA.

The substitute SBPA provides for the payment of the principal component of purchase price plus an amount equal to 35 days of interest calculated at a maximum rate of 9%, based on a year of 365 days for tendered bonds during the daily, weekly or two-day rate mode in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 19, 2028, the stated expiration date, unless such date is extended; upon conversion to a mode other than a daily, weekly or two-day rate mode; or upon the occurrence of certain other events of default which result in a mandatory tender or other termination events related to the credit of the issuer which result in an automatic and immediate termination. The remarketing agent for the bonds is TD Securities.

The current long-term 'AA+', Stable Outlook rating continues to be based on the underlying rating assigned to the bonds. For more information on the long-term rating, see the press release "Fitch Rates New York City Muni Water Fin Auth's Water and Sewer Revs 'AA+'; Outlook Stable", dated Dec. 8, 2022, available on Fitch's website at www.fitchratings.com.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term rating assigned to the bonds is in the highest rating category and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the SBPA and in some cases the long-term rating of the issuer.

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California Infrastructure and Economic Bank (Clean Water and Drinking Water State Revolving Fund Bonds): Fitch New Issue Report

Fitch Ratings' cash flow modeling demonstrates that the California State Water Resources Control Board's (SWRCB) revolving fund programs (collectively, the program) can continue to pay bond debt service even with loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM).

ACCESS REPORT

12 Jan, 2023

Kansas Development Finance Authority: Fitch New Issue Report

Key Rating Drivers Programs Surpass Fitch Ratings' 'AAA' Rating Threshold: Fitch's cash flow modeling demonstrates that the CWSRF and DWSRF programs (collectively, the program) can continue to pay bond debt service, even with hypothetical loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM). Above Average Pool Diversity: The aggregate CWSRF and DWSRF pool consists of 338 obligors, with the top 10 participants representing approximately 48% of the total portfolio (versus Fitch's 'AAA' median of 57%). Single-borrower concentration is also relatively low. Thus, overall, the pool is more diverse and less concentrated than comparable municipal finance pool programs rated by Fitch. Sound Pool Credit Quality: Approximately 72% of the aggregate programs' portfolio consists of obligors exhibiting investment grade (IG) credit quality, in line with the 'AAA' median (73%) of other municipal programs. Obligor security is very strong as all are secured by either a combination of general fund and utility revenue pledges or utility system revenue pledges. Effective Management: KDFA's loan underwriting and administration have proven effective as its revolving funds have never experienced a loan payment default.

ACCESS REPORT

13 Jan, 2023

BondLink Honored with GovTech 100 Award for Fifth Consecutive Year.

Industry-leading investor transparency platform recognized by foremost government technology awards program in 2023

BOSTON, MA / ACCESSWIRE / January 5, 2023 / BondLink, the cloud-based investor transparency and debt management platform for the $4 trillion municipal bond market, has been honored by Government Technology as a GovTech 100 company for 2023. BondLink earned the recognition for its technologies that help governments, schools, public utilities and non-profits connect directly into the capital markets to more efficiently access capital to fund public infrastructure projects.

This is the fifth consecutive year that BondLink has been recognized as one of the top technology companies serving governments across the country. The GovTech 100 list highlights the top companies delivering innovative solutions to support state and local governments across the United States.

"Governments do some of the most important work in this country, and we're proud of the solutions we can provide to further their mission when it comes to building new roads and bridges and schools," said Colin MacNaught, CEO and co-founder of BondLink. "As one of the only fintech companies in the municipal bond market, we're incredibly proud to be part of the GovTech 100 again, as it reflects the impact we're having on an essential market in this country."

BondLink's rapid adoption by issuers and investors in 2022 was joined with many other notable successes. The company increased its team size by nearly 50% and opened its new Boston headquarters to provide a collaborative space for the team to work and meet in person. It launched two new resources: a fully automated debt management database and a personalized ESG and green bond solution. BondLink also announced its partnership with InspereX in May 2022, which provides thousands of independent registered investment advisors (RIAs) access to the financial data and reports that municipal bond issuers share via BondLink directly within the leading fixed-income platform, BondNav®.

"This year we have seen an exponential increase in gov tech market activity – from new companies starting up to help government tackle complex challenges, to existing companies joining forces for scale through consolidations, gov tech as an industry is clearly showing its recession-proof characteristics," said Dustin Haisler, Chief Innovation and Strategy Officer for Government Technology. "Each of the GovTech 100 companies demonstrates the energy of our market across all gov tech segments."

The latest GovTech 100 class will be featured in the January/February 2023 issue of Government Technology magazine. To view the full 2023 GovTech 100 list, please visit www.govtech.com/100. To learn more about BondLink, please visit www.BondLink.com and request a demo today.

About BondLink
BondLink, a cloud-based investor transparency and debt management platform for the municipal bond market, helps issuers engage more bond investors through transparency and actionable insights. Founded by CEO Colin MacNaught, who spent seven years issuing nearly $25 billion in bonds on behalf of the Commonwealth of Massachusetts, and CTO Carl Query, BondLink went live in 2016. BondLink clients issued more than $50 billion in bonds in 2021. BondLink provides its issuer clients with tools to manage their capital financing programs more efficiently while providing investors with the interim financial reports and data they need to close information gaps and make

informed decisions through a single platform. The company is backed by top investors within the municipal bond market, including Intercontinental Exchange and Franklin Templeton. For more information, visit www.bondlink.com, and connect on LinkedIn and Twitter.

Rockwall County, Texas: Fitch New Issue Report

Revenue Framework: 'aaa': General fund revenues should continue a strong growth trajectory over the medium term based on the expectation of additional population and economic expansion. The county's independent legal ability to increase operating revenues remains strong despite recent legislative changes that restrict annual property tax rate increases. Expenditure Framework: 'aa': Fitch expects growth-related spending demands to generally track projected strong revenue gains. The county has demonstrated a willingness to curtail spending during times of economic decline due to its ability to adjust its labor and operating costs. Carrying costs are expected to rise with upcoming debt issuances but are a moderate burden related to total expenses. Long-Term Liability Burden: 'aa': The long-term liability burden as a percentage of local personal income is moderate and driven primarily by overlapping debt. Fitch believes the combined liability total will likely climb due to expected additional borrowings by both the county and other area governments but will be offset by further expansion of the resource base. Operating Performance: 'aaa': Solid expenditure flexibility, abundant revenue-raising authority and modest revenue volatility, in conjunction with a historically strong reserve cushion, should enable the county to maintain a high level of financial resilience through a typical economic cycle.

ACCESS REPORT

Tue 03 Jan, 2023

Municipal Electric Authority of Georgia (MEAG): Fitch New Issue Report

The ratings primarily reflect the credit quality of the Municipal Electric Authority of Georgia (MEAG) Power Project participants and two PPA off-takers that are unconditionally obligated to purchase the Vogtle Units 3 and 4 output, coupled with asymmetric risks related to nuclear construction and start-up operations uncertainty. The ratings further reflect higher leverage and higher retail rates expected to occur for certain participants resulting from construction costs related to MEAG Power's 22.7% overall ownership of Vogtle Units 3 and 4. The Project P Outlook is Negative, reflecting the underlying credit quality of PowerSouth as the off-taker for the first 20 years of project operation. The Outlook on the Project J and Project M Bonds is Stable.

ACCESS REPORT

Tue 03 Jan, 2023

Fitch Ratings to Affirm ST Rating of LADWP Power System VRDBs Series 2001 B-1 to B-3 and B-5 to B-8.

Fitch Ratings-New York-04 January 2023: On the effective date of Jan. 12, 2023, Fitch Ratings will affirm the ‘F1’ short-term (ST) rating assigned to the $322,800,000 Department of Water and Power of the City of Los Angeles (LADWP) power system variable rate demand revenue bonds (VRDBs), 2001 series B consisting of:

–$55,900,000 Subseries B-1;
–$59,200,000 Subseries B-2;
–$59,200,000 Subseries B-3;
–$42,500,000 subseries B-5;
–$45,200,000 subseries B-6;
–$45,200,000 subseries B-7;
–$15,600,000 subseries B-8.

The rating action will be in connection with (i) the consolidation of the liquidity support currently provided by Barclays Bank PLC (A+/F1/Stable) in the form two separate Standby Bond Purchase Agreements (SBPAs) supporting the Subseries B-1 and B-3 Bonds and the Subseries B-5 to Subseries B-8 Bonds, respectively, into a single SBPA and (ii) the substitution of the liquidity support for the Subseries B-2 Bonds currently provided by Bank of the West (A/F1/Rating Watch Positive), with the above referenced Barclays SBPA and (iii) mandatory tender of the bonds.

KEY RATING DRIVERS
On the effective date, the short-term ‘F1’ rating for each subseries will be based on the liquidity support provided by Barclays Bank PLC, in the form of a single SBPA.

The substitute SBPA will provide for the payment of the principal component of purchase price plus an amount equal to 34 days of interest calculated at a maximum rate of 12%, based on year of 365 days for tendered bonds during the daily and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 21, 2027, the stated expiration date, unless such date is extended, upon conversion to an interest rate mode other than a daily or weekly rate mode; or upon the occurrence of certain other events of default that result in a mandatory tender, or other termination events related to the credit of the bond obligor that result in an automatic and immediate termination.

The current long-term ‘AA-’/Stable rating will continue to be based on the long-term rating assigned to LADWP’s Power System. For more information on the long-term rating, see the press release dated Oct. 14, 2022, available on Fitch’s website at www.fitchratings.com.

RATING SENSITIVITIES
Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The short-term rating assigned to the bonds will be adjusted upward in conjunction with the short-term rating of the bank providing the SBPA and, in some cases, the long-term rating of issuer

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The short-term rating assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the SBPA and, in some cases, the long-term rating of the issuer.

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San Angelo, Texas: Fitch New Issue Report

The ‘AA+’ Issuer Default Rating (IDR), and GO and CO ratings reflect the city of San Angelo’s favorable revenue framework, strong reserve position and low liability burden. Additionally, the city’s strong budgeting practices and substantial revenue-raising capacity provide flexibility in the event of economic downturns. Economic Resource Base: San Angelo is the seat of Tom Green County and has an estimated population of 100,000, encompassing 59 square miles in west-central Texas. Population growth has been modest but steady in recent years.

ACCESS REPORT

Thu 05 Jan, 2023

Sand Creek Metropolitan District, Colorado: Fitch New Issue Report

Dedicated Tax Key Rating Drivers Strong Revenue Growth Prospects: Fitch expects the district’s revenue growth to moderate as the district approaches maturity but remain above U.S. GDP given its favorable location along a major transportation corridor within the expanding economic base of the Denver MSA. Ample Cushion/Resilience: Fitch assesses the district’s resilience to economic declines to be high given the ample debt service cushion under the mill limit, modest expected revenue volatility and limited future debt plans. High Taxpayer and Sector Concentration: The rating reflects an asymmetric economic risk consideration that reflects the district’s high taxpayer concentration that is dominated by commercial properties. Dedicated Tax Credit Profile Fitch expects pledged revenues to grow at a slower rate but still remain above U.S. GDP as the district approaches full build-out. The mature district is approximately 88% developed and benefits from a favorable location along Interstate 70 near DIA in the city and county of Denver and the city of Aurora. Due to numerous tax policy changes, Fitch uses AV as a proxy for the district's revenues. After posting steady gains to its tax base since its inception, the district's AV declined moderately by a cumulative 10.8% in 2011–2012, fueled by rising vacancy rates and exacerbated by the delay or cancellation of planned projects. AV stabilized in 2013 and subsequently grew by a strong 10-year CAGR of 8% through 2022.

[ACCESS REPORT]

Fri 06 Jan, 2023

Birdville Independent School District, Texas: Fitch New Issue Report

The 'AA+' IDR reflects the district's historically strong operating performance and solid flexibility to manage downturns and moderate economic cycles. With the issuance of newly authorized debt, carrying costs and long-term liabilities are expected to remain moderate. Due to the maturity of the district, enrollment is expected to follow a flat to modestly negative trajectory. Economic Resource Base: The district is located in Tarrant County, north of Fort Worth and near the Dallas-Fort Worth International Airport. Its 42-square mile service area is largely built out and includes the cities of North Richland Hills, Haltom City, Richland Hills, and Watauga, as well as a portion of the city of Hurst. Key Rating Drivers Revenue Framework: 'a': Fitch believes the district's revenue growth prospects are solid and will exceed inflation over the long term. Recent increases in state per pupil funding have also supported revenue gains. The district's independent legal ability to raise revenues is limited by state law. Expenditure Framework: 'aa': The natural pace of spending growth should remain marginally above that of revenue growth. Solid expenditure flexibility is a result of moderate carrying costs that benefit from primary state funding of retiree benefit costs and the district's ability to adjust its labor costs, if needed. Long-Term Liability Burden: 'aa': The long-term liability burden is moderate, reflecting strong state support for retiree benefits and an affordable amount of outstanding district debt.

[ACCESS REPORT]

Mon 09 Jan, 2023

Hilltop Adds 12 Investment Bankers to Public Finance Group.

Hilltop Securities Inc. has added a dozen investment bankers to build out its public finance group, bringing on a team from Prager & Co., a boutique underwriter dealing primarily in higher education transactions.

The team led by Fred Prager, includes David Hertz. Both join Hilltop as senior managing directors in New York according to a statement released late Tuesday.

The Dallas-based Hilltop was the 18th ranked manager of long-term municipal debt in 2022, having underwritten $4.2 billion of such securities, according to data compiled by Bloomberg.

"We are excited to welcome such an accomplished team of municipal finance professionals whose deep experience serving higher education institutions and other public entities is expected to enhance our public finance efforts across the country," said Brad Winges, Hilltop's president and chief executive officer, in a statement.

Bloomberg Markets

By Danielle Moran

January 4, 2023

[Deer Valley Unified School District No. 97, Arizona: Fitch New Issue Report]

The Positive Outlook reflects Deer Valley Unified School District No. 97's (Deer Valley USD, or the district) recent trend of positive general operating performance and a strengthening reserve cushion, enabled by sound budget management in a period of economic recovery. Persistence of this trend along with the current strong level of financial resilience beyond the use of existing one-time federal stimulus funds and despite potential post-pandemic average daily membership (ADM) volatility could support an upgrade. The 'AA-' Issuer Default Rating (IDR) and 'AA+' ULT bond rating are based on the district's sound operating performance, supported by its solid expenditure flexibility and healthy reserve levels maintained relative to Fitch Ratings' expectations of revenue sensitivity through economic cycles. The ratings also incorporate the district's low long-term liability burden, slow revenue growth prospects, and the lack of independent ability to increase revenues.

ACCESS REPORT

20 Dec, 2022

Fitch Withdraws Ratings on Chicago, IL GO Bonds Ser 2022C.

Fitch Ratings – New York – 20 Dec 2022: Fitch Ratings has withdrawn the ratings on the following bonds as they did not sell:

–Chicago (IL) (Chicago Recovery Plan – Social Bonds) general obligation bonds (taxable) series 2022C. Previous rating: 'BBB'/Positive Outlook.

For other ratings on outstanding debt of this entity, see Fitch's website at www.fitchratings.com.

Fitch has withdrawn the ratings as the forthcoming debt issue carrying an expected rating is no longer expected to proceed as previously envisaged.

Supporting Texas, U.S. Investment with Conduit Bond Financing.

As manufacturing looks at opportunities for investment in the U.S., Texas is an attractive location with access to a well-educated work force, existing infrastructure to support manufacturing investment, access to global markets and a global reputation as the best

state for business.

Gulf Coast Authority (GCA) can support investment opportunities through conduit bond financing.

GCA has long provided bond financing options for industrial projects in Texas. Through its Gulf Coast Industrial Development Authority (GCIDA), GCA now has the unique ability among Texas providers to offer nationwide bond conduit financing. This capability was accomplished through the passage of HB 2390, sponsored by Texas State Representative Dennis Paul and Senator Larry Taylor, in the last Texas Legislative session.

"GCA is proud to be the first entity in Texas that can offer nationwide conduit bond financing," explained Liz Fazio Hale, GCA GM/CEO. "With investment and growth in the state, GCA has seen an increase in inquiries about leveraging Private Activity Bonds (PABs) to fund projects."

[Continue reading.]

[Orrick Advises on US$2.4 Billion PennDOT Pathways Major Bridge P3 Program.]

Orrick advised Bridging Pennsylvania Developer I, a consortium comprised of Macquarie Capital and Shikun & Binui USA, as borrowers counsel for the first phase of the PennDOT Pathways Major Bridge Public Private Partnership ("P3") project that will replace six bridges in critical need of repair across the Commonwealth—I-81 Susquehanna, I-80 Nescopeck Creek, I-78 Lenhartsville, I-80 Lehigh River, I-80 Canoe Creek and I-80 North Fork—out of the nine bridges included in the program. The Major Bridge P3 initiative was designed to address the state's growing backlog of major bridge replacement and rehabilitation needs.

The first phase of the project will consist of the design, build, financing and maintenance of the six bridges and related roadway and supporting infrastructure delivered under an availability-based P3 structure that will conclude between September 2027 and June 2028. The financing includes approximately $202 million in equity and approximately $1.8 billion in private activity bonds. The project will support Pennsylvania's interstate transportation system and local job market, with the vast majority of the work being delivered by local Pennsylvania suppliers and contractors. By taking a P3 approach, it will enable the stakeholders to accelerate the repair and construction of the six bridge projects more efficiently than any other alternative procurement process.

The project is the first transportation-related P3 to close utilizing a pre-development agreement (PDA) structure. The PDA enabled the team to work collaboratively with PennDOT to identify the key risks, work on permits, and led to significant progress on the project's design, providing certainty around schedule and costs.

The project was led by Young Lee and included Matthew Neuringer, Susan Long, Ian Busche, Jesse Brown, Richard Chirls, Chas Cardall, Eileen Heitzler, Sue Cowell, Helen Pennock, Marlowe Mitchell, Joe Lawlor, Eric Newman, Thomas Kidera and John Ansboro.

December.27.2022

Orrick Advises MTA on Historic Subway Station Accessibility P3.

Orrick’s Infrastructure team advised the Metropolitan Transportation Authority (MTA) on its historic US$965.2 million subway station accessibility P3 to upgrade 12 New York City stations under standards that are compliant with the American Disabilities Act. The project includes installation of 21 new elevators, path-of-travel improvements and associated state of good repair work to 14 existing elevators to make stations accessible. The work is part of the MTA’s current Capital Program, now pegged at $56 billion with more than $5 billion dedicated to making stations accessible with elevators and ramps as part of the MTA’s larger commitment to make the New York City subway system accessible by 2055. **This is the first project in MTA’s history to be awarded using the P3 model.**

The Orrick team led the MTA in a complex public procurement throughout the two stage procurement process, completing the second stage of the procurement from issuance of the request for proposal in June 2022 to commercial close on December 28, 2022. Halmar International LLC will serve as the design, construction and maintenance contractor, and will engage Otis Elevator Co. as the elevator supplier and maintainer. ASTM North America will be the equity member. The contract has a 15-year maintenance period, which commences at substantial completion of the project, and has two additional five-year option periods. The contract is structured as an availability payments P3 with ongoing payments to the developer for capital and maintenance throughout the term of the contract.

Our team was led by Vincent Casey and included Victoria Boyne, Matt Neuringer, Kevin Roche, Marlowe Mitchell, Rebecca Lemish, John Grant, Robbie Newell, Crissi Berger, Sara Forden and Joshua Bonney.

December.30.2022

Bankrupt Pennsylvania City Pushes to Sell Water System to Raise Cash.

Mediation talks started this week, with officials in Chester, Pennsylvania, pushing for privatization, while the water authority and some residents are against the sale.

Chester, Pennsylvania, a city near Philadelphia propelled into bankruptcy last month after decades of financial stress, is now roiled by a fight over whether to privatize one of its biggest assets: its water authority.

The Chester Water Authority has long served the city’s residents and those in neighboring municipalities. And in the eyes of Chester city council members and its state-appointed receiver, selling the $410 million asset to bidder Aqua Pennsylvania could help dig the city out of its financial hole. But some residents worry that a private company would increase their rates, and the authority itself is also against such a move.

The potential sale has been tied up in Pennsylvania state courts. All of that litigation was put on hold when the city filed for Chapter 9 in November. In a court hearing this month, the federal judge overseeing the bankruptcy appointed US Bankruptcy judge Mary Walrath to mediate talks that include privatizing the water authority. That court-ordered mediation began Wednesday, according to Frank Catania, solicitor of the authority.

Continue reading.

Bloomberg CityLab

By Hadriana Lowenkron

December 22, 2022 at 8:21 AM PST

Chicago's Shaky Pension Funds Face New Hit From Looming Downturn.

- **City has advanced $500 million to the funds since September**
- **Pensions could take bigger hit as economists warn of recession**

As 2022 unfolded, Chicago's long-troubled pension funds faced a new shortfall: A delay in property tax receipts left the system without enough money to pay the city's retirees.

Pension managers contended with the difficult decision of whether to sell off pension assets to raise cash quickly. Instead, they got an advance from Mayor Lori Lightfoot's administration to plug the gap. In the end, Chicago funneled in at least $512 million that was earmarked for payments later in the year and early 2023.

The payout was the largest advance ever in one year in Chicago, a sign of just how fragile the pension system is, especially at a time when markets are headed for their worst annual return since 2008. Looking ahead, the third-most populous US city's pensions could take an even deeper hit in 2023 if the market rout continues to erode returns and the looming recession economists are warning of hurts Chicago's revenue.

Continue reading.

Bloomberg CityLab

By Shruti Singh

December 27, 2022

JPMorgan Topples Citi as No. 2 Muni Underwriter in 2022 Rankings.

- **Issuance of muni bonds down about 21% from last year's record**
- **JPMorgan has managed about $38 billion of sales this year**

JPMorgan Chase & Co. is the clear winner this year in an increasingly competitive municipal-bond market, encroaching on Bank of America Corp.'s stranglehold on the top slot of underwriting rankings.

The New York-based bank managed $38.2 billion of long-term state and local government debt as of Dec. 15, or roughly 11% of the overall issuance, according to data compiled by Bloomberg. That marks a nearly 3 percentage point jump from the bank's share last year, the biggest increase among the 91 managers who have run at least one deal this year, the data shows.

"We were fortunate this year to have a very balanced performance across numerous sectors in the market, however, our market leadership in the energy space with rate-payer securitizations was a key differentiator for us," said Jamison Feheley, head of public finance investment banking at JPMorgan.

Continue reading.

Bloomberg Markets

By Jennah Haque

December 15, 2022

Disney Investor Demands Files Over Opposition to Florida's 'Don't Say Gay' Law.

- **Criticism of Florida law said to have 'far-reaching' effects**
- **Statute bans sexual-orientation talks in some school classes**

Walt Disney Co. created "far-reaching" financial risks for itself by opposing a Florida law limiting instruction on sexual orientation or gender identity in elementary schools, according to an investor who is demanding the company turn over internal records about the decision.

By criticizing the state for enacting the restrictions – which critics dubbed the "Don't Say Gay" law — Disney lost control over tax and improvement issues at its Orlando-area theme park, investor Kenneth Simeone said in a lawsuit unsealed Friday in Delaware Chancery Court.

In April, Governor Ron DeSantis signed legislation eliminating the special-municipal district Disney has operated in the state since the late 1960s. It's part of a drive to punish the company for its stand against the 'Don't Say Gay" law, which was championed by DeSantis and imposed limits on instruction from kindergarten through third grade.

Continue reading.

Bloomberg

By Jef Feeley

December 12, 2022

Fitch: Hurricane Ian Compounds Florida Homeowners' Insurer Vulnerability

Fitch Ratings-Chicago/New York-05 December 2022: The Florida homeowners' insurance market's already precarious position will weaken further with the destruction generated by Hurricane Ian, a storm that is potentially the second largest hurricane in terms of insured losses, Fitch Ratings says. Losses will resonate through primary and assumed reinsurance markets with sharp changes in pricing and underwriting terms, and future primary market capacity and reinsurer risk appetite uncertain.

The broader concern is that a lack of property coverage availability for Florida residents could promote economic repercussions affecting the state's real estate, mortgage and labor markets. Hurricane Ian could lead to further market exits by Florida homeowners' insurers, as many private carriers face capital concerns, coupled with reduced availability and sharply higher costs for reinsurance.

