Puerto Rico Electric Power Bonds Fall on Proposed Debt Deal.

- **Slump comes as some investors reach deal with utility**
- **Proposal would give some investors 12.5 cents on the dollar**

Some municipal bonds sold by Puerto Rico's bankrupt power utility have plunged after a group of investors reached a restructuring deal that would significantly slash the agency's debt load.
A security sold by the Puerto Rico Electric Power Authority, also known as Prepa, due in 2042 changed hands at an average price of 24.25 cents on the dollar between two trades on Monday, down from above 70 cents as recently as May, according to data compiled by Bloomberg.

The deal between creditors including BlackRock Financial Management and Nuveen Asset Management and the island's federally appointed financial oversight board, which is managing Prepa's bankruptcy, would reduce combined claims of $10 billion down to about $2.5 billion of new bonds. The deal would give bondholders who sign the agreement 12.5 cents on the dollar on what they were owed when Prepa entered bankruptcy in July 2017, and 3.5 cents for investors who decline to join the restructuring plan.

Continue reading.

Bloomberg Markets

By Danielle Moran and Michelle Kaske

August 28, 2023

Wells Fargo Is Cleared to Underwrite Texas Muni-Bond Deals by AG.

The Texas Attorney General's Office ruled that Wells Fargo & Co. can continue underwriting municipal-bond transactions in the state after probing the bank's policies on the firearms industry.

It's a win for Wells Fargo's public finance department, allowing it to maintain its presence in the top market for municipal-bond deals this year. The San Francisco-based bank is the sixth-biggest underwriter in the US muni market overall.

Leslie Brock, the chief of the AG's public finance division, wrote in a letter to bond counsel on Friday that the bank complies with the rules.

Continue reading.

Bloomberg Markets

By Amanda Albright

August 25, 2023

[Moving to Texas Is All the Rage, Even in the Muni-Bond Market.]

- **Credit spreads on Texas bonds have widened on supply surge**
- **Texas issuers have sold the most amount of debt so far in 2023**

It seems like everything is cheaper in Texas these days as the state lures residents and companies with a lower cost of living. Even municipal debt investors are now getting a bargain after a bond boom overwhelmed demand.
Texas governments and school districts are in the midst of a borrowing spree as the population swells. That caused bond yields to climb, giving investors a chance to buy pristine credits that are yielding 40 or even 50 basis points higher than the AAA benchmark.

Those rates have climbed so high that it makes sense for investors in a bevy of other states to buy Texas bonds. Meanwhile, the credits offer a safe haven: The state is one of a dozen that's rated AAA, higher than the federal government. Texas is considered the eighth-largest economy in the world.

[Continue reading.]

Bloomberg Markets

By Amanda Albright and Skylar Woodhouse

August 22, 2023

[Hawaii Munis Plunge in Latest Investor Warning on Climate Risk.]

- **Index of Hawaii debt is down 2.8% in August, most of any state**
- **State's 'sizable cash balances' help disaster support: Fitch**

Hawaii state and local municipal bonds have surrendered all their 2023 gains in the past three weeks after the deadly Maui wildfires delivered a fresh reminder of climate risk in the $4 trillion market for state and local debt.

An index comprised of Hawaiian municipal securities has dropped 2.81% in August, the worst performance of any state and compared to a 1.8% loss for the broader market, according to data compiled by Bloomberg. Hawaii is one of only four states to post a negative performance this year. At the end of July, its municipal bonds were sporting a more than 2% gain for 2023.

"The Hawaii index was impacted by the large drop of bonds associated with the Maui catastrophe," said Tom Doe, president and founder of Municipal Market Analytics.

[Continue reading.]

Bloomberg Markets

By Maxwell Adler

August 25, 2023

McGuireWoods: California Proposes Rules Clarifying Notice and Review Requirements for Health Care Transactions

On July 31, 2023, the California Office of Health Care Affordability (OHCA) issued proposed regulations requiring health care entities to notify OHCA about material transactions at least 90 days prior to closing. McGuireWoods previously published an alert on California's advance notice and review requirements and the potential implications for health care transactions occurring in California on or after April 1, 2024.

California is one of many states to implement reporting requirements for health care transactions. Several other states such as New York, Oregon and Washington have similar laws and requirements. McGuireWoods continues to monitor these developments and analyze the impacts of such laws, most recently on June 5 and May 8, 2023.

Key Takeaways

1. By expanding the definition of "health care entity" to include entities like management services organizations, broadening of the definition of "material transactions" and potentially extending review timelines, OHCA will play an extensive role in future transactions.
2. Health care providers and entities operating in California that are planning or considering entering into a transaction now must consider the advance notice filing requirement, review process and additional timing components when planning a transaction. This will include preparing documents and compiling significant amounts of information to submit the notice filing in advance of the 60-day initial waiting period for OHCA to determine whether to conduct a cost and market impact review (CMIR), and a potential additional 90-day waiting period if OHCA chooses to undertake a CMIR.
3. Health care providers and entities subject to the advance notice and review requirements must provide information about the entities undergoing the proposed transaction and submit copies of documents such as structure charts and transaction agreements. By default, OHCA will consider such information and documents as public records, but a submitter may mark certain documents as confidential or redact certain information, and OHCA will deem confidentially marked documents such as purchase agreements, financial documents and unredacted resumes as confidential.
4. Parties making filings must consider the antitrust and other market implications of a transaction in advance of their submission and be able to credibly address the impact of the transaction on competition, cost of care, quality of care, health equity, innovation and access to care. Failing to adequately develop a strategy that takes account of these aspects of a transaction in an initial filing can increase the odds that OHCA will undertake a CMIR, which involves significant additional delay, expense, disruption and the risk that OHCA may refer the matter to the Office of the Attorney General for additional action.
5. These proposed regulations provide additional details on the requirements and process, and they provide more details to the language of the statutes. Stakeholders may submit comments on the proposed regulations to CMIR@HCAI.CA.GOV until 5 p.m. on Aug. 31, 2023. It is unclear if the public should expect further changes, but OHCA intends to submit the finalized regulations as an emergency rulemaking package in October 2023.

Continue reading.

McGuireWoods LLP – H. Holden Brooks, Trey Andrews, Kristen H. Chang and Tom Siwula

August 14 2023

LA School System Kicks Off School Year With Municipal Bond Sale.

- **Proceeds from $384 million sale to also fund campus security**
- **Balance will finance electric bus, student enrollment efforts**

The nation's second-largest K-12 district is kicking off the new school year with a municipal bond offering while it contends with attacks from hackers, a dwindling student body and soaring labor costs.

The Los Angeles Unified School District, which begins the school year Monday, plans to borrow about $384 million to tackle cyberattacks, school safety and climate change, according to the bond offering prospectus. The series of bonds carries a sustainability label.

"The district is constantly facing a variety of persistent and evolving cybersecurity threats," said the prospectus, which details previous incidents, including a ransomware attack last year that exposed some student data.

Continue reading.

Bloomberg

By Lauren Coleman-Lochner

August 14, 2023

Hollywood Strikes Pose a Credit Risk for $113 Million Muni Deal.

- **Oscars ceremony is major source of revenue to repay the debt**
- **Moody's grades deal 2 steps below top rank with stable outlook**

Municipal-bond investors have to assess an unusual risk as part of a $113 million bond offering next week: The historic strikes that are paralyzing business for much of Hollywood.

The seller of the debt, a group affiliated with the Academy of Motion Picture Arts and Sciences, is familiar to muni-market participants because it has issued bonds several times for its Los Angeles museum, which opened in 2021.

However, this offering, which will refinance old, higher interest-rate debt, comes against a troubled backdrop for the industry. The Writers Guild of America went on strike May 2, seeking higher pay and other changes amid the rise of streaming TV and artificial intelligence. The strike, coupled with one by screen actors that began in July, has largely halted production of new films and scripted TV shows.

Continue reading.

Bloomberg Markets

By Amanda Albright and Maxwell Adler

August 16, 2023

Maui Wildfires Put Hawaiian Electric On Hedge Fund Radars.

California utility PG&E went bankrupt after raking up billions in wildfires liabilities

Wildfire Liabilities

Distressed debt investors are circling Hawaiian Electric and have zeroed in on a set of rarely traded bonds following deadly wildfires in Maui.

While the company's municipal bonds have sunk to distressed prices, Jefferies sent out quotes this week on the company's private placement notes at levels between 40 cents and 60 cents on the dollar. These notes are primarily held by insurance companies and are rarely traded. Meanwhile, traders at Seaport are also gauging interest from some investors in hopes of making a market in the bonds.

Continue reading.

Bloomberg

By Rachel Butt and Reshmi Basu

August 18

Brokers Ready Trading in Discounted Bonds of Hawaiian Electric.

- **Jefferies quoted private placement notes at distressed levels**
- **Some holders have held calls on potential fallout, recovery**

Some Wall Street bond brokers are soliciting interest in a series of rarely traded notes tied to Hawaiian Electric Industries, as market participants assess potential liabilities for the utility following deadly wildfires in Maui, according to people with knowledge of the situation.

Jefferies Financial Group sent out quotes this week on Hawaiian Electric Co.'s private placement notes at deeply distressed levels, between 40 cents to 60 cents on the dollar, said the people, who asked not to be named because the matter is private. Meanwhile, traders at Seaport Group are gauging interest from some investors, the people said.

The solicitation is among a number of early indications that both investors and the utility have started to take steps to determine potential losses stemming from the wildfires. The notes quoted by Jefferies are rarely traded, privately-placed securities primarily held by insurance companies, the people said. Several banks are also making markets in the company's municipal bonds.

[Continue reading.](#)

Bloomberg Markets

By Rachel Butt and Reshmi Basu

August 17, 2023

[Hawaiian Electric Muni Debt Risks Junk Cut, Barclays Says.](#)

A unit of Hawaiian Electric Industries that is under scrutiny for its possible role in the deadly Maui wildfires could end up seeing its municipal bonds slashed to high-yield from investment-grade, according to Barclays Plc muni and ESG strategists.

Hawaiian Electric Co. and its subsidiaries have roughly $500 million in special purpose municipal debt and it's "quite possible" those bonds could be downgraded to below investment-grade in the near future, reads Barclays' note out Wednesday. S&P Global Ratings cut Hawaiian Electric Industries to junk earlier this week.

"In that case we might see heavy forced selling from investors that are not able to hold high yield muni debt," strategists led by Clare Pickering wrote. "If this happens in late August or early September, the secondary market might not be deep enough to absorb heavy selling if it materializes, which might cause outsize price swings."

[Continue reading.](#)

Bloomberg Markets

By Amanda Albright

August 17, 2023

[Hawaiian Electric's Municipal Bonds Tumble Amid Maui Fire Probe.](#)

- **Utility's subsidiary has $495 million of munis outstanding**
- **Hawaiian Electric cut to junk Tuesday by S&P over lawsuits**

Municipal bonds sold by a unit of Hawaiian Electric Industries, which operates the utility that serves Maui, are plunging amid scrutiny over the company's possible role in the island's deadly wildfire.

Investment-grade muni bonds sold by Hawaiian Electric Co. due in 2039 traded at about 65.7 cents on the dollar on Monday. That compares with above 80 cents in the days before the catastrophe, according to data compiled by Bloomberg.

[Continue reading.](#)

Bloomberg Markets

By Amanda Albright

August 15, 2023

New York City Debt Offering Shows Attractiveness of Munis.

The 2023 bond comeback is rife with opportunities for fixed income investors. New York City's recent issuance, in particular, highlighted the attractiveness of municipal bonds.

"The City of New York ("the City") announced the successful sale of approximately $1.56 billion of General Obligation Bonds, comprised of $1.41 billion of tax-exempt fixed rate bonds and $151 million of taxable fixed rate bonds," a public press release stated. "Proceeds of the bond sale will be used to refinance outstanding bonds for savings. The transaction achieves over $108 million in total debt service savings, spread primarily across Fiscal Years 2024 through 2027."

Munis receive praise for their ability to offer fixed income investors with a tax-free alternative. When you combine that with the high yields of today, along with quality debt with low rates, it's a win-win.

"The Big Apple — rated AA by two ratings companies — sold 30-year debt that was priced to yield 4.35%," a Wealth Management article said. "It sounds modest, but with tax adjustments, the richest New Yorkers snapping up the securities earned yields equivalent to 10% taxable debt, an online tool from Eaton Vance Management shows."

That combination of high yield and quality makes munis even more appealing for high-net-worth individuals. The higher the tax bracket, the more beneficial munis become.

"The $4 trillion municipal bond market is offering elevated yields not seen in years," the article added. "But the state and local debt market has an added allure that other asset classes don't: the income is tax-exempt. That means that the yields on muni bonds are even higher after adjusting for taxes. And the higher your tax bracket, the more attractive the bonds look."

Access to Munis in One ETF

Rather than sifting through countless muni options available on the U.S. market, the Vanguard Tax-Exempt Bond ETF (VTEB) is an easier way for all-encompassing exposure. With a 0.05% expense ratio, the fund offers low-cost exposure to municipal debt. It also offers a 3.45% 30-day SEC yield as of August 10.

VTEB tracks the Standard & Poor's National AMT-Free Municipal Bond Index, which measures the performance of the investment-grade segment of the U.S. municipal bond market. This index includes municipal bonds from issuers, primarily state or local governments or agencies whose interests are exempt from U.S. federal income taxes, and the federal alternative minimum tax (AMT).

ETF TRENDS

by BEN HERNANDEZ

AUGUST 16, 2023

Senior-Living Operator Files for Bankruptcy Due to Pandemic.

- **Nashville Senior Care operates five facilities in three states**
- **Company has $213 million in municipal bond debt outstanding**

A senior-living company filed for bankruptcy this week after it exhausted an emergency loan, the latest to falter because of Covid-19.

Nashville Senior Care LLC's plight illustrates the pressures bearing down on the senior-living sector. Higher staff and supply costs on top of tepid demand for such facilities have caused defaults to outpace the rest of the municipal bond market this year. About 8% of the $43 billion in outstanding senior-living bonds is in default, compared with less than 1% of the total municipal bond market, according to data compiled by Bloomberg.

At Nashville Senior Care, the pandemic shutdown lowered the number of residents "precipitously," while expenses rose "dramatically," leaving the facilities without the means to make needed investments, executive director Thomas Johnson said in a court filing.

Continue reading.

Bloomberg Markets

By Lauren Coleman-Lochner

August 18, 2023

Hedge Fund Paradise Hides Puerto Rico's Crisis In the Making.

A failing power grid and affordability strains are dividing the island into haves and have-nots.

If you walk in certain circles, it's easy enough to believe that Puerto Rico has moved past devastating hurricanes and the largest municipal bankruptcy in US history.

Ritzy hotels and luxury restaurants are sprouting up along the island's white-sand beaches and crystalline waters. Dinner for two can cost $500 at those high-end spots. Hedge fund executives and crypto exiles are moving in, lured by lucrative tax breaks.

But it's the hum of privately owned generators that makes those lifestyles possible, and shields this set of the island's inhabitants from the reality experienced by the vast majority.

Continue reading.

Bloomberg Economics

By Jim Wyss and Michelle Kaske

August 18, 2023 at 3:00 AM PDT

State Budget Creates Uncertainty in Local Michigan ARPA Project Commitments.

In late June, Michigan passed a bipartisan $81.7 billion budget for Fiscal Year 2024, which included $26.7 million to provide a 5% increase in statutory revenue sharing to counties, cities, townships and villages. This is great news for local governments which have often felt slighted by Michigan's fractured municipal finance system.

However, the press release proclaiming budget victory contained only a single sentence on the revenue sharing increase (See "Gov. Whitmer Applauds Passage of 'Make it in Michigan' Budget," press release, Executive Office of the Governor, (June 28, 2023), https://rb.gy/ikv21.)

As always, the devil is in the details. In this case, the details could leave some communities scrambling to obligate millions of dollars in federal funding before year end.

Continue reading.

By: BridgeTower Media Newswires//August 10, 2023

By Brandon M. Grysko

New York City, New York: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) and GO bond rating reflect the city's exceptionally strong budget monitoring and controls, supporting Fitch's high assessment of operating performance. Federal stimulus aid relieved fiscal pressure that would have otherwise resulted from the city's lagged economic recovery from the pandemic and has supported structural budgetary balance. The record revenue performance and strong recovery, as well as improvement in reserve levels will help management navigate through future economic downturns, including near-term challenges due to an expected deceleration of revenue growth, rising labor costs and other uncertainties associated with a high-inflation environment.

ACCESS REPORT

Tue 08 Aug, 2023

State of Tennessee: Fitch New Issue Report

Revenue Framework – 'aaa' Consistent with Tennessee's recent experience, Fitch expects long-term state revenue growth, predominantly sales tax, to be in line with or above national economic growth. The state retains an unlimited legal ability to raise operating revenues. Expenditure Framework – 'aaa' Spending is dominated by Medicaid and education. The natural pace of spending growth in Tennessee is expected to equal or marginally exceed expected revenue growth over time, requiring ongoing cost control. The state retains ample flexibility to cut spending throughout the economic cycle. Long-Term Liability Burden – 'aaa' The state's liability position is among the lowest of the states, driven by a historical reluctance to rely on debt issuance to fund capital projects and a consistently disciplined approach to pension funding. Operating Performance – 'aaa' Tennessee retains exceptional gap-closing capacity stemming from a willingness to cut spending (even in high-priority areas) and strong reserves, including both a budgetary reserve and a separate Medicaid program reserve.

ACCESS REPORT

Thu 10 Aug, 2023

Bankrupt Arizona Sports Park Wins Ruling Backed by Bondholders.

- **Judge rejects US request for independent supervision of venue**
- **Park's sale staying on track benefits $280 million muni bonds**

Legacy Cares Inc., the non-profit owner of a bankrupt Phoenix-area sports complex, won a court fight to keep the venue's planned sale on track after an Arizona judge rejected a federal monitor's plea to appoint a trustee for the site.

The decision is a victory as well for holders of $280 million in municipal bonds, unsecured creditors and the landlord of the 320-acre complex. The trustee for Vanguard Group, AllianceBernstein Holding LP and other bondholders and other creditors opposed the federal monitor's request.

Judge Daniel Collins of the US Bankruptcy Court for the District of Arizona ruled that naming a trustee for the complex would "gravely jeopardize" the sale of the facility and it's ability to continue as a going concern. Legacy Cares asked the court to set a Sept. 18 deadline for bids on the venue and to complete the sale in early October.

Continue reading.

Bloomberg Markets

By Martin Z Braun

August 10, 2023

Arkansas Development Finance Authority: Fitch New Issue Report

Portfolio Credit Risk: The program exhibits higher concentration than similar 'AAA' pools rated by Fitch, and overall credit quality is about average. The pool consists of a relatively few 73 obligors, which contributes to high single- and top 10-obligor concentration. Implied pool quality, measured by the aggregate rating and loan term and as measured in Fitch's Portfolio Stress Model, is 'BBB'. Obligor security is solid with over 95% of the pool backed by water and/or sewer revenue pledges and the remaining 4% secured by sales or special tax revenues. Financial Structure: The program's cash flows are very favorable, as minimum annual debt service coverage is about 3.4x. As a result, Fitch's cash flow modeling demonstrates that program resources are sufficient to withstand hypothetical pool defaults in excess of Fitch's 'AAA' liability rating stress hurdle without causing an interruption in bond payments. Program Management: The Arkansas Natural Resources Commission, which manages the program, maintains sound underwriting and loan monitoring procedures. To date, the pledged portfolio has not experienced a permanent loan default.

ACCESS REPORT

03 Aug, 2023

State of Wyoming to Require Training to Reduce Mismanagement of Funds.

CASPER — To better guard against fraud in Wyoming's small towns, the state recently established its first training requirements for officials on how to manage public funds.

The state Legislature in 2022 directed the Department of Audit to develop the new rules amid growing concerns about rogue communities evading compliance with financial regulations.

"This was kind of borne out of findings and things that were coming out of audits of local governments and special districts and smaller towns and cities," said Department of Audit Public Funds Administrator Michael Hansen.

Continue reading.

Gillette News Record

By Mary Steurer Casper Star-Tribune Via Wyoming News Exchange Aug 2, 2023

S&P Pension Spotlight: Ohio

Key Takeaways

- Ohio's pension plans' statutory contribution framework has generally followed actuarial recommendations, which helps maintain funded ratios as long as contribution increases continue.
- While we view the state's pension position as stable with adequate funding discipline, the state's current contribution amounts are likely insufficient to maintain funding levels going forward due to their fixed status (versus annual increases) and aggressive assumptions.
- Recent changes to retiree medical other postemployment benefits have helped control costs and limit risk to governments across the noneducation plans.

Continue reading.

31 Jul, 2023

California Nonprofit Hospitals Turn to Bankruptcy for Leverage Against State.

Distressed nonprofit hospitals in the state are using chapter 11 to gain leverage against the attorney general, whose office critics say has caused some sales to collapse

Beverly Hospital near Los Angeles tried and failed for years to sell itself. It turned the corner when it filed for bankruptcy.

The chapter 11 filing in April gave the hospital operator some leverage against the state's attorney general, who has the authority to mandate prospective buyers to maintain costly services such as emergency and charity care, and to accept patients covered by government-backed healthcare programs.

Such requirements had stunted Beverly's earlier sale attempts. As its finances worsened, the hospital faced the rising possibility of shutting down, leaving tens of thousands of low-income patients in the city of Montebello without healthcare services.

Continue reading.

The Wall Street Journal

By Akiko Matsuda

July 30, 2023

S&P: California Housing Finance Agency 2023 Series A Bonds

CalHFA's Preliminary Offering Statement (POS) clearly details that the proceeds of the bonds will be applied toward refinancing mortgage loans that previously financed the acquisition, construction, and rehabilitation of a portfolio of six multifamily rental developments in central and Northern California. The properties comply with strict state-level green building standards across the portfolio, with additional energy-efficiency criteria applied to the portfolio's San Francisco-based rehabilitation projects.

Download the report.

Florida's Flood of New Wealth Boosts High-Speed Train Bonds.

- **Private railroad's munis started year cheap, investor says**
- **Fortress has invested more than $2 billion in project**

New York has Metro-North, London has the Network Southeast. Miami has the Brightline — and these days, people are climbing aboard.

Ridership on the five-year-old rail line, which connects Miami and West Palm Beach, has taken off as wealth has poured into South Florida, boosting the bonds that funded it by as much as about 20% this year. The number of passengers was up nearly 80% through June.

The high-speed line is one more reflection in the kaleidoscopic story of the new wealth pouring into Miami. Even the municipal bonds used to finance the privately owned railway have appreciated in value recently, much like South Florida real estate, private school fees and seemingly everything else in the Miami area. The soon to be 235-mile-long private rail is owned by the same company that hopes to link Los Angeles and Las Vegas by train.

Continue reading.

Bloomberg

By Martin Z Braun

July 27, 2023

Salt Lake City, Utah: Fitch New Issue Report

Revenue Framework: ‘aaa’: Fitch Ratings expects solid ongoing revenue growth, supported by significant new property development and economic expansion. The city has a substantial independent legal ability to raise revenues. Expenditure Framework: ‘aa’: Based on the city’s current spending practices and recurring operating surpluses, Fitch expects the natural pace of expenditure growth to be generally in line with revenue growth. While the city has a somewhat elevated fixed-cost burden, its labor environment is flexible. The pace of spending is expected to be marginally above revenue growth absent policy action. Carrying costs are moderate, and the city’s ability to control wages and benefits is solid. Long-Term Liability Burden: ‘aaa’: The city’s long-term debt and pension liabilities are low relative to its economic resource base. Operating Performance: ‘aaa’: Strong control over revenues and spending, along with solid reserves both within and outside the general fund, contribute to the city’s superior gap-closing capacity, which Fitch expects the city will maintain throughout economic cycles.

ACCESS REPORT

Tue 25 Jul, 2023

Oklahoma Development Finance Authority: Fitch New Issue Report

Revenue Framework: ‘aa’: Fitch Ratings expects that Oklahoma’s revenues, which are supported by broad-based sources, will continue to reflect above average economic volatility tied to the natural resource sector. While the Oklahoma Legislature has unlimited independent legal ability to raise operating revenues, tax rate increases require either a legislative supermajority vote or direct voter approval, limiting practical revenue-raising flexibility. Expenditure Framework: ‘aa’: The state maintains ample expenditure flexibility with a low burden of carrying costs for liabilities and the broad expense-cutting ability common to most U.S. states. Long-Term Liability Burden: ‘aaa’: On a combined basis, the state’s debt and net pension liabilities are well below the median for U.S. states as a percentage of personal income and are a low burden on resources. Other post-employment benefit obligations are minimal compared with debt and net pension liabilities, accounting for 0.1% of personal income versus 2.9% for debt and pensions. Operating Performance: ‘aa’: A constitutional provision limiting appropriations to only 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state’s proactive management of financial operations has historically offset volatility.

ACCESS REPORT

Wed 26 Jul, 2023

[Long Island Power Authority, New York: Fitch New Issue Report]

The Positive Outlook reflects Long Island Power Authority's (LIPA) improving leverage ratio and Fitch Ratings' expectation that the gradual but consistent deleveraging trend that began in 2015 will continue through 2027. Leverage, measured by net adjusted debt to adjusted funds available for debt service (FADS), improved to 8.1x at YE 2022 from 8.8x four years prior. The improvement is in part attributable to LIPA's strategy of budgeting to achieve higher fixed-obligation coverage. Fitch expects leverage ratios to trend below 8.0x in 2023/2024, consistent with a higher rating, as performance continues to benefit from LIPA's revenue-decoupling mechanism (RDM) and modest but consistent rate increases designed to achieve higher fixed-charge coverage. LIPA's very strong service area, more disciplined approach to rate setting and authorized RDM should sustain its very strong revenue defensibility and overall performance even through periods of stress, further supporting its financial profile. LIPA's operating cost burden remains comparatively high within the sector. However, ongoing efforts to moderate costs and operating risk, and improve the terms of its operating services agreement (OSA) with system operator PSEG Long Island (PSEGLI) were reasonably successful in recent years, and are factored in the rating. The adoption of a public power model, whereby LIPA would directly operate the system upon termination of the OSA in 2025, is still under consideration. An upgrade of the rating is unlikely prior to a final decision related to management of the authority's assets.

ACCESS REPORT

Thu 27 Jul, 2023

Wells Fargo Gun Policies Probed by Texas, Risking Muni Work.

- **Texas AG's office probing bank's firearm policies, letter says**
- **Office will decide if bank is a 'discriminating company'**

Wells Fargo & Co.'s policies around the firearm industry are being probed by the Texas Attorney General's office, a potential threat to the bank's bond underwriting work in the state.

Leslie Brock, chief of the AG's public finance division, sent a July 26 letter to lawyers who work on bond deals in Texas saying that officials are studying whether Wells Fargo has a practice or policy that "discriminates against a firearm entity or firearm trade association."

The letter, obtained by Bloomberg News, is the latest salvo in the Lone Star State's fight with Wall Street over its environmental, social and governance policies. The probe is tied to legislation passed in 2021 that restricts certain government contracts with companies that the state deems as hostile to the gun industry. The AG determined Citigroup Inc. "discriminates" earlier this year.

Continue reading.

Bloomberg Markets

By Amanda Albright and Danielle Moran

July 27, 2023

State of Texas: Fitch New Issue Report

Texas' 'AAA' Issuer Default Rating (IDR) and GO rating reflect its growing economy and the ample fiscal flexibility provided both by its conservative approach to financial operations and maintenance of substantial reserves, including in its budgetary reserve, the economic stabilization fund. The Texas Public Finance Authority is one of several state agencies that issues GO bonds payable from a constitutional appropriation of the first moneys coming into the state treasury not otherwise appropriated.

ACCESS REPORT

Tue 25 Jul, 2023

San Antonio, Texas Water System: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility Very Favorable Service Area, Affordable Rates for Vast Majority of Population: The system retains the legal authority to adjust rates as needed without external oversight (other than that of the city council). Fitch considers the monthly residential water and sewer bill affordable for around 82% of the service area population based on standard monthly usage of 7,500 gallons for water and 6,000 gallons for sewer. The very favorable service area is characterized by midrange income levels, an average unemployment rate relative to the nation and strong customer growth. Customer growth registered a five-year CAGR of 2.3% as of fiscal 2022. Income levels are about 80% above the national median as of 2021. The unemployment rate was 3.6% in 2022, in line with the national average. Operating Risk Very Low Operating Cost Burden, Moderate Investment Needs: The system's operating cost burden was very low in fiscal 2022, at $4,100 per million gallons (mg), consistent with the operating risk assessment. The life cycle ratio was very low at 27% in fiscal 2022. Annual capex relative to depreciation has been strong, with a five-year average of 217% from fiscal years 2018 to 2022. Planned capex for the next five years should generally outpace historical depreciation, supporting a continued very low life cycle ratio.

ACCESS REPORT

Fri 28 Jul, 2023

A Small City's Financial Crisis Leaves Virginia at a Loss.

Most state and local governments file their financial statements on time, but there are some notable exceptions. Among those are the last two cities to declare bankruptcy—Fairfield, AL and Chester, PA—as well as Puerto Rico, the largest municipal bond issuer to ever file a bankruptcy petition. Now another perennially late financial statement filer is getting attention from local media and its state government.

Hopewell, VA, a city south of Richmond, with about 23,000 people, is four years behind in producing audited financial statements. Further, its audits for the years 2015–2018 did not receive "clean" opinions from the Certified Public Accountants hired to review them, suggesting serious irregularities. The 2018 opinion was especially negative, with the auditor observing:

> There were material differences between the Treasurer Office's June 2018 bank reconciliation and the City and Component Unit School Board's adjusted general ledger and financial statements. The City, Treasurer's Office and Component Unit School Board were unable to provide sufficient appropriate audit evidence for these material discrepancies in cash transactions.

In connection with federal grant oversight, the auditor also assessed Hopewell's accounting systems and procedures and found them to be inadequate. City management accepted these findings and attributed the problems to "staff turnover, minimal documented procedures/guidelines."

Hopewell last issued municipal bonds in 2011. At that time, it received strong ratings from all three of the major credit rating agencies. But the city's mounting financial reporting challenges have compromised its credit. In 2017, both Moody's and Standard and Poor's withdrew their ratings due to Hopewell's failure to provide timely disclosure. Fitch followed in 2018.

At a City Council meeting, Ward 1 Councilor Rita Joyner noted the lack of credit ratings and concluded that, as a result, the city could no longer fund capital expenditures. That is not necessarily the case. Many governments issue unrated bonds and Hopewell's bonds traded in the secondary market multiple times (albeit at significantly elevated yields) in late 2022, suggesting that some investors are willing to shoulder the city's elevated credit risk if the city chooses to issue "junk bonds".

In recent months, the State of Virginia has been investigating Hopewell's financial status and offering assistance. The state government took a largely hands-off approach to local government finance until the City of Petersburg suffered a financial crisis in 2016. (Petersburg is just a ten-mile drive from Hopewell.) In 2017, the state legislature directed the Virginia Auditor of Public Accounts (APA) to create a local fiscal distress early warning system.

But, although the state can now identify distress situations, its intervention options are limited. State law allows the governor to allocate up to $500,000 to provide technical assistance to distressed local government but cannot compel the governing body to accept this assistance.

After determining that Hopewell was in distress, the state hired the firm of Alvarez and Marsal to assess the situation and make recommendations. In May, the consultants issued a 161-page report with 27 recommendations including the establishment of a fiscal turnaround project management office, the development of a multi-year financial plan, and the creation of new monthly and annual accounts closing processes.

In July, Virginia Secretary of Finance Stephen Cummings sent City Council members a letter, offering to fund an interim City Manager and Finance Director to help implement the consultant's findings if those individuals are approved by state officials. The Council rejected the state's offer by a 4–3 vote. Without Hopewell's cooperation, there is little more the state can do.

North Carolina has a much more aggressive local intervention law. If the state's Local Government Commission determines that a local government's finances have become unsustainable, it can take over "all of the powers of the council as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred upon the council by law." Further, the Commission has the power to merge or dissolve local governments which lack a path back to sustainability.

Hopewell's problems illustrate the need for Virginia to adopt a similar set of policies.

THE CATO INSTITUTE

by MARK JOFFE

JULY 24, 2023

[Calpers Posts 5.8% Gain Helped by Stocks and Private Debt.]

- **Publicly traded equities give pension fund a 14% boost**
- **Private equity, a star in prior years, loses some ground**

Calpers swung to a 5.8% gain in its latest fiscal year as the stock market rally and private debt buoyed the largest traditional public pension fund in the US.

The preliminary return for fiscal 2023 reported on Wednesday is a sharp turnaround for the California Public Employees' Retirement System, whose 6.1% loss in the prior year was its worst showing in more than a decade. The gain left Calpers holding $462.8 billion, enough to cover 72% of its future obligations, unchanged from a year earlier.

Continue reading.

Bloomberg Markets

By Eliyahu Kamisher

July 19, 2023

[Wealthy Newport Beach Splurges $26 Million to Hide Power Lines.]

- **City district sold $26 million of bonds in muni market**
- **Removing the power lines 'just looks better': Mayor Pro Tem**

Newport Beach, California is investing millions of dollars to remove unsightly power lines in an effort to boost its already sky-high property values.

The city tapped the municipal market for roughly $26 million this week to bury the lines in two sections of the beach-side town, which will "enhance neighborhood aesthetics, safety, and reliability" according to bond documents.

In 2021, residents approved a ballot measure to carry out the renovations and they'll pay special tax levies that will secure the bonds. Newport Beach is one of the wealthiest cities in the country, with a median household income of more than $140,000 — double the US average — while the median home price is more than $3 million.

Continue reading.

Bloomberg CityLab

By Jordan Fitzgerald

July 19, 2023

[S&P Bulletin: Vermont Flooding And Storm Damage Unlikely To Have Negative Credit Implications]

CHICAGO (S&P Global Ratings) July 17, 2023–S&P Global Ratings today said that it does not expect an immediate negative credit impact on rated U.S. public finance obligors in Vermont in the wake of last week's storm, which brought torrential downpours and heavy flooding in many parts of the state, including inundating Montpelier, the state capital.

Over a two-day period over July 9-11, parts of Vermont saw as much as nine inches of rain, triggering what state officials report as historic flooding, surpassing the damage experienced during Tropical Storm Irene in 2011 and destroying thousands of homes and businesses. On Tuesday, July 11, President Biden issued an emergency declaration authorizing the Federal Emergency Management Agency (FEMA) to coordinate the immediate disaster response and to provide federal disaster relief assistance. No official damage estimates are yet available.

S&P Global Ratings maintains a small number of credit ratings on Vermont issuers (see table), and we have been in contact with these issuers to assess near-term exposure. However, we do not believe that there is any imminent risk of credit deterioration. The state of Vermont (AA+/Stable) passed its fiscal 2024 budget in June and ended fiscal 2023 with budgetary stabilization reserves that were funded at the statutory maximum of 5% of appropriations in the general, education, and transportation funds. The state's unrestricted cash balance was more than $2.3 billion as of March, and management indicates that Vermont has sufficient cash on hand to meet immediate recovery needs without external borrowing.

Continue reading.

17 Jul, 2023

New York City Transitional Finance Authority, New York: Fitch New Issue Report

Strong Legal Framework: The bankruptcy-remote, statutorily defined nature of the issuer pursuant to state legislation and a bond structure involving a first-perfected security interest in the PIT and SUT revenues are key credit strengths. Payment of the PIT and SUT revenue to the TFA is not subject to city or state appropriation. Statutory covenants prohibit action that would impair bondholders. Robust Resilience: Fitch does not make a rating distinction between the senior and subordinate liens due to the high coverage levels and strong legal and practical protections against overleveraging. Fitch anticipates the security provided for both liens will remain highly resilient through the current economic environment and future downturns. Solid Growth Prospects: Statutory revenues benefit from the city's unique economic profile, which centers on its identity as an international center for numerous industries and a major tourist destination. Fitch believes longer term growth of pledged revenues may slow from historical levels but remain solid at levels between inflation and U.S. GDP following record levels of personal income and sales tax revenues during fiscal 2022.

ACCESS REPORT

Tue 18 Jul, 2023

[Texas Tech University System: Fitch New Issue Report]

Key Rating Drivers Revenue Defensibility: ‘aa’; Solid Demand and Revenue Diversity: TTUS’s ‘aa’ Revenue Defensibility assessment is supported by competitive demand indicators, moderate enrollment growth historically, with relatively steady state operating and capital support and well-balanced revenue diversity within a multi-institution system. The system’s FTE student population held stable in fall 2022 (fiscal 2023) at 54,265. TTUS management anticipates continued stability in its enrollment base through fall 2023 (fiscal 2024) based on YTD trends. Operating Risk: ‘aa’; Strong Cash Flow and Manageable Capital Plans: The ‘aa’ Operating Risk assessment reflects historically strong cash flow margins and capital flexibility. The adjusted cash flow margin for fiscal 2022 was up slightly to 13.6% from 12.1% in fiscal 2021. Federal stimulus funding, over $200 million system-wide, has supported operating performance in recent fiscal years. Nonetheless, Fitch views TTUS as having significant operating flexibility, including use of reserves. TTUS also benefits from a solid fundraising track record, with capital grants and gifts averaging about $53 million over the past five fiscal years (fiscals 2018-2022), and strong state support for capital projects in various forms. Financial Profile: ‘aa’; Strong Debt Leverage Ratios: TTUS’s strong financial profile supports an ‘aa’ assessment, in line with the rating category and through a Fitch-modeled stress scenario. All bonds are fixed rate with a relatively front-loaded debt service structure.

ACCESS REPORT

Tue 18 Jul, 2023

Worst American City for Pensions Confronts a $35 Billion Crisis.

- **Brandon Johnson sets out to find ‘sustainable’ pension funding**
- **Mayor is against hiking property taxes, a key funding source**

One of Brandon Johnson’s first moves as Chicago mayor was to buy himself time to address the city’s biggest financial problem: the more than $35 billion owed to its pension funds.

Just days after his May inauguration, Johnson persuaded state lawmakers to shelve legislation that would’ve added billions to the pension debt, while pledging to establish a working group to come up with solutions by October.

Now, the clock is ticking for the progressive Democrat to fix the worst pension crisis among major US cities.

Continue reading.

Bloomberg CityLab

By Shruti Singh

July 14, 2023

[Goldman Sachs Tapped to Manage $700 Million Deal for Tennessee Titans' Stadium.]

Goldman Sachs Group Inc. has been tapped to underwrite a large municipal-bond sale that will finance a $2.1 billion stadium for the National Football League's Tennessee Titans.

A local municipal agency in Nashville is planning to sell about $700 million of bonds for the stadium, according to a regulatory filing posted on Thursday that listed Goldman as the underwriter. The exact size of the sale could change and is subject to approval at the agency's July 20 board meeting.

In April, the Metro Nashville City Council approved the sale of up to $760 million in revenue bonds to fund its contribution for an enclosed stadium with a translucent roof to host the Titans. With a previously approved $500 million state contribution in hand, the public funding for the Titans' arena totals $1.26 billion.

Continue reading.

Bloomberg

By Maxwell Adler and Amanda Albright

July 13, 2023

Bank of America Wins First Texas Muni Deal Since GOP-Backed Law.

- **Bank wins $161 million competitive deal from city of Frisco**
- **Biggest muni underwriter moving to revive Texas business**

Bank of America Corp. won a Texas city's bond deal on Wednesday, a sign that the nation's largest municipal underwriter plans to revive its public-finance business in the state after an absence of almost two years.

The bank won a $161 million offering in a competitive auction by the city of Frisco, its first time to handle a deal for a Texas city or local government since a GOP-backed law related to the firearms industry took effect in September 2021, data compiled by Bloomberg show. The bank suspended its work in the state late that year after the enactment of the law, which restricted Texas governments' work with companies that "discriminate" against firearm entities.

Bank of America doesn't lend to companies that make assault-style guns used for non-military purposes. The bank's law firm sent a letter to the Texas Attorney General's Office in May saying that the bank believes it complies with the 2021 measure and that it intends to resume working with public clients in Texas.

Continue reading.

Bloomberg Markets

By Amanda Albright and Joseph Mysak Jr

July 13, 2023

Detroit Marks Bankruptcy Anniversary by Borrowing Big to Tackle Blight.

- **City to sell $100 million of debt for blight, transportation**
- **'The market is more comfortable with bankruptcy' in munis**

Detroit is poised to mark the 10th anniversary of its historic bankruptcy by tapping the municipal bond market for $100 million of financing, most of which will go toward its program of reviving blighted neighborhoods.
The debt is scheduled to price on Tuesday, 10 years to the day after Michigan's biggest city, groaning under debt and pension obligations and hobbled by decades of population loss, filed what was at the time the nation's largest municipal bankruptcy.

Today, the city of about 620,000 is on the cusp of investment grade. S&P Global Ratings and Moody's Investors Service both raised its credit rating in April to the highest level since 2009, with the latter citing "robust revenue growth" and an influx of federal pandemic aid.

Continue reading.

Bloomberg CityLab

By Lauren Coleman-Lochner

July 12, 2023

Miami Beach Aims to Kill Spring Break Image With $100 Million Bond.

- **City is selling nearly $97.6 million for cultural improvements**
- **Projects include theaters, concert venues and museums**

Miami Beach wants to do away with rowdy spring break crowds in favor of ballet and botanical gardens.