Catastrophe modeling experts have pegged insured loss estimates for Ian of between $35 million and $73 billion, with economic losses from the event likely exceeding $100 billion. Losses from November's category 1 storm, Hurricane Nicole, will incrementally compound this total with insured loss estimates of between $1 billion and $2 billion.

The effects of Ian losses on different types of (re)insurance organizations will vary but will still influence future pricing and market conditions and the ability of (re)insurers to withstand the next major Florida weather event. Signs of new insurers entering the Florida homeowners primary market are few, which will lead to further policy count growth at insurer of last resort, Citizens Property Insurance Corporation (Citizens/AA Stable).

Incurred loss information on Ian continues to accumulate as insurers report estimated losses in third-quarter results. A compilation of reported net losses for 42 individual entities currently totals approximately $30 billion, with over 40% associated with state-sponsored entities Citizens and the Florida Hurricane Catastrophe Fund (FHCF; AA/Stable).

Central Utah Water Conservancy District: Fitch New Issue Report

The 'AA+' ratings primarily reflect Central Utah Water Conservancy District's (the district) very strong purchaser credit quality, supported by its independent rate-raising ability, unconditional purchaser contracts and unlimited ability to reallocate costs. The district and purchasers benefit from very favorable demographics within the primary service area of Utah County and Salt Lake County. The district's operating risk profile is very strong, given a very low operating cost burden, reflected as total costs relative to water production, and a very low lifecycle ratio. District leverage, measured as net-adjusted debt to adjusted funds available for debt service, based on consolidated audited financial statements, registered an exceptionally low 2.9x in fiscal 2022, up modestly from 2.8x the year prior.

ACCESS REPORT

Fitch to Upgrade CA GO Commercial Paper Notes Series A-8 & B-8 Rating to 'F1+'

Fitch Ratings-Chicago/New York-14 December 2022: On the effective date of Dec. 15, 2022, Fitch Ratings will upgrade the rating assigned to the $125,000,000 California General Obligation Commercial Paper Notes Tax-Exempt Series A-8 and Taxable Series B-8 (notes) to 'F1+' from 'F1'. A maximum of $125,000,000 aggregate principal amount of Series A-8 and B-8 authorized notes may be outstanding at any given time.

The rating action is in connection with: (i) the substitution of the current irrevocable letter of credit (LOC) provided by Bank of the West (rated 'A/F1'/Rating Watch Positive) which currently supports both series of notes, with a LOC to be provided by Bank of Montreal (BMO, rated 'AA-/F1+'/Outlook Negative); and (ii) the reoffering of the notes from time to time.

KEY RATING DRIVERS:

On the effective date, the rating on the notes will be upgraded to 'F1+' from 'F1' based on the support of the BMO LOC. The LOC has a stated expiration date of Dec. 12, 2025, unless extended or earlier terminated. The BMO substitute LOC will provide sufficient coverage for the principal amount of the notes and 90 days of interest calculated at 11%, based on a 365-day year.

U.S. Bank Trust Company National Association will continue acting as Issuing and Paying Agent (IPA) for the notes, and as IPA, is directed to request a drawing on the substitute LOC to pay principal and interest on maturing notes to the extent proceeds from rollover notes or other funds supplied by the State of California are insufficient to make such payment in full.

All notes will be issued at par, with interest due at maturity. Following the occurrence of an event of default under the Reimbursement Agreement, BMO may direct the IPA to stop issuing additional notes. The substitute LOC will terminate after all the notes supported by the LOC and issued prior to receipt of such no-issuance notice have been paid. US Bancorp Investments, Inc. and & J.P. Morgan Securities LLC are the dealers of the notes.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

–The Short-Term rating assigned to the notes is the highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

–The Short-Term 'F1+' rating assigned to the notes will be adjusted downward in conjunction with the Short-Term
rating of the bank.

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Additional information is available on www.fitchratings.com

Texas Attorney General to Rule on Citigroup's Underwriting Status by Next Month.

- **Letter to bond counsels says announcement to be made promptly**
- **Citi has been doing business in Texas during AG's review**

The Texas Attorney General's office will decide by Jan. 13 whether Citigroup Inc. "discriminates" against the firearms industry, a ruling that will determine the bank's ability to underwrite most municipal-bond offerings in the state.

The New York-based bank has been under review by Attorney General Ken Paxton's office because of a Republican-backed state law that aims to punish financial firms for instituting anti-gun policies. In a Dec. 13 letter viewed by Bloomberg, Leslie Brock, assistant attorney general, said in order to "minimize disruption to the municipal public securities market," the office would make its determination and "promptly" announce its decision.

Governments in Texas that have chosen to work with Citigroup during the review have been required to ask the bank for additional assurance that they do not run afoul of the law. The bank has been stating for over a year that it can comply with the legislation and has managed about $3.5 billion of bond sales in Texas in 2022.

Continue reading.

Bloomberg Markets

By Danielle Moran

December 13, 2022

San Francisco Mayor Warns of Budget Deficit as Remote Work Hits Revenue.

- **Mayor needs to cut costs for $728 million two-year deficit**
- **Tech hub struggles with vacant offices and uncertain recovery**

San Francisco is projecting a $728 million budget gap over the next two fiscal years as the technology hub reels from the economic hit of remote work and the depletion of one-time federal aid.

Mayor London Breed asked municipal departments Thursday to find ways to reduce costs by 5% in the next fiscal year and by 8% in the year after that as part of the budget process for the city, which has a $6.8 billion general fund. The fiscal plan for the years beginning in July 2023 and July 2024 must balance by June 1 when she submits it to the board of supervisors for approval.

San Francisco, suffering from some of the nation’s weakest office occupancies and stubbornly low transit ridership, is now expecting business taxes over the next two years to decline by $179.3 million from previous estimates. Significantly, property taxes — usually a stable revenue source in downturns — are now projected over the same period to drop by $261 million from the earlier forecast.

[Continue reading.](#)

Bloomberg CityLab

By Romy Varghese

December 15, 2022

[Ohio Supreme Court Rules in Favor of Online-Streaming Providers on Municipal Fee Issue.](#)

By way of brief background, in August 2020, the City of Maple Heights, Ohio, (“Maple Heights”) filed a complaint in the U. S. District Court for the Northern District of Ohio against Netflix and Hulu based on their alleged violations of the Fair Competition in Cable Operations Act — R.C. Chapter 1332.21 et seq. (“Act”). Essentially, the Act requires video-service providers to obtain authorization from the director of commerce prior to providing video services within Ohio. Video-service providers are then typically required to pay a fee, based on their revenues, to the municipalities in which they operate. Maple Heights sought a declaration that Netflix and Hulu are video-service providers who must pay video-service provider fees to Ohio municipalities. Maple Heights also sought damages for Netflix and Hulu’s previous failures to comply with the Act.

In October 2021, Netflix and Hulu filed motions to dismiss Maple Heights’ complaint. Netflix and Hulu both argued that they do not qualify as video-service providers under the Act. Hulu argued that Maple Heights did not have statutory authority to bring suit to enforce the Act. Prior to ruling on the motions to dismiss, the Federal District Court certified two state law questions to the Ohio Supreme Court, which they accepted. The certified questions were: (i) “Whether Netflix and Hulu are video-service providers under Ohio law?” and (ii) “Whether Maple Heights can sue Netflix and Hulu to enforce Ohio’s video-service provider provisions?”

On the first question, the Court held that Netflix and Hulu are not video-service providers under Ohio law because their services do not meet the definition of “video service” under the Act. The director of commerce determines whether a particular entity is a “video-service provider” under the Act, and there is no authorization for municipalities to challenge that determination. Further, under R.C. 1332.21(J), “video service” means providing video programming over wires or cables located, at least in part, in the public right of way. Video programming provided as part of a service that allows users to access content through the internet does not qualify as “video service.” Therefore, the Court determined that because Netflix and Hulu provide access to their online-streaming services over the internet, without placing wires or equipment in the public right of way, they are not video-service providers subject to the video-service authorization provisions of the Act.

On the second question, the Court held that Maple Heights did not have the authority to sue Netflix and Hulu to enforce Ohio’s video-service provider provisions for three reasons. First, Maple Heights does not have authority to bring an action to enforce the video-service provider provisions of the Act because under the statute the director of commerce has the sole authority to provide the video-service authorizations and to investigate violations of the Act. Second, Maple Heights does not have the authority to bring an action to enforce the video-service provisions of the Act because the Act expressly limits the authority of local governments and grants them only the authority to dispute fee calculations – not whether fees should be paid. Lastly, Maple Heights does not have the authority to bring suit to enforce the video-service provider provisions of the Act because there is no implicit right for Maple Heights to enforce the Act under the Cort v. Ash, 422 U.S. 66 (1975) test for implicit rights of action.

Frost Brown Todd LLP – Philip K. Hartmann and MacKenzie B. Newberry

December 9 2022

S&P U.S. Local Governments Credit Brief: Texas Municipal Utility Districts Means And Medians

Overview

Continued stability in Texas municipal utility district (MUD) credit quality is expected despite recessionary pressures. The inherent strengths of traditional market value growth patterns, debt issuance oversight, and rapid population growth across the state will likely contribute to stability of Texas MUDs across the portfolio.

S&P Global Ratings maintains general obligation (GO) ratings on 371 districts in Texas. Currently, 53.0% of those ratings are in the 'A' category, 42.0% in the 'BBB' category, and 4.8% in the 'AA' category. Upgrades outpaced downgrades in 2022, with 15 upgrades to just one downgrade (as of Oct. 13, 2022), but we anticipate this will slow given our view of a baseline case of recession..

Continue reading.

6 Dec, 2022

Los Angeles Department of Water & Power, California: Fitch New Issue Report

Revenue Defensibility: 'aa'; Diverse and Favorable Service Area, Unique Rate Structure: The system's very strong revenue defensibility is supported by a service area with a strong and diverse economy. A rate structure implemented in fiscal 2016 includes automatic pass-through adjustments and a mechanism that largely decouples demand from revenue generation, resulting in stable financial performance. Operating Risk: 'aa'; Very Strong Operating Risk Profile, Solid Operations Work to Expand Local Supply: The system's operating risk assessment reflects a very low operating cost burden and sustained capital investment that averaged about 360% of annual depreciation costs for the five fiscal years ended in 2021. Capital projects are focused on infrastructure rehab and renewal (R&R) and expanding the recycled water program to reduce dependence on purchased water supplied by MWD. Financial Profile: 'aa'; Very Strong Financial Profile; Increase Possible: LADWP's financial profile is very strong. Leverage in fiscal 2021 was 8.3x but could tick up to about 8.8x in fiscal 2022. A sustained trend at that level would likely pressure the financial profile and rating. The liquidity profile is considered neutral to the assessment. Asymmetric Additive Risk Considerations: No asymmetric additive risk considerations affected this rating determination.

ACCESS REPORT

06 Dec, 2022

Mansfield, Texas: Fitch New Issue Report

Revenue Framework: ‘aaa’: The city of Mansfield has realized strong revenue growth over the past 10 years, which is expected to continue due to steady economic development. Underpinning the revenue framework assessment is high revenue-raising flexibility despite recent legislative action limiting property tax revenue increases. Expenditure Framework: ‘aa’: The city maintains discretion with respect to employee-related expenditures, contributing to the overall adequate expenditure flexibility. Carrying costs, of 24% of fiscal 2021 governmental spending, are elevated. Fitch Ratings expects carrying costs to remain within this range based on projected alignment with overall spending. Long-Term Liability Burden: ‘aa’: The city’s long-term liabilities, largely related to overlapping debt, are a moderate burden at nearly 16% of personal income. The burden is expected to remain stable given an expanding resource base accommodating additional growth-driven borrowings by the city and overlapping governments. Operating Performance: ‘aaa’: Significant revenue-raising ability and adequate expenditure control, supplemented by a strong reserve cushion relative to low expected revenue volatility, should enable the maintenance of a high level of financial flexibility during cyclical downturns.

ACCESS REPORT

Wed 07 Dec, 2022 – 12:13 PM ET

Park Creek Metropolitan District, Colorado: Fitch New Issue Report

The ‘A’ rating reflects Fitch’s expectation that the district’s strong pledged revenue growth will moderate over the longer term and that revenues may become more vulnerable to cyclical pressures as full build-out approaches. The rating assumes the district continues its practice of issuing to a prospective ABT based on a three-year projection of assessed value (AV), which poses a risk in a downturn scenario. The rating recognizes the small size of the tax base and its concentration among taxpayers and sector type. Economic Resource Base: The service area of the district and WCMD is located between downtown Denver and the Denver International Airport. The district’s diverse development includes sizeable retail and industrial sectors as well as growing residential investments. The district covers approximately 4,000 acres and serves a relatively affluent population of about 35,000. Key Rating Drivers Dedicated Revenue Stream Growth Prospects: Using WCMD’s AV as a proxy for revenues, near-term tax base growth prospects are strong, although Fitch expects AV expansion to moderate to a solid pace over time as the district approaches full build-out. Resiliency of Pledged Revenues: Fitch views the long-term resilience of the structure as adequate considering potential cyclical pressures that could be compounded by the district’s practice of issuing to a liberal prospective ABT.

ACCESS REPORT

Thu 08 Dec, 2022 – 4:23 PM ET

Mintz: A Pair of Awards for the $2.6 Billion Commonwealth of Massachusetts Social Bond.

BOSTON – Mintz congratulates The Commonwealth of Massachusetts on winning a pair of awards for its $2.6 billion Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A & B (Federally Taxable)(Social Bonds). The Commonwealth won the ESG Deal of the Year by the Bond Buyer and Smith's Research 2022 All-Star Deal of the Year. Mintz's Public Finance team served as bond counsel on the transaction.

Bond Buyer recognizes "the year's most outstanding municipal finance transactions" in its Deal of the Year awards, while Smith's Deal of the Year gives a nod to the "achievements and fine work of municipal professionals".

Mintz Public Finance Member Poonam Patidar led the team advising the Commonwealth of Massachusetts on the bond deal. The team included Member Christie Martin and Paralegal Lorraine Lydon. Mintz was instrumental in crafting legislation that authorized the issuance of this special obligation bond to replenish the unemployment fund and creating the bond documents for the transaction.

The bond was likely the largest ever municipal Environmental, Social, and Corporate Governance (ESG) bond issued at the time. Proceeds from the bond, issued in August, kept Massachusetts' unemployment trust fund – significantly depleted as a result of the COVID-19 crisis – paying benefits and paid back advances from the federal government. The bond received AAA ratings from Fitch Ratings and the Kroll Bond Rating Agency, and an Aa1 rating from Moody's Investors Service.

For nearly 50 years, Mintz's Public Finance practice has earned a reputation for taking a client-oriented, problem-solving approach to the specialized field of public finance. Mintz is a leader in the public finance field, and is consistently ranked among the top bond counsel firms in New England. We have unsurpassed breadth and depth of experience as bond counsel for governmental and quasi-governmental issuers in New England. In addition to representing some of the region's most active bond issuers as bond counsel, we regularly serve as counsel to major higher educational institutions, cultural institutions, health care systems and major national and regional investment banking firms. Our public finance practice also includes an active and unique nationally renowned practice in the representation of institutional municipal bondholders.

by Poonam Patidar & Christie L. Martin

December 07, 2022

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo

California Pension Fund Relies on Muni Bond Sales for New Office.

- **Calstrs sold $15.7 million in debt to finish headquarters**
- **Hybrid work schedule for employees to continue next year**

The California State Teachers' Retirement System sold more municipal debt for a new office building, with yields on some maturities lower than that on benchmark debt, despite the shift to remote work.

The public pension, the second biggest in the nation, offered $15.7 million in tax-exempt bonds Wednesday with yields ranging from 2.27% to 4.11% for a 4% coupon bond due in 2049, according to data compiled by Bloomberg. It was the fund's second foray into the municipal market since it sold $272.6 million of tax-free debt in 2019 for the project.

While the remote work shift has hollowed out economic cores in cities such as San Francisco and as rising interest rates and expectations of recession hit commercial property values, Calstrs's new headquarters is considered an investment for the pension, which has a prodigious $297.6 billion under management. It also helps that municipal-bond investors are largely unflappable when it comes to the impact of working from home on credit markets.

Continue reading.

Bloomberg Markets

By Romy Varghese and Allison Nicole Smith

December 7, 2022

Florida Lawmakers Review Ways to Restore Some Disney Privileges.

- **DeSantis vows not to make 'U-turns' on stripping Disney perks**
- **Benefits axed in feud over schools gender teaching law**

Florida lawmakers are reviewing ways to restore some of the privileges that the state stripped from Walt Disney Co., still reducing the company's benefits dramatically without going as far as ending them all, a key legislator said.

Earlier this year, Florida Governor Ron DeSantis signed a law that in 2023 would dissolve a special government district that's granted sweeping benefits to Disney for half a century, called Reedy Creek, unless it's reinstated by the legislature. The move was triggered by what the Republican governor saw as Disney's criticism of a law he signed that limits elementary school teachings about gender identity.

The sponsor of the law axing the entertainment giant's Florida perks, state Representative Randy Fine, said he's encouraged by last month's ouster of Disney Chief Executive Officer Bob Chapek, who led opposition to DeSantis's so-called "Don't Say Gay" law. Fine said discussions were helped by signs that Disney's returning CEO Bob Iger will steer clear of Florida politics.

Continue reading.

Bloomberg

By Michael Smith

December 3, 2022

[Florida Mulls Reversal of Disney Special Tax District Revocation.]

Florida lawmakers could possibly reverse the state’s decision to strip Disney (DIS) of its special self-governing status.

According to a [report from the Financial Times], state lawmakers are working on a compromise that would “allow Disney to keep the arrangement largely in place with a few modifications.” The report added that Bob Iger’s return as CEO is fueling sentiment around a resolution.

Republican lawmaker Randy Fine, who drafted the bill, told the FT that Chapek’s ousting suggests “something will get sorted out.”

[Continue reading.]

Yahoo News

Alexandra Canal – Senior Reporter

Fri, December 2, 2022

[Florida Prepares U-turn on Disney’s ‘Don’t Say Gay’ Punishment.]

Lawmakers seek compromise preserving theme park operator’s right to run private government

Florida lawmakers are working on plans to reverse a move that would strip Disney of its right to operate a private government around its theme parks, potentially resolving the fallout from the “Don’t Say Gay” controversy that dragged the entertainment giant into the culture wars.

In April, the Florida legislature voted to dissolve Disney’s 55-year-old special tax district following a public feud between Ron DeSantis, the state’s governor, and then-chief executive Bob Chapek over a new state law restricting discussion of LGBT+ issues in classrooms.

The set-up allows Disney to tax itself to cover the costs of providing water, power, roads and fire services in the area, known as the Reedy Creek Improvement District. The special district is seen as essential for the theme park operator to maintain high standards for visitors.

[Continue reading.]

Financial Times

Christopher Grimes in Orlando, Florida

DECEMBER 2 2022

[BlackRock, UBS Ask to Be Removed From Texas’ Energy Boycott List.]

- **Firms seek to clarify they don’t boycott a key Texas industry**
- **Efforts emerge in correspondence with comptroller’s office**

BlackRock Inc. and UBS Group AG are among major financial firms taking steps to be removed from a list of companies that Texas has classified as “boycotting” the fossil fuel industry.

Representatives from at least five companies have asked the office of state Comptroller Glenn Hegar to remove them from the divestment list he published in August, arguing that they shouldn’t have been included to begin with, according to documents Bloomberg obtained through a public records request.

The efforts underscore how crucial Texas’ booming economy and population are as a source of growth for the finance world. Firms on the Republican comptroller’s list may struggle to win underwriting business from the state’s myriad issuers of municipal debt or gain access to entities like the Teacher Retirement System of Texas.

Continue reading.

Bloomberg Green

By Shelly Hagan and Danielle Moran

November 28, 2022 at 6:54 AM PST

A Texas Program that Backs School Districts’ Bond Debt is About to Reach its Limit — And It Could Mean Raising Taxes.

Under the state’s Permanent School Fund’s Bond Guarantee Program, schools get the best interest rate on bonds. That soon may be over if the federal government doesn’t act.

A state-backed program that for decades has helped school districts get the lowest interest rates possible on bonds is about to reach its limit — and if it does, districts might find themselves having to ask for more money from taxpayers.

The Permanent School Fund is a state endowment of about $56 billion funded through investments and land holdings. It was created in 1854 to give Texas’ public schools another form of revenue other than tax dollars. Through its bond guarantee program, when a school district passes a bond package, the PSF promises lenders who buy the bonds that the state will pay them back if the school district can’t. Having the PSF as a guarantor helps school districts get the best interest rates on those bonds.

But the PSF’s guarantee program has a limit on how much debt it can cover at any given time. The IRS, which has jurisdiction over tax-exempt municipal bonds, has set that limit at about $117 billion. As of Oct. 31, the program only has about $652.6 million left in capacity before the program shuts down, according to the latest state projections. That’s down from $3 billion at the end of September.

Continue reading.

TEXAS TRIBUNE

BY BRIAN LOPEZ

DEC. 5, 2022

Atlanta Raises $410M from Impact Bond Sale.

Issuance follows rocky period for social, sustainability, and municipal fixed income markets

The City of Atlanta, Georgia, has raised $410 million in an impact-linked municipal sale, the city announced last week.

The bonds were significantly oversubscribed, reflecting high levels of investor demand for social bonds. The proceeds of this sale will go towards funding the city's 'Moving Atlanta Forward' package, which will invest as much as $750 million in various infrastructure projects across Atlanta, including transportation, public safety and recreational facilities.

Mohamed Balla, chief financial officer of the City of Atlanta, said: "This bond sale shows that the City of Atlanta is able to attract strong investor demand based upon the strong credit quality of the City.

"Additionally, we were able to tap into the growing investor demand for social and sustainable investments, while providing an attractive cost of capital for these vital capital projects."

In the third quarter of this year alone, municipal bonds with ESG links raised $13.3 billion, more than 13% of total municipal issuance for the quarter, according to S&P Global Market Intelligence. Of this total, social bonds raised $6.6 billion.

Sustainability bonds worldwide have taken a hit as a knock-on effect from the Russia-Ukraine conflict as well as rising inflation, and the municipal market has also been affected. Longer-term, however, bonds with a social link have attracted significant interest due to Covid-19 issues.

Research from S&P Global published in August forecast that global sustainable bond issuance was set to exceed $1.5 trillion this year, driven by investor demand and the rise of climate-related finance and other ESG-related investment themes.

Banking Exchange

11/29/2022

N.Y. Public Service Commission Approves Pole Attachment Rental Rate Increase for Municipally Owned Utilities: Davis Wright Tremaine

The New York Public Service Commission ("Commission") entered an Order this month authorizing municipally owned electric utilities to significantly increase the annual rental rates charged to cable system operators and telecommunication carriers for the attachment of communications infrastructure to their utility poles. Specifically, the Order allows municipally owned electric utilities to increase annual pole attachment rental rates by 23 percent, from $13.62 to $16.75,[1] which will increase pole attachment expense for communications service attachers by a like amount.

The Commission approved such an increase based upon its "proxy rate approach," which it adopted in 2007 for municipal electric companies in lieu of the Federal Communications Commission's (FCC) cable pole attachment formula to establish pole attachment rates.[2] The Commission explained that its "proxy rate approach" works better for municipal electric companies because it is the "simplest and most cost-effective method for a municipality to establish a pole attachment rate, without detailed analysis and accounting."[3] In practice, under the Commission's "proxy rate approach," municipalities establish pole attachment rates equal to the lowest attachment rate currently in effect among investor-owned electric utilities.[4] Through the Commission's Order, it has aligned municipal electric companies' pole attachment rates with the lowest currently in effect among investor-owned electric utilities in New York. In doing so, the Commission has allowed municipal electric companies to nearly double their rental rates since 2017, when they were $8.51.[5]

This new Order comes at a time when cable system operators and telecommunication carriers across the country are making considerable investments to expand broadband access, both in New York State and nationwide, to underserved and unserved areas where utility poles are often owned by municipalities. Cable system operators and telecommunication carriers have consistently invested in expansive broadband deployment, both through private investment and in connection with various government grant initiatives; however, pole attachment rate increases like that approved here could dampen or impede operators' and carriers' expansion plans and lessen their investment in providing video, voice, and broadband services to underserved or unserved communities.

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[1] Case 22-E-0435, Tariff Filing by the New York Municipal Power Agency to Modify Its Electric Tariff Schedule P.S.C. No. 1 – Electricity, to Update the Pole Attachment Proxy Rates Used by Its Municipal Utility Members, Order Establishing Updated Pole Attachment Rates (issued November 18, 2022) (Order).

[2] Case 06-E-1427, Municipal Pole Attachments, Order on Municipal Pole Attachment Rates (issued May 9, 2007) at p. 4.

[3] Id.

[4] Case 06-E-1427, Municipal Pole Attachments, Order Denying Petition for Rehearing (issued May 28, 2008).

[5] Case 17-E-0243, Petition of the New York Municipal Power Agency to Determine Pole Attachment Rates for Municipal-Owned Poles, Order Approving Municipal Pole Attachment Rate Increase (issued August 4, 2017).

Davis Wright Tremaine LLP – Matthew R. Tuchman

November 29 2022

California Infrastructure & Economic Development Bank: Fitch New Issue Report

Key Rating Drivers Sufficient Financial Structure: Fitch's cash flow modeling demonstrates that the

ISRF program can continue to pay bond debt service even with hypothetical loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced by the Portfolio Stress Model (PSM). Adequate Pool Credit Quality: Pool quality is average to slightly below average in comparison to other 'AAA' sector peers. In addition, approximately 67% of the pool is considered investment grade versus Fitch's 'AAA' median of 73%, which drives pool quality down slightly lower. Favorable Pool Diversity: The largest borrower and top-10 borrowers represent less than 10% and 50% of the pool total, respectively. Each of these metrics is more favorable than Fitch's equivalent 'AAA' medians for the sector. Sound Program Management: Program management adheres to a formal underwriting policy that includes, among other things, minimum coverage requirements for most borrowers. To date, there have been no pledged loan payment defaults in the ISRF program.

ACCESS REPORT

Fri 02 Dec, 2022

Fitch to Take Actions on Triborough Bridge and Tunnel Authority, NY Series 2018E Bonds.

Fitch Ratings-New York-02 December 2022: On the effective date of Dec. 8, 2022, Fitch Ratings will downgrade the Long-Term rating to 'AA+' from 'AAA' and affirm the 'F1+' Short-Term rating assigned to the $148,470,000 Triborough Bridge and Tunnel Authority general revenue variable rate refunding bonds, series 2018E (federally taxable). The Rating Outlook for the Long-Term rating will be Stable.

The rating action is in connection with: (i) the substitution of the irrevocable direct-pay letter of credit (LOC) currently provided by Bank of America, N.A. (AA/F1+/Stable) with a substitute LOC to be provided by UBS AG (UBS, AA-/F1+/Stable), acting through its Stamford branch; (ii) the mandatory tender of the bonds on Dec. 8, 2022; (iii) amendment of the related bond documents; and (iv) replacement of U.S. Bank, N.A. as trustee, tender agent and paying agent, with Bank of New York Mellon.

KEY RATING DRIVERS:
The Long-Term rating will continue to be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying rating assigned to the bonds by Fitch (AA-/Stable) and the rating assigned by Fitch to UBS (AA-/Stable), the provider of the substitute LOC supporting the bonds. The Short-Term 'F1+' rating will be based solely on the Short-Term rating of the provider of the substitute LOC. For information about the underlying credit rating see Fitch's press release dated Sept. 22, 2021 and available at 'www.fitchratings.com'.

Fitch's dual-party pay criteria consider 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 provide holders with a tender option with no more than seven days' notice in the interest rate modes rated by Fitch. Fitch has applied a two-notch uplift, which results in a Long-Term rating of 'AA+' for the bonds.

Pursuant to the substitute LOC, the bank will be obligated to make regularly scheduled payments of principal of and interest on the bonds in addition to payments due upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The substitute LOC will have a stated expiration date of Dec. 5, 2025, unless extended or earlier terminated, and provide full and sufficient coverage of the principal amount of the bonds plus an amount equal to 53 days of interest at a maximum rate of 11% based on a year of 365 days and purchase price for tendered bonds, while in the weekly and daily rate modes. UBS Financial Services will serve as remarketing agent for the bonds.

RATING SENSITIVITIES
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 assigned to the bonds will be at the highest rating level and cannot be upgraded.

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 assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank providing the LOC.

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Dallas College, Texas: Fitch New Issue Report

Revenue Framework: 'aaa': The district's natural revenue growth prospects are strong, and Fitch expects that revenue growth will continue to equal or exceed U.S. GDP. The superior ability of the district to raise property tax and tuition/fee revenues in the event of a normal cyclical decline supports the 'aaa' assessment. Expenditure Framework: 'aa': The pace of spending growth should remain more or less aligned with revenues over time. Modest carrying costs and the district's ability to adjust its labor costs, if needed, provide solid expenditure flexibility. Long-Term Liability Burden: 'aa': The long-term liability burden is about 8% of 2021 per capita personal income and largely consists of overlapping debt. Fitch expects the burden to increase but remain moderate. Operating Performance: 'aaa': Fitch expects the district to maintain the highest level of financial flexibility throughout the economic cycle given the various budgetary tools at its disposal. Modest expected revenue volatility, as indicated in the Fitch Analytical Sensitivity Tool (FAST), underpins the assessment.

ACCESS REPORT

Fri 02 Dec, 2022 – 4:47 PM ET

Carolina Panthers' Owner Tepper Under Investigation for Scrapped NFL Facility.

- **Investigation focused on public dollars sent to Tepper company**
- **The company building facility went bankrupt earlier this year**

Billionaire David Tepper and his real estate company are facing a criminal investigation into the now-scrapped plans to build a training facility for his Carolina Panthers football team.

Tepper, who bought the NFL franchise for $2.3 billion in 2018, had proposed constructing an $800 million facility in South Carolina's York County, near the team's stadium in Charlotte, North Carolina. But the plans were ditched after disputes between local officials and Tepper over the project.

The South Carolina Law Enforcement Division and the York County Sheriff's Office opened an investigation into the use of public funds for the project earlier this month, according to a joint statement from York County Sheriff Kevin Tolson and Solicitor Kevin Brackett.

Continue reading.

Bloomberg

By Madlin Mekelburg and Amanda Albright

December 2, 2022

Orrick Public Finance Team Served as Bond Counsel in the First Flood Prevention P3 Project in North America.

P3 Awards 2022 Winner – Best Financial Structure-Fargo-Moorhead Metropolitan Area Flood Risk Management P3 Project

Orrick advised the Public Finance Authority, a nationwide governmental entity, as bond counsel in the first flood prevention public private partnership (P3) project in North America. The US$2.1 billion Fargo-Moorhead Metropolitan Area Flood Risk Management P3 includes the design, construction, financing operations and maintenance of a proposed diversion channel that will protect the Fargo-Moorhead-West Fargo metro area in times of extreme flooding.

The project features 30 miles of channels, a 20-mile embankment, as well as two aqueducts, two river inlets, four railroad bridges, four interstate highway bridges and 10 county road bridges and the channel outfall. This project is also the first in U.S. Army Corps of Engineers' (USACE) history to use a P3 structure that could benefit other federal projects and is the inaugural pilot project under its Revolutionize USACE Civil Works initiative to demonstrate the viability of new delivery methods that significantly reduce the cost and duration of project delivery. Funding for the $2.75 billion Fargo-Moorhead Area Diversion combines revenues, including $1.1 billion from voter approved local sales taxes in the City of Fargo and Cass County with critical funding and financing support from the states of North Dakota ($870 million) and Minnesota ($86 million) and the Federal Government ($750 million).

The project also included a $273 million tax-exempt "green" bond issued through the Wisconsin-based Public Finance Authority to help fund the $2.75 billion P3.

One key to the advancement of the Fargo Moorhead P3 was the "split procurement" model, which had three different sales taxes dedicated revenues to the project. This innovative model is being used as a template for future projects such as the LA River P3 Project and the Brazos Island Harbor Channel Improvement Project.

This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings. This first-of-kind project signals many more to come using the P3 model which streamlines delivery, shares risk and provides significant life-cycle cost savings.

November.18.2022

The Bond Buyer Announces its Annual Municipal Finance Deal of the Year Award Finalists for 2022.

The national Deal of the Year winner will be selected from the ten finalists at the annual gala, which will also celebrate two winners of the Freda Johnson Award for Trailblazing

Women in Public Finance

NEW YORK, Nov. 22, 2022 /PRNewswire-PRWeb/ — The Bond Buyer, Arizent's essential resource serving the municipal finance community, has announced its 2022 Deal of the Year award finalists. This marks the 21st year the program has recognized outstanding achievements in municipal finance, and the 12th year the Deal of the Year event will include the presentation of the Freda Johnson Award for Trailblazing Women in Public Finance.

The Deal of the Year finalists span ten categories: five awards in regional areas and five in additional categories. The winning deals helped deliver relief to a battered electric utility provider, assisted a school district in Arizona's Navajo Nation and helped a city manage a dwindling water supply, among other projects:

SOUTHEAST REGION: Louisiana Utilities Restoration Corp.'s $3.2 billion offering sought low-cost financing to give relief to a battered electric utility provider and its ratepayers.

FAR WEST REGION: The San Diego County Regional Airport Authority's $1.94 billion transaction pays for the replacement of Terminal 1, roadway and parking improvements and a new administration building.

NORTHEAST REGION: The District of Columbia's $309 million long-term P3 agreement with Plenary Infrastructure DC is the nation's largest urban streetlight modernization project to use the public-private partnership model.

MIDWEST REGION: The city of Joliet, Illinois' $76.6 million offering kicked off the first leg of financing of the city's preliminary 100-year agreement with Chicago to purchase treated Lake Michigan water to stave off a looming drinking-water crisis.

SOUTHWEST REGION: A $21.7 million deal for Apache County, Arizona's Window Rock Unified School District No. 8, which serves more than 390 square miles of the Navajo Nation in Arizona.

ESG/GREEN FINANCING: The commonwealth of Massachusetts' nearly $2.7 billion social bond deal — the largest social bond deal yet in the ESG space of the muni market — repaid federal dollars for the commonwealth's Unemployment Insurance Trust Fund for benefits given to people affected by the COVID-19 pandemic.

PUBLIC-PRIVATE PARTNERSHIP FINANCING: The deal financed a portion of the $2.75 billion Fargo-Moorhead Metropolitan Area Flood Risk Management Project, a public-private partnership between Red River Valley Alliance and the Metro Flood Diversion Authority to reduce local flooding risk.

INNOVATIVE FINANCING: The Alabama Federal Aid Highway Finance Authority's $1.5 billion offering introduces a new credit structure that helped the Authority garner credit ratings that remain among the highest in the nation.

HEALTH CARE FINANCING: The University of Louisville Health's $411 million deal helped fund their critical mission to reach its underserved community.

SMALL ISSUER FINANCING: Gallatin County, Montana's $65 million transaction helped fund its Bozeman Fiber project, which brings lightning-fast internet speeds to an area underserved by internet service providers.

"This year's lineup is reflective of the full range of communities and public purposes this market comprises," said Mike Scarchilli, Editor in Chief of The Bond Buyer. "The deals recognized here embody the creativity and resourcefulness of this industry, brought to bear on projects that advance the infrastructure and quality of life in the nation's municipalities."

All award winners will be honored at an invitation-only ceremony at Guastavino's in New York City on Dec. 6. The winner of the Deal of the Year award will be announced at the close of the gala. For the 12th year, the Deal of the Year ceremony will also include the presentation of the Freda Johnson Award for Trailblazing Women in Public Finance. This year marks the eighth in which the organization is honoring two public finance professionals; one from the public sector and one from the private. The 2022 honorees are Deborah Goldberg, treasurer of the commonwealth of Massachusetts, and Emilie Ninan, public finance partner at Ballard Spahr and co-chair of the firm's finance department.

Along with Ninan and Goldberg, whose awards will be presented by Freda Johnson, 12 other honorees from the public and private sectors will be recognized as Trailblazing Women in Public Finance by the Northeast Women in Public Finance at the Dec. 6 gala.

The full list of Deal of the Year winners and profiles of the transactions can be found here.

About The Bond Buyer

Since 1891, The Bond Buyer has empowered issuers, investors and other municipal finance professionals to navigate the complexities of policy, regulation, market activity, infrastructure, public/private partnerships and more. Across its journalism, events, research and benchmarking, The Bond Buyer provides insight into the most relevant topics — from ESG to innovative deal structures. As the only independent resource serving the complete municipal finance community, The Bond Buyer's authoritative content connects leaders online, in person and in print every day.

About Arizent

Arizent is a business information company that advances professional communities by providing insights and analysis and convening industry leaders. The company uses deep industry expertise and a data-driven platform to deliver its services, which include subscriptions, marketing services, live events and access to Leaders, an executive forum. Arizent also connects business communities through leading financial services brands like American Banker, The Bond Buyer, Financial Planning and National Mortgage News, as well as professional services brands like Accounting Today, Employee Benefit News and Digital Insurance.

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Squire Patton Boggs Advises on $4.2 Billion John F. Kennedy International Airport Terminal 6 Project.

Squire Patton Boggs utilized a multi-practice approach to provide legal advice on the bond and commercial financing for the construction of a new Terminal 6 at John F. Kennedy International Airport. The Squire team served as co-bond counsel to the New York Transportation Development Corporation (NYTDC), a local development company and affiliate of Empire State Development, which is the umbrella organization for economic development for the State of New York.

The deal was part of the public-private partnership between the Port Authority of New York and New Jersey and JFK Millennium Partners (JMP), a consortium of investors which included: Vantage Airport Group, an industry leader in developing and managing airport projects, including LaGuardia Airport Terminal B financing (which the Squire legal team was part of in 2016); American Triple I, a minority-owned investor, developer and manager of infrastructure assets; RXR, a New York real estate operating company; and JetBlue Airways. The construction of Terminal 6 is the final component of the $18 billion JFK Vision Plan which also consists of $9.5 billion development of a new Terminal 1, and the $1.5 billion expansion of Terminal 4, led by Delta Air Lines and JFK International Air Terminal (which the Squire team also served as bond counsel earlier this year).

The JMP consortium will develop the new, world-class, 1.2 million-square-foot Terminal 6 at the airport in two phases, with the first new gates opening in 2026 and project completion anticipated in 2028. The new Terminal 6, with capacity for 10 gates – including nine wide body gates – will connect seamlessly to JetBlue's Terminal 5. British Airways, Terminal 7's current primary tenant, will move to a modernized and expanded Terminal 8 later this year, and the 60-year-old Terminal 7 will be demolished after the first phase of Terminal 6 is completed. The development of Terminal 6 is expected to create more than 4,000 jobs, including 1,800 union construction jobs, and direct wages of $1.9 billion.

The project financing for the new Terminal 6 was structured to combat headwinds due to current market conditions. Originally contemplated with a mix of tax-exempt bonds, taxable bonds and taxable term loans, the structure evolved to include over $3 billion in taxable term loans and $435 million in privately placed tax-exempt bonds with RBC Capital Markets.

Squire Patton Boggs's female dominated team was a key member to both the project and finance teams, providing insights on tax-exempt and taxable municipal finance. To seamlessly support the bond and term loan tranches of the transaction, the firm utilized a multi-practice approach. The team was led by Alethia Nancoo, and included public finance partner Catie Romanchek, principal Lauren Trialonas, of counsel Laurie Schwartz, counsel Gregory Johnson, and associates Jessica Ice, Ben Tobias and Ellen Steinmetz; together with public finance tax experts, led by senior associate Taylor Klavan and advised by senior partner Bob Eidnier; financial services partner Jim Schneider and of counsel Mona Ma; and real estate partner John Thomas.

Ms. Nancoo commented: "It was my pleasure to lead a primarily female team to advise NYTDC on such a complex, cutting-edge transaction. The complexity of the transaction gave us an opportunity to demonstrate our expertise on many fronts – and which will likely serve as a blueprint for similar projects in the future."

Bankruptcy Filing Filed for Sale of Senior Living Facilities in Oklahoma.

A Texas nonprofit that defaulted on bonds sold to purchase two Oklahoma senior living facilities intends to sell those assets through its recent bankruptcy filing.

Leading Life Senior Living, Inc., which filed for Chapter 11 bankruptcy with the U.S. Bankruptcy Court for the Northern District of Texas on November 18, sold $30.275 million in tax-exempt and taxable bonds through the Oklahoma Development Finance Authority in 2017, around the memory care facilities.

It defaulted on payments as of 2020. Berkeley Alternative Income Fund I, LLC, is the largest known holder of the Series A Notes in the issue, according to court documents.

US Bankruptcy Judge Mark Mullin granted initial motions in the case, including an interim motion authorizing Leading Life to access post-petition financing and use cash collateral to keep its Oklahoma City and Edmond memorial care facilities operational.

“The debtor brought this case with the intent to market and sell its assets with the knowledge and cooperation of the bond trustee and Berkeley,” Leading Life attorney Rachael Smiley said at a court hearing Tuesday.

She added that while the debtor is seeking “the highest and best value for its assets through a court-sanctioned sale,” it is also seeking to keep the two facilities running without disruption in the quality of care it provides to its residents to keep.

Judge Mark Mullin granted initial motions in the case, including one on an interim basis authorizing Leading Life’s access to post-petition funding and the use of cash collateral to keep the Oklahoma City and Edmond facilities operational.

The financing is a senior secured loan from a Berkeley-affiliated special purpose vehicle, which Smiley also said intends to place a “stalking horse bid” to purchase the debtor’s two facilities. Such bidders are used to set a purchase price floor for other bidders.

Smiley said Leading Life filed for bankruptcy after experiencing “serious liquidity problems” ahead of the appointment of a new board and manager this spring.

“Although the situation has improved under the new board and the Debtor’s new management and facilities are operating at approximately 80% capacity, the Debtor still faces significant liquidity problems,” she added.

In May, Leading Life and bond trustee UMB Bank entered into a forbearance agreement that avoided foreclosure proceedings based on a transition to new management and other conditions. The termination of the agreement has been extended to December 2nd.

As of November 17, the principal outstanding was $29.68 million and accrued and unpaid interest was nearly $3.25 million.

S&P Global Ratings, which rated senior bonds A-Plus and second tier bonds BBB in 2017, has downgraded the ratings since 2019, according to disclosure filings in the Municipal Securities Rulemaking Board’s EMMA system. In July 2020, S&P downgraded ratings from CC to D after defaults.

Oklahoma Local Today

by Morgan Mccarthy

November 23, 2022

Tuscaloosa, Alabama: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aaa’: Fitch believes revenue growth prospects are strong, reflecting favorable historical trends and expectations for growth in population, property appreciation and continued new development. The city has a high independent legal ability to raise revenues via increases to its sales taxes and other locally generated revenues such as business licenses and fees. Expenditure Framework: ‘aa’: Fitch expects the pace of spending to generally align with revenue growth trends. The city maintains significant expenditure flexibility, benefitting from the absence of collective bargaining and moderate fixed carrying costs for debt and retiree benefits. Long-Term Liability Burden: ‘aa’: The city’s long-term liabilities (overall debt and pension) are currently moderate at about 13% of personal income but are expected to increase moderately over the next few years as the city undertakes several infrastructure and quality of life initiatives. The combined pension asset-to-liability ratio remains low notwithstanding recent reform efforts and full actuarially-based contributions.

ACCESS REPORT

Tue 22 Nov, 2022

Transbay Transit Center Community Facilities District, California: Fitch New Issue Report

The ‘AA+’ rating on the San Francisco CFD No 2014-1 (Transbay transit center) bonds is based on the city’s inclusion, by resolution, of the Transbay CFD special taxes on the Teeter Plan roll, under which the city guarantees 100% remittance of the levied taxes, thereby eliminating collection risk. As such, Fitch Ratings believes the security for the bonds is essentially the same as city general obligation (GO) bonds. The ‘AA+’ rating on the city’s GO bonds reflects the city’s exceptionally strong reserve position relative to Fitch’s near-term expectations for weak economic and revenue performance. Fitch expects the city’s revenues to return to pre-pandemic levels, albeit over several years. The city benefits from solid spending flexibility and long-term liabilities at the low end of the moderate range. The ratings also consider the city’s superior financial management, which includes strong budgetary and financial policies and practices that help maintain ample reserves and financial flexibility throughout economic cycles.

ACCESS REPORT

Tue 22 Nov, 2022

Philadelphia Charter Schools: Unexecuted Charter Contracts Are A Unique Risk

Key Takeaways

- Brick-and-mortar charter schools in Pennsylvania are authorized by local school districts. Among our rated charter schools that are authorized by the School District of Philadelphia (SDP), 70% currently have unexecuted charter contracts, compared with 11% for the schools operating elsewhere in the commonwealth.
- Unresolved charter agreements have historically been driven by a range of disagreements around charter contract terms, which have included: enrollment caps, academic standards, and relationships between schools and third-party management organizations.
- Though risks persist, we have not taken rating action for most of the schools, given that charter

schools in Pennsylvania can legally continue to operate pursuant to the most recently executed charter contract, as long as the school remains in compliance with its terms.
- Frequent and ongoing conversations with the SDP Charter School Office (CSO) support S&P Global Ratings' view that compliant charter schools are not presently at risk simply for having unsigned and/or unexecuted charter contracts.

Continue reading.

17 Nov, 2022

S&P Second Party Opinion: Build NYC Resource Corp. (EHSA Charter School) Series 2022

Build NYC Resource Corp., a non-for-profit local development corporation, will issue the Series 2022 bonds in the amount of $72 million, the proceeds of which it will loan to East Harlem Scholars HS LLC (EH Scholars) and East Harlem Center LLC (EH Center); together with EH Scholars, the Borrowers. The Borrowers will use the proceeds to refinance construction loans related to the EHSA campus located at 2050 Second Avenue, New York, N.Y. (EHSA I Campus) and the new High School Facility, finance the remaining construction costs of the High School Facility, and cover transaction costs.

Download

Montgomery County, Maryland: Fitch New Issuance Report

The WQPC rate is established annually by resolution of the county council and is unlimited as to rate or amount. The county council frequently has approved increases in the WQPC rate in support of its stormwater management program. Fitch analyzes the security as a dedicated tax bond. Economic Resource Base: Montgomery County borders Washington D.C. and northern Virginia. As such, the county's employment base has a significant presence of the U.S. government and contractors within the information, intelligence, biotechnology, and high-tech manufacturing industries. Employment growth has outpaced labor force growth and unemployment rates have historically been below the region, state and national levels. The county has an estimated population of over one million, its residents are highly educated, and it remains one of the wealthiest counties in the country. Rating Sensitivities Factors that could, individually or collectively, lead to positive rating action/upgrade: • The WQPC bonds are capped at the county's Issuer Default Rating. Factors that could, individually or collectively, lead to negative rating action/downgrade: • Sustained weakening of revenue growth prospects outside Fitch's expectations for growth levels exceeding inflation. • A demonstrated unwillingness to increase the WQPC sufficiently to support annual debt service.

ACCESS REPORT

Tue 22 Nov, 2022

Annapolis, Maryland: Fitch New Issuance Report

Key Rating Drivers Revenue Framework: 'aaa': The city derives the bulk of its revenues from property taxes and there is no legal limit on the tax rate or levy. General fund revenues have generally exceeded CPI levels over the last decade, reflective of tax base growth and periodic increases in tax rates and charges. Changes in tax base values continue to reflect moderate 3%-4% annual growth and additional new development is occurring, supporting Fitch's expectations for continued solid levels of natural revenue growth. Expenditure Framework: 'aa': Fitch expects expenditure growth to be in line with, to slightly above, natural revenue growth in the absence of policy action. Total carrying costs for debt service, required pension payments and other post-employment benefits pay-as-you-go were close to 20% of fiscal 2021 total governmental spending and are expected to remain close to this level based on projected increases in debt service and pension contribution costs. Annual pay-go spending for capital and a reasonably flexible workforce environment support a solid level of expenditure flexibility. Long-Term Liability Burden: 'aa': The combined burden of long-term debt and Fitch-adjusted net pension liabilities is a moderate 11% of personal income. Fitch expects the liability burden to remain fairly stable even with potential new direct city and county overlapping debt to be issued over time based on expectations for continued growth in economic resources. The city's tax-supported debt amortization is rapid.

ACCESS REPORT

Mon 21 Nov

San Francisco Sees Risk of Lost Revenue as Remote Work Prevails.

- **Economist forecasts $200 million loss by 2028 in worst case**
- **Tech industry embraced flexible work and is now doing layoffs**

San Francisco could lose around $200 million by 2028 in property tax revenue because of offices emptied as people work from home, under the worst case scenario detailed in a report from the city's chief economist Ted Egan.