To help pull it off, the Florida city is selling $97.6 million of municipal debt on Wednesday that will fund improvements to cultural projects, such as the Miami City Ballet and the Bass Museum of Art. The bonds will be backed by property taxes, which surged in recent years as the city became a magnet for the wealthy.

The sale is part of a broader effort by the barrier-island city to ditch its reputation as a spring-break destination, that every year lures in thousands of young people to its South Beach neighborhood for non-stop partying. The rush of partiers forced Mayor Dan Gelber to declare a state of emergency for two years in a row. Miami Beach now wants "cultural tourists," Gelber said.

Continue reading.

Bloomberg CityLab

By Jordan Fitzgerald

July 11, 2023

[Bank of America's Return to Texas Muni Market Stalled by More Gun Questions.]

Bank of America Corp. wants to revive its work in the No. 1 market for US municipal-bond sales.

But it doesn't appear to have gotten a nod yet from the Republican-led Texas Attorney General's Office, which is grilling the bank on its policies surrounding the firearms industry.

Austin Kinghorn, Texas associate deputy attorney general for legal counsel, sent the bank's law firm dozens of questions about its gun industry policies in a June 26 letter. The document was obtained through a public records request.

Continue reading.

Bloomberg Markets

By Amanda Albright

July 10, 2023

State of Michigan: Fitch New Issue Report

Revenue Framework – 'aa' Michigan's tax revenues are diverse and dominated by economically sensitive income and consumption taxes, although other revenue sources are also significant. Fitch expects the natural pace of revenue growth to track close to inflation as extraordinary federal support for the economy subsides. There are no material limits on Michigan's ability to levy new taxes or enact tax rate increases. Expenditure Framework – 'aa' Fitch expects the state's natural pace of spending growth to be in line with, or slightly ahead of, revenue growth over the long term requiring ongoing policy action to control costs. The state has ample ability to reduce spending through economic cycles, partly as a result of having low carrying costs. Long-Term Liability Burden – 'aaa' Michigan's liabilities for debt and pension obligations are low and represent a small burden on economic resources. Direct debt has fallen given limited issuance over the past decade. Pension changes that shifted future obligations to a defined contribution plan have also limited growth in state pension liabilities and exposure to fluctuations in investment returns and retiree longevity associated with the plans. Operating Performance – 'aaa' Michigan's gap-closing capacity is exceptionally strong and stems from both a consistent willingness to make material budgetary adjustments that at times have included deep spending cuts to maintain structural balance, as well as the state's rainy-day fund, which has been built to an historically high level equal to nearly 15% of general fund spending. Contingent liability risks associated with distressed local governments have abated considerably given an improved economy, extra aid infusions to some municipalities and state and local management efforts.

ACCESS REPORT

Mon 10 Jul, 2023

University of Colorado: Fitch New Issue Report

The University of Colorado's (CU) 'AA+' Issuer Default Rating (IDR) is based on its very strong financial profile in the context of excellent demand and track record of strong adjusted cash flow margins, which have proven resilient to recent macro headwinds, such as labor inflation. As a comprehensive flagship research university, CU has a statewide and expanding national draw for students, as well as considerable fundraising capabilities.

ACCESS REPORT

Fri 14 Jul, 2023

Denver (City & County), Colorado: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aaa': The property and sales tax revenues that support Denver's operations are likely to continue to grow at a strong pace given rapid population gains and robust economic expansion. The city's independent legal ability to raise revenues is ample, derived from voter-approved flexibility on property tax revenues, control over fees and charges, and existing margin under the special tax on retail marijuana. Expenditure Framework: 'aa': Denver's solid expenditure flexibility is derived from management's conservative budgeting, a moderate fixed cost burden and large pay-as-you-go capital outlays that can be reduced, deferred or eliminated. The city has demonstrated an ability to meaningfully cut spending at times of economic and revenue declines. Long-Term Liability Burden: 'aa': The city's long-term liability burden is expected to remain moderate despite upcoming GO debt issuances and anticipated increases in overlapping debt. On an aggregate basis, the city funds its pensions at or above actuarially determined levels. Operating Performance: 'aaa': Fitch currently expects sound reserve funding and a demonstrated ability to make budgetary adjustments will allow the city to maintain a high level of financial flexibility through the current recovery and normal economic cycles.

ACCESS REPORT

Fri 14 Jul, 2023

Boston Offers Tax Breaks to Turn Empty Offices Into Housing.

- **City announces pilot program to encourage office conversions**
- **Office-to-residential transformations are costly to take on**

Boston Mayor Michelle Wu is offering hefty tax breaks to companies to turn offices into housing, the latest example of a city seeking to address the challenges of remote work hitting downtowns and a lack of affordable residences.

Wu announced a program this week to encourage conversions by taxing developers at the city's much lower residential tax rate. The city would then offer a discount of up to 75% on the residential levy, so for a building with an assessed value of $10 million, annual property taxes would drop to as low as $26,850 from as high as $246,800.

There’s no shortage of potential buildings to tap. Boston’s office market has seen its vacancy rate climb to 14.2% during the second quarter, the highest level in two decades, according to data from CBRE Group Inc. Meanwhile, the city of 650,000 is struggling with escalating housing costs. Median monthly rent for a one-bedroom has jumped 8% in just a year to $2,800, Zumper figures show.

Continue reading

Bloomberg CityLab

By Skylar Woodhouse and Amanda Albright

July 12, 2023

Citi CEO Jane Fraser on Losing a Texas Bond Deal Over Gun Stance: ‘You Focus on What Your Company Stands For’

Earlier this year, the state of Texas booted Citigroup from its bonds business. Texas’s conservative lawmakers said that Citi “discriminates” against the gun industry—the bank limited its engagement with the sector in 2018 after the Parkland shooting—and prevented Citi from underwriting $3.4 billion in municipal bonds.

Citi CEO Jane Fraser has been level-headed about the fallout of that decision, as she told *Fortune* CEO Alan Murray in an interview at a Fortune CEO Initiative dinner late last month.

“You focus on what it is your company stands for,” she said. “You focus on what it is that your clients need, and you get on with the day job. [If someone says] you can’t sell our bonds, you then suck it up.”

Continue reading.

Yahoo Finance

by Emma Hinchliffe & Claire Zillman

July 5, 202

Texas Luxury Student Dorm Financed by Bonds Falls Deeper Into Distress.

- **The 3,400-bed complex boasts resort-style pools and clubhouse**
- **Colleges have privatized housing projects to avoid risk**

A massive luxury student housing complex in Texas is still showing signs of financial strain.

NCCD-College Station Properties LLC failed to make a complete payment due July 1 for bonds issued to build the complex near the Texas A&M University campus in College Station, according to a regulatory filing.

The project, known as Park West, has struggled despite fast-growing enrollment at the school. While the complex boasts volleyball courts, three resort-style pools and a clubhouse, it is located in an area that's far away from restaurants and entertainment venues.

Continue reading.

Bloomberg Markets

By Nic Querolo and Amanda Albright

July 6, 2023

Texas Sued by Houston Over Law Limiting Power of State's Cities.

- **Lawsuit claims 'Death Star' bill violates state constitution**
- **Supporters of law say it will standardize regulations in Texas**

The city of Houston said it sued the state of Texas to challenge a sweeping state law — known by opponents as the "Death Star" bill — that limits the power of municipalities to make their own rules.

Texas legislators sought to prohibit cities and counties from enforcing or creating regulations that go further than what is allowed under state laws governing labor, finance, agriculture, occupations, property and natural resources. The new law is set to take effect on Sept. 1.

But Houston claims the law violates the state constitution and could disrupt delivery of essential programs and services authorized by local ordinances, according to the lawsuit the city said it filed Monday in Travis County state court.

Continue reading.

Bloomberg Politics

By Madlin Mekelburg

July 3, 2023

Ransomware Attack in May Still Disrupting Dallas City Services.

The computer shutdown has delayed the issuance of permits. Dallas officials say 97 percent of their online services have been restored, but the city won't publicly disclose all the services still impacted.

Blake Smith was confused when his contractor told him at the end of June that the city of Dallas still hadn't approved his application for a new fence.

It had been three weeks since Smith's contractor submitted an application with the city to replace a chain-link fence surrounding his South Oak Cliff home with a taller wooden one.

So Smith said he called Dallas' development services office, which issues the permits, to get answers. It could be another two to six weeks before the application is reviewed, Smith recalled being told.

Continue reading.

governing.com

July 07, 2023 • Everton Bailey Jr., The Dallas Morning News, TNS

Bond Prospectus Reveals Rapid Decline of Florida's Insurance Market.

As Florida insurance carriers go under they are dragging down its guaranty fund.

Florida has launched a $600 million municipal bond sale touted for it's collapsing homeowners insurance market , along with new details of how toxic the homeowners market has become for carriers and how the publicly backed guaranty fund protecting policyholders has been upended

The municipal bonds were issued last week by the Florida Insurance Guaranty Association (FIGA), which is the state's bailout fund for insolvent primary carriers, according offering documents. The bonds are being offered in multiple series and are backed by a 1% "emergency" assessment levied by the Florida's Office of Insurance Regulation on insurance policies. Bank of America is managing the deal which was launched last week, according to an offering prospectus.

The last time FIGA issued a bond was $472 million with of notes in 1993 following Hurricane Andrew.

Continue reading.

riskmarketnews.com

by Chris Westfall

3 Jul 2023

Florida Passes Live Local Act to Incentivize Affordable Housing Development for the State's Workforce: McDermott Will & Emery

In March 2023, Florida Governor Ron DeSantis signed Senate Bill 102, also known as the Live Local Act (the Act), into law. The bill surpasses historical records for the state, represents the largest investment in housing opportunities to date and will go into effect on July 1, 2023. Its goal is to provide a comprehensive housing strategy to increase the availability of affordable housing opportunities for members of the Floridian workforce who desire to live in the communities in which they work.

In Depth

The Act introduces several new Florida Statutes, which are aimed at improving affordable housing opportunities in Florida, and modifies several existing Florida Statutes. A summary of the modifications and additions to some of those existing statutes are as follows:

Continue reading.

McDermott Will & Emery – Elena Otero and Kelly Shami

June 29 2023

Bay Area Transit Scrambles to Piece Together Funding.

California legislators agreed to provide additional operating support for transit agencies facing big budget gaps. San Francisco area lawmakers are looking to raise bridge tolls to make up some of the difference.

In Brief:

- Bay Area lawmakers are hoping to temporarily raise tolls on seven state-owned bridges to provide additional funding for regional transit agencies.
- Statewide transit agencies had requested $5.15 billion in operational support from the state. The Legislature agreed to provide part of that funding.
- In the Bay Area alone, transit agencies are facing a cumulative $2.5 billion budget deficit over the next five years.

Continue reading.

governing.com

July 5, 2023 • Jared Brey

San Francisco's Sluggish Recovery Puts Its Top-Grade Credit Rating at Risk.

- **Moody's revised its rating outlook to negative from stable**
- **Mayor London Breed calls it a 'warning' for the city**

San Francisco's sluggish recovery from the pandemic may end up costing the city its pristine top-tier credit rating.

The outlook on the city-county's Aaa credit rating was cut to negative from stable this week by Moody's Investors Service. The ratings company said prolonged weakness in the city's commercial real estate market and the "stubbornly slow" rebound of office workers were factors that drove the move.

A credit-rating downgrade would be the latest challenge facing Mayor London Breed, who is seeking to close a $780 million deficit as part of the upcoming two-year budget cycle. A top credit rating is often a point of pride for public officials, and losing it could make it more expensive for the city to borrow in the municipal-bond market.

Continue reading.

Bloomberg CityLab

By Amanda Albright and Maxwell Adler

July 7, 2023

[California Quietly Shelves $15 Billion Pension Divestment Bill.]

The California State Assembly has shelved legislation that would have forced the country's two largest pension funds to divest an estimated $15 billion from oil and gas companies, a major blow to environmental advocates who hoped the funds could be a national model for the divestment movement.

SB-252, which passed the state Senate in May, won't be given a floor vote, according to the bill's lead author, Senator Lena Gonzalez of Los Angeles County. The legislation has been converted to a two-year bill, meaning lawmakers will have the opportunity to address the measure in the next session.

"I'm committed to bringing this bill up again next year," Gonzalez said.

Under the proposal, the California Public Employees' Retirement System and the California State Teachers Retirement System would have been required to remove assets of large oil and gas companies by 2031 and halt any new investments by 2024.

Continue reading.

Bloomberg Politics

By Eliyahu Kamisher

July 3, 2023

[After Years of Ups and Downs, Los Angeles Moves Forward on Creation of a Public Bank.]

Los Angeles is taking another step toward opening a city-owned public bank that would support projects driven by public interest.

The City Council voted last week to fund a feasibility study for the bank after advocates argued it would do better than private banks to serve Black and Latino communities, small businesses, green energy initiatives and affordable housing projects.

The move was the council's first financial investment in the long process toward launching the bank.

The idea of a public bank has floated around the City Council for several years. In 2018, voters rejected a proposal that would have amended the city charter to allow the bank's formation. One year later, Gov. Gavin Newsom signed a state law that allows all cities and counties to establish public banks, putting the idea back on the table in Los Angeles.

Continue reading.

THE LOS ANGELES TIMES

BY CHARLOTTE KRAMON

JULY 6, 2023

Graceland Muni Bonds Default as Tourism Recovery Comes Too Late.

- **Tourist attraction missed principal and interest on July 1**
- **Future payments could be made after pandemic-tourism rebound**

Municipal bonds sold for Elvis Presley's Graceland tourist attraction have fallen deeper into distress.

US Bank, the trustee on the debt, disclosed it couldn't make July 1 principal and interest payments on a series of senior bonds sold for the complex in 2017. The borrower had already defaulted on subordinate bonds after the pandemic led to a decline in visitors.

The trustee said it was about $945,000 short on roughly $1.8 million due this month after collecting all available dollars, according to a regulatory filing dated Wednesday. Certain payments on other series of bonds sold for the complex were made, the filing said.

Continue reading.

Bloomberg Markets

By Joseph Mysak Jr

July 5, 2023

Chicago Pension Debt Rises to $35 Billion as Mayor Hunts for Fix.

- **Liability grew due to investment impact from volatile markets**
- **City 'charting a better path forward' financially: Johnson**

Chicago's pension burden climbed last year after the city's retirement funds lost money due to volatile markets, deepening the long-standing fiscal woes for new Mayor Brandon Johnson.

The net pension liability across the city's four retirement funds rose about 5% to $35.4 billion as of Dec. 31 from $33.7 billion a year earlier, according to Chicago's annual financial report posted to the city's website.

The amount the city owes to its four pensions that pay benefits to retired firefighters, police officers, municipal workers and laborers increased "due to the short-term impact of the global market volatility on recognized investment income," the report said. The city's four funds range from about 19% to about 40% funded, according to the report. That's far short of other municipal plans: around the US, funding ratios for the largest public pensions average above 70%.

Continue reading.

Bloomberg CityLab

By Shruti Singh

July 3, 2023

[Manhattan's Battery Park City Tries to Protect Itself From Flooding a Decade After Hurricane Sandy.]

- **Sale of $744 million of debt planned for waterfront community**
- **Half of lower Manhattan seen at risk from storm surges by 2100**

Over ten years after Hurricane Sandy flooded lower Manhattan, the Battery Park City Authority is set to sell about $744 million of debt with nearly half being used for sustainability projects like helping shore up the riverside community against climate change.

The group is raising funds for projects to fortify the community along the Hudson River, which is at risk from storm surges, including funding the construction seawalls and waterproofing a community center. The municipal bond sale of about $735 million in tax-exempt and $9 million in taxable bonds will also go toward restoring the Rockefeller Park House and playground, improving information technology as well as repairs to Pier A and its plaza, according to bond documents. Proceeds will also be used to refinance existing debt.

During the 2012 superstorm, floodwaters gushed into lower Manhattan from the Hudson River, damaging the Pier A Harbor House, Battery Park City Ball Fields and Asphalt Green. By 2100 — a year many young New Yorkers alive now may see — storm surges could leave nearly $14 billion or half of lower Manhattan's properties in peril, according to a 2019 report from the New York City Economic Development Commission and the Mayor's office.

Continue reading.

Bloomberg Green

By Jordan Fitzgerald

June 28, 2023

Reaffirming Deference Owed to Municipal Planning Boards, NJ Appellate Division Rejects Challenge to Liquor Store Approval: Day Pitney

In a win for the developer, 95 Tenafly LLC (95 Tenafly), on June 28 the Appellate Division reversed the trial court's decision vacating the Tenafly Planning Board's (the Board) approval of a site plan application by 95 Tenafly to build a Bottle King liquor store. (*Concerned Citizens of Tenafly, Inc. v. Borough of Tenafly Planning Bd*., No. A-1989-21, 2023 WL 4229288 (N.J. Sup. Ct. App. Div. Jun. 28, 2023). The Appellate Division rejected the trial court's decision, which had come down on the side of a group challenging the application's approval—the Concerned Citizens of Tenafly (the Concerned Citizens Group).) The Appellate Division rejected the lower court's findings concerning the Board's supposed lack of jurisdiction to hear the application as well as other findings relative to variances for parking spaces and signage.

As challenges to development applications by small groups of objectors become increasingly common, the Appellate Division's decision rejecting the findings of the trial court and arguments of the Concerned Citizens Group served to reaffirm the deference owed to a Board's findings in the absence of any arbitrary, unreasonable or capricious determinations.

The Board had granted preliminary and final site plan approval, including several variances and exceptions, such as a variance approving 55 parking spaces and five front-yard parking spaces, variances related to free-standing and building signage, and exceptions for the location of a dumpster facing the street as well as an exception allowing parking spaces 9.5 feet wide. The Board denied 95 Tenafly's requested variances for a flagpole height of 50 feet and a flag area of 216 square feet. The Board further imposed several conditions on the approval, including a requirement that 95 Tenafly return to the Planning Board to amend its plan if the police department were to find traffic and safety problems related to the left-hand turns into the site. The Board also prohibited gatherings for wine tastings (but not sampling wine within the store without invitation) and distribution of wine and spirits (but not making deliveries).

Shortly thereafter, the Concerned Citizens Group filed an action in lieu of prerogative writs, challenging the Board's approval of the Bottle King site plan application. The complaint alleged 19 issues with the plan and its approval, including issues with notice and proofs. After hearing oral argument on March 4, 2022, the trial court found that the Board's granting of 95 Tenafly's application was "arbitrary, unreasonable and capricious," and it vacated the approvals.

In reviewing the trial court's decision, the Appellate Division reversed in part and affirmed in part, rejecting much of the trial court's reasoning as being unsupported by the record.

In particular, the Appellate Division noted the trial court's finding—that the proposed flagpole was a principal use, not an accessory use, of the property, requiring Zoning Board of Adjustment approval instead of Planning Board approval—was not supported by either the record or common sense. The Appellate Division went on to reject each reason set forth by the trial court for vacating the approvals, finding again and again that the Board had proper jurisdiction and made determinations properly supported by the record. For instance, the Appellate Division found the notices provided by 95 Tenafly were adequate under the Municipal Land Use Law (MLUL), and it rejected arguments that notices must precisely describe each variance and waiver sought by an applicant. Public notice that 95 Tenafly sought to construct a retail liquor store sufficiently informed the public as to the nature of the application.

The Appellate Division further rejected the trial court's interpretation of Tenafly's land development regulations, reaffirming that the Board's knowledge of its local municipal circumstances should be accorded deference. The trial court had also agreed with the Concerned Citizen Group's argument that the Board improperly ignored the Group's experts' testimony. The Appellate Division disagreed, finding the Board had made appropriate and detailed findings showing 95 Tenafly had provided sufficient proof, satisfying the criteria for variances, including by giving greater weight to 95 Tenafly's traffic engineer and planner expert testimony than to the Concerned Citizen Group's expert's testimony. The Appellate Division also rejected the Concerned Citizen Group's one issue raised on appeal related to an alleged conflict of interest because of the former mayor's influence on the proceedings, noting the mayor recused himself from the decision-making process.

The Appellate Division's decision is another in a string of judicial decisions that have rejected manufactured challenges to development approvals, reaffirming the deference the courts must show to local planning boards that have properly followed the MLUL in approving development projects.

Considering each allegation from the Concerned Citizens Group in turn, the Appellate Division rejected the trial court's finding that the approvals had been arbitrary, unreasonable and capricious, and it reinstated the Board's decision.

Day Pitney LLP – Katharine A. Coffey, C. John DeSimone, III, Peter J. Wolfson, Stephen R. Catanzaro and Erin Hodgson

July 6 2023

JPMorgan Sued by American Dream Mall Builder for Unpaid Work.

- **Bank provided construction loan and backstopped payments**
- **PCL Construction Services is seeking more than $30 million**

The construction manager for the beleaguered American Dream mall and entertainment complex in New Jersey's Meadowlands is suing JPMorgan Chase & Co. to recover more than $30 million of unpaid work and accrued interest for the project.