The hub of the technology industry is experiencing record office vacancies. They could rise to about 31% by the fourth quarter next year in the most pessimistic case, warned Egan in the presentation for a board of supervisors's committee hearing Wednesday.

Commercial property values would fall, and that would mean less revenue for the city from property taxes. In the short-term, the risk is lessened by long-term leases and the fact that under a California law known as Proposition 13, valuations for property tax purposes are often well below market prices. That cushions municipalities during downturns.

Continue reading.

Bloomberg

By Romy Varghese

November 16, 2022

Sun Belt Cities Hit the Big Time.

Cities in the South and Southwest aren't just luring new residents. They're growing their role as corporate headquarters towns.

The Sun Belt has long been known for its constellation of hypergrowth metros. The big global cities on the coasts, in contrast, have seen less growth in population and jobs.

The expansion of the Sun Belt has come primarily from an infusion of mid-level jobs, often back-office jobs, or the headquarters of older, workaday corporations. Meanwhile, the coastal cities, even the sluggish ones, have remained the key locations for the highest value employment and the highest skilled people, and have been the places with the greatest blend of innovation, cultural power and wealth.

But things are starting to change in the Sun Belt, as cities such as Miami, Austin and Nashville have started moving up the food chain. The pandemic, rising crime and homelessness, and dysfunctional governance have caused a number of high-end businesses further north to rethink where they should be located.

Continue reading.

governing.com

by Aaron M. Renn

Nov. 18, 2022

S&P: Florida And South Carolina Local Governments' Credit Quality Remains Sound Despite Damage From Hurricane Ian

Key Takeaways

- We have surveyed and analyzed 21 local government issuers in Florida and South Carolina that were in the path of Hurricane Ian.
- For most, costs from storm-related damage were minimal.
- We believe credit quality for all 21 issuers remains consistent and is supported by very strong financial profiles and disaster recovery planning initiatives.

Continue reading.

10 Nov, 2022

Upper Occoquan Sewage Authority, Virginia: Fitch New Issue Report

The authority services four-member jurisdictions in northern Virginia. The largest members are the counties of Fairfax (sewer revenue bonds rated AAA/Stable) and Prince William (sewer revenues not rated by Fitch but assessed to be of extremely strong credit quality), at approximately 38% each of fiscal 2021 total revenue. The remaining member cities, Manassas and Manassas Park, account for approximately 24% of total revenues. Key Rating Drivers Revenue Defensibility: 'aa'; Very Strong Purchaser Credit Quality, Limited Step-Up Provisions: The authority's largest members are of very strong credit quality, resulting in a very strong 'aa' PCQ subassessment. Replenishment mechanisms for the DSRF and RMF in light of certain member defaults provide for full repayment of UOSA's bonds. Operating Risk: 'a'; Very Low Operating Cost Burden, Elevated Capital Needs: Depreciation has outpaced capital spending the past five fiscal years, leading to an elevated life cycle ratio. Positively, the authority's five-year capital plan allocates the bulk of spending to asset-management projects. The operating cost burden is expected to remain very low for at least the next five years. Financial Profile: 'aaa'; Exceptionally Strong Financial Profile Based on PCQ: The financial profile assessment is based principally on the very strong PCQ subassessment, supplemented by the operating risk assessment.

View the Fitch New Issue Report.

Wed 16 Nov, 2022

Milwaukee, Wisconsin: Fitch New Issue Report

Revenue Framework: 'bbb': Fitch Ratings expects the city's two largest sources of revenue, state aid and property taxes, to remain stagnant or grow below the level of inflation. The city's independent legal ability to raise tax revenues is constrained by state law but is partially offset by the city's ability to independently increase nontax revenue sources. Expenditure Framework: 'a': Fitch believes the city's flexibility of main expenditure items is adequate. Carrying costs for long-term liabilities claim a large and growing percentage of governmental fund spending given the expectation for increasing pension contributions. Long-Term Liability Burden: 'aa': Milwaukee's long-term liabilities are a moderate burden on the city's resource base. Future capital needs are manageable, and debt is rapidly repaid. Operating Performance: 'a': The city had significantly drawn down on available reserves prior to receiving significant stimulus funds in 2020 and 2021, which has provided a temporary boost in resilience.

ACCESS REPORT

Thu 17 Nov, 2022

Monmouth County Improvement Authority, New Jersey: Fitch New Issue Report

Revenue Framework: 'aa': County revenue growth should generally trend in line with historical inflation levels based on expectations for moderate levels of new construction activity and demand for various revenue-generating services. Fitch views the county's revenue raising flexibility, within the framework of various state tax cap laws, as high relative to potential revenue losses in a moderate economic downturn. Expenditure Framework: 'aa': Fitch expects spending levels to remain marginally above revenue growth, driven by annual moderate increases in salaries and benefits. The county retains solid capacity to make expenditure reductions centered on the legal ability to control workforce size, manageable carrying costs and very rapid amortization of county direct debt. Long-Term Liability Burden: ‘aaa’: The county’s long-term liability burden associated with overall debt and adjusted net pension liabilities (NPL) is low at 5% of personal income. Fitch expects the burden to remain below 10% of personal income (the high end of the range for a ‘aaa’ assessment) based on the rapid amortization of outstanding debt and our expectation of future capital needs and debt issuance plans.

ACCESS REPORT

Fri 18 Nov, 2022

Greenville Utilities Commission, North Carolina: Fitch New Issue Report

GUC’s rating reflects continued very strong financial performance, bolstered by stable operating costs and a diversified revenue base supported by a combined utility system. Revenue defensibility remains strong, but GUC’s midrange service territory assessment, which is based on weaker income and unemployment metrics, remains a limiting factor. The utility continues to make substantial capital investments in its utility systems. Fitch Ratings expects borrowings, including the proposed series 2022 bond issuance to finance capex, will contribute to higher leverage during the next five years. However, Fitch expects leverage ratios to remain supportive of the rating. Capex is expected to total $279 million over the next five years, and major projects include the continued expansion of a water treatment plant and installation of new peak shaving generators. Other projects include substantial water-distribution system improvements. Approximately half of capex will be funded with planned debt issuances.

ACCESS REPORT

Fri 18 Nov, 2022

Alaska’s Economic Performance Among the Worst in Nation.

A report from the University of Alaska Center for Economic Development found that, for the last seven years, the state has performed “at or near the bottom” in employment growth, unemployment, net migration and GDP.

(TNS) — For the last seven years, the Alaska economy has performed “at or near the bottom” nationally in four key measures of economic health, according to a report released Thursday by the University of Alaska Center for Economic Development.

Taken together, the state’s poor performance between 2015 and 2021 — in employment growth, unemployment, net migration and gross domestic product — place Alaska’s economic health at the bottom of all 50 states and the District of Columbia, said Nolan Klouda, the center’s executive director and lead author of the 10-page report.

“You could make a case that Alaska is the bottom-performing state going back to 2015,” Klouda said in an interview Thursday. “I think it is.”

Continue reading.

governing.com

Alex DeMarban, Anchorage Daily News

Nov. 18, 2022 •

[Crippled by Pension Debt, Pennsylvania City Seeks Bankruptcy.]

- **Receiver files for Chapter 9 bankruptcy, a rare move by cities**
- **Step comes after decades of fiscal distress, population loss**

Chester, Pennsylvania, a city near Philadelphia that's been contending with financial distress for decades, filed for bankruptcy protection because of a massive debt to its employee pension funds.

Michael Doweary, a state-appointed receiver empowered to oversee the city's finances, filed the petition under Chapter 9 of the US Bankruptcy Code in the Eastern District of Pennsylvania. The filing will protect the city from creditors while it works on a plan to steady its finances.

The one-time industrial city, whose population has tumbled since the 1950s, joins a rare group of local governments that have filed for bankruptcy. Vallejo, California, Detroit and Puerto Rico all did so in the wake of the Great Recession, in part because of obligations to retirees they couldn't afford to pay.

Continue reading.

Bloomberg CityLab

By Hadriana Lowenkron and Steven Church

November 10, 2022

New Yorkers Back $4.2 Billion Bond to Fight Climate Change.

- **Measure is largest borrowing referendum on 2022 US ballots**
- **Will fund climate change mitigation in disadvantaged areas**

New York voters approved a $4.2 billion environmental bond on Tuesday, one of the biggest wins for environmental, social and governance infrastructure in eight years and a sign of the sector's growth in the municipal bond market.

The ballot measure was backed by 59% of voters, according to results posted by the New York State Board of Elections. The results were called by the Associated Press. The plan was widely expected to pass, following a long history of successful environmental bond acts in New York.

The New York financing plan is designed to strengthen climate and flooding resiliency in a state still recovering from weather-related disasters. The new debt will pay for green-building projects, water quality improvement and shoreline restoration.

Continue reading.

Bloomberg Green

By Marvis Gutierrez

November 9, 2022

Chicago Wins Moody's Upgrade, Exiting Years in Junk Status.

- **Investment-grade rating may lead to lower borrowing costs**
- **Ratings lift comes as Lightfoot seeks re-election next year**

Chicago has shed its junk status for the first time in more than seven years marking a major win for Mayor Lori Lightfoot as she seeks re-election.

Moody's Investors Service on Tuesday raised the city's rating by one notch to Baa3, freeing Chicago from its one non-investment grade rating for the first time since 2015. The upgrade may allow the city to borrow at lower rates, saving taxpayers money. Moody's downgraded the city to junk in May 2015 amid rising pension costs.

The move "reflects the city's substantial increase in pension contributions, including an upcoming boost to comply with the city's new pension funding policy that targets contributing an amount sufficient to keep reported net pension liabilities from growing," David Levett, senior analyst at Moody's, said in a statement. Moody's also has the city's debt on a stable outlook.

Continue reading.

Bloomberg CityLab

By Mackenzie Hawkins and Shruti Singh

November 8, 2022

Los Angeles Unified School District, California: Fitch New Issue Report

The upgrade of the Issuer Default Rating (IDR) to 'A' from 'A–' reflects the district's improved expenditure flexibility as well as operating performance, which has outperformed expectations over the past several years. The 'A' IDR remains below Fitch Ratings' median rating for the local government sector, reflecting the likely structural budget imbalances that will require ongoing budget adjustments so long as enrollment trends remain negative. The 'A' IDR also reflects the district's currently strong reserve position, moderate liabilities burden, and track record of compliance with state and board reserve requirements within the context of strong state oversight. The upgrade of the GO bond ratings to 'AAA' from 'AA+' reflects the upgrade of the IDR as well as the large, growing and diverse tax base supporting bond repayment.

ACCESS REPORT

Mon 07 Nov, 2022 – 5:02 PM ET

[Hawai'i Pacific Health, Hawaii: Fitch New Issue Report]

Hawai'i Pacific Health's (HPH) 'AA–' Issuer Default Rating (IDR) and revenue bond rating reflect HPH's consistent and sound operational performance demonstrated by a 7.4% operating EBITDA margin and balance sheet strength equating to approximately 256 days cash on hand (DCOH) and 192% cash-to-adjusted debt as of fiscal 2022 (YE June 30; unaudited). The rating also reflects HPH's solid market position as one of the two largest healthcare providers in the state of Hawaii. Fitch Ratings believes HPH has recovered from operational pressure observed in fiscal 2020 when the organization recorded a low operating EBITDA margin of 3.3%. Since then, HPH has posted two consecutive years of positive operating and operating EBITDA margins, respectively, which Fitch views favorably. Improved inpatient and outpatient volumes, coupled with careful expense management, have helped support HPH's consistent profitability over the past two years.

[ACCESS REPORT]

Mon 07 Nov, 2022 – 5:42 PM ET

[Duval County School District, Florida: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: 'bbb': District general fund operations are reliant on state aid funding and enrollment. Revenue prospects are expected to continue to trend below inflation as traditional enrollment (excluding charters) is projected to be relatively flat, offset by expectations for moderate increases in per pupil state aid. The district has limited legal ability to raise revenues. Expenditure Framework: 'aa': Instructional costs are the main driver of expenditures, and overall spending is expected by Fitch to grow above the pace of revenues absent policy action. The district has strong legal control over workforce decisions and low-to-moderate carrying costs related to debt service and retiree benefits obligations. Long-Term Liability Burden: 'aaa': The district's long-term liability burden associated with direct and overlapping debt and Fitch-adjusted net pension liabilities is low at 7.5% of residents' personal income. Fitch expects the burden to remain low based on the district's lack of additional planned debt and moderate changes in overlapping debt of Jacksonville, which comprises the bulk of the overlapping governmental debt. The district participates in the adequately funded Florida Retirement System. Operating Performance: 'a': The district's financial resilience had weakened considerably between fiscal years 2011 and 2017 due to changes in state aid and policies and declines in enrollment. Administrative changes and improved budget actions led to improved reserves, but they remain below historical levels.

[ACCESS REPORT]

Tue 08 Nov, 2022 – 3:20 PM ET

[Missouri Joint Municipal Electric Utility Commission: Fitch New Issue Report]

The 'A' bond rating reflects the strong credit quality of the MEC's Missouri Public Energy Pool #1 (MoPEP), which is the obligor on the MEC power supply system revenue bonds. MoPEP is an all-requirements power supplier to 35 of MEC's 71 total municipal electric systems located throughout

Missouri. Credit characteristics include the very strong contractual framework underpinning each member's obligation, the low cost of power supplied by MoPEP's resources and the pool's financial leverage. MoPEP's financial profile reflects a very strong leverage profile, but is constrained by weaker liquidity and contractual debt that exceeds the imputed leverage value under Fitch Ratings' standard leverage calculation.

ACCESS REPORT

Wed 09 Nov, 2022 – 3:55 PM ET

Missouri Highways & Transportation Commission: Fitch New Issue Report

Fitch Ratings' upgrade of MHTC's outstanding second and third lien state road bonds to 'AAA' from 'AA+' reflects the security structure's improved resilience, as pledged revenues have expanded modestly and debt service on senior and second lien bonds has declined. Fitch expects the third lien bonds' resiliency to remain very high, even as debt service increases in the short term as a result of the current issue. The upgrade includes the ratings of series 2019 B and 2021 A third lien bonds, as Fitch views these bonds as being on parity with all other third lien bonds backed by SRF revenues. Although these two series carry a distinct security structure that also relies on annual appropriations of state general revenues to support debt repayment, in addition to residual SRF revenues, Fitch regards them as possessing the same underlying credit strengths as other bonds carrying the same lien.

ACCESS REPORT

Tue 08 Nov, 2022 – 4:01 PM ET

Danville, Virginia: Fitch New Issue Report

The 'AA–' Issuer Default Rating (IDR) and GO bond rating reflect the city of Danville's long history of ample reserves and superior budgetary flexibility, which combine to establish a high level of fundamental financial resilience, and a long-term liability burden at the low end of the moderate range. These strengths temper risks associated with an overall trend of population and employment declines that have yielded stagnant revenue growth. Revenue growth as well as employment trends may be bolstered by the opening of a casino and related facilities in late 2024, although this may introduce a higher level of volatility to the city's revenue stream. Economic Resource Base: The city of Danville is located adjacent to the Virginia-North Carolina border about 45 minutes north of Greensboro, NC. The city's population has steadily declined for multiple decades after sustained employment losses in the textile and manufacturing industries.

ACCESS REPORT

Wed 09 Nov, 2022 – 3:03 PM ET

Fitch: Storms Test Florida Cat Fund, Citizens Ins., Eroding Liquidity

Fitch Ratings-New York-11 November 2022: Florida's state-owned property insurer, Florida Citizens Property Insurance Corp. (Citizens, bonds rated 'AA'), and reinsurer Florida Hurricane Catastrophe Fund (FHCF, bonds rated 'AA'), do not face near-term risks to their capacity to service debt as a result of expected losses from Hurricane Ian, Fitch Rating says. However, increasing storm frequency and severity will erode liquidity and may place a greater burden on the assessment base that supports the debt issuance of each of these entities.

Ample liquidity, built partially through the issuance of pre-event bonds during a period of limited storm activity in the 11 years prior to Hurricane Irma in 2017, will likely allow both Citizens and FHCF to cover Hurricane Ian claims and reimbursements without needing to issue bonds and/or levy an emergency assessment. However, additional claims as a result of Tropical Storm Nicole that made landfall in Florida late Wednesday as a Category 1 Hurricane, or other storms through the end of the season, will further reduce liquidity and could potentially necessitate borrowing.

Citizens and FHCF are obligated to levy emergency assessments or issue bonds if claims and reimbursements exceed liquid resources, including reserves and premium collections, until obligations are fully met. Even if FHCF and Citizens do not need to tap the market this year, they will have exhausted much of their liquidity, leaving them more likely to have to borrow in the future to rebuild liquidity.

Continue reading.

Sugar Land, Texas: Fitch New Issue Report

The 'AA' revenue bond rating and 'aa' SCP assessment reflect the Sugar Land, TX waterworks and sewer system's very strong revenue defensibility and operating risk profiles, both assessed at 'aa', as well as a financial profile that is rebounding after several years of weak results. The system's revenue defensibility assessment is supported by its monopolistic provision of water and sewer services to a growing service area with strong income levels. The city has independent legal ability to raise rates, and rates are affordable for the vast majority of the population. Despite cost pressures associated with water supply conversion to surface from ground sources, the system's operating cost burden is very low. The system's age of plant is rising as annual capex has been well below annual depreciation expenses and is reflected in a life cycle ratio that approximates 48%, signaling growing needs for capital reinvestment.

ACCESS REPORT

Fri 11 Nov, 2022 – 1:14 PM ET

Boston Proposes Zero Net Carbon Building Zoning Initiative.

The City of Boston and the Boston Planning and Development Agency ("BPDA") have put forward a new proposal, known as the zero net carbon building zoning initiative, which would require that newly constructed buildings over 20,000 square feet — including labs, offices, and housing projects with more than 15 units — immediately hit net zero emissions goals. The proposal would also require the new buildings to be certifiable as LEED Gold, a higher bar for sustainability than the City's current requirement.

Boston's proposed zoning changes follow the Massachusetts Department of Energy Resources (DOER)'s release of final code language for its [Stretch Energy Code and Specialized Municipal Opt-in Code regulations](), which is the specialized building code standard targeting net zero emissions in new construction by 2050 "primarily through deep energy efficiency, reduced heating loads, and efficient electrification."

Last year, Boston passed an updated version of the Building Emissions Reduction and Disclosure Ordinance ("BERDO") requiring larger existing buildings to reach "net zero" by the year 2050. As presently written, the proposal would require projects to be built to minimize emissions "to the maximum extent feasible" with performance targets that vary depending upon the type of building. The proposal accelerates the city's push to reduce buildings' reliance on fossil fuels by several years, as the City is also seeking to join a state pilot program enabling ten Massachusetts cities and towns to ban natural gas hookups, but there is no guarantee that it will be one of the municipalities chosen to participate.

Existing buildings are responsible for almost 70% of the City's greenhouse gas emissions. While many in the commercial development industry recognize the importance of cutting emissions, some fear that a fossil fuel ban could lead to a drastic increase in governmental process and building costs, further complicating and deterring new construction.

The BPDA has begun holding public meetings on the proposed changes to the Zoning Code, with the public comment period ending on October 28, 2022.

Bowditch & Dewey LLP – Joseph R. Duquette

October 28 2022

Fitch: State of Oregon

Revenues Constitutionally Dedicated for Transportation: Highway user taxes are constitutionally dedicated for transportation purposes, but not debt service, while pledged revenues and apportionments thereof are subject to legislative changes and voter initiatives, thereby capping the rating at the state's 'AA+' IDR. The state has a solid track record of raising transportation-related fees and taxes in support of its capital program. Historically Stable Revenue Stream: The bonds are secured by taxes and fees levied on the use and ownership of motor vehicles and motor carriers, as well as fuel taxes. Net pledged revenues have shown stability over time, and Fitch Ratings expects solid growth in aggregated pledged revenues that exceeds long-term inflation. Sound Coverage Cushion: Debt service coverage is high and well above the ABT levels. Issuance of additional senior and subordinate lien bonds requires 3.0x and 2.0x coverage of MADS, respectively. Issuance of additional second subordinate lien bonds requires 1.75x coverage of MADS. The bond structure can withstand a moderate decline or one equal to the largest historical decline and still maintain sum sufficient coverage on all liens leveraged to their respective ABTs, warranting the 'aaa' resilience assessments on the senior, subordinate, and second subordinate lien bonds.

ACCESS REPORT

Fri 04 Nov, 2022

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

The 'A–' rating reflects the authority's financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service (FADS), which rose to over 11.0x in 2021 as expected, and remains elevated for the rating. Santee Cooper made steady progress in reducing its debt burden and leverage in 2017–2020, but weaker than expected operating performance in 2021 reversed the improving trend. The revision of the Outlook to Negative from Stable reflects uncertainties related to accumulating costs the authority is unable to recover following its agreement as part of a legal settlement to lock rates through January 2025. The authority will seek to recover a large portion of these costs once the agreement expires, but these efforts are being challenged in court and the recovery provision is untested.

ACCESS REPORT

Fitch New Issue Report: Albany College of Pharmacy and Health Sciences, New York

Revenue Defensibility: 'bbb'; Vulnerable Enrollment and Demand Profile: ACPHS's revenue defensibility remains somewhat challenged with continued, albeit slowing, declines in enrollment and a highly tuition dependent revenue base. Rising levels of applications have allowed ACPHS to become more selective since fall 2017, lowering the acceptance rate to 65%; however, matriculation remains weak near 10%, which has limited the incoming freshman class size. Total FTE enrollment has fallen in each of the past five years and was down over 13% yoy for fall 2022. Pharmacy enrollment, which makes up about 70% of the total, fell nearly 17%. ACPHS increased tuition 3% for fall 2022 following a 2% increase prior year. The termination of the accelerated PharmD program and subsequent closure of the Vermont campus in concert with opening of the Center for Biopharmaceutical Education and Training is expected to increase graduate enrollment in Albany, and management reports that applications are tracking ahead of prior year. ACPHS will continue to develop its collaboration with corporate partners in biopharmaceuticals as well as articulation agreements with medical schools. The Masters in Medical Science and the Masters in Biopharmaceutical Manufacturing programs were recently introduced and ACPHS expects these programs will help support goal to diversify further into health sciences to offset continued pressures in pharmacy enrollment. With a January 2023 launch, these programs could add 40 students to ACPHS's base. A solid philanthropic base provides consistent gift revenue, and ACPHS recently closed its Discovery for Life Campaign, raising nearly $20 million in cash and pledges through CYE2021, well ahead of its $11 million initial goal.

ACCESS REPORT

Fitch New Issue Report: Brewster Place, Kansas

The 'BB+' Issuer Default Rating (IDR) and revenue bond rating reflect Brewster Place's somewhat soft independent living unit (ILU) occupancy (mid-80% range) as it moves forward on its $16 million Redwood project, which includes converting smaller studio and one-bedroom ILUs into larger units.

This is balanced against Brewster Place's history of operating ratios consistent with Fitch's midrange operating risk assessment and moderate debt burden for the rating level, inclusive of the new debt. The Redwood project will be funded by about $15 million in permanent debt and $3.25 million in short-term debt. The short-term debt will be paid down by the pool of new ILU entrance fees; only 60% of the new units need to sell to fully repay the short-term debt, which mitigates the fill up risk of the project. The Redwood project, within Brewster's five-story main building, includes the addition of a penthouse floor on top of the existing structure with six new spacious ILUs; renovations to existing ILUs on the fifth floor, including reducing the number of units to 13 from 19; and renovations to the first floor, including the dining area, game area, art studio and four ILUs.