Denver-based PCL Construction Services alleges JPMorgan, which arranged a construction loan and serves as administrative agent for American Dream's developer, Amercam, is obligated to pay the bill if the developer doesn't, according to the lawsuit filed June 15 in a New York federal court.

"Amercam is now in financial distress," PCL Construction Services said in the lawsuit. "Agent now has a contractual obligation to advance the amounts due and owing that Amercam failed to pay as they became due. Yet, agent has failed to do so."

Continue reading.

Bloomberg Markets

By Martin Z Braun

June 20, 2023

Swarthmore Leverages Its Rare AAA Rating to Borrow for Campus Renovations.

- **College will issue $125 million of municipal bonds Thursday**
- **Funds will be used to refinance debt, campus improvements**

Swarthmore College is expected to tap the $4 trillion municipal bond market for more than $125 million of debt, hoping to lure buyers with its top-tier credit rating.

The Swarthmore Borough Authority will issue tax-exempt bonds in a competitive auction Thursday. The proceeds will fund capital projects on the Pennsylvania campus and will be used to refinance outstanding debt, according to preliminary bond documents. Improvements include the renovation of Martin Hall, an academic building that houses the school's computer science and media studies departments.

Both Moody's Investors Service and S&P Global Ratings granted Swarthmore their highest rating of AAA, a rare distinction among colleges. S&P currently designates 29 of about 450 colleges and universities as AAA, the company said. Other educational institutions that boast the rating include the nation's wealthiest schools like Harvard University, Yale University and the University of Texas.

Continue reading.

Bloomberg Markets

By Jordan Fitzgerald

June 21, 2023

Florida Sells Bonds to Backstop Its Homeowner's Insurance Industry.

- **The $600 million bond sale is the first of its kind since 1993**
- **Insurers had to close after Hurricane Ian, deluge of lawsuits**

A Florida state agency is selling municipal bonds to backstop the state's homeowner's insurance industry after a surge of claims and litigation drove some insurers to shutter.

The Florida Insurance Guaranty Association, which handles the claims of insolvent insurers, plans to borrow $600 million of bonds, according to preliminary offering documents. It is the first time in three decades the agency has tapped the municipal bond market to help support insurance claims.

The borrowing provides the agency with needed liquidity. "Our funding sources are somewhat limited," said Corey Neal, FIGA's executive director.

Continue reading.

BLoomberg CityLab

By Nic Querolo

June 26, 2023

Bank of America Seeks Texas Muni Revival After Two-Year Halt.

- **Bank had suspended underwriting in state due to GOP law**
- **Letter sent to AG's office says BofA plans to resume business**

Bank of America Corp. is seeking to resume its municipal-bond underwriting in Texas after a nearly two-year pause because of a Republican-backed law targeting banks over their gun policies, according to public records obtained by Bloomberg.

Bank of America, the nation's biggest muni underwriter, hasn't managed debt sales by Texas or its cities since two GOP measures went into effect in September 2021. One of the laws, known as Senate Bill 19, bars governmental entities from working with companies that "discriminate" against firearm entities.

The legislation caused a major pullback of Texas business by Bank of America and other Wall Street banks that have restrictions on dealings with gun companies. In 2018, Bank of America said it would stop making new loans to companies that make military-style rifles for civilian use. That policy remains in place.

The bank intends to continue its work with clients in Texas, a lawyer for Bank of America wrote in a May 17 dated letter to Texas Attorney General Ken Paxton and Leslie Brock, who leads the office's public finance division.

"Even though BoA had suspended entry into any contracts requiring the SB 13 and 19 verifications, we believe BoA can appropriately make such written verifications based on an application of its current risk-based framework and policies," the letter said.

A spokesperson for Bank of America declined to comment. The Texas Attorney General's Office did not respond to a phone call requesting comment.

Paxton was impeached and suspended by the Republican-dominated House of Representatives in late May. Former Texas Secretary of State John Scott was named the state's interim attorney general.

Aside from the firearms legislation, a separate Texas law restricts certain public contracts with financial companies that boycott the energy industry. The Texas Comptroller's office has released a list of companies that it considers to do so, and Bank of America isn't on that list.

The lawyer at Foley & Lardner LLP, Ed Burbach, said in a separate email to the Attorney General's office that the bank is not on that list, nor does it discriminate against a firearm entity or firearm trade association. Burbach did not immediately respond to a phone call requesting comment.

The letter did say that the bank generally considers the firearms industry as "high-risk, with clients subject to a heightened due diligence requirement." Because of that, the bank avoids certain business transactions based on "traditional business reasons."

The letters and emailed correspondence were obtained via public records request.

"BoA has longstanding business relationships with public and private entities operating in Texas, including many energy sector participants and firearms industry participants," the letter said. "BoA anticipates continuing such relationships into the future. These commercial relationships are extremely important to BoA, its clients, and counterparties in Texas."

Other banks initially affected by the GOP laws have sought to revive their public finance businesses in the state. In January, the Texas Attorney General's Office said it wouldn't approve state or local debt deals managed by Citigroup Inc. JPMorgan Chase & Co., meanwhile, has underwritten Texas muni deals this year.

Bloomberg Markets

By Amanda Albright

June 27, 2023

[Fitch: Puerto Rico's 2021 Audit Release a Key Administrative Step]

Fitch Ratings-San Francisco/New York-21 June 2023: Puerto Rico's recent release of its fiscal 2021 audited basic financial statements indicates improved administrative capacity, according to Fitch Ratings. The commonwealth has also improved on the reliability, robustness, timeliness and accessibility of other supplementary information. Puerto Rico's ability to sustain improved budgetary, financial, and economic collection and reporting capabilities is a key component of any reasonable investigation Fitch would undertake in forming a credit view.

The June 12 release of Puerto Rico's fiscal 2021 audit (year-ended June 30) is a key component of the commonwealth's push to bring disclosures current following the restructuring of most of its debt in recent years. This follows fiscal 2019 and 2020 audits releases in Q2 and Q4 of 2022, respectively. The commonwealth anticipates publishing its fiscal 2022 audit by Q3 2023, and achieving a one-year audit lag with publication of its fiscal 2023 audit in Q2 2024.

A one year timeline would be a marked improvement for the commonwealth, but still lag peers in the municipal market. A recent study of release dates for annual comprehensive financial reports (ACFR's) by the University of Illinois, Chicago's Government Finance Research Center (UIC-GFRC) and Merritt Research Services found the median release time across the municipal market was 164 days for fiscal 2020. The National Association of State Comptrollers reports that for U.S. states, the average release time was 228 days for fiscal 2021. The median audit timeline for municipal governmental bond sectors has grown from 147 days in 2009 to 164 in 2020, according to the UIC-GFRC and Merrit Research Services study.

Anecdotally, several governments have reported to Fitch that pandemic disruptions, including steep declines in state and local government employment in 2020, contributed to longer audit timeframes. State and local government employment has since recovered, although it is still down slightly relative to 2019 averages.

Habitually delayed publication of audited financial reports beyond 270 days past the end of the fiscal year can indicate management weakness. GAAP-based financial reports are an objective and important source that Fitch and other market participants typically rely on to understand a government's financial performance. They provide a set of financial statements that comply with accounting requirements established by the Governmental Accounting Standards Board (GASB) and audited by an independent auditor using generally accepted accounting principles.

Audited financial statements present an official account of a government's financial condition for the last fiscal year, comparing it to prior fiscal years, and some include management discussion and analysis of the results.

When financial audits are delayed, Fitch typically relies on additional municipal transparency to perform its forward-looking analyses and continue assessing creditworthiness. Such transparency may include unaudited actuals, periodic revenue and expenditure budget performance reports, clear budget documents, economic reportage and forecasting, and other disclosures.

Puerto Rico officials attribute the establishment of a timelier audit release schedule to post-PROMESA reform efforts executed in concert with the Oversight Board. Major commonwealth reforms include stronger budgetary policies, institutional budgetary reforms, wholesale modernization of financial collection and reporting systems, civil service reforms, and stronger internal controls. Together, these initiatives greatly bolster transparency and accountability, allowing external parties greater insight into major factors of the commonwealth's credit quality.

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Additional information is available on www.fitchratings.com

Los Angeles, California: Fitch New Issue Report

Key Rating Drivers Strong Security Resilience: Pledged revenues are resilient to cyclical revenue declines. Even assuming leverage to 2.0x, maximum annual debt service (MADS) coverage from the current 8.2x, the structure can easily absorb a revenue decline expected to result from a moderate recession scenario. The strong resilience assessment also considers the city's ability to raise the fee to the level needed to cover debt service and operational costs. Stagnant Natural Revenue Growth Prospects: The prospects for natural revenue growth (absent fee increases) are limited to new residential property development within the largely built-out city. There is no ratepayer concentration risk. Capped at City's IDR: Fitch does not assume that the SWR fee and other pledged revenues would be considered special revenues in the unlikely event the city declared bankruptcy. Therefore, Fitch caps the rating at the city's IDR of 'AA'/Outlook Stable.

ACCESS REPORT

Thu 22 Jun, 2023

State of Georgia: Fitch New Issue Report

Revenue Framework: 'aaa': Georgia's revenues, primarily comprising income and sales taxes, will continue to reflect the breadth of the economy and its solid long-term growth potential. The state has complete control over its revenues, with an essentially unlimited legal ability to raise operating revenues as needed, despite constitutional limitations on the individual income tax rate. Expenditure Framework: 'aaa': Consistent with most states, expenditure growth in Georgia is likely to marginally exceed revenue growth over time. Carrying costs for long-term liabilities are low but slightly above average for a U.S. state. Georgia retains broad expense-cutting ability. Medicaid is a key expense driver, but Fitch expects the state will continue to successfully manage it to contain expense growth. Long-Term Liability Burden: 'aaa': Georgia's long-term liability burden is low, and overall debt management is conservative. The state regularly issues bonds for capital needs and principal amortization is rapid. Georgia fully funds its actuarially determined contributions (ADCs) for pensions supporting a modest net pension liability (NPL) burden.

ACCESS REPORT

Fri 23 Jun, 2023

Austin ISD Launches New Website for Potential Bond Investors.

AUSTIN, Texas, June 14, 2023 /PRNewswire/ — Austin Independent School District (Austin ISD) today announced its new website for financial information, AustinISDInvestorRelations.com. The new site, created in partnership with BondLink, will make the district's financial information more readily available for the community and potential bond investors, in preparation for Austin ISD's upcoming bond sale.

In November 2022, Austin voters overwhelmingly approved Austin ISD's $2.4 billion bond package, the largest ever in Central Texas. Bond projects will modernize Austin schools and increase security for students and staff.

Austin ISD is the eighth-largest school district in Texas, serving over 73,000 students in 116 diverse school communities. It is also the first district in the state of Texas to have a AAA rating, the strongest possible, from two separate rating agencies: KBRA and Moody's. The AAA rating indicates the lowest risk of default. It also ensures that Austin ISD will get the lowest interest rates when taking on debt, which saves taxpayers money.

"Austin ISD is committed to credit quality and strong relationships with our investors and our community," said Eduardo Ramos, Chief Financial Officer at Austin ISD. "Through the launch of our new investor relations website with BondLink, we aim to communicate directly with more investors and maintain transparency with our community, while finding new opportunities to enrich our students' education."

BondLink, the cloud-based investor relations and debt management platform for the municipal bond market, helps issuers like Austin ISD provide a single location for accessing data and documents detailing their financing programs' credit features. BondLink collaborates with other school districts across the U.S., including Ft. Worth Independent School District (TX), and Washington Elementary School District (AZ)

Colin MacNaught, CEO and co-founder of BondLink, expressed his enthusiasm for the partnership, saying, "Austin ISD is setting a great example for financial transparency for school districts across the country. Through this collaboration, we look forward to working closely with their finance team to enhance their investor relations strategy. Other ISDs can take note of this leadership and start thinking about how they can elevate their finance programs, particularly in today's choppier market."

For more information about the Austin ISD's new transparency initiative and upcoming bond sales, please visit AustinISDInvestorRelations.com.

Local Taxpayers Could Be On the Hook for the A’s Stadium.

I rarely disagree with the Review-Journal’s view, but promoting the new Oakland A’s stadium by saying that there will be no new taxes is deceptive (June 9 editorial).

The legislation provides the team with $380 million in tax credits from the state, along with county-issued bonds and infrastructure. Tax credits allow the entity to not pay taxes that would normally be paid. And issuing county bonds does cost the taxpayer money. Municipal bonds are debt securities issued by state and local governments. They are loans that investors make to government. In this instance it is being used to help fund the building of a MLB stadium. According to the U.S.Security and Exchange Commission, the issuer, (Clark County) has the power to tax residents to pay the bondholders.

The road infrastructure for the new ball park also comes from taxes we citizens pay.

Continue reading.

Las Vegas Review-Journal

Michael O. Kreps

June 17, 2023

A’s Public Financing Lacks Public Scrutiny.

Does anyone else feel like the “the public” didn’t get much of a say in whether or not we finance a new ballpark somewhere along the Strip?

Even as the legislature began its second week of the special session to give the Oakland A’s a truckload of “public financing,” almost none of the process had been terribly open to the public. The clandestine nature of backroom deals that defined the special session is the type that generally doesn’t instill confidence the interest of the public good is being prioritized above all else.

Judging by the testimony submitted by the public, Nevadans aren’t exactly leaping with joy over the passing of the bill. More than 80 percent of public testimony had been in opposition.

Continue reading.

The Nevada Independent

by Michael Schaus

June 18th, 2023 at 2:00 AM

How the A’s Stadium Revenue ‘Waterfall’ Will Repay Public Funds.

As the Oakland A’s pitched state lawmakers on contributing up to $380 million in public financing for a new $1.5 billion baseball stadium in Las Vegas, one word kept coming up: “waterfall.”

Bill supporters and lawmakers aren't talking about natural river formations or TLC's smash 1996 hit — waterfall in this context refers to a funding mechanism where tax revenue generated inside the stadium goes toward paying back public bonds, filling up reserve funds to backstop the bonds and more in a prioritized order.

But how does that waterfall actually work?

Under the legislation (SB1) — which the Legislature approved Wednesday and awaits Gov. Joe Lombardo's signature — the stadium would sit in a "sports and entertainment improvement district" created by Clark County commissioners. Tax revenues generated within that district would be pooled together to pay off the public funding for the stadium, a concept known as "tax-increment financing" (TIF), also known in this case as a "mega-TIF" because it would use all tax revenues and fees generated within the district.

Continue reading.

The Nevada Independent

by Sean Golonka, Tabitha Mueller & Jacob Solis

June 15th, 20

Governor Signs Public Funding Bill for New Athletics Stadium in Las Vegas.

RENO, Nev. — Nevada Gov. Joe Lombardo signed into law a $380 million public financing package to help build a Major League Baseball stadium for the Oakland Athletics on the Las Vegas Strip as MLB's commissioner outlined a months-long approval process for the A's proposed move there.

The first-term Republican governor and former sheriff in Las Vegas said he was excited to sign the measure the Democrat-controlled Legislature approved after a seven-day long special session.

"This is an incredible opportunity to bring the A's to Nevada," Lombardo said in a statement from Carson City.

The $1.5 billion stadium with a retractable roof is planned near the homes of the NFL's Vegas Raiders, who fled Oakland in 2020, and the NHL's Golden Knights, who won the Stanley Cup this week in just their sixth season.

"This legislation reflects months of negotiations between the team, the state, the county, and the league," Lombardo said. "Las Vegas' position as a global sports destination is only growing, and Major League Baseball is another tremendous asset for the city."

Baseball Commissioner Rob Manfred outlined the review process of the A's proposed relocation during a news conference hours earlier at a meeting of owners in New York. With a capacity of 30,000, the stadium would be MLB's smallest.

Manfred said the team must submit a relocation application explaining its efforts in Oakland and why Las Vegas is a better market. A relocation committee will define the new operating territory and television territory. It will then make a recommendation to Manfred and the eight-man executive council. The executive council formulates a recommendation to all clubs, which must approve the move by at least three-quarters vote.

The team said in a statement the Nevada governor's signing of the funding package was "a significant step forward in securing a new home for the Athletics."

"We will now begin the process with MLB to apply for relocation to Las Vegas," the statement said. "We are excited about Southern Nevada's dynamic and vibrant professional sports scene, and we look forward to becoming a valued community member through jobs, economic development, and the quality of life and civic pride of a Major League Baseball team."

The $380 million in public funding would mainly come from $180 million in transferable tax credits and $120 million in county bonds. Backers have pledged that the creation of a special tax district around the proposed stadium would generate enough money to pay off those bonds and interest. The plan would not directly raise taxes.

The plan had revived the national debate over public funding for private sports clubs. A's representatives and some Nevada tourism officials have said the measure could add to Las Vegas' growing sports scene and act as an economic engine. But a growing chorus of economists and some lawmakers have warned that such a project would bring minimal benefits when compared to the hefty public price tag.

Opposition came from both sides of the aisle, especially in northern and rural Nevada several hundreds of miles away from Las Vegas.

"No amount of amendments are going to change the fact we are giving millions of public dollars to a billionaire," Assemblywoman Selena La Rue Hatch, a progressive Democrat from Reno, said during the debate.

"Using taxpayer money on pet projects instead of private capital is socialism," said Republican Sen. Ira Hansen, from neighboring Sparks.

But backers said in addition to creating 14,000 construction jobs and permanent jobs subject to collective bargaining, Major League Baseball on the Las Vegas Strip will build on the excitement surrounding the Raiders, the Golden Knights and the WNBA's Aces in a city that had no major professional sports before 2016.

"With the Aces winning a national championship last year and the Golden Knights securing the Stanley Cup just last night, it is clear Las Vegas is clearly becoming the entertainment and sports capital of the world," said Democratic Assemblywoman Shea Backus, from Las Vegas.

Associated Press

Thu, Jun 15, 2023

Los Angeles County, California: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'aa': The county's revenues demonstrate limited volatility, reflecting the size and maturity of the economy and tax base, which retains a large Proposition 13 cushion. Growth prospects for revenues are solid. The county's independent legal ability to raise revenues is restricted by state law but is satisfactory since it has control over fees and charges for services. Expenditure Framework: ‘aa’: Fitch expects expenditure growth to be marginally above future revenue growth in the absence of policy action. The county continues to enjoy solid expenditure flexibility, although policy changes and potential litigation outcomes could somewhat constrain that flexibility in the future. Pension and other post-employment benefit (OPEB) obligation contributions have been ramped up to pay down significant liabilities; however, such payments have remained a relatively stable percentage of spending in recent years. Long-Term Liability Burden: ‘aa’: The county’s long-term liability burden for debt and pensions is moderately low relative to total personal income. The majority of debt is issued by overlapping jurisdictions. Operating Performance: ‘aaa’: The county demonstrates an ongoing commitment to support a strong financial cushion. This cushion is aided in part by the DHS’s stable/solid financial position, which is supported by a five-year extension of full reimbursement for certain safety net hospital costs. The county, which has superior gap-closing capacity, is very well positioned to address economic downturns.

ACCESS REPORT

Tue 06 Jun, 2023

Louisiana Connected And The City Of Mansfield Announce Partnership To Design, Build And Operate A Fiber-Based Municipal Broadband System: Orrick

The Company
Louisiana Connected, a technology company that was created during the COVID-19 pandemic to address the systemic broadband blight in rural and urban Louisiana, and the city of Mansfield, are pleased to announce a partnership allowing the company to construct a fiber optic network that will deliver high-speed internet service directly to the homes and businesses in this Northwest Louisiana town.

The Impact
The Mansfield City Council, on May 22, 2023, voted unanimously on a Binding Memorandum of Understanding (MOU) with Louisiana Connected to design, build and operate the fiber-based broadband municipal system.

Louisiana Connected will fully-fund the multimillion-dollar construction and operation of the Mansfield network with private capital.

“Since the pandemic, I have worked alongside the City Council to fulfill the desire of many residents for efficient broadband in the city,” said Mayor Thomas Jones. “I am excited to be on track with my goal to deliver on that strategic plan and look forward to a collaborative partnership with Louisiana Connected going forward.”

“We applaud Mayor Jones and the City Council’s leadership whose vision for world-class internet infrastructure for Mansfield made this announcement possible,” said Donnette Dunbar, CEO of Louisiana Connected. “We are grateful for the City of Mansfield’s support and look forward to providing them with a network that will support their goals for growth and prosperity.”

The Team
An Orrick team led by Charles Cardall negotiated the Binding MOU, which came on the heels of a five-month state-required feasibility study so the city could receive complete cost estimates for the

system’s buildout as well as identify the neighborhoods with broadband deficit.