ACCESS REPORT

Fitch New Issue Report: Charles County, Maryland

Key Rating Drivers Revenue Framework: 'aaa': General fund revenues consist primarily of property and income taxes. Fitch expects future revenue growth to be above the level of inflation but below national GDP, consistent with past performance. The county has the independent legal ability to raise property tax revenues without limitation. Expenditure Framework: 'aa': The county maintains solid control over spending. Fixed carrying costs related to debt and retiree benefits are moderate. Education makes up about half of the county's spending and any reduction would require state approval. Fitch expects spending growth to be marginally above revenue growth in the absence of policy action. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low. Future debt needs are manageable and amortization of existing debt is rapid. Aggregate net pension liability, when adjusted to Fitch's standard 6% investment rate of return, stands at a low 2% of personal income. Operating Performance: 'aaa': Fitch expects the county to maintain a high level of fundamental financial flexibility throughout economic cycles, supported by solid revenue growth prospects, expenditure and revenue flexibility and sound reserve levels. Key Rating Drivers Revenue Framework: 'aaa': General fund revenues consist primarily of property and income taxes. Fitch expects future revenue growth to be above the level of inflation but below national GDP, consistent with past performance. The county has the independent legal ability to raise property tax revenues without limitation. Expenditure Framework: 'aa': The county maintains solid control over spending. Fixed carrying costs related to debt and retiree benefits are moderate. Education makes up about half of the county's spending and any reduction would require state approval. Fitch expects spending growth to be marginally above revenue growth in the absence of policy action. Long-Term Liability Burden: 'aaa': The county's long-term liability burden is low. Future debt needs are manageable and amortization of existing debt is rapid. Aggregate net pension liability, when adjusted to Fitch's standard 6% investment rate of return, stands at a low 2% of personal income. Operating Performance: 'aaa': Fitch expects the county to maintain a high level of fundamental financial flexibility throughout economic cycles, supported by solid revenue growth prospects, expenditure and revenue flexibility and sound reserve levels.

ACCESS REPORT

Fitch New Issue Report: State of Nevada

Revenue Framework: 'aaa': Nevada's revenues, primarily sales and gaming-related taxes, have historically reflected its tourism-based economy, demonstrating some economic sensitivity. Fitch anticipates Nevada's revenues will grow in line with national GDP growth over the longer term. Expenditure Framework: 'aa': The state maintains solid expenditure flexibility with a low carrying cost burden and the broad expense-cutting ability common to most U.S. states. Education and Medicaid remain key expense drivers and continued budget management is expected to be necessary to keep spending within projected revenues. Long-Term Liability Burden: 'aaa': Nevada's liabilities are low and below the median for states. GO debt is either self-supporting or funded by a dedicated property tax levy and does not place a burden on the general fund. Operating Performance: 'aa': Nevada's conservative management of financial operations has supported relative fiscal stability even in times of economic weakness.

ACCESS REPORT

Thu 03 Nov, 2022 – 4:22 PM ET

Fitch New Issue Report: Shelby County, Tennessee

Revenue Framework: 'aa': Fitch expects natural revenue growth to at least track the rate of inflation, reflective of the county's continued development activity, which should support tax base and job growth. Expenditure Framework: 'aa': Fitch expects the natural pace of spending to be slightly above the rate of revenue growth. Overall expenditure flexibility is solid as reflected by management's strong control over workforce decisions and a manageable level of fixed costs related to debt service and retiree benefits. Long-Term Liability Burden: 'aaa': Long-term liabilities for overall debt and retiree benefits are low at 8% of personal income. Additional debt plans appear manageable and should not notably affect the assessment given expected changes in the resource base and an above average pace of principal amortization. Operating Performance: 'aaa': Fitch expects the county to manage through future periods of economic decline while maintaining a substantial financial cushion based on its superior inherent budget flexibility and history of sound financial management.

ACCESS REPORT

Thu 03 Nov, 2022 – 5:40 PM ET

Fitch New Issue Report: State of Oregon

Revenues Constitutionally Dedicated for Transportation: Highway user taxes are constitutionally dedicated for transportation purposes, but not debt service, while pledged revenues and apportionments thereof are subject to legislative changes and voter initiatives, thereby capping the rating at the state's 'AA+' IDR. The state has a solid track record of raising transportation-related fees and taxes in support of its capital program. Historically Stable Revenue Stream: The bonds are secured by taxes and fees levied on the use and ownership of motor vehicles and motor carriers, as well as fuel taxes. Net pledged revenues have shown stability over time, and Fitch Ratings expects solid growth in aggregated pledged revenues that exceeds long-term inflation. Sound Coverage Cushion: Debt service coverage is high and well above the ABT levels. Issuance of additional senior and subordinate lien bonds requires 3.0x and 2.0x coverage of MADS, respectively. Issuance of additional second subordinate lien bonds requires 1.75x coverage of MADS. The bond structure can withstand a moderate decline or one equal to the largest historical decline and still maintain sum sufficient coverage on all liens leveraged to their respective ABTs, warranting the ‘aaa’ resilience assessments on the senior, subordinate, and second subordinate lien bonds.

ACCESS REPORT

Fri 04 Nov, 2022 – 5:17 PM ET

Protectionism is Costing Texas.

Laws banning the state from doing business with banks that are dubbed anti-fossil fuel or anti-gun will likely cost hundreds of millions in higher interest rates.

Republicans’ moralizing, “anti-woke” crusade has entered the arena of fiscal governance, and it’s likely to cost taxpayers, pensioners, municipalities, and everyday Texans a big chunk of change.

Last fall, new state laws went into effect that prohibit governmental entities from engaging with financial institutions that the state deems to be anti-fossil fuel, anti-gun, and, thus, anti-Texas.

These laws, passed overwhelmingly by the Republican-controlled Legislature, are the latest and most expansive in a suite of legislation that makes the state the ultimate arbiter of all that is good and bad. In effect, the power of the purse is weaponized to protect the interests of the conservative cause and punish its enemies. Namely, what the right has cast as the Woke of Wall Street—the big banks and investment firms like Citigroup and BlackRock that ostensibly engage in socially conscious investing, which includes pledges and specialized investment funds that may exclude gun manufacturers or oil companies.

Continue reading.

TEXAS OBSERVER

by JUSTIN MILLER

NOVEMBER 4, 2022

On One Beale Project, Strickland Says Memphis 'Cannot Be An ATM For Developers'

Memphis Mayor Jim Strickland did not take kindly to developer Chance Carlisle blaming the city for the Grand Hyatt at One Beale’s $5 million funding shortfall.

“City government cannot be an ATM for developers. And if it’s $5 million short, he needs to come up with that $5 million,” Strickland said Thursday at a groundbreaking for the new Frayser Branch Library.

Strickland’s comments come after Carlisle, the principal developer of One Beale, first told The Commercial Appeal Wednesday that plans for a 300-plus room Grand Hyatt at the development were dead because of a $5 million funding shortfall.

On Wednesday, Carlisle blamed an October delay from the city for the project's municipal bonds not pricing high enough in an erratic bond marketplace. He said the city's need to bring the project back before the Memphis City Council on Oct. 18 caused the bonds to fetch several million dollars less than they would have weeks earlier.

Last week, Carlisle asked the city, which had already agreed to give the project a $10 million loan, for a further $5 million. Strickland responded Wednesday and said the city would not be contributing further cash. The mayor, for his part, put the blame for the project's delay on Carlisle Thursday.

"We dropped everything in March of this year, drove up to Nashville, cleared our schedule while the developer was on spring break in Colorado. We were meeting with state officials to try to approve this deal, got approval in early April by City Council and they did nothing, nothing for almost three months," Strickland said. "That's the delay and delay cost the deal. The delay is 100% the responsibility of that developer who was on spring break when we were trying to get the deal done."

Carlisle said Thursday that he did not go to Colorado for spring break.

The comments from Strickland and response from Carlisle Thursday likely further escalated the public kerfuffle between the city's most powerful politician and a member of one of the city's most prominent families. Chance Carlisle's brother, Chase, is a member of the City Council.

The back-and-forth between Strickland and Chance Carlisle illustrates bad blood brewed by more than a year of negotiations between Carlisle and the city administration, a feud that has long simmered and now, with the deal apparently dead, is spilling over into public view.

"I hear Colorado is wonderful. I haven't been in over 10 years. I am not surprised Mayor Strickland is attacking me personally or getting the facts wrong. He has nothing else. His administration is covering up and misleading the public," Carlisle said. "Today, I sent the Mayor the following letter reminding the Mayor that his team had not approved the Development Agreement in May 2022. We were ready. These emails prove it. Like in May, the Administration caused delays that prevented us from moving forward."

Memphis Commercial Appeal

by Samuel Hardiman

Nov 3, 2022

State of Hawai'i Sells $800 million of General Obligation Bonds.

The State of Hawai'i successfully closed on a sale of $800 million of general obligation bonds. Proceeds of the bonds will provide critical funding to support new and existing infrastructure projects.

"We are very pleased with the results of the bond sale," said Gov. David Ige in a press release announcement. "Despite challenging conditions in the broader bond markets this year, Hawai'i was able to generate strong demand for its bonds. This demonstrates the market's continued confidence in the State's ability to prudently manage its long-term financial responsibilities."

Before the sale, Gov. Ige and senior State administrators met with analysts from Moody's Investors Service and S&P Global Ratings to review the State's credit quality. Following these presentations, Moody's and S&P affirmed the State's bond ratings of Aa2 and AA+, respectively, with stable outlooks. Both agencies cited the State's robust economic performance coming out of the COVID-19 pandemic, healthy financial position, and long track-record of careful fiscal management as key strengths that support the State's strong bond ratings.

"The state has a long track record of conservative debt management practices," noted Moody's in its report. "Hawaii's recent rebuilding of its rainy day fund, and steps taken to increase its pension and OPEB contributions also evidence prudent management."

Under Governor Ige, the State of Hawaiʻi has significantly increased its financial reserves and paid down its long-term liabilities, while simultaneously supporting critical investments in workforce housing, education, and infrastructure, along with other important priorities.

Director of Finance Craig Hirai and the Department of Budget and Finance led an extensive marketing campaign in preparation for the bond sale that took place on October 19. Officials meet with local on-island investors and held a live virtual presentation to investors representing some of the largest institutions across the country that buy municipal bonds. The State also released an online presentation to further reach investors. As a result, local, national, and international investors collectively placed over $1.5 billion of orders for the bonds.

Morgan Stanley served as the lead managing underwriter for the bond sale, with BofA Securities and Citigroup as co-senior managers, and Jefferies and RBC as co-managers. A Hawaii-based selling group was also utilized to further market the bonds to local retail investors.

mauinow.com

November 3, 2022

[S&P: California Community Choice Aggregators Provide Consumer Choice, But Not Without Risk]

Key Takeaways

- The unique operational structure of community choice aggregators (CCAs) provides both credit challenges and opportunities.
- We have public ratings on five of California's 25 CCAs that have adopted this developing business model. The CCAs we rate exhibit low customer outmigration, favorable customer economic indicators that support ratemaking flexibility, and the absence of direct debt and favorable liquidity.
- Some CCAs have experienced financial distress when faced with the challenges of retaining customers, remaining competitive relative to the incumbent investor-owned utility, and managing volatile price and volume movements of their power supply arrangements.

Continue reading.

2 Nov, 2022

S&P U.S. Local Governments Credit Brief: Massachusetts Municipalities Means And Medians

Overview

Massachusetts municipalities (or local governments [LGs]) maintained generally stable credit quality through the pandemic and recession. S&P Global Ratings expects continued stability in the near term, despite macro-level economic pressures. Projected stability is supported by high economic metrics relative to national peers, Massachusetts LGs' high reliance on property taxes, and a stable state-aid environment. Debt-funded infrastructure needs and underfunded retirement liabilities could pressure credit quality over the long term if local governments are unable to balance competing priorities within financial and political constraints.

S&P Global Ratings maintains ratings on 235 Massachusetts municipalities. Since November 2021, there were 13 total rating actions affecting 11 LGs, with one negative rating action and 12 positive actions on the LGs' respective general obligation (GO) bonds. Currently, 99% of the 235 Massachusetts LG GO ratings have a stable outlook, two LGs have a negative outlook, and none on positive.

Continue reading.

28 Oct, 2022

NYC Paid $49 Million in Bond Fees to Minority and Women-Run Firms.

- **Comptroller report reveals underwriting data since fiscal 2018**
- **Lander says NYC still has a 'long way to go' on representation**

New York City paid minority- and women-owned bond firms about a third of the $152 million spent to underwrite new debt sales over the past four fiscal years, a sign of rising inclusion in one of the biggest municipal issuers in the nation.

Investment banks run by women or minorities served as book-running senior manager for more than $13.8 billion of the general obligation and Transitional Finance Authority bonds issued between fiscal years 2018 and 2022, according to a Tuesday report from city Comptroller Brad Lander. They earned $48.7 million in takedown over the period.

The increasing segment of diverse underwriters stands in stark contrast to the city's pension funds, where minority and women-owned firms have commitments totaling only about 7% of $240 billion in assets as of June 30, 2022.

Lander ascribed diversity in bond underwriting to a series of policies to attract and then promote minority- and women-owned firms, which he said have been replicated by other major municipal issuers. To boost pension allocations to underrepresented firms, Lander has appointed Taffi Ayodele as director of diversity, equity and inclusion to the Bureau of Asset Management.

In 2002, New York City created a "special bracket tier" for bond underwriters designed to hire more diverse bankers as co-senior managing underwriters on city bond issues. The bracket has played a key role in promoting these firms to serve as book running senior manager, according to the report.

The city also changed its policy in 2016 on compensation to create a “special designation” in underwriting syndicates that gives the firms at least 10% of the total takedown.

The comptroller shares responsibility for issuing bonds with the mayor. New York City and its financing agencies is among the biggest bond issuers in the US. The city sold more than $13 billion of new debt in fiscal 2022, according to the report.

Bloomberg

By Martin Z Braun

November 1, 2022

Denver Selling $850 Million of Muni Bonds for Airport Terminal Revamp.

- **Capital improvement projects will accommodate more passengers**
- **Issuance for airports in the US is up 34% year over year**

Denver sold $1.2 billion of municipal bonds in an upsized deal, joining a slew of airports tapping the capital markets this year to finance infrastructure projects.

The sale increased from a marketed total of $850 million, signaling strong demand for the securities. Sales of airport debt are up more than 30% in 2022, compared to the same period a year ago, bucking the 17% decline in long-term state and local government bond issuance, according to data compiled by Bloomberg. Major hubs like Chicago O’Hare International Airport and Dallas Fort Worth International Airport have also borrowed this year.

“For the last two years, they hit the pause on capital programs,” said Jason Appleson, head of municipal bonds at PGIM Fixed Income. Now, with rebounding air travel and the outlook for more demand, airports are getting back to tidying up terminals and continuing expansion, he said.

Continue reading.

Bloomberg

By Jennah Haque

November 3, 2022

Hoboken School Board Faces Voters After January Bond Flop.

The New Jersey district, like others across the US, is grappling with overcrowding.

Voters in Hoboken will head to the polls to elect three school board members on Tuesday as the district grapples with a space crunch in the square-mile New Jersey city.

The contentious nonpartisan school board election in the city popular among Manhattan’s young workforce is unfolding as schools across the US struggle with overcrowding and teacher shortages.

In January, Hoboken voters overwhelmingly rejected a $241 million bond proposal to build a state-o--the-art high school to help address the capacity issues. Tuesday's winners must work with the rest of the board to find a solution.

"Space and facilities are probably the biggest issue," said Christine Johnson, Hoboken Public School District's superintendent. "We don't have room in the elementary schools anymore."

Continue reading.

Bloomberg CityLab

By Nic Querolo and Marvis Gutierrez

November 4, 2022

New York Voters to Decide on $4.2 Billion of Bonds to Fight Climate Change.

- **Measure to help coastal communities seen winning approval**
- **Green debt of widely held issuer could spur ESG muni investing**

New Yorkers on Tuesday will vote on whether to help their neighbors most affected by climate change by approving a measure that would also boost ESG investing in the $4 trillion municipal bond market.

On the state ballot is a $4.2 billion environmental bond, the largest borrowing referendum in the nation this Election Day and if it were to pass would be one of the biggest for environmental, social and governance purposes since California approved a $7.5 billion plan for water-related projects eight years ago. Voters in New York historically have backed such ballot measures, and a recent poll showed this one is likely to pass.

Continue reading.

Bloomberg Green

By Marvis Gutierrez

November 4, 2022

Fitch: California Property Taxes Buffered from Home Price Declines

Fitch Ratings-New York/San Francisco-29 September 2022: Slower home price growth or price declines in California will have a limited effect on local government property tax revenues, Fitch Ratings says in its report California Property Taxes Buffered from Residential and Commercial Valuation Swings.

California tax assessment calculations serve to smooth volatility in home values so that changes in tax revenues are not equal to home price swings. Home prices in California have been increasing for the past decade and jumped by nearly 43% since the pandemic began in 2020. However, rising interest rates are tempering home prices and sales.

Since 2000, TAVs have not fallen nearly as much as the largest home price decline for any county. The largest average one-year decline in home prices for all counties was 21%, while the largest average one-year TAV decline was only 3%.

Continue reading.

Hurricane Ian: Public Assistance Funding Extended For Certain Health Care Facilities In Florida - Foley & Lardner

Health care facilities and certain other nonprofits have new opportunities for Federal public assistance funds, but they must act quickly. On October 4, 2022, President Biden amended the Hurricane Ian Major Disaster Declaration for the State of Florida, increasing the level of Federal public assistance funding available for debris removal and emergency protective measures. The amendment further extends the availability of such funding without cost-share for an additional 30 days. Now, eligible applicants have **60 days from September 23, 2022** to file applications for Federal public assistance.

If your health care facility is recovering from the effects of Hurricane Ian, consider whether you may be eligible to apply for the Federal Emergency Management Agency's (FEMA's) Public Assistance Program:

FEMA Public Assistance Program
The FEMA Public Assistance Program (the PA Program) is available to assist State, Local, Territorial or Tribal (SLTT) governments and certain types of private nonprofit (PNP) organizations quickly respond to and recover from Presidentially declared major disasters and emergencies, through the provision of Federal grants for eligible projects.

Health Care Facilities Eligible for FEMA Public Assistance
Both public (facilities run by state, local, tribal, or territorial governments) and certain PNP health care facilities are eligible FEMA Public Assistance applicants. For a private nonprofit health care facility to be an eligible PNP applicant for Federal public assistance funding, it must show that on the date of disaster declaration, it had an effective ruling letter from the U.S. Internal Revenue Service granting the health care facility tax exemption under section 501(c)(3) of the Internal Revenue Code,1 or documentation from the State substantiating that the health care facility is a non-revenue producing, nonprofit entity organized or doing business in accordance with State law. 44 C.F.R. § 206.221(f).

To be eligible for Federal public assistance funding a PNP health care facility must also show that it provides emergency medical care, including diagnosis or treatment of mental or physical injury or disease in:

- clinics,
- dialysis facilities,
- in-patient care facilities for convalescent or chronic disease patients,
- hospices and nursing homes,
- hospitals and related facilities (such as central service facilities operated in connection with hospitals, extended-care facilities, facilities related to programs for home-health services,

laboratories, self-care units, and storage, administration, and records areas),
- Long-term care facilities,
- Outpatient facilities,
- Rehabilitation centers.2

Furthermore, certain PNP facilities that provide alcohol and drug treatment and other rehabilitation services, assisted living, or custodial care may also be eligible to apply for Federal public assistance funding, even if they do not provide direct medical care.3

Categories of Work Eligible for FEMA Public Assistance
If an applicant is eligible to receive Federal public assistance funding, FEMA may pay the applicant for emergency work or permanent work that is required as a result of the declared incident, located within the area designated in the Presidential emergency or major disaster declaration, and the legal responsibility of the eligible applicant. 44 C.F.R. § 206.223(a). Emergency work projects address immediate threats resulting from the declared incident including debris removal and emergency protective measures. Emergency protective measures are work necessary to immediately protect public health and safety or to eliminate or lessen an immediate threat of additional damage, including medical care and transport. Permanent work, on the other hand, addresses damage caused by the declared incident and is intended to restore a facility to its pre-disaster design and function in accordance with applicable codes and standards, including facility repairs and mold remediation. FEMA may also provide public assistance funding for hazard mitigation. Stafford Act § 406(e), 42 U.S.C. § 5172; 44 C.F.R. § 206.226(e).

The Major Disaster Declaration for Hurricane Ian in Florida approves both emergency work and permanent work for public assistance funding, in certain counties. A list of the categories of work eligible for Federal public assistance funding in each county is available here.

Cost Share
FEMA currently funds public assistance eligible debris removal and emergency protective measures in response to Hurricane Ian at 100% of the total eligible costs and all other authorized public assistance eligible projects at 75% of the total eligible costs. As such, FEMA will pay the full cost of any public assistance eligible debris removal and emergency protective measures. FEMA will pay 75% of the cost of all other authorized public assistance eligible projects, including authorized permanent work projects, with the expectation that the public or PNP health care facility will pay 25% of such costs.

If you think you may be eligible to apply for Federal public assistance funding and have eligible emergency or permanent projects, we recommend that you submit your application as soon as possible. As of the date of this writing, applications for Federal public assistance to respond to damage from Hurricane Ian in Florida are due 60 days from September 23, 2022.

Footnotes

1 Facilities may also be eligible if they are tax exempt under 26 U.S.C. § 501(d) or 26 U.S.C. § 501(e). If State law does not require non-revenue producing, nonprofit entities to obtain 501(c)(3) or tax-exempt status, a non-revenue producing, nonprofit health care facility will need to provide documentation indicating that it is an organized entity and a certification that the entity is compliance with 26 U.S.C. § 501(c)(3) and State law requirements.

2 FEMA Public Assistance Program and Policy Guide, v.4, FP 104-009-2, Table 1 (Jun. 1, 2020).

3 Id. at Table 2.

by Lawrence W. Vernaglia and Megan Chester

19 October 2022

Foley & Lardner

Foley is here to help you address the short- and long-term legal impacts of disasters on your facility. We have the resources to help you navigate the important legal considerations related to business operations and industry-specific issues. Please reach out to the authors, your Foley relationship partner, or our Health Care Practice Group with any questions.

Climate Change Is Strangling the Mighty Mississippi. So Try Saving It.

The US must move faster to protect 200 years of shipping history on the nation's most crucial inland waterway.

Two weeks ago the supply chain almost ran aground in the Mississippi River. Thanks to drought and low water, more than 2,000 barges were backed up, delaying shipments of products ranging from corn to coal. The impacts were large: during the first week of October, barge shipments of corn were down 50% compared with the same time in 2021. Meanwhile, barge shipping rates reached their highest levels on record, pushing shippers to seek out more expensive and polluting rail cars and trucks. Consumers, already reeling from inflation, will pay the tab.

Fortunately, the barge jam eased in recent days. But users of the US's most important inland waterway can't simply sail on. Thanks to climate change, the Mississippi's natural cycles of drought and flooding are becoming more volatile, and weather events are becoming more extreme. Reversing these trends is as difficult as reversing the river itself. Adapting to them should be a national priority.

Continue reading.

Bloomberg Opinion

By Adam Minter

October 21, 2022

As Pension Goes Broke, Bankruptcy Haunts City Near Philadelphia.

- **Chester let unpaid retirement debt pile up year after year**
- **Casino, stadium failed to revive city near Philadelphia**

Decade after decade, Chester, Pennsylvania, has fallen deeper and deeper into a downward financial spiral.

As the city's population dwindled to half its mid-century peak, shuttered factories near the banks of the Delaware River were replaced by a prison and one of the nation's largest trash incinerators. A Major League Soccer stadium and casino did little to turn around the predominantly Black city just outside Philadelphia, where 30% of its 33,000 residents live below the poverty line. Debt piled up. The government struggled to balance the books.

Now, with its police pension set to run out of cash in months, a state-appointed receiver is considering a last resort that cities rarely take: filing for bankruptcy.

Continue reading.

Bloomberg CityLab

By Hadriana Lowenkron

October 17, 2022

Fitch: Prolonged Drought Could In Time Pressure Some California Water Agencies

Fitch Ratings-San Francisco/New York-24 October 2022: Drought conditions across California have not triggered rating changes thus far for water agencies, though Fitch Ratings says in a new report some agencies could be susceptible to rating pressure over time.

Despite its second, severe, multiyear drought in a decade worsened by the Colorado River drought, California utilities are well-positioned to take on more debt to finance water reliability or other resiliency projects. The main reasons are low leverage, robust liquidity and, according to Shannon Groff, Director at Fitch, history on their side.

"California utilities successfully weathered a similar set of circumstances during the 2012-2016 drought by increasing rates, changing rate structures to capture higher fixed costs and prioritizing water reliability projects," said Groff.

That said, the capacity for additional debt is not unlimited. Over time, California utilities will lose cushion necessary to take on added debt if rate pressures and affordability concerns begin to limit revenue defensibility, and skyrocketing water supply costs increase operating risk.

"As the need for more debt to implement necessary capital projects grows, ratings could be pressured", said Groff. "This may leave agencies with already high rates that rely on imported water for a large portion of their water supply particularly susceptible to negative rating actions."

The full report "Drought Augurs Risks for California Water Agencies" is available at 'www.fitchratings.com'.

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Capital One Announces Two Executive Hires for Municipal Lending.

Capital One announced that Mark Killingsworth and Mark Brown have joined Capital One Public Funding as Senior Vice Presidents. In these roles, Killingsgworth and Brown will be responsible for originating municipal transactions for Capital One's direct lending portfolio.

"We are excited to expand our senior leadership bench with these two strategic hires who will allow us to continue our specialized focus on state and local government transactions," Jonathan Lewis, president of Capital One Public Funding, LLC said. "Mark and Mark are experienced originators with deep relationships throughout the industry. Their access to additional pathways for new business is a perfect complement to our existing strategy. We're thrilled to have them join the team."

Capital One Public Funding, LLC–a subsidiary of Capital One, National Association–focuses on the direct lending segment of the public finance market. Formed in 2004, the team has grown its portfolio to more than $7 billion, including transactions to large and small state and local governmental borrowers across the U.S.

Killingsworth and Brown come to Capital One from Crews & Associates, Inc., of Little Rock, Arkansas. At Crews, Killingsworth was involved in the origination and syndication of public finance transactions nationally, from business development to credit underwriting and investor distribution.

"COPF is a known leader in the universe of municipal transactions," Killingsworth said. "I'm excited to join this dedicated team as they continue to execute their strategic objectives for this business."

Brown previously had a 25-year career as an investment banker at Crews and Associates, where he focused on sourcing municipal leases and private placement transactions and developing funding partner relationships with energy, transportation and equipment companies that contract with state and local governments.

"COPF is an established group and I'm pleased to join the team," Brown said. "I look forward to hitting the ground running and helping the team continue to grow the portfolio."

abladvisor.com

October 21, 2022

[Fitch Rates California's $1.2 Billion GO Bonds 'AA'; Outlook Stable.]

Fitch Ratings – New York – 13 Oct 2022: Fitch Ratings has assigned a ‘AA’ rating to $1.2 billion of various purpose general obligation (GO) refunding bonds to be issued by the state of California:

The bonds are scheduled to price by competitive bid on Oct. 26, 2022. Proceeds of the bonds will be used to refund outstanding GO bonds of the state for debt service savings and refund variable rate GO bonds to effect a favorable reorganization of the debt structure of the state.

The Rating Outlook is Stable.

Continue reading.

[California Wildfires Spur New Real Estate Development Guidelines.]

- **State attorney general unveils guidance to mitigate fire risk**
- **‘The climate crisis is here, we must adapt to that,’ AG says**

California Attorney General Rob Bonta announced guidelines for local governments weighing real estate development proposals to protect against the growing hazard of wildfires, telling municipalities his suggestions could help them avoid costly litigation and save lives.

At a news conference on Monday, Bonta outlined best practices and mitigation measures to help municipalities shape projects while taking into account wildfire ignition and emergency access and evacuation to protect residents and the environment.

Continue reading.

Bloomberg CityLab

By Joel Rosenblatt

October 10, 2022

[Texas School Asks UBS for Refund After Energy Boycotter Label.]

- **School had to reissue debt after hiring UBS on bond deal**
- **Texas attorney general’s office warns of lawsuit against bank**

Weeks after a Texas school district dropped UBS Group AG as its municipal-bond underwriter because state Republicans labeled it unfriendly to the oil industry, it’s now demanding the bank cover the costs of having to redo the sale.

The Normangee Independent School District was forced to redo an $18 million bond sale that had already been underwritten by UBS Financial Services after the bank’s parent company in August was added to a list of firms that the GOP state comptroller considers to “boycott” the fossil fuels industry.

The district is demanding UBS refund it for the costs it incurred after it had to resell the debt as a result. Municipal-bond yields surged dramatically and made it more expensive to reissue the debt. But the school district blames UBS — not the Republican attorney general's office that is enforcing the law. In fact, the attorney general's office is representing the district in its effort to recoup the costs incurred from having to resell the debt, according to a document provided through a public records request.

"NISD resold the bonds and hired a different underwriter, at a loss to NISD," Lauren Downey, assistant attorney general and public information coordinator, said in the Oct. 12 dated document. "In the event the OAG is unable to successfully negotiate a resolution with UBS, our office anticipates filing suit."

UBS was set to receive compensation of $222,747.04 in connection with the bond sale, according to initial sale documents. It's unclear how much money the school district is seeking to recoup.

Under a 2021 GOP law, companies must verify that they don't engage in what the legislation describes as boycotts of the oil and natural gas industries if they want to work with state and local municipalities. Republicans in the state and nationwide have lashed out against ESG investing strategies, enacting new laws like the one in Texas.

The school district had accepted a bid by UBS to manage the bond deal sold via auction Aug. 8, before that blacklist was published, according to bond documents. But bond deals in Texas typically close weeks later and UBS was added to the list before the sale was finalized. The attorney general's office told the district it wouldn't approve UBS's purchase of the debt, so the district was forced to reissue the bonds in mid-September with RBC Capital Markets as underwriter.

Benchmark 10-year munis yielded about 2.8% on Sept. 15, compared with about 2.2% on Aug. 8, the date of the original bond sale.

It's unclear how much money the school district is seeking to recoup from UBS. Mark Ruffin, the district's superintendent, did not respond to a request for comment. Representatives for the Texas attorney general's office did not respond to a request for comment.

A spokesperson for UBS said in a statement that the company has met with the comptroller and reiterated the importance of the energy industry and Texas to the bank. UBS said it provided more information showing,"it is both our policy and practice to do business with energy companies, including those in the fossil fuel industry."

It's just the latest example of UBS's lost public finance business in the state. Last week, UBS was left out of the group poised to handle the biggest-ever municipal-bond transaction from Texas. Board members of the issuer, the Texas Natural Gas Securitization Finance Corp., announced a newly configured underwriting syndicate for the $3.4 billion transaction that didn't include UBS.

Bloomberg Green

By Amanda Albright and Danielle Moran

October 13, 2022

[NJ Taxpayers May Have to Foot $350 Million Bill After Health-Care Hikes.]

- **Homeowners’ property taxes at stake with insurance changes**
- **Republicans ask for hearings on what’s behind premium increase**

New Jersey’s 20% premium increase in public workers’ health-care costs caught lawmakers by surprise and left them criticizing a potential $350 million bill to homeowners who already pay the nation’s highest property taxes.

The increase for local employees and retirees “was never disclosed, unfortunately, by Treasury when they came before us” during budget hearings earlier this year, said Democratic Senator and budget chairman Paul Sarlo.

“It’s put on the backs right now of municipalities and the local unions,” including sanitation workers, police and firefighters, said Sarlo, who also is Wood-Ridge mayor. His remarks came during a committee hearing in Trenton.

Continue reading.

Bloomberg CityLab

By Elise Young and John Tozzi

October 13, 2022

[Florida Cities Crushed by Ian Face Highest Borrowing Costs in Decade.]

- **Federal, state aid expected to ease much of the financial blow**
- **But localities choosing debt face struggling muni-bond market**

Florida cities looking to rebuild from the devastation of Hurricane Ian will be financing their efforts during the worst environment for municipal borrowing in more than a decade.

Washed-out roads and bridges are only the most glaring examples of urgent infrastructure repairs that the state and its localities are grappling with after the storm tore through, leaving insured losses approaching $60 billion. Debt to fund the recovery will probably start hitting the municipal market as soon as this quarter, according to Barclays Plc, which said local leaders will need to offset declines in Florida’s vital tourism and agriculture sectors.

Federal and state aid will likely ease much of the financial blow. But officials looking to issue debt to rebuild and also bolster infrastructure against the risk of increasingly severe weather will be doing so during a brutal juncture for the bond market: Ten-year benchmark municipal yields are near the highest since 2011, and the Federal Reserve is signaling further interest-rate hikes to combat rampant inflation.

Local authorities may have little choice but to factor in that additional expense, although some may choose to wait for stability in the bond market and tap federal or state funding first before issuing debt in 2023, said Clare Pickering, a municipal strategist at Barclays Plc.

“Ultimately, they need to rebuild, especially those assets that were completely destroyed,” she said. “The market timing may not be the best for that given the higher cost of issuance.”

Latest Event

Hurricane Ian is just the latest punishing weather event to force municipalities to tackle an infrastructure overhaul focused on rebuilding roads, airports, bridges and utility systems. Houston-area voters approved $2.5 billion of debt for flood-control measures in 2018, the year after Hurricane Harvey pummeled the region. And New York City is embarking on a $1.5 billion project to construct a system of walls and floodgates to protect against rising seas after Superstorm Sandy struck in 2012.

These projects and the latest storm underscore how the $4 trillion municipal-bond market will be crucial to how cities in Florida and nationwide harden their infrastructure to prepare for severe weather, said Tom Doe, president of Municipal Market Analytics.

"The muni market is on the cusp of a tremendous number of projects to defend against climate change," he said. "With higher rates, it's going to be that much more difficult."

Florida localities won't be starting from scratch. Last year, Republican Governor Ron DeSantis created the Resilient Florida program to provide grants to local governments to address flooding, intensified storms and the threat of rising sea levels.

The initiative was expected to fund about $400 million in the fiscal year through June for a host of projects, such as elevating roadways in Miami-Dade County and drainage improvements in the city of St. Augustine. The state's most recent budget allocated more than $500 million for resiliency including for statewide flooding and sea level rise plan.

Still, with infrastructure already stressed by Florida's booming population, the new costs from the latest storm could lead to higher taxes, said Jesse Keenan, associate professor of sustainable real estate at Tulane University.

Most of the roughly 70 Florida cities and counties that Moody's Investors Service rates and were affected by Ian "have robust available reserves and liquidity" to support recovery work until they receive state and federal reimbursement, the ratings company said in a report.

It highlighted some entities that will face more severe pressure, including the tolling authority that runs the partially collapsed bridge extending to Sanibel Island on Florida's southwest coast. That causeway generates a third of the entity's toll revenue.

S&P Global Ratings placed some transportation debt issued by Lee County, which encompasses Cape Coral and Fort Myers, on credit-watch negative due to the damage to the causeway. Typically during severe weather events there's a temporary suspension of services and damage where a storm strikes, but the destruction Ian caused to infrastructure like the causeway is in a different category, said Joe Pezzimenti, a director at S&P.

"This isn't something that will be fixed in weeks," he said. "It'll take months, potentially years."

Bloomberg Markets

By Danielle Moran and Nic Querolo

October 3, 2022

— With assistance by Prashant Gopal

Agencies Announce Hurricanes Fiona and Ian Disaster Relief Guidance: Buckley

On September 29, the FDIC, Federal Reserve Board, NCUA, OCC, and the Conference of State Bank Supervisors issued a joint interagency statement covering supervisory practices for financial institutions affected by Hurricanes Fiona and Ian. Among other things, the agencies informed institutions facing operational challenges that the regulators will expedite requests for temporary facilities, noting that in most cases, "a telephone notice to the primary federal and/or state regulator will suffice initially to start the approval process, with necessary written notification being submitted shortly thereafter." The agencies also called on financial institutions to "work constructively" with affected borrowers, noting that "prudent efforts" to adjust or alter loan terms in affected areas "should not be subject to examiner criticism." Institutions facing difficulties in complying with any publishing and reporting requirements should contact their primary federal and/or state regulator. Additionally, the agencies noted that institutions may receive Community Reinvestment Act consideration for community development loans, investments, or services that revitalize or stabilize federally designated disaster areas. Institutions are also encouraged to monitor municipal securities and loans impacted by Hurricanes Fiona and Ian.

HUD also announced disaster assistance for areas in Puerto Rico affected by Hurricane Fiona. The disaster assistance follows President Biden's major disaster declaration on September 21. According to the announcement, effective immediately, HUD is issuing 29 regulatory and administrative waivers intended to provide flexibility and relief to impacted communities. The waivers cover the following HUD programs: The Community Development Block Grant Program, HOME Investment Partnerships Program, Housing Opportunities for Persons with AIDS Program, Continuum of Care Program, and Emergency Solutions Grant Program. HUD is also providing an automatic 90-day moratorium on foreclosures of FHA-insured home mortgages for covered properties effective September 21, as well as for mortgages to Native American borrowers guaranteed under Section 184 Indian Home Loan Guarantee program and home equity conversion mortgages. HUD is also making various FHA insurance options available to victims whose homes require repairs or were destroyed or severely damaged. HUD's Section 203(h) program allows borrowers from participating FHA-approved lenders to obtain 100 percent financing, including closing costs, for homes in which "reconstruction or replacement is necessary." Additionally, HUD's Section 203(k) loan program will allow individuals to finance the purchase of a house, or refinance an existing house and the costs of repair, through a single mortgage. The program also allows homeowners with damaged property to finance the repair of their existing single-family homes. HUD will also share information on housing providers and HUD programs with FEMA and the state, and will provide flexibility to public housing agencies. Similar disaster assistance measures were also announced (see here and here) for areas of Alaska affected by severe storms, flooding, and landslides from September 15-20, and areas in Florida impacted by Hurricane Ian.

The FDIC also issued FIL-42-2022 to provide regulatory relief to financial institutions and help facilitate recovery in areas of Puerto Rico affected by Hurricane Fiona from September 17 and later. The FDIC acknowledged the unusual circumstances faced by institutions affected by the storms and suggested that institutions work with impacted borrowers to, among other things: (i) extend repayment terms; (ii) restructure existing loans; or (iii) ease terms for new loans to those affected by the severe weather, provided the measures are done "in a manner consistent with sound banking practices." Additionally, the FDIC noted that institutions "may receive favorable Community Reinvestment Act consideration for community development loans, investments, and services in support of disaster recovery." The FDIC will also consider regulatory relief from certain filing and publishing requirements.

Additionally, the OCC issued a proclamation permitting OCC-regulated institutions, at their discretion, to close offices affected by Hurricane Ian in Florida "for as long as deemed necessary for bank operation or public safety." The proclamation directed institutions to OCC Bulletin 2012-28 for further guidance on actions they should take in response to natural disasters and other emergency conditions. According to the 2012 Bulletin, only bank offices directly affected by potentially unsafe conditions should close, and institutions should make every effort to reopen as quickly as possible to address customers' banking needs.

NYDFS also issued an industry letter advising state-regulated financial institutions to take reasonable and prudent measures to assist consumers and businesses affected by Hurricane Fiona in Puerto Rico. The guidance recommends that financial institutions (i) waive ATM and overdraft fees; (ii) increase ATM withdrawal limits; (iii) ease restrictions on cashing out-of-state and non-customer checks; (iv) ease credit terms for new loans; (v) increase credit card limits for creditworthy customers; (vi) waive late fees on credit card and other loan balances; (vii) work with customers to defer payments or extend payment due dates on loans to help prevent delinquencies and negative credit reporting caused by disaster-related disruptions; and (viii) work with money transmitters and money services businesses to facilitate and expedite the transmission of funds. The actions are intended to help ease financial burdens for New Yorkers seeking to support individuals located in Puerto Rico, as well as consumers in Puerto Rico who hold New York bank accounts.

September 30 2022

Buckley LLP

California, Flush With Cash, Snubs Muni-Bond Sales for Projects.

- **Issuance has slumped about 35% to $37 billion so far this year**
- **Golden State falls to No. 3 in US for muni bond sales in 2022**

California's municipal-bond market is typically the busiest in the nation. But this year, activity has quieted dramatically.

The Federal Reserve's campaign to tame inflation by raising rates has dampened debt sales in the muni-bond market, especially bond sales used to refinance debt with higher interest rates. In California, the drop is especially notable. That's because federal aid and better-than-expected tax collections are allowing the Golden State and its municipalities to eschew bond sales and pay for infrastructure projects with cash.

Debt sales from California-based municipal-bond issuers are down about 35% to approximately $37 billion year-over-year in 2022, over two times more than the broader US muni market's 15% decline in issuance this year, according to data compiled by Bloomberg. As a result, California, typically the biggest state for municipal-bond sales each year, has fallen behind Texas and New York to No. 3 in the ranks of muni issuers in 2022, data compiled by Bloomberg show.

"With all the stimulus and recovery funding over the last several years, many issuers have had cash to finance projects," said Andy Nakahata, regional head of public finance, West region at UBS Group AG. "That's allowed them to cash fund a lot more versus fund projects with debt."

Earlier this year, California officials announced a $98 billion budget surplus — about half of which the governor said was available to spend for any purpose. California has been implementing measures to reduce its outstanding long-term debt by using cash for infrastructure projects, according to the state budget. Financing for about $3.2 billion worth of capital projects through fiscal 2024 will be funded through the state's general fund — those projects were initially set to be financed through the sale of revenue bonds, the budget detailed.

The Los Angeles Department of Water and Power reduced its capital budget by 15%, so there isn't a need to sell bonds for new projects, according to Ann Santilli, chief financial officer. The agency has been spending less than expected on capital projects as a result of changes in planned work and challenges with supply chain and hiring.

Meanwhile, issuance to refinance outstanding debt has dwindled. Some issuers have had to scale back refinancing plans because higher rates have reduced potential savings.

The San Diego Unified School District, for example, decided not to sell nearly $50 million of debt for a refinancing in September as part of a larger bond sale, Jodie Macalos, executive director of financial planning and development for the school district, said in an interview. But it was still able to sell about $500 million of debt for new projects.

Though increasing bond yields have stung borrowers, it may be welcome news to wealthy Californian investors who now have a chance to earn much higher yields on new investments in the tax-free securities. By investing in state muni bonds, individuals in California's highest tax bracket aren't obligated to pay the 13.3% state income tax and a 37% federal levy on the income generated from their investments.

Municipal-bond yields have surged in 2022 and the yield on an index of California general-obligation bond debt due in 10 years stands at 3.3%, compared to as little as 0.7% in 2021, according to Bloomberg BVAL.

Margaret Hay, a director at Kore Private Wealth, said more debt issuance from California issuers would give investors and traders more insight into pricing levels, especially considering how volatile the muni market has been this year. The more debt issuance there is, the more clarity there is around what bonds are worth, she said.

"We need issuance, we need more," she said.

Bloomberg

By Amanda Albright

October 6, 2022

— With assistance by Marvis Gutierrez, Natalia Lenkiewicz and Jennah Haque

Cal Cities-Sponsored Bond Agency Issues $57.6 million in Tax-Exempt Bonds for Housing in Santa Maria.

The California Statewide Communities Development Authority (CSCDA) announced the issuance of $57,618,528 in affordable housing bonds for Centennial Square Apartments in Santa Maria.

The funding will finance the construction of 184 affordable housing units. The affordable housing project will provide one-, two-, and three-bedroom apartments to very-low and low-income residents. Units will be reserved for households earning less than 30%, 50%, and 60% of the area median income.

CSCDA partnered with the city of Santa Maria and others to provide tax-exempt housing bonds for the Centennial Square Apartments. The financing for the apartments will maintain the affordability of units for low and very low-income tenants for 55 years.

About CSCDA
CSCDA is a joint powers authority created in 1988 and is sponsored by the League of California Cities and the California State Association of Counties. More than 530 cities, counties, and special districts are program participants in CSCDA, which serves as their conduit issuer and provides access to efficiently financed, locally approved projects.

Visit the organization's website to learn how CSCDA can help your city.

Oct 5, 2022

UBS Dropped From $3.4 Billion Texas Muni Deal in Latest Blow.

- **Texas named bank among firms it deems hostile to energy sector**
- **Record Texas muni transaction may price as soon as Nov. 9**

UBS Group AG's underwriting arm has been left out of the group that is poised to handle the biggest-ever municipal-bond transaction from Texas after the state listed the bank as one of the firms it considers to "boycott" the fossil-fuel industry.

Board members of the issuer, the Texas Natural Gas Securitization Finance Corp., announced a newly configured underwriting syndicate for the $3.4 billion transaction without UBS at a meeting on Thursday, according to Lee Deviney, executive director of the Texas Public Finance Authority, the state agency overseeing the sale.

"Yesterday, the Corporation board adopted a resolution reconstituting the underwriting syndicate for the upcoming natural gas utility securitization bond sale," Deviney said in an email. "UBS will not be part of that syndicate. There were no other changes made to the previously appointed underwriting syndicate."

Underwriters on the deal were initially approved in May by the issuer, and UBS was among them. But then UBS Group was included on a list published on Aug. 24 by Texas Comptroller Glenn Hegar, a Republican, along with nine other companies he deemed to be hostile to the energy industry. The release of the list followed a months-long probe his office conducted into companies' energy policies to determine whether they were shunning the oil and gas industry in favor of sustainable investing and financing goals.

A spokesperson for UBS in New York didn't have an immediate comment.

Muni Business

The loss of the deal is a blow for the Zurich-based bank's US municipal-bond business. Laredo, Texas, dropped the firm from a $119 million revenue-bond transaction in August, and the bank withdrew from a Kerrville, Texas, bond sale that month, according to the city's finance director.

UBS is the 20th-biggest underwriter in the Texas muni market this year, down one slot from the same period a year ago, according to data compiled by Bloomberg.

The bank was the only US muni underwriter included on the Texas comptroller's list of so-called boycotters. A Texas law enacted in 2021, Senate Bill 13, bars the state and its local governments from entering into contracts of $100,000 or more with companies unless the firms verify that they don't boycott the energy industry.

In Texas, most municipal-bond transactions have to be approved by the state's attorney general, Republican Ken Paxton, before deals can close, and the inclusion of UBS on Hegar's list may have disrupted that clearance.

The $3.4 billion transaction will raise money to bail out natural gas utilities stung by financial losses from the deadly storm that struck the state in February 2021. The financing is designed to spread out the sky-high energy costs over decades to avoid burdening residents with abnormally high energy bills.

The transaction could price as early as Nov. 9, Paul Jack, an Estrada Hinojosa & Co. financial adviser working on the deal, said at a Texas Public Finance Authority board meeting this week.

"We would probably avoid pricing the first week in November which is an FOMC meeting week," which suggests a pricing window shortly after the November election, Jack said at the meeting, according to a recording of the session provided by Deviney, the Texas Public Finance Authority official.

Bloomberg Markets

By Danielle Moran and Amanda Albright

October 7, 2022

Chicago's Improved Finances Reflected in Bond Investor Sentiment.

- **City's bonds among top one-third in US since March, data show**
- **Mayor plans to pay $242 million to four underfunded pensions**

Investors are more bullish on Chicago now than they have been in years as the city's fiscal outlook brightens, causing their outstanding bonds to perform better than those of other big cities.

The third-largest US city has long struggled with a poor credit rating, dragged down mostly by its underfunded pensions. But the city's financial picture has begun to turn around, with stronger-tha-

-expected revenue and progress on payments to retiree benefits.

As Chicago gears up for a $700 million to $900 million bond sale later this fall — including its first ESG issuance — pricing data from secondary market trading bodes well for investors in Windy City debt. According to an index from the University of Chicago Center for Municipal Finance, in March 2022 Chicago's bonds moved into the top one-third of all large cities after lagging behind their peers from 2019 to 2021.

Continue reading.

Bloomberg Markets

By Mackenzie Hawkins

October 7, 2022

Judge Dismisses Charges Against Seven Former Officials in Flint Water Crisis.

Michigan Supreme Court had canceled a lower court's indictments earlier this year

A Michigan judge dismissed indictments against several former state officials related to their handling of the Flint water crisis.

The decision followed an earlier opinion from the state Supreme Court that canceled a lower court's ruling due to concerns over how the indictments were handled.

Genesee Circuit Court Judge Elizabeth Kelly issued an order Tuesday dismissing criminal indictments for seven former officials, saying the indictments were invalid.

Continue reading.

The Wall Street Journal

By Jennifer Calfas

Oct. 4, 2022 5:30 pm ET

Fitch: California Property Taxes Buffered from Home Price Declines

Fitch Ratings-New York/San Francisco-29 September 2022: Slower home price growth or price declines in California will have a limited effect on local government property tax revenues, Fitch Ratings says in its report California Property Taxes Buffered from Residential and Commercial Valuation Swings.

California tax assessment calculations serve to smooth volatility in home values so that changes in tax revenues are not equal to home price swings. Home prices in California have been increasing for the past decade and jumped by nearly 43% since the pandemic began in 2020. However, rising interest rates are tempering home prices and sales.