“Internet access has become as critical for learning, business and health as electricity and gas for basic living,” said Charles. “Data shows 42 million Americans still have no access to broadband and millions more have low level connections, which is why Orrick is excited to apply our expertise to get these communities online and unlock the myriad social and economic benefits that emerge with improved digital equity.”

Learn More
Louisiana Connected

June.06.2023

Frederick Health Hospital, Inc., Maryland: Fitch New Issue Report

Revenue Defensibility: ‘bbb’; Dominant Market Share in Growing Service Area: The midrange revenue defensibility reflects FH’s dominant market share of about 70% in an economically diverse and growing service area. Its market position is relatively secure due to the regulated nature of MD healthcare including certificate of need programs. FH focuses on its core service lines including cardiology, oncology neurology and women’s health and does not provide trauma, open heart or transplant, so there is some outmigration to surrounding academic medical centers. FH’s solid market share is supported by an expanding outpatient footprint including the cancer center completed in 2017 and the recent critical care expansion including the ICU and emergency department. Under Maryland’s Global Budget Review (GBR) program, annual revenue is allocated to hospitals for regulated service lines and is determined and known before the start of each year and adjusted annually for changes in market share, services provided and population growth. Approximately 70% of FH’s revenues fall under Maryland’s all payor system, which provides predictable revenue streams but may create a lag in reimbursement in a rapidly growing service area, such as FH’s, and in the case of unpredictable utilization patterns, as was the case during the pandemic.

ACCESS REPORT

Tue 13 Jun, 2023

Sarasota County, Florida: Fitch New Issue Report

The ‘AAA’ Issuer Default Rating (IDR) and general obligation (GO) bond rating reflect the county’s superior gap-closing and low long-term liability burden. The county’s independent legal revenue raising ability, solid expenditure control and conservative budgeting practices provide the county with a considerable ability to maintain a high level of financial flexibility throughout economic cycles.

ACCESS REPORT

Mon 12 Jun, 2023

University of Texas System: Fitch New Issue Report

Revenue Defensibility: ‘aaa’: Very Strong Demand; Consistent Revenue Diversity: The University of Texas System’s (UTS) ‘aaa’ revenue defensibility assessment is supported by exceptionally strong underlying market characteristics and solid enrollment as Texas’s public research flagship university system. Overall revenue stability benefits from a solid enrollment niche, diverse multi-facility healthcare operations, strong fundraising, a deep research base, historically stable state operating support and substantial endowment income. Operating Risk: ‘aa’: Consistently Solid Cash Flow Margins: The ‘aa’ operating risk assessment reflects UTS’s solid cash flow margins, which average in excess of 20%. The assessment further reflects strong capital fundraising and state debt service support of designated capital projects. Financial Profile: ‘aaa’: Resilient Liquidity; Very Strong Leverage Metrics: UTS’s ‘aaa’ financial profile is supported by very low leverage ratios, as measured by available funds to debt, which remain solidly within the rating category through Fitch’s modeled stress scenario that incorporates both an operating revenue stress and a market-driven investment downturn.

ACCESS REPORT

Sacramento Municipal Utility District, California (Electric): Fitch New Issue Report

The ‘AA’ rating reflects the Sacramento Municipal Utility District’s (SMUD) very strong and stable financial profile in the context of its ‘aa’ revenue defensibility assessment and ‘a’ operating risk assessment. The ‘aa’ financial profile is expected to persist over the medium term, with leverage, calculated as net adjusted debt to adjusted funds available for debt service, remaining between 5.0x and 6.0x and supportive of the rating. Higher than anticipated costs from the implementation of SMUD’s ambitious 2030 Zero Carbon Plan, adopted in April 2021, could occur as energy purchases from clean technology increase. However, Fitch Ratings anticipates that costs will be recovered in a timely manner to preserve the utility’s financial profile, or the target date would be delayed if costs are significantly higher than anticipated, given SMUD’s focus on affordability and reliability to guide the pursuit of its 2030 goal.

ACCESS REPORT

Iowa Finance Authority: Fitch New Issue Report

Key Rating Drivers Sound Financial Structure: Fitch’s cash flow modeling demonstrates that the resources of Iowa Finance Authority’s (IFA, or the authority) combined CWSRF and DWSRF programs (together, the program) are sufficient to withstand hypothetical pool defaults in excess of Fitch’s ‘AAA’ liability rating stress hurdle, as produced using Fitch’s Portfolio Stress Model (PSM). Surplus annual loan repayments and pledged reserves primarily provide this loss protection. Above-Average Pool Diversity: Fitch views the program’s pool diversity as above-average, driven by the large number of borrowers (more than 750 obligors). The top 10 borrowers represent a low 36% of the pool total and the largest single borrower represents a moderate 14% of the pool. Largely Unrated Portfolio: Overall, IFA’s pool quality is below average in comparison to similar programs

Fitch rates, as more than three-quarters of the loan portfolio does not carry a public rating. To mitigate this risk, Fitch's PSM conservatively assumes unrated borrowers to be of sub-investmen--grade quality (BB). Effective Program Management: IFA and the Iowa Department of Natural Resources (DNR) jointly manage the program following underwriting and loan monitoring procedures set forth by the MTA. The program has not experienced a default of any pledged borrower to date.

ACCESS REPORT

Orlando Utilities Commission, Florida: Fitch New Issue Report

The 'AA' Issuer Default Rating and rating on Orlando Utilities Commission's (OUC) utility system revenue bonds reflects the utility's very low leverage in the context of very strong revenue defensibility and operating risk, which are both assessed at 'aa'. OUC's revenue defensibility is anchored by the provision of monopolistic electric and water utility services to a very favorable and growing service area, as well as the independent ability to raise rates without regulatory oversight. OUC's operating cost burden is historically very low. However, elevated gas prices in 2022 drove operating costs to 11.11 cents/kWh from 9.04 cents/kWh in 2021. Natural gas accounts for 65% of OUC's energy generation; sustained elevated operating costs could negatively affect OUC's very strong operating risk assessment. OUC's financial profile and leverage ratio, measured as net adjusted debt to adjusted funds available for debt service remained very strong in fiscal 2022, when recorded leverage was a very low 4.3x. Total operating expenses increased 22% yoy, while purchased power expense nearly doubled yoy, totaling $86.6 million in fiscal 2022. Operating margins remained strong as the utility's fuel charge pass-through increased revenues and recovered higher fuel costs. Fitch Ratings expects OUC will continue to demonstrate strong operating performance while incorporating additional capital spending to reach long-term carbon-emission goals.

ACCESS REPORT

Fri 02 Jun, 2023

S&P Charter School Brief: Tennessee

View the Brief.

1 Jun, 2023

California Pension Bill Seeks $15 Billion Divestment.

The California state Senate approved a bill that would force the country's two largest pensions to divest an estimated $15 billion from oil and gas companies, a measure opposed by the funds' managers.

The measure, which passed in a 23-10 vote on Thursday, requires the California Public Employees'

Retirement System and the California State Teachers Retirement System to empty their assets of large oil and gas companies by 2031 and halt any new investments by 2024.

The bill now heads to the Assembly, where similar legislation died last year after approval by the Senate.

The proposal highlights key divisions among California's Democratic supermajority as lawmakers' tough stance on climate change clashes with concerns that divestment will threaten the financial health of municipalities burdened with millions of dollars in pension fund liabilities. It also contrasts with efforts by Republican-led states like Florida and Texas to limit funds from making investment decisions based on environmental, social and governance issues.

"Senate Bill 252 would do nothing to combat the dangers of climate change," Calpers Chief Executive Officer Marcie Frost said in a statement. "Its only impact, at least in the short term, would be to make it that much harder to achieve the investment returns needed to pay the benefits promised to Calpers members."

Calpers said it uses its investments to push for climate change issues at large companies. The pensions say divestment would also increase risk by reducing their portfolio's diversification.

But Senator Lena Gonzalez of Los Angeles County, the bill's author, said the legislation's eight-year divestment timeline is sufficient to achieve the goals without harming returns.

"You've been engaging for decades with companies and they haven't done anything," said Gonzalez. "Clearly their strategy isn't working."

The bill has also splintered California's powerful labor interests. Unions representing firefighters and construction trades are against the measure, while a major teachers' union and the California Nurses Association support it.

Calpers and Calstrs manage a combined $822.6 billion in assets. The funds are under pressure to provide an investment return rate of 6.8% and have in recent years turned to private equity to boost returns.

Proponents of the bill say the pension funds' continued investment in the oil and gas sector flout California's goal of reaching net zero carbon emissions by 2045.

Bloomberg Politics

By Eliyahu Kamisher

May 26, 2023

Rural California Hospital's Bankruptcy Highlights Industry Strains.

- **California's San Benito Health Care District filed Chapter 9**
- **Nine rural hospitals in state closed since 2005, report says**

In yet another sign of the increasing financial stress facing US hospitals, a public health care operator in California has filed for bankruptcy protection.

San Benito Health Care District in Hollister filed for Chapter 9 bankruptcy on Tuesday, citing labor costs, a years-long shortage of working capital and a $5.2 million overpayment from Medicare it had to return, the court filing said. The Chapter 9, which is filed by municipalities and public entities, is rare compared to other bankruptcy filings used by corporations and individuals.

The move allows the district to address excessive health-care costs for its workers and find a partner or buyer, a press release prior to the filing said. The district operates the 25-bed, 116-year-old Hazel Hawkins Memorial Hospital and a handful of specialty and rural health clinics and nursing homes.

[Continue reading.]

Bloomberg

By Lauren Coleman-Lochner

May 24, 2023

[Fitch: California Revenue Shortfall Consistent with Historical Volatility]

Fitch Ratings-New York/San Francisco-25 May 2023: California's deteriorating revenue forecast reflects the high sensitivity of the state's tax revenues to changing economic conditions, which is a fundamental characteristic of its credit profile, says Fitch Ratings. California (Issuer Default Rating 'AA'/Stable) benefits from strong financial resilience and prudent fiscal management since the 2008-2009 Great Recession. Fitch anticipates the state will respond to the lower available tax revenues with sustainable actions that support ongoing structural budget balance.

The May Revision to Governor Newsom's fiscal 2024 budget proposal assumes revenues will be $31.5 billion lower for fiscal years 2022-2024 than was assumed when the fiscal 2023 budget was enacted in June 2022. Fiscal 2023 general fund revenues, prior to transfers, are forecast to be $16.7 billion (7.5%) lower than the June 2022 estimate and down 7.7% yoy. Forecast fiscal 2024 general fund revenues of $206.6 billion, prior to transfers and solutions, are $26.8 billion (11.5%) lower than the June 2022 estimate but still well above pre-pandemic fiscal 2019 levels of $144.5 billion.

The lower revenue forecast is driven largely by weakness in the personal income tax (PIT), with slowing economic conditions and technical factors playing important roles. The PIT is highly sensitive to economic changes, and the forecast reflects slower economic growth after the very rapid pace of growth immediately following the pandemic recession. The governor's economic assumptions assume a stronger rebound in national GDP growth than does Fitch's economic outlook, leaving the state's revenue forecast susceptible to downside risk. Additionally, the state Legislative Analyst Office's (LAO) assessment of the May Revise suggests a more pessimistic outlook with the fiscal 2022-2024 forecast an additional $11 billion below the Governor's estimate.

California's pass-through entity (PTE) elective tax and the deferral of tax deadlines in a number of counties add uncertainty. The PTE elective tax allows business owners to work around the federal cap on state and local tax deductions by combining corporate income tax payments and personal income tax credits. The department of finance (DOF) estimates nearly 10% of general fund revenues before transfers from fiscal 2022-2024 will be PTE elective tax payments. The mix of payments and credits with unpredictable timing complicates revenue forecasting.

Following severe winter storms, the state deferred tax deadlines for individuals and businesses in 55 counties, representing 99% of the state's population, from April to October 2023. The state estimates the deferral will shift $40 billion of its tax revenue from the current into the next fiscal year, while acknowledging the difficulty in crafting an estimate given the lack of clarity on potential taxpayer behaviour. Fitch considers the state's liquidity cushion ($109 billion including $91 billion in borrowable resources as of April 30, 2023) more than adequate to address cash flow implications.

The May Revision addresses the lower revenue forecast by tapping resilience built into the fiscal 2023 and previous budgets without dipping into the budget stabilization account (BSA) or taking deep cuts to ongoing spending. Prior budgets enhanced resilience by reducing budgetary and other debt, limiting growth in ongoing spending, applying non-recurring revenues to one-time spending including for capital investment rather than debt issuance, placing revenue triggers on new programs, and building reserves.

The bulk of the Governor's proposed budget balancing actions involve some form of spending reduction, including funding delays, reduced one-time spending, spending shifts from the general fund to other funds, and trigger reductions that can be restored if the revenue picture improves. The Governor is also proposing to renew and increase a managed care organization tax that is expected to raise $3.4 billion. The May Revise includes a modest withdrawal of $450 million of the $900 million balance Safety Net Reserve but does not touch the larger $22.3 billion BSA, and adds to the Public School System Stabilization Account, bringing its total to 10.7 billion, leaving these reserves available to address further revenue deterioration.

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Additional information is available on www.fitchratings.com

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

The 'AA–' rating reflects Los Angeles Department of Water & Power's (LADWP) very strong financial profile in the context of a large and diverse retail customer base, very strong revenue defensibility characteristics, increasing operating costs and a large capital plan. LADWP is in the process of redesigning its overall power supply portfolio to comply with state and local requirements to increase renewable energy resources and supply 100% carbon-free energy to retail customers by 2035. The rating analysis does not incorporate full potential costs related to the power supply conversion because the utility's strategic plan to reach the target and the total costs are not yet fully identified. Fitch expects a final plan in 2023, but additional costs in the capital improvement plan (CIP) are not expected to be materially incurred over the five-year CIP.

ACCESS REPORT

Fri 26 May, 2023

Marin City Apartment Complex Opponents File Suit to Block Bonds.

Opponents of a 74-apartment, five-story development at 825 Drake Ave. in Marin City have filed a lawsuit to block the issuance of bonds needed to finance the project.

The suit was filed on May 18 by Save Our City, an advocacy group, and the group's co-founder, Marilyn Mackel, a Marin City Community Development Corp. board member and a former court commissioner in Los Angeles County.

The suit seeks an order invalidating the Marin County Board of Supervisors' decision on March 21 to approve the issuance of the revenue bonds by the California Municipal Finance Authority.

The authority is a joint powers agency of 350 California counties, cities and special districts that assists local governments, nonprofits and businesses with the issuance of taxable and tax-exempt financing. Marin County is one of the authority's members.

Under federal law governing tax-exempt financing, a government whose territory includes the location of the project had to approve the bonds. As a result, only Marin County or the state could provide the necessary approval.

The supervisors voted 3-2 to approve issuance of the bonds, with Stephanie Moulton-Peters and Eric Lucan casting the dissenting votes. Save Our City's lawsuit alleges that the supervisors who voted in favor of issuance "cast their votes based on incorrect understanding of the nature and extent to their authority to approve or disapprove the project."

"All three of these supervisors," the suit states, "expressed their understanding that they could not lawfully vote to disapprove the proposed tax-exempt bond financing for the project on their own substantive objections to the project arising from features of the project that are detrimental, or that these supervisors considered detrimental, to the community."

The defendants named in the suit are Marin County, the county supervisors, the California Municipal Finance Authority and the developers, Pacific West Communities and Affordable Housing Land Consultants.

"We have not yet seen the lawsuit," County Counsel Brian Washington wrote in an email. "As required by SB 35, the county ministerially approved the 825 Drake Project without the Board of Supervisors being allowed to be part of the decision-making process. It will be the developer's obligation to defend any lawsuit challenging the project."

Supervisor Dennis Rodoni said also he had not seen the suit and declined to comment. Supervisors Katie Rice and Mary Sackett did not respond to a request for comment. The developers did not respond to requests for comment.

Mackel said Monday that Save Our City has more than 100 people on its mailing list and has been meeting since October. She said the legal costs associated with the lawsuit are being covered by an anonymous donor.

“Safety issues are the primary concern we’re focusing on,” Mackel said, “although there are many, many others.”

Bettie Hodges, another Save Our City co-founder and director of the Hannah Project Partnership for Academic Achievement, said, “The streets are extremely narrow. There is limited parking, which will create congestion. There is concern among residents that emergency vehicles will have limited access.”

Because of Senate Bill 35, the project was approved without review by the Marin County Planning Commission or environmental analysis under the California Environmental Quality Act. The law, intended to streamline housing development to address California’s severe housing shortage, mandates a ministerial approval process for projects proposed in jurisdictions that have failed to create their state-mandated quota of housing.

Hodges said a high percentage of Marin City’s housing is already affordable or subsidized by the government, so if Marin City were a separate jurisdiction it would be exempt from SB 35.

One of the few requirements that developers face under SB 35 is to make a certain percentage of their residences affordable to households making below 80% of the area median income. Depending on the circumstances, the requirement can range from a maximum of 50% to a minimum of 10%.

Under SB 35, the developer of 825 Drake Ave. is not required to provide any parking, since the site is located within a half-mile of a Marin Transit bus stop. If not for SB 35, the county would have required two parking spaces per dwelling.

Mackel said another big concern of Save Our City is the effect the project will have on Village Oduduwa, a low-income seniors complex, which it will abut.

“The seniors will have no sunlight,” Mackel said.

Other safety concerns include the fact that the project will be located in a state-designated high fire hazard zone at heightened risk to wildfires in the summer, and in an area prone to flooding in the winter with just one road in and out of the community.

The controversy over the project grew more intense following the March 21 hearing on the bonds. Alexis Gevorgian, who had been the spokesperson for the project, said that 16 of the apartments would be reserved for four-person households earning $49,800 per year or less; eight for four-person households earning no more than $83,000; and 29 for four-person households earning no more than $99,600. Twenty of the apartments would be affordable to four-person households earning up to $116,200.

Hodges questions whether the developer is committed to those numbers.

“I think those ranges are aspirational,” she said.

The Marin Housing Authority is allocating vouchers to the project so 25 households will be guaranteed to pay no more than 30% of their income for rent.

During the March hearing, Kimberly Carroll, director of the Marin Housing Authority, also said the apartments will provide options for residents of Golden Gate Village who are being forced to move because their family size has diminished and there are no appropriately sized apartments available in the neighborhood.

Marin Independent Journal

By RICHARD HALSTEAD | rhalstead@marinij.com | Marin Independent Journal

PUBLISHED: May 25, 2023

New York City, New York: Fitch New Issue Report

The 'AA' Issuer Default Rating (IDR) and GO bond ratings reflect New York City's exceptionally strong budget monitoring and controls, supporting our high assessment of operating performance. Federal stimulus aid has relieved fiscal pressure, which would have otherwise resulted from the city's lagged economic recovery, and supported structural budgetary balance. However, the record revenue performance and strong recovery from the pandemic, as well as improvement in reserve levels, will help management navigate through future economic downturns, including near-term challenges due to an expected deceleration of revenue growth, rising labor costs and other uncertainties associated with a high inflationary environment.

ACCESS REPORT

Mon 22 May, 2023

Oregon Department of Transportation: Fitch New Issue Report

The 'AA+' rating reflects the exceptional resilience of the security structure and growth in pledged revenues that is expected to exceed the long-term rate of inflation. Assuming additional debt issuance to the additional bonds tests (ABTs), net pledged revenues could sustain significant declines and still comfortably meet maximum annual debt service (MADS) requirements on the senior, subordinate, and second subordinate lien bonds. The rating is capped by the state's Issuer Default Rating (IDR) of 'AA+'.

ACCESS REPORT

Wed 24 May, 2023

State of Connecticut: Fitch New Issue Report

Connecticut's 'AA-' Issuer Default Rating (IDR) reflects its superior gap-closing capacity, as well as its wealthy and diverse, yet slow-growing, economic profile. The rating also incorporates the state's elevated liability burden, carrying costs and expenditure growth trends, which are likely to remain comparatively high over time. Economic Resource Base: Connecticut has a diverse and mature economic base anchored by a large finance sector as well as important manufacturing, education and health sectors. Post-pandemic economic growth trails national trends. Connecticut has the highest per capita personal income of any state, although income growth slowed in the prior decade.

ACCESS REPORT

Wed 24 May, 2023

Oklahoma Capitol Improvement Authority: Fitch New Issue Report

Revenue Framework: 'aa': Fitch Ratings expects that Oklahoma's revenues, which are supported by broad-based sources, will continue to reflect above average economic volatility tied to the natural resources sector. While the state legislature has unlimited independent legal ability to raise operating revenues, tax rate increases require either a legislative supermajority vote or direct voter approval, limiting practical revenue-raising flexibility. Expenditure Framework: 'aa': The state maintains ample expenditure flexibility with a low burden of carrying costs for liabilities and the broad expense-cutting ability common to most U.S. states. Long-Term Liability Burden: 'aaa': On a combined basis, the state's debt and net pension liabilities are well below the median for U.S. states as a percentage of personal income and are a low burden on resources. Other post-employment benefit obligations are minimal compared with debt and net pension liabilities, accounting for 0.1% of personal income versus 2.9% for debt and pensions. Operating Performance: 'aa': A constitutional provision limiting appropriations to only 95% of expected general revenue fund revenues provides a cushion for revenue variability, while the state's proactive management of financial operations has historically offset volatility.