Since 2000, TAVs have not fallen nearly as much as the largest home price decline for any county. The largest average one-year decline in home prices for all counties was 21%, while the largest average one-year TAV decline was only 3%.

According to our most recent U.S. RMBS Sustainable Home Price Report, California home prices are 10%–14% overvalued. We assessed a 14% home price decline across counties, which resulted in an average TAV decline of only 0.9%. Under this hypothetical scenario, tax revenue will be mildly affected for the vast majority of counties. Generally, governments anticipate lower assessed values and the resulting effects on property tax revenues and adjust budgets accordingly.

Pressures on commercial properties, such as lower occupancy at offices and urban retail spaces due to hybrid work, could also affect TAVs but to a lesser extent. Commercial property TAVs, while more variable than residential TAVs, are a smaller component, 17% on average, of counties' total TAVs. Counties with greater exposure to commercial properties or homes purchased at, or near, peak market value could see slower property tax growth in the next two years.

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Chicago Mayor Nixes Property Tax Hike in Budget Proposal.

- **Lightfoot initially sought 2.5% increase entirely for pensions**
- **Tax hikes possible for future pension funding, city says**

Chicago Mayor Lori Lightfoot abandoned a property tax increase in her 2023 budget proposal because revenue is rising more than expected, offering a reprieve to households that were facing a 2.5% hike in a year of red-hot inflation.

“As a result of this strong improvement in revenues, we have determined it is important to give our taxpayers some additional relief,” Lightfoot said in an emailed statement on Thursday. The budget “that I will propose to city council on Monday will not include a CPI increase on the property tax levy.”

Chicago expects to post a $128 million budget gap next year, the lowest in recent memory, with revenue forecast to be $200 million higher than earlier projections, according to the statement. In a Twitter post last month, the city’s Office of Budget and Management indicated that recreation and business tax receipts are expected to beat 2022 levels.

The improved fiscal picture allows the city to avoid levying a property tax increase during a period of high inflation, Lightfoot said. She had initially proposed a 2.5% increase for 2023, which is half what Chicago could enact under a 2020 ordinance that ties property taxes to inflation with a cap of 5%.

“In the recent past, the decision to not increase property taxes would have almost certainly meant spending cuts, increases to other taxes and fees, or extracting savings from debt refinancings,” said Justin Marlowe, a public finance research professor at the University of Chicago, in an email. “In FY23 the Mayor has the luxury of not making those trade-offs.”

Chicago residents already pay one of the highest property tax rates in the country, with the Windy City ranking the 13th highest in the nation and Illinois second among US states. And many residents don’t directly see the benefit of their payments, as more than 80% of property taxes went toward city employee pensions in the 2022 fiscal year, according to an analysis from the watchdog Civic Federation.

That share, which has nearly doubled since 2013, makes Chicago “unique” among US cities, Marlowe said. The entire $42.7 million levy that would have come from a 2.5% hike in 2023 was slated for pensions.

Chicago’s public pensions are chronically underfunded, which has contributed to its lower credit rating. As of last year, the city’s pension for firefighters was funded at about 21%, municipal employees at 23%, police at 24% and laborers at 46%, according to Chicago’s annual financial report.

Lightfoot recognized those challenges and committed to “never” shrinking from its obligations. The coming fiscal year will mark the second that Chicago makes its statutorily required pension contribution – a signal to taxpayers, business leaders and investors that City Hall takes its fiscal responsibilities seriously, Marlowe said.

“Our pension obligations are real and continue to grow in the out years,” she said. “We will use all tools at our disposal, including the CPI, in future years, as necessary to meet those obligations.”

Bloomberg Markets

By Mackenzie Hawkins

September 29, 2022

[Lumesis Introduces Debt Analysis Tool.]

Lumesis introduced a Debt Analysis tool being integrated into its Pricing Platform to provide clients with more configurable information in the market.

The tool, launched on Sept. 16 which provides summaries of outstanding debt, maturity profiles, and debt service schedules for the entire public finance market, is an outgrowth of the company's legacy Debt Maps.

"Over time the feedback that we heard from clients is, 'Can you make the data that's included within there more robust and more configurable,'" said Gregg Bienstock, Lumesis CEO.

He said users within the public finance community look at outstanding debt in different ways for different clients.

"We know that there is a market need," he said. "Whether it's responding to an RFP or exploring different solutions for a client or presentations, this gives them the ability to utilize that information."

"We know that there's a market need," said Lumesis CEO Gregg Bienstock of the Debt Analysis tool, which launched on Friday, Sept. 16.

Lumesis is expanding its data services in the municipal market harnessing technology to create more efficiency with the digital platform, which also provides users the ability to refine parameters and comparable securities to reflect their own professional judgment. This is another expansion of technology-based products in the municipal space, adding to a growing list of tools.

In May, Lumesis introduced DIVER New Issue Pricing and Scales service, designed to help bankers, underwriters and municipal advisors create new-issue scales and pricing analyzes in a transparent platform.

"We have addressed the demand for flexible debt search and selection and combined it with configurable outputs based on the unique requirements of market participants," said Tim Stevens Lumesis' President, in a press release. "We know that one size does not fit all, so enabling our clients to easily search for and generate a custom listing of debt, along with the ability to select the data elements of interest to them, empowers our clients to efficiently generate reports and analyses. to drive their work."

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[Colorado Treasury Launches New Bond Investor Transparency Website.]

DENVER, CO / ACCESSWIRE / September 27, 2022 / Today, the Colorado Department of the Treasury announced the launch of its new investor relations (IR) website, www.stateofcoloradofinancings.bondlink.com, to enhance transparency.

The new IR website is focused on potential investors and is accessible to all who want to learn more about the State, its finances, and the capital program that funds public infrastructure across Colorado.

The website is powered by BondLink, a financial technology company that has set the standard for investor transparency in the $4 trillion municipal bond market. BondLink also powers the investor transparency of a host of other states across the country, including California, Ohio, Virginia, Georgia, Oklahoma, and Rhode Island. Within the Centennial State, BondLink also partners with the University of Colorado.

"We're excited to leverage technology for better transparency. Developing a strong investor relations program is a cornerstone of Colorado's fiscal health," said Dave Young, State Treasurer. "This investor relations website disseminates information effectively, while also engaging current and prospective bondholders."

"Investor transparency is absolutely essential for any issuer looking to finance its public infrastructure at low costs," said Colin MacNaught, Co-Founder and CEO of BondLink. "Given how turbulent the capital markets have become over the last six months, it's even more important. We look forward to partnering with the State and advancing its financing programs."

Academic research shows that better, more accessible disclosure can lead to lower costs for municipal issuers and investors. Enhanced issuer transparency has also been a continued point of emphasis from market regulators.

Illinois Federal Court Joins Line of Decisions Rejecting Attempts to Impose Municipal Franchise Fees on Streaming TV Providers: Duane Morris

We previously addressed a recent series of cases across the country in which municipalities sought to impose franchise fees, like those that apply to cable TV, on streaming TV providers like Netflix and Hulu. The latest decision in this string was issued last week in the Eastern District of Illinois, *City of East St. Louis v. Netflix, Inc. et al.*, Case No. 3:21-CV-561 (S.D. Ill., Sept. 23, 2022). The judge dismissed a suit by the City of East St. Louis against streaming TV providers, finding that the Illinois Cable and Video Competition Law of 2007 (220 ILCS 5/21-100 et seq.), which requires video service providers to register with the state and pay service provider fees to local units of government, does not contain an express or implied right of action for local governments. Rather, it contains only an express right of action for the state attorney general. The court added that it would not make sense to leave enforcement to individual cities, since they may interpret and apply the law differently. The court also dismissed the City's claims for trespassing, unjust enrichment, and ordinance violations. It held that, under Illinois law, trespassing requires a physical act of entering or causing someone else to enter land owned by a third person, without permission, and that the transmission of video streaming services doesn't do that. Dismissal of the City's claims is in line with most decisions in other states, as discussed in our prior posts.

Duane Morris LLP – J. Tyson Covey

September 29 2022

Texas' ESG Attack Sweeps Up Some Funds That Aren't Really ESG.

Almost 40% of the funds targeted by state comptroller have investments in fossil-fuel stocks.

A Texas statute targeting perpetrators of "ESG" includes a significant number of investment funds that don't have a genuine environmental, social or governance focus.

Of the 348 funds singled out by Texas Comptroller Glenn Hegar, 14% don't qualify as ESG, according to an estimate by Morningstar Inc. What's more, almost 40% invest in the oil and gas industry they're accused of boycotting, data compiled by Bloomberg show.

It's the latest counter-intuitive moment in an unlikely battle that has thrust a once obscure financial acronym into the center of American politics. Ironically, many of the firms and funds targeted by the GOP for sidelining oil and gas have been criticized by climate activists for their continued support of the fossil-fuel industry.

"The fact that many funds on the banned fund list hold companies involved in the oil and gas industry raises questions about the research done by the Texas comptroller on these investments," said Hortense Bioy, global director of sustainability research at Morningstar. "Clearly, these funds aren't boycotting energy companies."

The state's position hasn't changed since the decision was announced last month, said Chris Bryan, director of communications for the Texas comptroller. The test isn't that the funds are ESG focused, the test is on whether the funds boycott energy companies based on state statute, which is broader than just having oil and gas investments, he said.

"If new information is provided to us about the funds, we will actively consider whether to update the list and we will do this on a regular basis," Bryan said.

Hegar denounced Wall Street and "environmental crusaders" in August for creating a "false narrative" that the economy "can completely transition away from fossil fuels, when, in fact, they will be part of our everyday life into the foreseeable future." Aside from 348 investment funds, the state targeted 10 asset managers and banks, including BlackRock Inc. and Credit Suisse Group AG. Texas Attorney General Ken Paxton also has joined a multistate investigation, questioning Morningstar's use of "ESG factors."

BlackRock, which has since been slammed by Democratic states for appearing to backtrack on its pledge to cut CO_2 emissions, said GOP attacks ignore the fact that it holds more than $100 billion in Texas energy companies. It would therefore be "inaccurate" to accuse it of boycotting fossil fuels, Dalia Blass, BlackRock's head of external affairs, said on Sept. 7.

Applying an ESG investment approach generally entails screening for environmental, social and governance opportunities and risks. Some fund managers apply exclusion policies, while others adopt so-called engagement strategies, whereby they continue to hold sectors such as oil and gas with a view to helping the companies adapt to a low-carbon world. ESG often faces criticism from activists for being too focused on financial performance.

The fund managers boycotted by Texas have failed "to provide assurance that they are taking sufficient steps to address the climate crisis," said Pete Uhlenbruch, director of financial sector standards at sustainability nonprofit ShareAction.

Funds targeted by Hegar include BlackRock's iShares ESG Aware MSCI USA ETF (ticker ESGU), which holds shares of Exxon Mobil Corp., Chevron Corp., ConocoPhillips and Halliburton Co.; CREF Social Choice Account, which has stakes in Kinder Morgan Inc., Schlumberger NV and Southwestern Energy Co.; and Vanguard ESG US Stock ETF (ESGV), which has investments in companies including Murphy USA Inc.

Vanguard Group's "only objective is to maximize investment returns for our clients and help them achieve their financial goals,” said spokesperson Emily Ferrell.

Over the past decade, Morningstar estimates US investors exposed to ESG strategies saw investment returns that were consistently between one and seven percentage points higher than those of conventional funds.

Others note that fund managers have increasingly limited investment options because more and more companies incorporate ESG considerations into their business models.

“So many companies are now setting science-based emission reduction targets and embracing bold climate action that large investors would struggle to build any kind of profitable portfolio that excludes such businesses,” said Maria Mendiluce, chief executive of the We Mean Business Coalition.

That said, Republican Party concerns that the oil and gas industry isn’t getting enough money from big finance appear overdone. Banks have loaned $302 billion to fossil-fuel companies this year, compared with $268 billion in the same period of 2021 and $256 billion in 2020, according to Bloomberg data.

At the same time, there are signs that ties are continuing between the financial firms vilified by the GOP, and the states publicly attacking them.

Five firms targeted in a pair of anti-ESG statutes passed by Texas a year ago led to the initial departure of Goldman Sachs Group Inc., JPMorgan Chase & Co., Fidelity Capital Markets, Bank of America Corp. and Citigroup Inc. Their absence caused borrowing costs for Texas municipalities to rise by as much as $530 million, one study shows.

Since then, a number of those same banks appear to be back in. JPMorgan, for example, wasn’t included in an updated version of Texas’ list, and now intends to begin bidding on public contracts again.

Meanwhile, regulators policing the finance industry are taking steps to set up guardrails around what asset managers can call an ESG investment. In May, the US Securities and Exchange Commission proposed tougher disclosure requirements, while asset managers targeting EU clients face a January deadline to provide investors with more information.

Bloomberg Green

By Frances Schwartzkopff

September 30, 2022

— With assistance by Amine Haddaoui, and Wladislaw Kobzar

[Doreen M. Frasca Thrived in Muni Bonds and Funded Airports.]

Advisory-firm founder, who has died at age 68, made early mark by defeating Sonia Sotomayor in high-school election

The 1972 race for student body president at Cardinal Spellman High School in the Bronx pitted Doreen M. Frasca against Sonia Sotomayor. Ms. Frasca won, but things worked out quite well for both of them.

“That defeat convinced me to refrain evermore from participating in electoral politics,” said Ms. Sotomayor, now a U.S. Supreme Court justice, who described Ms. Frasca as a special person.

Though Ms. Frasca remained fascinated by politics, a summer job led her to Wall Street. She became a star in the municipal bond market as a managing director at Merrill Lynch and later as an independent adviser to public entities seeking to raise money. Her specialty was airport projects. She was an early advocate of public-private partnerships.

Continue reading.

The Wall Street Journal

By James R. Hagerty

Sept. 30, 2022

NYC Preps Inaugural ‘Social’ Bonds as Part of $1.4 Billion Debt Sale.

- **Deal includes $400 million of taxable debt for housing**
- **Investors bought $50 billion in new muni ESG debt last year**

New York City plans to sell about $1.4 billion of debt next month, in part to address its deepening housing crisis. The deal includes $400 million of taxable debt that will be the city’s first-ever issuance of bonds explicitly earmarked to tackle social issues.

Proceeds from these social bonds are expected to finance more than 3,000 units of affordable housing, according to a press release Tuesday from Mayor Eric Adams’s office. The remaining $950 million will be sold as tax-exempt debt, and will be used for general capital purposes.

The city, like many other issuers in the $4 trillion municipal-bond market, hopes to seize on growing investor appetite for environmental, social and governance — or ESG — bonds. Investors snapped up $50 billion in new-issue municipal ESG debt in 2021, up 79% from the previous year, the release said. Driven by sales of affordable housing bonds, the sector is already ahead of the pace last year, when it set a record.

“This groundbreaking sale of the city’s first social bonds will ensure we are tapping a rising source of investor demand to promote a stronger, more resilient city,” said Mayor Adams.

The proposed bond sale comes at a precarious time for the city as it grapples with the consequences of insufficient homebuilding. Between 2011 and 2020, New York City produced only 27 new housing units for every 1,000 residents, below the national average of 34. And the New York City Housing Authority currently faces a $40 billion backlog in capital needs, according to Adams’s housing blueprint.

Proceeds from the social bonds will finance a slew of projects currently under development through programs run by a different agency, the New York City Department of Housing Preservation and Development. More than 80% of the money are for projects in the Extremely Low- and Low-Income Affordability program, which finances the construction of low-income multifamily rentals.

Additionally, about 70% of the units will be designated for residents earning below a certain income threshold: 60% or less than the median area income, which is about $72,000 for a family of three, the release said. More than 900 of the units will be for individuals and families who formerly experienced homelessness.

The taxable portion of the deal is slated to price on Oct. 4, via negotiated sale led by Citigroup Inc. and Morgan Stanley as joint lead managers. The tax-exempt portion is led by Citi, and is expected to price the same day, according to roadshow documents.

Other cities have also made similar moves. In August, Chicago Chief Financial Officer Jennie Bennett said the city plans to sell its first ever ESG-labeled municipal bonds in the fall. The city will sell between $100 million and $150 million of debt, with proceeds slated for environmentally and socially beneficial projects as part of the Chicago Recovery Plan, a $1.2 billion economic development initiative that uses federal aid alongside municipal borrowing.

While selling social bonds, or any ESG bonds, helps issuers tap a broader base of potential investors, the muni market still hasn't seen evidence of a pricing advantage for such debt, said Ruth Ducret, senior research analyst at Breckinridge Capital Advisors.

Still, "it's pretty low-hanging fruit to do it," she said.

Bloomberg CityLab

By Nic Querolo and Marvis Gutierrez

September 21, 2022 at 11:04 AM PDT

— With assistance by Mackenzie Hawkins

[S&P Second Party Opinion: City of New York's Social Financing Framework]

The City of New York (the City) established the Department of Housing Preservation and Development (HPD) in 1978 to handle the development and maintenance of its affordable housing. HPD's mission is to promote the quality and affordability of the City's housing and the diversity and strength of its neighborhoods.

Download

S&P Second Party Opinion: City of New York's $400 Million Taxable General Obligation Social Bonds

The City of New York (the City) established the Department of Housing Preservation and Development (HPD) in 1978 to handle the development and maintenance of its affordable housing. HPD's mission is to promote the quality and affordability of the City's housing and the diversity and strength of its neighborhoods.

Download

Texas Pushes Back With Municipal Bonds.

Political push-back comes in many forms. In a September 12, 2022 amendment to a municipal bond Official Statement for bonds issued by the City of Anna, Texas, they drew a giant line in the sand for the lefties. In bold caps just two paragraphs into the Official Statement Amendment was this paragraph (irrelevant boiler plate removed):

Further state law compliance: *The city reserves the right to reject any bid or bidder…who is…on a list maintained by the Texas Comptroller or has received a letter or other inquiry from…the Texas Comptroller or the Texas Attorney General related to its inclusion on any list of financial companies boycotting energy companies or companies that have…a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association.*

As President George W. Bush said, "Don't mess with Texas." Politics has always played a part in issuing municipal bonds. This usually focuses around a new city hall, water and sewer system improvements, or school districts that want a new school. As the bond issue gains support, underwriters swarm to scrutinize the city's numbers. Once the underwriter(s) is selected, a selling group forms—usually consisting of a dozen or more firms. For the Anna, Texas Certificates of Obligation, Robert W. Baird & Co. was the underwriter. The bulge bracket, left-leaning New York firms either didn't bother applying or were summarily rejected if they did.

Continue reading.

Forbes

by Marilyn Cohen

Sep 20, 2022

UBS Loses Texas Muni Deal After It's Named an Energy-Industry Boycotter.

- Texas school district planned to work with UBS unit on bond
- State AG's office told district it wouldn't approve the sale

UBS Group AG's municipal-underwriting subsidiary lost out on a Texas bond deal after the state comptroller included the parent company on a list of firms he deems "boycott" the fossil fuels industry.

Normangee Independent School District, about 140 miles (225 kilometers) south of Dallas, had accepted a bid by UBS Financial Services Inc. to underwrite a bond deal sold via auction Aug. 8, according to bond documents.

But two weeks later, state Comptroller Glenn Hegar, a Republican, included UBS Group on a list of 10 companies that his office considers boycott the energy business. There's typically a weeks-long gap between when a muni deal prices and when it closes.

The district wound up reselling the bonds last week, hiring RBC Capital Markets as underwriter instead, at a time when yields were broadly higher than levels that prevailed for the first borrowing.

The school district took that step after the Texas attorney general's office said it wouldn't approve the sale that UBS had underwritten, Aaron Reitz, the state's deputy attorney general for legal strategy, said in an email.

The state comptroller published his list on Aug. 24. His probe was triggered by a GOP-backed state law that took effect in September 2021, and which limits Texas governments from entering into certain contracts with firms that have curbed ties with carbon-emitting energy companies.

Removal Request

A UBS spokesperson said in an emailed statement that the bank has asked the comptroller to remove the company from the list.

"We recently met with the Texas Comptroller's Office to better understand the rationale for our inclusion on its list and reinforce the importance of the energy industry and Texas to our business with the aim that UBS be considered for removal from the list," the statement said.

Last month, a spokesperson for the firm said it was assessing the situation, and was looking into whether the parent company's inclusion on the list would preclude a subsidiary from contracts.

The outcome of this deal suggests UBS may face difficulty working in the Texas municipal-bond market, one of the nation's most lucrative, after the parent was named an energy boycotter.

The attorney general's office, led by Republican Kenneth Paxton, approves most bond sales in the state, making its approval of the school district's deal crucial.

Reitz said a representative from the district contacted the Texas attorney general's office to ask about the impact on the bond sale following UBS's inclusion on the list.

"We told Normangee that OAG agreed with the comptroller's analysis and conclusions set forth in the list and, as a result, could not approve the bonds with UBS as a purchaser," Reitz said. "Normangee then decided not to move forward with the UBS-backed bond sale."

Higher Yields

The school district returned to the market on Sept. 15, selling $18.4 million of bonds in a competitive auction won by RBC, according to data collected by Bloomberg.

The school faced a tougher market backdrop in September, suggesting it may have had to pay additional interest costs as a result of the delay. Benchmark 10-year munis yielded 2.8% on Sept. 15, compared with about 2.2% on Aug. 8, the date of the original bond sale.

Mark Ruffin, the district's superintendent, declined to comment.

The school district isn't the only Texas locality to see its financing decisions swayed by a GOP-backed state law. A Texas city saw its borrowing costs climb after it declined to award a bond deal this month to Citigroup Inc. even though the bank submitted the most competitive bid.

Citigroup has been contending with a separate GOP law limiting Texas governments' work with companies unless the firms verify that they don't "discriminate" against gun entities.

The municipality chose the second-best bid, which it said will cost it an estimated $277,334 additionally over more than 25 years.

Bloomberg Markets

By Amanda Albright and Danielle Moran

September 21, 2022

— With assistance by Dan Wilchins

JPMorgan Wins Texas Muni Deal in Key Step After Year-Long Pause.

JPMorgan Chase & Co. won a competitive auction for a municipal-bond deal sold by a Texas school district, marking a major step for the bank after it paused most public-finance work in the state because of a new Republican law targeting Wall Street's gun policies.

Frisco Independent School District, about 30 miles (48 kilometers) north of Dallas, awarded a roughly $13 million bond issue to the bank on Tuesday, according to data compiled by Bloomberg.

JPMorgan hasn't underwritten any municipal obligations sold by the state or its schools, cities or counties since at least August 2021, although it has handled deals by entities that are unaffected by the gun law, such as a health system, the data show. Texas is one of the nation's most lucrative public-finance markets.

The biggest US bank published a letter last week stating its interest in underwriting municipal securities for the state and its myriad issuers, including cities, counties and school districts. The letter amounted to a formal assertion by the bank that it doesn't "boycott energy companies" or have "a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association."

The gun law took effect in September 2021 with the backing of state GOP lawmakers. It says Texas governments can't work with companies unless the firms verify that they don't "discriminate" against firearms entities. JPMorgan doesn't finance companies that make military-style weapons for civilians.

JPMorgan, the No. 2 underwriter in the $4 trillion market for US municipal debt, has long argued that it can comply with the firearms law. Back when the measure went into effect, the bank said its business practices should permit it to certify compliance with the firearms law, but that the legal risk from the "ambiguous" law prevented it from bidding on most business with Texas public entities.

A spokesperson for the school district didn't immediately respond to a request for comment. A representive for the bank declined to comment.

Bloomberg Markets

By Amanda Albright and Danielle Moran

September 20, 2022

S&P Charter School Brief: Texas

View the Brief.

22 Sep, 2022

Arizona Sports Park's Early Cash Crunch Squeezes Bondholders.

Some projects that launched when muni junk debt surged during the pandemic's borrowing boom have struggled in a time of rising rates, slowing growth

The pandemic was a few months old when a two-year-old nonprofit sold municipal bonds to build a $280 million privately owned recreational sports complex on the edge of the Arizona desert.

Yield-starved mutual funds snapped up the tax-exempt debt. Bond payments were slated to come from parking and admission fees, a 670-seat sports bar and tournaments, festivals and after-school programs renting the park's stadium, fields and courts.

The 320-acre park opened in February in Mesa, Ariz.

After projecting first-year revenue of $125 million, the park brought in $15 million in its first six months and is relying on an emergency cash infusion to pay bondholders. Bond prices have slipped, relations with funds have soured and the Securities and Exchange Commission is asking questions.

Continue reading.

The Wall Street Journal

By Heather Gillers

Sept. 15, 2022

S&P U.S. Local Governments Credit Brief: Illinois Counties And Municipalities Means And Medians

Overview

Illinois counties and municipalities (or local governments [LGs]) have demonstrated stable or improved credit characteristics during the past year despite the effects of the pandemic because of the receipt of substantial pandemic relief aid, strong revenue patterns, and generally conservative budgeting, that enabled many Illinois LGs to outperform expected forecasts. S&P Global Ratings expects credit quality for Illinois LGs will remain stable in the near term. Credit pressures remain, though, with macroeconomic trends, particularly higher inflation and the risk of recession, presenting new challenges for Illinois LGs in the coming year. Continued increases in annual pension contributions to address large unfunded liabilities could create budget pressure leading to weaker credit quality for some.

S&P Global Ratings maintains ratings on 253 LGs in Illinois–22 counties and 231 municipalities. The credit trajectory was mostly positive over the past year with one county and four municipalities upgraded since November 2021, following a sustained period of improved reserves. Over the same period, we revised the outlook on one county and eleven municipalities to stable from negative and downgraded two municipalities (Granite City and Palos Hills), both due to structural imbalances due to poorly funded pension plans. Currently, 95% or 242 of our ratings on Illinois counties and municipalities have a stable outlook, while seven municipalities and one county carry negative outlooks, with two counties and one municipality having positive outlooks (see rating distribution table below).

Continue reading.

20 Sep, 2022

Delays in Obtaining Permits Leading to Property Foreclosure Not a Regulatory Taking - New Jersey

Federal Court Judge Cheryl Ann Kraus was 'riding the Circuit' and decided a regulatory takings case while sitting in the District Court, District of New Jersey captioned *James v. Vornlocker*. Full opinion here 2022-8-31 Vornlocker.

The case was decided on motions for summary judgment, and it appears that Plaintiff admitted most of the facts and failed to genuinely contest the remaining facts set forth in the motions.

In 2007, Plaintiff purchased two adjacent lots in Franklin Township intending to subdivide them into three residential building lots. "Although she had no direct experience with construction or home-building, she declined to hire a construction company or general contractor for the construction of her home. Instead, Plaintiff opted to serve as her own general contractor … and had family members do "a lot of the work" to keep the cost of construction down." Plaintiff's plan was to live in the house while she obtained approvals and then construct the two additional houses and sell at a profit. "But for myriad reasons, Plaintiff's plan to complete the construction herself quickly ran into trouble. For one, there were wetlands on her property, and she faced repeated delays, stop work orders, and violations arising out of her improper dumping and failure to comply with other wetlands-related requirements of the NJDEP."

To make a long story short, Plaintiff was not adequately capitalized for the project and intended on borrowing money to finance the project. Serial and complex real estate transactions were effectuated over the years in a "strategy of robbing Peter to pay Paul" which "eventually caught up with Plaintiff, and she was unable to make payments on her various loans" and, in 2014, the lender foreclosed on the unimproved land, and in 2018 another lender foreclosed on her residence. Plaintiff lost the properties and sued the municipality and various officials, alleging that the delay in obtaining a Certificate of Occupancy was a "taking" and further that the delay itself was caused by unlawful discrimination by municipal officials.

The Court found that there was not a "per se" taking or a regulatory taking arising from the undisputed facts presented on the motion for summary judgment. The court further found that there was no unequal treatment or discrimination to be found within the alleged facts.

The Court quickly dispatched the takings claim simply because there was no 'state action.' ("Fatal to her takings claim, however, Plaintiff does not establish any connection between the alleged "taking"-i.e., the foreclosures-and Defendants' actions. The "purely private" foreclosure by third-party banks on Plaintiff's property is not state action, much less government action for public use.") Even so, the Court went on to analyze whether Plaintiff's claim established a taking under the familiar (and complicated) Penn Central analysis, and found, "in fact, none of the Penn Central factors weigh in favor of Plaintiff."

I will leave you to read the entirety of the opinion, but add the following as perhaps a cautionary reminder –

"In advancing her takings and due process claims, Plaintiff points only to the straightforward application of garden variety local and state land use regulations as violative of her Constitutional rights. The Court declines Plaintiff's invitation to "convert[] federal courts into super zoning tribunals" and will therefore grant summary judgment to Defendants on Counts 1 and 4."

McKirdy, Riskin, Olson & DellaPelle, P.C. – Anthony F. Della Pelle, Joseph W. Grather, Allan Zhang, Michael Realbuto, Thomas M. Olson, Matthew Erickson and John H. Buonocore, Jr.

September 19 2022

Citigroup Snubbed on Muni Deal Over Gun Law, Costing Texas City $277,334.

- **Bank had best bids on muni sales by city of Anna, Texas**
- **City said the decision followed discussions with state AG**

A Texas city declined to award a bond deal this week to Citigroup Inc. even though the bank submitted the most competitive bid, showing how Wall Street is still contending with a Republican-backed state law that punishes financial firms for taking on gun policies.

The bank was rejected after submitting the best bid among firms that sought to underwrite two bond sales totaling almost $100 million this week by Anna, Texas. It's unusual for a municipality to reject a bank's winning bid on a municipal-bond deal.

Frances La Rue, a spokesperson for Anna, said in a statement that officials chose the second-lowest bid after discussions with the office of the state's Republican attorney general and the municipality's legal counsel and financial adviser. The attorney general's office, which oversees most bond sales in Texas, said Friday that it is still reviewing Citigroup's ability to comply with the state's gun law.

The firearms measure was one of a pair of laws that took effect in September 2021, limiting Texas governments' work with companies unless the firms verify that they don't "discriminate" against gun entities or boycott the fossil fuels industry.

Citigroup initially suspended muni underwriting in the state for a few months after September 2021 as it worked to verify compliance. It resumed underwriting Texas muni deals in November and closed a deal as recently as last week.

In 2018, Citigroup announced policies that set restrictions on the firearms industry after the mass shooting at a high school in Parkland, Florida. Citigroup said it would prohibit retailers that are customers of the bank from offering bump stocks — devices that let semiautomatic rifles fire even more rapidly — or selling guns to people who haven't passed a background check or are younger than 21. The bank's policy does include caveats, including an exemption to the under-21 age restriction if a person has military training, for example.

Additional Cost

Anna, a city of about 20,000 people roughly 50 miles (80 kilometers) northeast of Dallas, awarded the sale to Robert W. Baird & Co., which hasn't been affected by the new laws. It will cost the city an estimated $277,334 additionally over more than 25 years to work with Baird instead of Citigroup, according to the city spokesperson.

The city's decision signals that Texas municipalities are still hesitant to work with banks affected by Texas Republicans' fight against Corporate America for wading into social issues.

Early this year, the National Shooting Sports Foundation, a national trade association, told Texas Attorney General Kenneth Paxton that Citigroup can't certify compliance with the Texas law. The bank has repeatedly said it doesn't see its policies as violating the law.

In an emailed statement Friday, Paxton said the office had received a complaint that Citigroup's policies would constitute discrimination against the firearm industry, violating the gun measure, known as SB 19.

"As a result, we engaged with representatives of Citi to discuss their policies," the statement said. "More recently, Citigroup and the City of Anna recently contacted my office and asked us if we were still reviewing Citi's eligibility to contract with Texas under SB 19. We confirmed that we were."

Mark Costiglio, a Citigroup spokesperson, said the bank has certified that it complies with both laws and continues to participate in numerous public-sector transactions in Texas.

"We do not believe the claims made by a third-party organization have any merit and we continue to support our clients in this important market," he said in a statement.

Citigroup offered a true interest cost of 4.215% on a roughly $60 million portion of the offering, while Baird offered 4.24%, according to the Anna spokesperson.

"The City Council is confident in Robert W. Baird's ability to ensure the sale of the bonds will close in October with the lowest possible costs and ascertain the City's important public projects move forward efficiently," the city's statement said.

A Baird representative didn't respond to a request for comment.

A paper published earlier this year found that Texas municipal borrowers have been hit with as much as $532 million of extra debt costs because of the two new laws, which have led some of the nation's biggest banks to pause muni underwriting there.

Citigroup has been underwriting deals in Texas for months, most recently pricing $223 million of sustainability bonds for the Harris County Flood Control District last week. The bank is slated to underwrite almost $1 billion of bonds for a state water board later this month.

The bank is the fifth-biggest underwriter of Texas municipal-bond deals in 2022, compared with 8th-biggest for all of 2021, according to data compiled by Bloomberg.

Bloomberg

By Amanda Albright and Danielle Moran

September 16, 2022 at 9:53 AM PDT

JPMorgan Takes Formal Step to Resume Muni Banking in Texas.

JPMorgan Chase & Co. is ready to resume its public-finance business in Texas after being largely absent from that lucrative market for more than a year, following the enactment of two local laws that aim to punish banks for their firearms and energy policies.

The biggest US bank posted a letter on Wednesday with the Municipal Advisory Council of Texas, an industry association, which it also addressed to the public-finance division of the Texas attorney general's office. The letter stated the firm's interest in underwriting municipal securities for the state and its myriad issuers, including cities, counties and school districts.

The letter is a key step to participate in the Texas underwriting market, one of the nation's largest. It amounts to a formal assertion by the bank that it doesn't "boycott energy companies" nor does it have "a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association."

The Texas gun law, backed by local GOP lawmakers, says the state's governments can't work with companies unless they verify that they don't "discriminate" against firearms entities. JPMorgan doesn't finance companies that make military-style weapons for civilians.

JPMorgan, the No. 2 underwriter in the $4 trillion market for US municipal debt, has long argued that it can comply with the firearms law, which took effect on Sept. 1, 2021. At the time, the bank said its business practices should permit it to certify compliance with the firearms law, but that the legal risk from the "ambiguous" law prevented it from bidding on most business with Texas public entities.

A spokesperson for JPMorgan declined to comment. The Texas attorney general's office didn't immediately respond to a request for comment.

In May, Foley & Lardner LLP, a law firm representing JPMorgan, sent a letter to officials with the attorney general's office stating it believes the bank can verify compliance with the two new laws, marking a key step for the bank to return. In Texas, the office signs off on almost all muni bond sales before they can close.

The latest step comes less than a month after JPMorgan avoided being listed among 10 companies named as energy boycotters by Texas Comptroller Glenn Hegar. With that cloud lifted, the bank intends to begin bidding on public contracts again, including municipal underwriting, according to a person familiar with the matter.

Hegar produced that list as mandated in a separate GOP-backed Texas law that took effect on Sept. 1, 2021, which limits the state or its local governments from entering into certain contracts with firms that boycott energy companies.

Bloomberg Markets

By Danielle Moran and Amanda Albright

September 14, 2022

Fifth Circuit Condemns Texas Transmission ROFR Law on Constitutional Grounds: Bracewell

On August 30, 2022, the Fifth Circuit issued an opinion condemning a far-reaching Texas law on electric transmission right-of-first-refusal ("ROFR"). The decision concerns a 2019 Texas law that restricted the ability to build, own, or operate new transmissions lines to only those entities already owning transmission facilities in the same region of the state (for example, MISO or SPP). Prior to Texas adopting the law, NextEra sought to construct the Hartburg Sabine transmission project, a transmission project planned in Texas (but outside of ERCOT) pursuant to MISO's Order No. 1000 process. MISO awarded NextEra the rights to construct the project as part of that competitive process, and those rights were subsequently "derailed" by the new Texas ROFR law.

The court's action rested on Dormant Commerce Clause grounds. Siding with NextEra and the U.S. Department of Justice's Antitrust Division, the court found that the lower court erred in dismissing NextEra's dormant commerce clause arguments—according to the court, such arguments could withstand a challenge of failure to state a claim.

In the thorough decision, the court reviewed FERC's efforts in Order No. 1000 to balance federal and state jurisdiction, discusses intrastate versus interstate utility facilities, and addresses Texas ROFR law's discriminatory effect on those not doing business within Texas. The court reasons that because the "electricity grid is on its own an interstate market, state protectionist measures regulating its instrumentalities run a much greater risk of harming out-of-state interests—the ability of companies to compete, the prices consumers pay—than regulations on" other entities like retail wine stores, dairies, or waste processing facilities.

Dormant Commerce Clause and Other State ROFR Laws

The lower court had dismissed the case for failure to state a claim and the Fifth Circuit decision reverses the lower court's determinations, in part, and sends the case back for further litigation to determine whether Texas "has no other means to 'advance[] a legitimate local purpose.'" The decision includes a discussion comparing the Texas ROFR to state transmission ROFRs in Nebraska, Oklahoma, North Dakota, Minnesota, and South Dakota. According to the Fifth Circuit, the Texas ROFR is far more restrictive than those found in other states.

In particular, the Fifth Circuit distinguishes between the Texas ROFR and the Minnesota ROFR law that was at issue in a previous Eighth Circuit decision in *LSP Transmission Holdings, LLC v. Sieben*, 954 F.3d 1018 (8th Cir. 2020). According to the Fifth Circuit, the Minnesota ROFR law upheld in *LSP Transmission* "does not go nearly as far as the Texas law in banning new entrants outright." Specifically, the Fifth Circuit explains that the Texas ROFR provides no time limit on the incumbent transmission owner to exercise its rights. In contrast, the Minnesota ROFR law provides the incumbent provider 90 days to exercise its ROFR rights. In addition, the Texas ROFR law requires competing developers to own existing certificated facilities in the relevant market to the proposed transmission project, something that is not present in the Minnesota ROFR law.

The relevant statute, Tex. Util. Code § 37.-56(e), provides:

A certificate to build, own, or operate a new transmission facility that directly interconnects with an existing electric utility facility or municipally owned utility facility may be granted only to the owner of that existing facility. If a new transmission facility will directly interconnect with facilities owned by different electric utilities or municipally owned utilities, each entity shall be certificated to build, own, or operate the new facility in separate and discrete equal parts unless they agree otherwise.

Recent, Related FERC Action on ROFRs

The Fifth Circuit's decision comes at a time when FERC has been considering making significant changes to its treatment of ROFRs. In its April 21, 2022 Notice of Proposed Rulemaking on transmission planning ("Transmission NOPR") in Docket No. RM21-17-000,1 FERC appears to concede that its earlier elimination of the federal ROFR in Order No. 1000 may have been counterproductive and served to reduce investment occurring through the regional planning process. As a result, the Transmission NOPR proposes to allow incumbent transmission providers to retain a federal ROFR conditioned on a demonstration that the incumbent has established a qualifying joint ownership arrangement with an unaffiliated non-incumbent transmission developer or other unaffiliated entity. The deadline for initial comments in the Transmission NOPR proceeding was August 17, 2022. The ROFR proposal in particular attracted significant attention from commenters, including many supporting the proposal and many opposing the proposal. Among opponents included the U.S. Department of Justice and Federal Trade Commission (the "Agencies"). The Agencies submitted joint comments and expressed concern about the proposed reinstatement of a federal ROFR: "By its nature, a ROFR, conditional or otherwise, limits who can build transmission projects and is thus a regulatory barrier to entry. Although at this time competition may not be feasible in transmission planning due to the unique characteristics of the industry, recent experience in some RTOs underscores that competition in the design and construction of specific projects can work and benefits customers." Agencies Comments at p. 11(Aug. 17, 2022). Reply comments in the proceeding are due on or before September 19, 2022.

Bracewell LLP – Catherine P. McCarthy, Rachael Novier Marsh, Tyler S. Johnson and Boris Shkuta

September 6 2022

First Circuit Holds that Fifth Amendment Takings Claims Must be Paid in Full: Dechert

The U.S. Court of Appeals for the First Circuit recently ruled in the Puerto Rico bankruptcy case that Fifth Amendment takings claims cannot be discharged or impaired by a bankruptcy plan. As a matter of first impression in that circuit, the Court disagreed with the Ninth Circuit and held that former property owners affected by prepetition takings must be paid in full.

In re Fin. Oversight & Mgmt. Bd., 41 F.4th 29 (1st Cir. 2022)

The Puerto Rico restructuring is one of the largest and longest-running public bankruptcy cases. After nearly five years of litigation, the Financial Oversight and Management Board of Puerto Rico (the "**Board**") secured the confirmation of a plan of adjustment (the "**Plan**") for the Commonwealth of Puerto Rico (the "**Commonwealth**") under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

In confirming the Plan, however, the District Court for the District of Puerto Rico ruled against the

Board in holding that prepetition claims arising under the Takings Clause of the United States Constitution cannot be impaired or discharged. The Board appealed that ruling. On July 18, 2022, as a matter of first impression, the First Circuit affirmed.

Background

Former property owners filed proofs of claim in Puerto Rico's bankruptcy cases seeking just compensation for prepetition takings of their private property (the "**Takings Claimants**"). Some of those claims arose from proceedings under the Commonwealth's "quick take" eminent domain statute, which allows the Commonwealth to acquire private property by depositing the estimated compensation amount in a Puerto Rican local court and permits the former property owner to sue for additional compensation. Other claims arose from the Commonwealth's takings made without a deposit.

In its plan, the Board proposed to treat Takings Claims as general unsecured claims. Claims for which the Commonwealth had made a prepetition deposit would be considered secured up to the amount of the deposit and entitled to full recovery of that amount. Any difference between the deposited amount and the yet-to-be-determined just compensation would be considered unsecured.

The Takings Claimants objected to that construct, and the District Court held that their treatment in the Plan violated the Takings Clause. The Court ruled that the Takings Clause creates an "irreducible entitlement to just compensation," and thus the impairment of prepetition takings claims was impermissible.

The Board amended the Plan to comply with the District Court's ruling, while preserving its right to appeal the confirmation order on the grounds that prepetition takings claims may be impaired and discharged.

The First Circuit denied the Board's appeal, holding that just compensation guaranteed by the Takings Clause may not be adjusted by a bankruptcy plan.

The Court noted that the Takings Clause itself establishes the quantum of compensation that must be provided in the event of a taking. It referenced Supreme Court cases holding that "just compensation" means the "the full monetary equivalent of the property taken" to "put [the owner] in the same position monetarily as he would have occupied if his property had not been taken." The Court held that this constitutional guarantee of "the full monetary equivalent" cannot be altered in bankruptcy.

The First Circuit rejected the Board's argument that takings claims may be impaired because the ability of a debtor in bankruptcy to restructure its debts itself has a constitutional basis, flowing from the Bankruptcy Clause of the Constitution. The Court explained that most laws are passed by Congress pursuant to some constitutional authority, but this does not authorize acts of congress to trump other constitutional provisions. The Court held that "[t]he bankruptcy laws are subordinate to the Takings Clause," and the express constitutional authority to enact uniform laws on the subject of bankruptcies cannot overcome the requirements of the Fifth Amendment.

The Court also rejected the Board's arguments that payment of just compensation is a mere monetary remedy for a constitutional violation, similar to any other monetary award given as compensation for constitutional violations and, thus, subject to adjustment. Unlike with other constitutional violations for which compensation may be an appropriate remedy, "in the case of the Takings Clause, the Constitution clearly spells out both a monetary remedy and even the necessary quantum of compensation due. Accordingly, the denial of adequate (read: just) compensation for a taking is itself constitutionally prohibited."

Accordingly, the First Circuit declined to follow the majority opinion in *In re City of Stockton*, 909 F.3d 1256 (9th Cir. 2018), where the Ninth Circuit held that takings claims are not different to other claims arising from constitutional violations that are routinely adjusted in bankruptcy proceedings. The First Circuit found Judge Friendad's dissent in *City of Stockton* more persuasive. Judge Friendad concluded that the Takings Clause afforded just compensation special protection, such that "claims for just compensation should be excepted from discharge, so that they survive any bankruptcy intact."

The First Circuit also rejected the Board's arguments that takings claims may be modified by operation of law in other ways, as when they are judged to be time-barred or are waived or settled, all without violating the Fifth Amendment. The Court clarified that the enforcement of a statute of limitations and the settlement or waiver of claims are litigation decisions under the control of the takings claims holder. The same cannot be said for bankruptcy impairment or discharge. In addition, the Court explained that the Board was conflating what makes the denial of just compensation substantively unlawful with what may make a claim unavailable for procedural reasons.

The Court also refused to accept the Board thesis that a payment-in-full rule would pose significant challenges for future municipal bankruptcies. The Court reasoned, to the contrary, that allowing the impairment or discharge of takings claims, would create a perverse incentive for municipalities or the government to take private property and then restructure the related claims.

What's Next?

The First Circuit may not have had the last word. Given the split between the First and Ninth Circuits' decisions, the Board recently announced its intention to file a petition for writ of certiorari to the United States Supreme Court.

Dechert LLP – Shmuel Vasser, David A. Herman and Isaac D. Stevens

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S&P U.S. Local Governments Credit Brief: California Counties And Municipalities Means And Medians

Overview

California counties and municipalities (or local governments [LGs]) have maintained or improved credit quality during the past year through a combination of conservative budgeting practices, better-than-expected local revenue performance, and the receipt of stimulus funds to aid recovery from the COVID-19 pandemic. However, macroeconomic conditions–including high inflation and the rising risk of recession–are headwinds for rated issuers, and S&P Global Ratings is focused on labor negotiations as employees face the prospect of negative wage growth in real terms absent larger-than-typical compensation increases. We expect growing tax bases and very strong budgetary flexibility stemming from recent positive operating results to partly mitigate these challenges.

S&P Global Ratings maintains ratings on 259 LGs within the state. Overall, LG credit quality remained stable, with 5% experiencing rating actions since October 2021. During this period, we took seven positive rating actions and revised six outlooks to positive on general obligation or general-fund-secured bonds with no negative rating actions. In addition, almost 99% of the ratings have a stable outlook. We have negative outlooks on our ratings for one county (Madera County) and two municipalities (Anaheim and Torrance), and a positive outlook on the ratings for one municipality (Vallejo). Although we revised the outlook to negative on 3% of our ratings on California LGs in 2021, we revised most of those outlooks to stable in 2022 based on the LGs' resilience through the pandemic and the credit pressures that we anticipated at the outset either not materializing or being mitigated by the receipt and use of stimulus funds.

Continue reading.

7 Sep, 2022

Recently Enacted Laws Provide Financial Assistance to Municipalities in Maine: Bernstein Shur

What You Need to Know

There have been two recent updates to Maine state law that provide financial assistance to municipalities engaged in specific activities related to adult-use marijuana and affordable housing.

Adult-Use Marijuana

The Maine State Legislature recently enacted a law that added a provision to the Adult Use Marijuana Public Health and Safety Fund (the fund). This new provision allows money credited to the fund to be used to reimburse municipalities for qualifying expenses incurred as a result of opting into the Adult Use Cannabis Program. This means that municipalities that permit the operation of some or all adult-use marijuana establishments are eligible for up to $20,000 in reimbursement.

For an expense to qualify for reimbursement, it must meet two requirements:

1. The expense must have been incurred within three years of the date that the municipality voted to opt into the Adult-Use Cannabis Program.
2. The expense must be associated directly with the municipality's process of opting into the Adult-Use Cannabis Program.

In the new provision, a "qualifying expense" is defined as: "legal fees and costs associated with the drafting and adoption of a warrant article or the adoption or amendment of an ordinance, including the conduct of a town meeting or election, by a municipality that opted to permit the operation of some or all adult-use cannabis establishments within the municipality.

In order for the Office of Cannabis Policy to make a determination that the expenses qualify for reimbursement, municipalities will need to provide thorough records of the expenses incurred. The Office of Cannabis Policy has recently launched a portal for municipalities to request reimbursement, which will be processed on a first-come, first-served basis.

Affordable Housing

The recently enacted affordable housing law— often referred to as L.D. 2003—provides financial assistance to municipalities to support municipal ordinance development, technical assistance, public input, community engagement, and regional coordination between municipalities.

The process to allocate these funds will involve a competitive grant application, which has not yet been released by the Maine Department of Economic and Community Development ("DECD"). Based on the most recent publication from DECD, the rulemaking process will begin in Fall 2022.

Next Steps

Municipalities should consider taking the following steps to take advantage of these recent updates in Maine state law:

- Create a profile in the Office of Cannabis Policy portal. As noted above, requests will be processed on a first-come, first-served basis.
- Prepare a list of your municipality's qualifying expenses under both programs.
- Continue to watch for the release of the housing opportunity fund application.

We will update municipalities as we learn more about both of these opportunities for financial assistance.

Bernstein Shur – Amanda Methot, Philip R. Saucier and Shoshana Cook Mueller

September 7 2022