ACCESS REPORT

Fri 26 May, 2023

Florida Enacts Anti-ESG Legislation - House Bill 3 Explained: Akin Gump

On May 2, 2023, Gov. Ron DeSantis (R-FL) signed into law House Bill 3 (HB3), legislation that, among other things, blocks the consideration of environmental, social and governance (ESG) factors in state and local investment decisions and procurement processes. As we have written about previously (e.g., here), the politicization of ESG is creating significant complexities for companies that do business in multiple jurisdictions, some of which require or permit the consideration of ESG factors, and others that have adopted anti-ESG legislation similar to HB3. That said, HB3, which is scheduled to take effect on July 1, 2023, is considered among the farthest reaching anti-ESG legislative enactments to date. The following alert describes HB3's requirements.

At a high-level, HB3 requires that investment decisions (and proxy voting decisions) for state pension assets be made taking into account only "pecuniary factors." For purposes of the legislation, "pecuniary factors" are defined as factors that are "expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy." Importantly, the term prohibits "the consideration of…any social, political or ideological interests" when state and local officials make investment and other covered decisions. Notably, in addition to applying to investment decisions relative to state pension assets, among other things, HB3 also places limits on investment decisions for local governments; prohibits the issuance of ESG bonds in Florida; and imposes limits on state procurement processes. More specifically:

[Continue reading.](#)

Akin Gump Strauss Hauer & Feld LLP – Martine E. Cicconi, Mark R. Herring, Stacey H. Mitchell, Brian Arthur Pomper, Ryan C. Anderson and Christopher A. Treanor

May 18 2023

Sixth Circuit Invalidates Application of Nashville's Sidewalk Ordinance Under The Takings Clause: Squire Patton Boggs

In *Knight v. Metro. Gov't of Nashville and Davidson County* (No. 21-6179), the Sixth Circuit decided a longstanding question about the standard that applies to conditions imposed by a legislature on those applying for building permits. The issue is common enough: a city wants more sidewalks to improve safety, health, and traffic. So the city requires landowners to add sidewalks to their properties as a condition of issuing building permits. Nashville's ordinance requires to grant an easement and build a sidewalk or to pay a fee to build sidewalks elsewhere in the city. The question in Knight was whether this permit condition should be judged under the unconstitutional conditions test in *Nollan v. California Coastal Commission*, 483 U.S. 825 (1987) or the deferential balancing test used for zoning restrictions under *Penn Central Trans. v. NYC*, 438 U.S. 104 (1978). State courts have long been divided on whether *Nollan* is limited to the discretionary decisions of zoning administrators, or whether it also applies to municipal legislation like Nashville's rule.

Writing for the panel, Judge Murphy's opinion reviews the history of the Takings Clause and Supreme Court decisions on unconstitutional conditions, and concludes that *Nollan* applies and that Nashville's ordinance violates the Takings Clause by "forcing a few people to bear the full cost of public programs that the public as a whole should pay for." The ordinance lacks the "nexus" and "rough proportionality" between the imposed condition and the social costs of the new construction. Extending existing sidewalks would be permissible, the court explains, but Nashville cannot force landowners to build "sidewalks to nowhere" or "pay for sidewalks miles away" without compensation. After saying so, however, the court says it has not actually decided the issue because Nashville had waived all arguments regarding *Nollan* by focusing exclusively on the *Penn Central* test. Though the panel avoids declaring Nashville's ordinance unconstitutional, its opinion gives important guidance for cities imposing conditions on building permits across the Sixth Circuit—and for landowners that challenge those ordinances.

Squire Patton Boggs – Colter Paulson

May 15 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.

ACCESS REPORT

16 May, 2023

Chicago Names New Finance Chief.

Jill Jaworski—a municipal advisor who has worked with city schools and transit systems—is Chicago’s next finance chief.

Mayor-elect Brandon Johnson, who replaces Mayor Lori Lightfoot on May 15, made the announcement on Thursday.

Chicago is one of the nation’s most indebted major cities but has chipped away at its massive pension liability over the past decade. The city recently won back an investment-grade rating from Moody’s Investors Service after seven years of “junk” status.

Ms. Jaworski has more than a decade of experience at public finance firm PFM, which says on its website that she worked with clients including Chicago Public Schools and transit systems serving Washington D.C. and Dallas. A municipal advisor helps ensure state and local governments get the best price when they sell bonds to investors.

Mr. Johnson on Thursday also named Annette C.M. Guzman as budget director and S. Mayumi Grigsby as director of policy.

The Wall Street Journal

by Heather Gillers

May 11, 2023

S&P Not-For-Profit Acute Health Care State Snapshot: Maryland

Table of Contents

S&P Global Ratings has 10 public ratings on Maryland not-for-profit acute-care providers, split evenly between health systems and stand-alone hospitals. We also rate Maryland-based Bon Secours Mercy Health, although we have excluded it from this ratio analysis because the system no longer operates acute-care hospitals in the state. Given that the state and location in which providers operate can significantly influence health-care delivery, from underlying demographic trends to the legislative and competitive environment, market-specific factors provide a crucial backdrop for our analysis of an entity's overall credit profile. This report aims to provide greater analytical insights from the sample of issuers compared with acute-care providers across the country and to supplement our top-level and national credit views on the not-for-profit health-care sector.

Continue reading.

10 May, 2023

State of Texas: Fitch New Issue Report

Texas' 'AAA' Issuer Default Rating (IDR) and GO bond rating reflects its growing economy and the ample fiscal flexibility provided both by its conservative approach to financial operations and the maintenance of substantial reserves, including in its budgetary reserve, the economic stabilization fund (ESF). The Texas Water Development Board issues GO water financial assistance bonds under various constitutional provisions to support water conservation and infrastructure projects throughout the state. Most GO water financial assistance bonds are self-supporting from repayments of project loans and income received from investments.

ACCESS REPORT

Thu 11 May, 2023

A Texas Fund That Lowers School Borrowing Costs Is Available Again to Districts.

A $56.8 billion sovereign wealth fund's program that helps schools in Texas pay lower interest rates on municipal bonds will be available again to eligible schools and districts.

The Internal Revenue Service raised the capacity limits of The Texas Permanent School Fund's debt guarantee program, according to a press release by the State Board of Education on Thursday. The IRS posted a notice of intent to update language that previously limited the capacity of the fund's debt guarantee program.

In November, for the first time in about a decade the fund had to turn nearly all applicants to its program away because of the lack of capacity.

Read More: Texas Schools Face Higher Borrowing Cost as State Fund Maxed Out

"News of this change by the IRS is a welcome victory for Texas students and taxpayers," said State Board of Education Chairman Keven Ellis in the press statement. "Instead of paying millions in higher interest costs, school districts can instead use that money for much-needed facility improvements."

The rule change is effective as of May 10, and will allow the State Board of Education and Texas Education Agency to guarantee bonds passed in elections earlier this month, the release said. Without the change, requests for a guarantee would have been denied, forcing school districts and charter schools to pay higher interest rates.

The update allows the program to guarantee debt up to a limit of five times the cost value of the fund, or about $218 billion at current levels, according to the release. Credit guarantee essentially allows Texas public and charter schools to issue debt at AAA credit ratings, despite the underlying rating of the issuer.

Bloomberg Markets

By Nic Querolo

May 12, 2023

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The Wall Street Journal

by Heather Gillers

May. 11, 2023

[Arizona Sports Complex With $284 Million Municipal Debt Files for Bankruptcy.]

- **Miller Buckfire has begun marketing borrower's stake in park**
- **Legacy Cares informs bondholders of plans in securities filing**

Legacy Cares Inc., a nonprofit organization created to build and operate a sprawling 320-acre youth-sports and entertainment complex in Arizona, filed bankruptcy, according to a court filing Monday.

The bankruptcy may include the sale of the nonprofit's interest in the complex, pursuant to a reorganization plan. Miller Buckfire, which was retained by Legacy Cares to investigate options, has begun preliminary marketing, according to a notice on EMMA, an online repository for disclosure run by the Municipal Securities Rulemaking Board.

"No assurance can be given if or when the borrower's interest in Legacy Park will sell or at what price," according to the securities filing dated May 1.

Continue reading.

Bloomberg Markets

By Martin Z Braun and Maxwell Adler

May 1, 2023

DeSantis Board Sues Disney After Company Retaliation Lawsuit.

- **Lawsuit claims Disney legal moves 'reek of a backroom deal'**
- **Board suit follows Disney legal claim of DeSantis retaliation**

The Ron DeSantis-appointed board of the municipal authority overseeing Walt Disney Co.'s Florida parks sued the company Monday, claiming Disney violated state law in trying to ward off the board's efforts to govern park operations.

The legal fight is the latest twist in a political drama that began when Disney criticized DeSantis-backed legislation last year that limited what schools can teach about gender and sexuality. DeSantis appointed the district's board to replace another one that had been in place for decades and allowed Disney to govern itself.

Last week, Disney sued after the oversight district voted to halt a development agreement and related covenants signed by the company, which employs 75,000 people in Florida. Disney's lawsuit claimed in federal court that the governor's actions were retaliatory, anti-business and unconstitutional after the company exercised its free speech rights.

Continue reading.

Bloomberg Politics

By David Voreacos and Felipe Marques

May 1, 2023

Virginia Public School Authority: Fitch New Issue Report

Key Rating Drivers 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 that of most states. Operating Performance: ‘aaa’: The commonwealth is well positioned to deal with economic downturns, having exceptionally strong gap-closing capacity derived from its control over revenues and spending. Virginia also demonstrated an ability to restore financial flexibility in times of economic recovery and expansion. The state maintains solid reserves, which are rapidly replenished when drawn upon.

ACCESS REPORT

Thu 04 May, 2023

Philadelphia, Pennsylvania: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aa’: Wage taxes, Pennsylvania Intergovernmental Cooperative Authority (PICA) taxes, property and business income and receipts (BIRT) taxes together make up about 60% of total general fund revenues. Fitch Ratings expects revenues to resume growth that exceeds its expectations for long-term inflation as the economic conditions improve. The city retains essentially unlimited independent legal ability to raise revenues. Expenditure Framework: ‘a’: Spending increases will likely exceed revenue growth, requiring continued proactive budgeting. The city has just adequate expenditure flexibility notwithstanding moderate fixed costs given a highly unionized workforce and a statutorily defined collective bargaining framework. Long-Term Liability Burden: ‘aa’: Long-term liabilities are expected to remain moderate relative to Philadelphia’s broad and diverse economic resource base. Operating Performance: ‘a’: Reserves have strengthened with the city’s prudent management through the pandemic-driven downturn and subsequent economic and tax revenue recovery. Fitch believes the city will continue its trend of prudent and conservative budget management, preserving strong gap-closing capacity to withstand a moderate economic downturn.

ACCESS REPORT

Fri 05 May, 2023

First-Of-Its-Kind Atlanta Program Leverages $200 Million Public Private Investment for Affordable Housing.

First-of-its-kind Atlanta Program Leverages $200 Million Public Private Investment for Affordable Housing

ATLANTA—Mayor Andre Dickens and Community Foundation for Greater Atlanta President and CEO Frank Fernandez announced a historic investment of public and philanthropic resources to bring affordable quality housing to all who call Atlanta home. The combined $200 million in new funds represents an opportunity to build and preserve affordable housing in Atlanta at an unprecedented scale and pace.

Mayor Dickens is working with Atlanta City Council to pass a new affordable housing bond that will create an additional $100 million in funding.

The Community Foundation for Greater Atlanta received a generous $100 million commitment from The Robert W. Woodruff Foundation and Joseph B. Whitehead Foundation, providing dollars to further leverage the proposed public funding. The Community Foundation will partner with the City of Atlanta and others to ensure deeper, long-term affordability for communities with a higher risk for displacement.

“Affordable housing has been central in my Administration and today’s announcement is a gamechanger in our ability to have projects keep pace with a rapidly evolving market,” said Mayor Dickens. “Thank you to the Robert W. Woodruff Foundation and Joseph B. Whitehead Foundation for their generosity, Community Foundation for Greater Atlanta for their steadfast partnership and the Atlanta City Council in advance for their collaboration on this once in a generation opportunity to provide affordability relief for Atlantans.”

The potential funding source will authorize an additional $100 million housing bond which will support the following:

- Expedite the development of affordable housing on publicly-owned land;
- Preserve affordability where it already exists with infusions of subsidy to provide safe, dignified and high-quality communities;
- Secure additional funding needed to get shovel-ready projects under construction.

Community Foundation President and CEO Frank Fernandez, commented, “In every city, the trends have been moving in the wrong direction for entirely too long and too many people are struggling,” Fernandez said. “But we have a window of time particularly in the next three years to change the trajectory in Atlanta. That is why we are moving with urgency to bring together all our partners, to have all hands-on deck, and make a lasting change in housing. Our goal is to support better housing policies, programs, and significantly more production and preservation of affordable housing, so we can have neighborhoods and a city reflective of our values.”

Russ Hardin, CEO of The Robert W. Woodruff Foundation, commented, “We have confidence in the Mayor and wanted to support his vision. After spending time with Frank (Fernandez) and his team at the Community Foundation, and understanding their plan, our Board of Directors saw the depth of knowledge, competence and scale that we needed to invest and be a catalyst for Atlanta to solve this complex critical challenge.”

The Community Foundation for Greater Atlanta’s funds will go to support both low-cost loans and grants for deeper and longer terms of affordability to address our community’s growing housing affordability challenges.

Mayor Andre Dickens is focused on building A City of Opportunity for All. This vision includes ensuring that all Atlantans have access to safe, quality and affordable housing – which is why Mayor Dickens has pledged to build or preserve 20,000 units of affordable housing.

05/02/2023

Local Social Impact Investors Are Pulling Chicago Out Of Junk Bond Status.

Chicago's first-ever "social bond" issuance draws local, small-dollar ESG investors to fund the city's post-COVID recovery – and its racial justice goals.

Chicago is a city still notorious for the junk-bond status it finally managed to shed last year. But earlier this year, investing as little as $1,000 of their own savings, a new crop of municipal bond investors helped Chicago open a new chapter of its municipal bond history.

In some ways, the bond offering was similar to any other Chicago municipal bond offering. The city borrowed $160 million dollars from investors, and the city repays investors over time, plus interest, using local tax revenues (in this case local sales tax revenues).

These bonds are specifically funding a set of projects that were already on the City of Chicago's to-do list as part of its post-COVID recovery plan — planting 15,000 new street trees in historically disinvested neighborhoods over the next three years, converting motels and single-room occupancy buildings into housing for people and families transitioning out of homelessness, grants to community and economic development projects on the South and West Sides of the city, and even replacing the city's fleet of gas-powered vehicles with electric vehicles.

Continue reading.

NEXT CITY

by OSCAR PERRY ABELLO

MAY 2, 2023

SVB's $7 Billion Municipal Bond Portfolio Could Pose Challenge for Liquidators.

- **Liquidity and de minimis tax risk seen as potential challenges**
- **BlackRock sale of failed banks' munis began on Tuesday**

Silicon Valley Bank's roughly $7 billion municipal bond portfolio could pose a challenge for BlackRock Inc. as it starts liquidating the failed bank's securities, investors say.

The lender's muni holdings were mostly long-dated bonds with low coupons, according to Nicholos Venditti, senior portfolio manager at Allspring Global Investments LLC, who said he saw the breakdown in a list circulated by dealers.

The bonds fit solidly into a category of debt that got hammered by rising interest rates, the very phenomenon that ultimately helped spur the turmoil in the banking industry. Munis due in 22 years or longer lost 15.6% last year, almost double the decline of the broader market, data compiled by Bloomberg show.

Continue reading.

Bloomberg Markets

By Nic Querolo and Martin Z Braun

May 2, 2023

[Hackers Hit Dallas City Servers, Limiting Some Police and IT Systems.]

- **'Royal' hacking group previously hit Dallas school district**
- **City officials ask for patience during recovery period**

Dallas is experiencing IT and police communication outages following a ransomware attack on municipal systems.

City officials said in a statement Wednesday that hackers had compromised "a number of servers" and that they were working with vendors to try to control the spread of malware. With a ransomware attack, hackers lock up victims' data or knock services offline, then demand an extortion payment.

"We have been having a system shutdown for the past two days now," a Dallas 311 operator told Bloomberg News. "We are very limited in what we are able to access internally right now."

Continue reading.

Bloomberg

By William Turton

May 4, 2023

"Where Woke Goes to Die"? - New Florida Restrictions on ESG to Create Challenges and Additional Requirements for Asset Managers and Other Financial Institutions - Ropes & Gray

After many months of publicly teasing further anti-ESG action, Florida is poised to become the latest state to enact legislation limiting the consideration of ESG factors in the investment decisions of state retirement systems. House Bill 3, "An Act Relating to Government and Corporate Activism", ("HB 3") passed in the Florida State Senate on April 19. The legislation, which is expected to be signed by Governor Ron DeSantis in the coming days, formalizes and expands the directive he announced last August for the State Board of Administration to invest funds of the Florida Retirement System Defined Benefit Plan (and to exercise shareholder proxy voting rights) solely based on pecuniary factors, without sacrificing investment returns to promote non-pecuniary factors such as ESG goals. HB 3 will extend this policy to cover all funds invested by state and local governments, including, general revenue, trusts dedicated to specific purposes, money held by retirement plans, and surplus funds. These restrictions will apply to all contracts executed, amended or renewed beginning July 1. The legislation also will put in place new requirements and restrictions applicable to state and municipal bond issuances, government contracting and banks and other financial institutions. In this Alert, we discuss HB 3 in more detail, with a focus on asset managers.

HB 3 is one of the strictest and most restrictive anti-ESG laws adopted to date, imposing significant new compliance obligations that are distinct from those required by ERISA and other state laws. Given Florida's status as a frequent investor in funds, this development is likely to have an impact on many managers across a wide range of strategies. While HB 3 reflects an amalgam of policies and restrictions that have gained traction in other states—for example, Kentucky, Idaho, Montana, and

Utah among other states have passed legislation that mandate a focus on pecuniary or financial factors for investing public assets—the Florida legislation includes some novel provisions that will require asset managers' special attention.

- **Investment Decisions Made on Behalf of Florida's Funds Must Be Based on Pecuniary Factors** – HB 3 requires that the Florida Chief Financial Officer, or any party authorized to invest public funds on his or her behalf, make investment decisions based solely on the basis of pecuniary factors. A pecuniary factor is defined as one that is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with applicable investment objectives and funding policy and that does not include the consideration of social, political, or ideological interests. Further, the "weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns." This is very similar to the approach that the Trump administration took in its ESG rule pursuant to ERISA, which was adopted in 2020 (See our prior Alert) but has since been rescinded. Similar to that rule, HB 3 can be expected to sharply limit the ability of fiduciaries of Florida's public retirement plans (which includes any managers investing assets on behalf of the state plans) to consider ESG factors as part of their investment decisions.
- **ESG Bond Prohibition** – The bill prohibits both the state Division of Bond Finance and specified public bond issuers from (1) issuing an ESG bond, (2) paying for the services of another to verify or certify a public bond as an ESG bond, or (3) contracting with rating agencies that use ESG scores in a manner that directly impacts the issuer's bond ratings.

The term "ESG Bonds" refers to (1) any bonds that have been designated or labeled as bonds that will be used to finance a project with an ESG purpose, including, but not limited to, green bonds, Certified Climate Bonds, GreenStar designated bonds, and other environmental bonds marketed as promoting a generalized or global environmental objective; (2) social bonds marketed as promoting a social objective; and (3) sustainability bonds and sustainable development goal bonds marketed as promoting both environmental and social objectives. The term includes those bonds self-designated by the issuer as ESG-labeled bonds and those designated as ESG-labeled bonds by a third-party verifier.

This bill may make it harder and more costly to underwrite Florida bonds.

- **Selection of Government Contractors** – For government contracting, the bill prohibits all units of state and local government from: (1) considering social, political, or ideological beliefs when evaluating prospective vendors; or (2) giving any preference to a vendor based on social, political, or ideological beliefs.
- **Use of Social Credit Scores as an "Unsafe and Unsound Business Practice"** – Other financial institutions such as banks, trust companies, credit unions, consumer finance lenders, and money services businesses may be subject to administrative sanctions if they engage in an "unsafe and unsound business practice" by canceling or denying services or otherwise discriminating against a service provider on the basis of that provider's political or religious beliefs or affiliations, social credit rating or score, or any other factor that is not a quantitative, impartial, risk-based standard. For instance, refusal to do business with a service provider because of its involvement in the firearms or fossil fuel industries may constitute a violation of this requirement.
- **"Stickering" Requirement for Investment Managers** – The bill requires investment managers that invest public funds on behalf of a Florida state or local government entity to comply with a stickering requirement to include a disclaimer in any external written communication with a company in which the investment manager has invested public funds if (1) that written communication discusses social, political, or ideological interests, (2) subordinates the interests of the company's shareholders to the interests of another entity, or (3) advocates for an entity other

than the company's shareholders. The required disclaimer must state the following: "The views and opinions expressed in this communication are those of the sender and do not necessarily reflect the views and opinions of the people of the state of Florida." Managers may be required to sticker a wide range of communications. The Florida governmental entity has the unilateral right to terminate any contract with an investment manager that is executed, amended or renewed on or after July 1 if the required disclaimer is not included.

- **Annual Compliance Certification for Investment Managers** – Additionally, investment managers are required to annually certify that they are complying with the fiduciary standards set forth in Florida's investment policy (i.e., investment decisions are made based solely on pecuniary factors and do not subordinate the interests of the participants and beneficiaries of the funds to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor). Managers will be subject to sanction if they fail to timely file the required certification or submit a certification that is materially false. The Florida Attorney General may bring a civil or administrative action against such persons and recover attorney's fees and costs when such an enforcement action is successful.

Further Information on State ESG Regulation

Be sure to check out our award-winning interactive website, Navigating State Regulation of ESG Investments, that tracks the latest ESG-related legislation, executive actions and initiatives, and coalition activities, as well as changes to state retirement plan investment policies across the United States. In addition, the website offers a variety of podcasts and memos to provide users with easy access to our team's key insights in understanding this dynamic area.

Ropes & Gray LLP – Joshua Aron Lichtenstein , Michael R. Littenberg, Reagan Haas, Jonathan M. Reinstein and Alexa Voskerichian

April 27 2023

Disney Versus DeSantis: A Timeline of the Florida Political Feud

Walt Disney Co. on Wednesday sued Ron DeSantis, alleging that the Florida governor engaged in a political effort to hurt its business. It's the latest escalation in a dispute that started more than a year ago.

DeSantis's criticism of Disney over its perceived liberal agenda, like backing LGBTQ+ rights and other social issues, has struck a chord with conservative voices. Yet he's also faced criticism for taking things too far. Disney is one of Central Florida's top taxpayers, contributing more than $1.1 billion in state and local taxes last year, and it's one of the largest employers in the state with tens of thousands of workers.

Here's a timeline of the fight:

Continue reading.

Bloomberg

By Tal Barak Harif and Felipe Marques

April 26, 2023 at 3:55 PM PDT

DeSantis Defies Bob Iger, Calls Disney Suit ‘Political’

- **A new lawsuit pits the company against presidential contender**
- **Suit says governor is violating company’s free speech rights**

Walt Disney Co. Chief Executive Officer Bob Iger had enough.

After Florida Governor Ron DeSantis began pushing legislation that could upend Disney’s theme-park development plans and regulate its monorails, and even floated the idea of building a prison near Walt Disney World, the company sued, accusing the Republican of breach of contract and violating its free speech rights.

“Disney expressed its opinion on state legislation and was then punished by the state for doing so,” the company said in a filing Wednesday in federal court in Florida. “This is as clear a case of retaliation as this court is ever likely to see.”

Continue reading.

Bloomberg Politics

By Christopher Palmeri, Anna Jean Kaiser and Nic Querolo

April 26, 2023

How DeSantis’s Fight With Disney Began.

Two big names in their fields — entertainment colossus Walt Disney Co. and the politically ascendant Republican governor of Florida, Ron DeSantis — are locked in a battle that could have ramifications for the 2024 US presidential campaign. Disney is an important player in Florida due to Walt Disney World, the massive theme park complex in Orlando that is among the state’s biggest employers, taxpayers and tourism generators. The company’s decision to speak out against a 2022 state law triggered the conflict with DeSantis, who has been laying the foundation for a possible run for the Republican presidential nomination.

1. What are Disney and DeSantis fighting about?

In 2022, the Republican-run Florida legislature, with DeSantis’s support, passed a law banning discussion of gender identity and sexual orientation in public schools. (The law applied to kindergarden through third grade before being expanded this year to all grade levels.) Opponents dubbed the legislation, officially the Parental Rights in Education bill, the “Don’t Say Gay” bill. After DeSantis signed it into law, Disney — at the urging of employees within its diverse workforce — called for it to be repealed or struck down by the courts. That angered DeSantis, who said Florida is “governed by the interests of the people of the state” and not by corporate executives in California, where Disney is headquartered. The war of words may have stopped there, but DeSantis decided to go after Disney’s long-held special status under state law.

Continue reading.

Bloomberg Politics

By Danielle Moran and Nic Querolo

April 28, 2023

Oakland Athletics Face a $500 Million Battle With Las Vegas Over New Stadium.

- **Team seeks public funds for stadium, mayor wants owner buy-in**
- **Arena may be third sports complex added near Vegas over decade**

The Oakland Athletics are poised to leave the Bay area, but officials in their new Las Vegas home are holding back the welcoming party.

Earlier this month, the A’s signed a deal to purchase a 49-acre plot for a future ballpark near the Las Vegas Strip — ending a more than decade-long struggle to find a new stadium in the Bay Area. To clinch the move, the franchise wants roughly $500 million in public financing to build a 35,000 seat retractable-roof stadium and entertainment complex.

But the details still need to be hammered out and Las Vegas Mayor Carolyn Goodman is wary about using public dollars to subsidize a private enterprise. It would be the third professional sports complex built in Clark County, Nevada over the last nine years and the second to be built using public funds.

Continue reading.

Bloomberg

By Maxwell Adler

April 27, 2023

Tennessee Titans Top Bills for Biggest NFL Stadium Subsidy Ever.

- **Nashville Sports Authority to issue $760 million in bonds**
- **Proposed 60,000-seat arena is estimated to cost $2.1 billion**

The Tennessee Titans have never won a Super Bowl but they are a winner in the municipal funding market, topping the Buffalo Bills for the biggest public subsidy ever given to an NFL sports franchise.

After hours of public hearings overnight, the Metro Nashville City Council voted 26-to-12 on Wednesday morning to approve $760 million in revenue bonds for a new stadium. With a previously approved $500 million state contribution in hand, the public funding for the Titans’ arena now totals $1.26 billion. That’s nearly 50% more than the $850 million that New York State handed the Bills for their new stadium earlier this year.

Despite faltering demand from investors for muni bonds and warnings about teams and municipalities frequently overstating the benefits of stadium deals, while underestimating the costs

— sports franchises have been able to petition for public dollars this year. In other parts of the US, Florida's Palm Beach County raised money to hold onto Minor League Baseball teams while the Milwaukee Brewers sought $290 million to renovate their ballpark.

Continue reading.

Bloomberg

By Maxwell Adler

April 26, 2023

Tennessee Titans Gain $760m in City Funding for New Stadium.

Tennessee lands largest public price tag for a US stadium.

The National Football League's (NFL) Tennessee Titans have been issued US$760 million in bonds by the Metro Nashville City Council to fund their new stadium.

Confirmed:

- Council voted 26-12 in favour of allowing its sports authority to issue city bonds
- Stadium will have a capacity of approximately 60,000 and a translucent roof
- Venue's total cost estimated at US$2.1 billion and build aims to be completed in time for 2027 season

Context:

The Titans had already secured US$500 million in state funding for their new stadium, and Nashville's funding now means the franchise has a total of US$1.2 billion in committed public financing. This would be the biggest sum of public funding for a US stadium, eclipsing the US$850 million commitment made by New York for the Buffalo Bills' new US$1.5 billion home.

The remaining US$840 million needed for the venue will be provided by the Titans, with help from the NFL and personal seat licenses.

Comment:

"This is a generational opportunity to address our city's priorities and ensure its health and vitality for the next 30 years," said Burke Nihill, Titans president and chief executive.

"Our city and our state have bright futures ahead, and we're humbled by the opportunity to continue to be a part of it."

Coming next:

The Titans will not be given the bond proceeds until several conditions are met, including the state first providing its funding and the execution of all transaction documents.

SPORTSMEDIA.COM

by JOSH SIM

27 APR 2023

[USBR Proposal Raises Water Supply Uncertainty For Lower Basin States; Impact May Trickle Down To Future Negotiations - S&P]

Key Takeaways

- The recently released draft Supplemental Environmental Impact Statement (SEIS) laid out options for revised near-term operating guidelines for Glen Canyon and Hoover dams, contemplating a precedent setting shift in how priority water rights are recognized.
- We expect very few negative rating actions given the municipal utility sector's strong financial capacity, improved hydrology and snowpack conditions in the west, ample storage, and supply diversification across the region.
- Wet weather conditions throughout the West this year have helped mitigate declining reservoir levels, possibly delaying the need for the proposed severe curtailments in 2024 and providing greater flexibility in reaching a consensus solution between the seven effected states before the existing management guidelines expire in 2026.
- Affordability will weaken for customers in the Lower Basin states over time, but we do not believe it will have a material influence on rate-setting or collections.

Continue reading.

27 Apr, 2023

[Fitch to Upgrade Ratings on Port of Seattle Sub Lien Rev Refunding Bonds, Series 2008.]

Fitch Ratings-New York-25 April 2023: On the effective date of May 3, 2023, Fitch Ratings will upgrade the long- and short-term ratings of the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 (the bonds) to 'AAA' from 'AA-' and 'F1+' from 'F1', respectively. The Rating Outlook for the long-term rating is Stable.

The rating action is in connection with the following: (i) the substitution of the MUFG LOC (MUFG, formerly The Bank of Tokyo Mitsubishi UJF, Ltd.; A-/F1/Stable) irrevocable direct-pay letter of credit (LOC) which currently provides credit support for the bonds with a substitute LOC to be provided by Bank of America, N.A. (AA/F1+/Stable); and (ii) the mandatory tender of the bonds, scheduled to occur on May 3, 2023.

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 those bonds by Fitch (currently rated AA-/Stable), and the rating assigned by Fitch to Bank of America, N.A. (AA/Stable), which will provide the substitute LOC as credit support for the bonds. The short-term 'F1+' rating will be based solely on the short-term rating assigned by Fitch to Bank of America, N.A. as the provider of the of the substitute LOC. For information about the underlying credit rating see the July 7, 2022 press release "Fitch Rates Port of Seattle Intermediate Lien Revs Bonds 'AA-'; Outlook Stable" 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 while the bonds are in the weekly rate mode. Fitch will apply a two-notch uplift, which results in a long-term rating of 'AAA' for the bonds. 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.

Pursuant to the substitute LOC, the bank is obligated to make regularly scheduled payments of principal and interest on the bonds in addition to payments due upon maturity and redemption, as well as purchase price for tendered bonds. The substitute LOC will have a stated expiration date of May 1, 2026 unless extended or earlier terminated. The substitute LOC will provide full and sufficient coverage of principal plus an amount equal to 54 days of interest at a maximum rate of 12% based on a year of 365 days and purchase price for tendered bonds, while in the weekly rate mode. A mandatory tender of the bonds will occur on May 3, 2023, the substitution date. Morgan Stanley & Co. Incorporated will continue in its capacity 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 Long-Term rating assigned to the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 and the Long-Term rating that Fitch maintains on the bank providing the substitute LOC. The Long-Term rating will be at the highest Long-Term rating category and cannot be upgraded. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds.

–The Short-Term rating will be at the highest Short-Term rating category 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 Long-Term rating assigned to the Port of Seattle Subordinate Lien Revenue Refunding Bonds, Series 2008 and the Long-Term rating that Fitch maintains on the bank providing the substitute LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds. 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 will be exclusively tied to the Short-Term rating that Fitch maintains on the bank providing the substitute LOC and will reflect all changes to that rating.

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New Jersey Public Worker Pension Fund Rebounds by $4B.

The last two state budgets included full payments to the pension fund of roughly $7 billion each year, the first time that's been done in a quarter century. The Democratic governor's latest budget proposal includes another full payment of $7.1 billion.

New Jersey's public worker pension fund rebounded slightly in the first quarter of 2023, adding about $3.8 billion in market value as fund managers continued to navigate challenging financial markets.

The fund posted a return of 4.3% for the quarter, bringing its total market value to $87.5 billion, which was still more than $7 billion below where it stood just one year ago, according to a report from the New Jersey Treasury Department's Division of Investment.

"Investors seem to be looking for optimism in the market, so we have seen a rebound," Division of Investment Director Shoaib Khan told the State Investment Council during a virtual meeting Wednesday.

Continue reading.

governing.com

April 27, 2023 • Derek Hall, NJ.com

An Oregon City Banned Natural Gas. The Gas Company Fought Back.

Eugene's ordinance restricting gas hookups in new construction was set to be the state's first — until a local utility and its allies launched a $1 million counterattack.

In February, when the city council in Eugene, Oregon, passed an ordinance banning natural gas hookups in new low-rise construction, local environmental groups cheered. This was a chance for the college town to take a step toward reducing carbon emissions, help support the state's climate action plan and make history as the first city in Oregon to pass such a law.

Mayor Lucy Vinis pushed for legislators to support the ordinance, which prevailed in a 5-3 vote. "There will be some joy in the community tonight," she said.

Now Eugene's ban is making news for another reason, after allies of Portland-based utility company NW Natural launched a rapid-response campaign to force a public vote undoing the legislation. The firm spent roughly $1 million to bankroll Eugene for Energy Choice, a group opposing the ban that started collecting signatures for a referendum just weeks after the council's action. Eugene voters are likely to decide on the ordinance's fate via a ballot measure in November.

Continue reading.

Bloomberg CityLab

By Patrick Sisson

April 25, 2023

DeSantis Steps Up Attack on ESG as Florida Bars Public Investments.

Florida's Republican-controlled Senate approved on Wednesday a bill that bans state and local governments from using environmental, social, governance criteria when selling debt or investing public money. The legislation, which had already cleared the state's House of Representatives last month, will now be brought to DeSantis for his signature.

The 44-year-old governor has attacked ESG as part of a larger conservative agenda at the center of his likely 2024 GOP presidential run. DeSantis, like other Republican officials, has criticized Wall Street's ESG policies as "woke capitalism." His administration has pulled about $2 billion from BlackRock Inc. and singled out Chief Executive Officer Larry Fink, one of Wall Street's leading ESG advocates.

The new legislation prohibits Florida municipalities from selling bonds tied to ESG projects, as well as imposing restrictions on seeking ESG ratings. In 2022, Florida issuers sold $13 billion of long-term bonds, making it the fourth-largest issuer in the US, behind California, New York and Texas.

The law also bars Florida's public money from being deposited in financial institutions that are deemed to pursue "social, political, or ideological interests" in their investment decisions. Florida had almost $37 billion in state deposits, with Wells Fargo & Co. holding the biggest individual amount, $6.5 billion, according to data from Florida's Bureau of Collateral Management.

Bloomberg

By Marvin G Perez

April 19, 2023

Florida Lawmakers Pass Prohibition on Issuing ESG Municipal Bonds.

The Florida Legislature has passed a bill that bans the issuance of municipal bonds using environmental, social or governance standards. The bill now heads to Gov. Ron DeSantis for his signature.

House Bill 3 passed in the Senate by a 23 to 12 vote along party lines. It was approved last month by the House in an 80 to 31 vote.

The governor's mansion and both houses of the Legislature are dominated by Republicans and the legislation is a sure bet to be signed shortly by DeSantis who has blasted ESG criteria as a "radical ideological agenda."

When introducing the bill in February, House Speaker Paul Renner, R-Palm Coast, said, "Florida's investment decisions should be based solely on financial or pecuniary factors, not political virtue signaling through radical ESG investment strategies."

The final text of the bill passed by the Senate says an issuer would be a violation of state law if it issues ESG bonds and it prohibits them from doing so.

"Notwithstanding any other provision of law relating to the issuance of bonds, it is a violation of this section and it is prohibited for any issuer to issue ESG bonds," the bill states.

It also bans an issuer from paying for a third-party verifier to certify that a bond may be designated or labeled as an ESG bond or using a rating agency whose ESG scores will harm an issuer's credit standing.

The bill states issuers can't "pay for the services of a third-party verifier related to the designation or labeling of bonds as ESG bonds, including, but not limited to, certifying or verifying that bonds may be designated or labeled as ESG bonds, rendering a second-party opinion or producing a verifier's report as to the compliance of proposed ESG bonds with applicable ESG standards and metrics, complying with post-issuance reporting obligations, or other services that are only provided due to the designation or labeling of bonds as ESG bonds."

Bonds issued before July 1 this year are not affected.

Additionally, the bill forbids issuers from entering "into a contract with any rating agency whose ESG scores for such issuer will have a direct, negative impact on the issuer's bond ratings."

Florida's general obligation bonds are gilt-edged, holding triple-A ratings from Moody's Investors Service (MCO), S&P Global Ratings and Fitch Ratings.

Neal Pandozzi, a partner at Bowditch & Dewey, in a recent Bond Buyer podcast said he was concerned about what do these various restrictions would mean.

"Potentially you've got less information for investors to evaluate the credit risk of an issuer," he said. "If we're going to see pared back ESG-related disclosure that could lead to higher interest rates or the inclusion of more onerous covenants for issuers to mitigate any perceived risk due to less fully developed information about how an issuer is addressing ESG-related issues."

He said some of the defined terms, standards and concepts were, in his view, broadly drafted, cryptic and sufficiently sweeping to create possible compliance questions.

The bill defines ESG bonds as "any bonds that have been designated or labeled as bonds that will be used to finance a project with an ESG purpose, including, but not limited to, green bonds, Certified Climate Bonds, GreenStar designated bonds, and other environmental bonds marketed as promoting a generalized or global environmental objective; social bonds marketed as promoting a social objective; and sustainability bonds and sustainable development goal bonds marketed as promoting both environmental and social objectives.

"The term includes those bonds self-designated by the issuer as ESG-labeled bonds and those designated as ESG-labeled bonds by a third-party verifier," the bill states.

By Chip Barnett

BY SOURCEMEDIA | MUNICIPAL | 04/20/23

Ninth Circuit Cans Berkeley Gas Ban Under Federal Law: K&L Gates

On 17 April 2023, in *California Restaurant Association v. City of Berkeley*, the Ninth Circuit struck down a local ordinance banning natural gas piping in newly constructed buildings, concluding that federal law preempts the ordinance. This decision may have significant implications for similar state and local regulations, especially those in California and Washington. Building owners and operators, utilities, and other stakeholders impacted by natural gas "bans" or electrification mandates should consider whether their state or local regulation is affected.

California Restaurant Association v. City of Berkeley

In July 2019, the City of Berkeley, California (Berkeley or the City) adopted Ordinance No. 7,672-N.S., titled "Prohibition of Natural Gas Infrastructure in New Buildings" (Ordinance). The Ordinance amends the Berkeley Municipal Code to prohibit natural gas infrastructure in new buildings.2 Natural gas infrastructure is defined as "fuel gas piping, other than service pipe, in or in connection with a building, structure, or within the property lines of premises, extending from the point of delivery at the gas meter."3 By prohibiting natural gas piping in newly constructed buildings, Berkeley sought to "eliminate obsolete natural gas infrastructure and associated greenhouse gas emissions in new buildings where all-electric infrastructure can be most practicably integrated, thereby reducing the environmental and health hazards produced by the consumption and transportation of natural gas."4

In November 2019, the California Restaurant Association (CRA) sued Berkeley in the U.S. District Court for the Northern District of California, arguing among other things that the federal Energy Policy and Conservation Act (EPCA)5 preempted the Ordinance. EPCA is a federal statute that regulates the energy efficiency of several consumer products, including water heaters; furnaces; stoves; and heating, ventilation, and air conditioning systems (together, covered products). EPCA does not cover piping, however. EPCA preempts state and local regulations concerning the energy efficiency, energy use, or water use of any covered product that has a federal energy conservation standard.6

Continue reading.

K&L Gates LLP – David L. Wochner, Benjamin A. Mayer, Buck B. Endemann, John L. Longstreth, Nathan C Howe, David Wang and Timothy J. Furdyna

April 21 2023

Does the 9th Circuit's Rejection of Berkeley, CA's Municipal Gas Ban Spell Doom for Massachusetts' Own Gas-Banning "Demonstration Program"? - Pierce Atwood

We bring to your attention this post by our colleague Randy Rich of Pierce Atwood's Energy Infrastructure Group on the 9th Circuit's decision earlier this week in *California Restaurant Association v. City of Berkeley*, No. 21-16278. The court decided that the federal Energy Policy and Conservation Act, 42 U.S.C. § 6297(c), preempts the City of Berkeley's ordinance banning natural gas piping within newly constructed buildings. Interestingly, the Commonwealth of Massachusetts was part of a group of states that filed an amicus brief urging the 9th Circuit to find no federal preemption and thus uphold the Berkeley ordinance.

Although the 9th Circuit's decision isn't legally binding here, we wonder how it will affect efforts to ban the use fossil fuels in the Commonwealth. Section 84 of Chapter 179 of the Acts of 2022 (pdf) authorizes the Mass. Department of Energy Resources (DOER) to establish a demonstration program allowing 10 cities and towns to adopt general or zoning bylaws prohibiting the use of fossil fuels in new buildings or for major renovations. DOER recently issued draft regulations for this program; the comment period ended on February 10, 2023 and we expect to see regulations issued in the coming months. The City of Cambridge is one of the 10 municipalities included in the program and the City of Boston has expressed interest in joining the group.

Will there be an effort to bring a case asserting that the federal Energy Policy and Conservation Act preempts the Mass. demonstration program? We'll keep you posted.

Pierce Atwood LLP – Paula M. Devereaux

April 20 2023

Nassau County, New York: Fitch New Issue Report

Key Rating Drivers Revenue Framework: 'a': Fitch expects modest revenue growth, reflecting a dependence on sales and property taxes and moderate prospects for economic expansion. The county has unlimited independent legal ability to control property tax rates, although property tax levy increases above the lower of CPI or 2% require a supermajority (60%) vote of the county legislature. Expenditure Framework: 'a': The county has demonstrated an ability to manage expenses when needed. Recent labor contract settlements for public safety, including the police contract, commit the county to moderate annual wage increases through June 2026. Management has limited ability to control the outcome of labor negotiations given collective bargaining rules. Carrying costs for debt, pensions and other post-employment benefits (OPEB) are moderate. Long-Term Liability Burden: ‘aa’: The county’s long-term liability burden is moderate, incorporating assumptions for underlying village and school district debt. New York State pensions in which the county participates are well-funded, but the OPEB liability is considerable. Operating Performance: ‘aa’: The county’s financial resilience has improved in recent years as a result of very strong sales tax performance, careful expense management and the county’s reduced reliance on non-recurring actions to close budget gaps. The county has set aside dedicated reserves to address various spending demands including tax certiorari, labor and retirement contributions, bonded indebtedness, insurance and healthcare.

ACCESS REPORT

Wed 19 Apr, 2023

El Paso, Texas: Fitch New Issue Report

Key Rating Drivers Revenue Framework: ‘aaa’: Fitch expects El Paso’s general fund revenues will naturally grow at a pace that exceeds inflation due to the likelihood of further population, income and economic expansion. The city’s overall revenue-raising ability remains high relative to modest historical revenue volatility. Expenditure Framework: ‘a’: Spending should remain aligned with or marginally above that of revenue growth trends given the city’s expenditure profile. Fitch believes the city retains adequate expenditure flexibility based on management’s moderate control over public safety labor costs (its largest operating cost) and moderately high fixed carrying costs. Long-Term Liability Burden: ‘aa’: The city’s liability burden remains moderate at an estimated 16.6% of 2021 resident personal income. In conjunction with Fitch’s expectations of measured future debt plans by the city, solid gains in resident personal income should keep the overall liability burden in the moderate range. Operating Performance: ‘aaa’: Fitch believes the city will maintain the highest level of financial resilience given the budgetary tools at its disposal. Fitch views the city’s budget management as strong, marked by a trend of stable and strengthened financial position in recent years.

ACCESS REPORT

Thu 20 Apr, 2023

Dallas, Texas: Fitch New Issue Report

Revenue Framework: ‘aaa’: Strong revenue growth prospects are based on expectations for continued economic expansion. The assessment also reflects the city’s high independent legal ability to increase operating revenues. Expenditure Framework: ‘a’: The city’s pace of spending is expected to be marginally above revenue growth given ongoing service demands and inflationary pressures. Increased pension contributions will keep carrying costs at an elevated level; a rapid debt amortization rate also contributes to the elevated carrying costs. Long-Term Liability Burden: ‘aa’: The long-term liability burden currently represents a moderate 12% of personal income. Recent pension reforms to both the civilian and uniform plans have reduced the combined total liability and, in conjunction with continued economic growth, are expected to keep the long-term liability burden within the current range.

[ACCESS REPORT]

Thu 20 Apr, 2023

[Virginia Public School Authority: Fitch New Issue Report]

Key Rating Drivers 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 that of most states. Operating Performance: ‘aaa’: The commonwealth is well positioned to deal with economic downturns, having exceptionally strong gap-closing capacity derived from its control over revenues and spending. Virginia also demonstrated an ability to restore financial flexibility in times of economic recovery and expansion. The state maintains solid reserves, which are rapidly replenished when drawn upon.

[ACCESS REPORT]

Fri 21 Apr, 2023

[Chicago, Illinois: Fitch New Issue Report]

Key Rating Drivers Revenue Defensibility: ‘aa’; Affordable Rates; Stable Service Area Characteristics: The system provides essential services to a large geographic area that serves as the economic hub for the region. Service area characteristics are stable, with modest customer growth, midrange income levels, yet an elevated unemployment rate relative to national levels. System charges are affordable for the vast majority of the service area population. Operating Risk: ‘aa’; Very Low Operating Cost Burden; Moderate Life Cycle Investment Needs: Operating costs are very low, and the system’s investment needs are moderate as capital spending has consistently exceeded the pace of annual depreciation. Planned capital spending is significant and will continue to focus on the city’s ongoing renewal and replacement program, which should maintain the system’s low life cycle ratio. Financial Profile: ‘a’; Solid Financial Profile, Rising Leverage: The system’s financial profile reflects leverage that typically ranges between 9.0x and 11.0x. Although leverage is anticipated to move higher over the five-year horizon, it is expected to remain consistent with the financial profile assessment and current SCP. Liquidity is anticipated to remain neutral to the assessment.

[ACCESS REPORT]

Fri 21 Apr, 2023

Michigan Finance Authority: Fitch New Issue Report

Key Rating Drivers Sound Financial Structure: Fitch’s cash flow modelling demonstrates that program resources are sufficient to withstand hypothetical pool defaults in excess of Fitch’s ‘AAA’ liability rating stress hurdle, as produced using Fitch’s Portfolio Stress Model (PSM), without causing an interruption in bond payments. Ample Loss Protection: Bondholders are protected from losses by overcollateralization, as surplus loan repayments alone provide minimum annual debt service coverage (DSC) of 1.4x. In addition, all bonds are supported, on either a senior or subordinate basis, by about $87.4 million in dedicated reserves. Highly Rated Borrower Pool: Approximately 99% of program borrowers have investment-grade ratings. Most obligations are secured by borrowers’ general obligation and/or utility revenue pledges. Above-Average Pool Diversity: The obligor portfolio has favorable pool diversity, with the top-10 borrowers accounting for approximately 48% of the obligor pool. This is better than Fitch’s ‘AAA’ median of 57% in 2022. Single-obligor concentration is about 15%, which is on par with Fitch’s equivalent median. Effective Program Management: The pool has never experienced a default or delinquency by a pledged obligor in its history, indicating the strength of the program management.

ACCESS REPORT

Fri 21 Apr, 2023

Columbus, Ohio: Fitch New Issue Report

Revenue Framework: ‘aaa’: Fitch Ratings expects the city’s revenues to grow at a rate between U.S. economic performance and the rate of inflation. The city has a high degree of independent legal flexibility to raise property tax revenues if needed. Expenditure Framework: ‘aa’: Expenditure growth should be in line with to marginally above revenue growth. Fitch expects that the city will continue to have solid flexibility to control expenses. This is partially due to the city’s descending debt service schedule, which will alleviate some pressure that fixed carrying costs have on the budget. Long-Term Liability Burden: ‘aa’: The city’s long-term liabilities, at approximately 10%, are a moderate burden on the economic base. Fitch expects liabilities to remain at the low end of moderate given the city’s projected debt plans. Operating Performance: ‘aaa’: Columbus has the highest degree of gap-closing capacity as evidenced by its superior inherent budget flexibility and very high reserve levels. The city has maintained this degree of financial flexibility through a number of economic cycles.

ACCESS REPORT

Fri 21 Apr, 2023

BondLink Announces Inaugural Investor Relations Award Winners.

Honorees, representing individuals and municipalities, spotlight spectrum of issuers excelling across the country

BOSTON, MA / ACCESSWIRE / April 20, 2023 / BondLink, the cloud-based investor relations and debt management platform for the municipal bond market, today announced the winners of its Investor Relations Awards. The Awards are the first of their kind, dedicated to honoring municipal bond issuers and public finance professionals who are leveraging the latest technology to modernize the U.S. muni bond market.

The 2022 program celebrates the significant growth and transformation within investor transparency, which has become increasingly important during recent periods of market volatility.

The Awards feature three categories recognizing the municipal issuers at both an organization and individual level, including awards for best investor relations website, strongest digital transformation; and the advancement of investor relations. Issuers of varying sizes within all states and sectors play a critical economic role, so the judging panel separately evaluated larger or more frequent issuers and those who issue debt less often.

Continue reading.

April 20, 2023

Renewable Energy Projects Face Potential Headwinds in Texas: Latham & Watkins

Proposed legislation would impose new constraints and regulatory obstacles for renewable energy, as conservative responses to ESG-related initiatives continue to morph across the US.

The Texas legislature is considering several bills that could significantly impact both the regulatory landscape for renewable energy projects in the state and policy debates heating up around the country.

Texas leads among US states in renewable energy generation, producing more electricity from wind and utility-scale solar facilities than any other state by far.[1] In 2022, for instance, it produced more than twice the number of gigawatt-hours from wind and utility-scale solar sources than California. However, the proposed bills could substantially alter the trajectory (and viability) of various energy transition projects, as conservative policymakers continue to flex their regulatory power to shape the conversation around ESG and related initiatives.

This post summarizes the key aspects of several bills under consideration in the state and briefly outlines what they might mean for renewable energy projects in Texas.

Continue reading.

Latham & Watkins LLP – Sarah E. Fortt, Joshua W. Marnitz and Austin J. Pierce

April 12 2023

Texas' Anti-ESG Stance is Costing Municipalities Millions in Extra Interest

Payments.

Texas banned municipal bond issuers from using ESG-minded banks—and now they're paying the price

In 2021, the Texas legislature prohibited any cities or towns in the state from using banks that limit financing for the oil, gas, or gun industries. As a result, five major municipal bond underwriters, representing more than a quarter of all competitive-bid municipal bond offers in Texas, withdrew from the state.

That meant municipalities issuing bonds were more likely to engage in negotiated borrowing rather than holding a bid auction—which also meant they got more expensive financing. For municipalities that had relied on the underwriters that left the state, borrowing costs went up by an average of 0.41 percentage points, researchers have found (pdf).

According to Daniel Garrett at the University of Pennsylvania's Wharton School and Ivan Ivanov of the Federal Reserve Bank of Chicago, Texas municipalities will be paying $300 million to $500 million in additional interest because of the tougher loan terms. And that's just on the $31.8 billion borrowed in the first eight months after the anti-ESG law went into affect.

Continue reading.

Quartz

By Nate DiCamillo

April 17, 2023

DeSantis, in Latest Volley Against Disney, Suggests Punitive Steps.

The Florida governor also described proposed legislation he said would override the company's effort to sidestep oversight of its theme parks.

In what has taken on the trappings of a grudge match, Gov. Ron DeSantis of Florida punched Disney anew on Monday, announcing new legislation that would override the company's recent effort to sidestep state oversight of its theme parks.

Mr. DeSantis also suggested a variety of potential punitive actions against Disney — the state's largest private employer and corporate taxpayer — including reappraising the value of Walt Disney World for property tax levies and developing land near the entrances to the resort.

"Maybe create a state park, maybe try to do more amusement parks — someone even said, like, maybe you need another state prison," Mr. DeSantis said at a news conference near Disney World.

Continue reading.

The New York Times

By Brooks Barnes

April 17, 2023

Southern California Public Power Authority: Fitch New Issue Report

The 'AA–' project rating on the new Southern Transmission System Renewal Project reflects the credit quality of the largest project purchaser, the power system of the Los Angeles Department of Water and Power (LADWP; AA–/Stable), and the terms of the transmission sales contracts for all participants that require unconditional payment of project costs. Six project participants are obligated to pay project costs through June 15, 2027, and three project participants are obligated to pay project costs as of June 16, 2027, the transition date. Payments by the project participants are unconditional for 100% of project costs and the Southern California Public Power Authority (SCPPA) has the ability to reallocate costs to non-defaulting participants. Beginning on the transition date, SCPPA's reallocation authority becomes limited to a 15% step-up of participants' original percentage shares, which remains sufficient to cover a default by two of the participants remaining in the project after the transition date, but not LADWP. Bondholders will continue to have direct credit exposure to LADWP.

ACCESS REPORT

Tue 11 Apr, 2023

American Dream Mall Lenders Owed $389 Million Can Collect, Judge Says

- **A judge granted summary judgment in lenders' suit on Monday**
- **Suit's plaintiff is linked to Western Asset, Nonghyup Bank**

A group of junior lenders to the troubled American Dream mall won the right to collect on at least $389 million of defaulted debt after a judge ruled in their favor on Monday.

Judge Andrew Borrok granted the lenders' request for summary judgment against an entity used to finance the $5 billion mall and entertainment complex in New Jersey's Meadowlands, according to a court order. The lawsuit, filed in New York Supreme Court in February, was brought by an entity that serves as an administrative agent for firms linked to Western Asset and South Korea's Nonghyup Bank, court documents show. The complaint demanded payment of "no less than" $389.2 million with interest at "the minimum contractual default rate of 13.75%" as well as other costs.

The New Jersey mall, which broke ground in 2004 and ultimately opened in 2019, has struggled under a series of owners and fallen behind on its debt payments amid construction delays, cost overruns and the pandemic shutdown. Last year, it received an extension on some of its debt from lenders led by JPMorgan Chase & Co., part of a deal that stripped the junior lenders of their collateral.

Continue reading.

Bloomberg Markets

By Erin Hudson, Elise Young and Martin Z Braun

April 11, 2023

[Palm Beach County Sells Bonds to Upgrade Marlins, Cardinals Spring-Training Home.]

- **Palm Beach County selling roughly $123 million of bonds**
- **Upgrades for only ballpark to host four Minor League teams**

Florida's Palm Beach County is raising money in the bond market to keep its hold on professional baseball for decades to come.

The county of 1.5 million along the state's southeastern coast is set to auction off about $123 million of bonds on Thursday to finance renovations at Roger Dean Chevrolet Stadium in Jupiter, the only US ballpark that's home to four Minor League Baseball teams. It also hosts spring training for two Major League teams, the St. Louis Cardinals and the Miami Marlins.

The project joins a wave of construction activity spurred by a late-2020 mandate from Major League Baseball that's forcing local governments to upgrade or replace all the home stadiums for its Minor League affiliates before 2024's opening day. At least nine new stadiums have opened since 2021, including CHS Field in St. Paul, Minnesota; TD Bank Ballpark in Bridgewater, New Jersey; and Polar Park in Worcester, Massachusetts.

Continue reading.

Bloomberg Markets

By Maxwell Adler

April 11, 2023

[S&P U.S. Local Governments Credit Brief: Maryland Counties And Municipalities Means And Medians]

Overview

Maryland county and municipality (or local government [LGs]) credit conditions remain stable and strong, in S&P Global Ratings' view, supported by robust economic growth, particularly associated with the Washington-Arlington-Alexandria and Baltimore-Columbia-Towson metropolitan statistical areas (MSAs), below-average unemployment, above-average wealth and income metrics, and typically very strong reserves.

S&P Global Ratings expects Maryland LGs' credit quality will remain stable over the next year. Management teams in Maryland generally adhere to formalized policies and procedures, supporting stability in financial performance. In addition, although a number of LGs in Maryland have coastal exposure from either the Atlantic Ocean, Chesapeake Bay, or the Potomac River, historically this risk has been mitigated by strong management teams with considerable resilience planning and policies.

Personal income in Maryland currently stands at $69,817 per capita or 109% of the national level, which is among the highest in the nation. In addition to generally strong economic conditions, Maryland counties and municipalities benefit from the lack of state restrictions on increasing property tax rates, providing significant revenue-raising flexibility.

S&P Global Ratings maintains credit ratings on 19 counties and 12 municipalities in the State of Maryland. All Maryland counties and more than 80% of the state's municipalities have high investment-grade ratings ('AA-' or above). In addition, 43% of Maryland LGs are rated 'AAA'. Since Jan. 1, 2022, there have been no upgrades or downgrades, demonstrating considerable stability in this sector. Two LGs were placed on CreditWatch with negative implications, one of which was due to lack of timely information, and remains on CreditWatch. We resolved the other CreditWatch placement by affirming the rating and assigning a stable outlook.

[Continue reading.]

12 Apr, 2023

[Bloomberg Grows Municipal Indices with Launch of Customized Community Municipal Bond Index.]

NEW YORK, April 12, 2023 /PRNewswire/ — Bloomberg today announced the launch of the Bloomberg Goldman Sachs Community Municipal Index (Ticker: I37248), focused on 1-to-15 year maturities within the investment grade municipal bond universe with targeted allocation into municipalities and projects that meet certain classification requirements.

This launch follows recent Sustainable Index introductions, including the [Bloomberg Global Aggregate Green, Social, Sustainability Bond Indices] and the [Bloomberg U.S. Municipal Impact Index] both tracking Green, Social, and Sustainability Bonds and fields that show alignment with International Capital Market Association (ICMA) Principles and Guidelines.

The new index is a market-value weighted combination of two components of the intermediate-segment of Bloomberg's flagship Municipal Index. One component includes bonds which are classified as Green, Social or Sustainable by the Bloomberg Sustainable Finance Solutions Group and are in alignment with ICMA Principles, as well as prerefunded bonds. The other component includes bonds whose municipal sources, sectors, purposes or credit enhancements are not associated with negative environmental or social outcomes, such as casinos or lottery.

"We are glad to announce the Bloomberg Goldman Community Municipal Index created in collaboration with Goldman Sachs Asset Management," said Nick Gendron, Global Head of Fixed Income Index Product at Bloomberg. "The launch reiterates our commitment to offering best-in-class Municipal Indices through our access to industry standard municipal data sets, sophisticated index construction capabilities, as well as opportunities focused on sustainability in the fixed income space."

The index was launched in July 2022, with inception date of January 1, 2019. Bloomberg Terminal clients can access the index using the ticker I37248 Index . The index has been adopted for the recently launched Goldman Sachs Community Municipal Bond ETF (ticker: GMUN).

Bloomberg provides an independent, transparent approach to indexing for customers across the globe. Bloomberg clients can access available indices on the Bloomberg Terminal and all research and methodology for the indices is available at Bloombergindices.com.

About Bloomberg Index Services Limited
Bloomberg's index team has a proven track record in creating industry leading and bespoke indices across asset classes, including best in class fixed income and commodity indices. Bloomberg Index

Services Limited (BISL) takes an innovative approach to delivering strategic benchmarks that help market participants address their evolving needs. As an integral part of Bloomberg, BISL has access to a comprehensive range of trusted data and reliable technology for calculations, analytics and workflow automation, along with distribution capabilities that can help amplify the visibility of our customers' products.

About Bloomberg
Bloomberg is a global leader in business and financial information, delivering trusted data, news, and insights that bring transparency, efficiency, and fairness to markets. The company helps connect influential communities across the global financial ecosystem via reliable technology solutions that enable our customers to make more informed decisions and foster better collaboration. For more information, visit Bloomberg.com/company or request a demo.

Arizona Sports Complex Developer Hires Adviser as It Considers Bankruptcy for Park.

Nonprofit developer Legacy Cares hires Miller Buckfire to explore debt restructuring options for the complex formerly named Bell Bank Park

A big Mesa, Ariz., sports complex that opened last year as Bell Bank Park is working on a debt restructuring and reviewing options including a bankruptcy filing after revenue fell short of projections and the complex defaulted on its tax-exempt municipal debt last year, according to people familiar with the matter.

The 320-acre sports complex has hired investment bank Miller Buckfire & Co. and replaced Legacy Sports USA, the manager of the money-losing facility, according to a regulatory filing posted Tuesday to Electronic Municipal Market Access.

Miller Buckfire will explore options for the sports complex, including a sale, according to the filing. A bankruptcy filing is also among the options under consideration, people familiar with the matter said.

Continue reading.

The Wall Street Journal

By Soma Biswas and Heather Gillers

April 12, 2023

Muni Junk Bond King John Miller to Retire.

Rising rates, waning investor appetites have left muni funds full of low-yield bonds

Nuveen municipal-bond chief John Miller, who helped transform the Chicago-based investment firm into the nation's top manager of junk-rated state and local debt, will retire June 1.

Mr. Miller, 56 years old, distinguished himself as a risk-taker in the sleepy world of municipal bonds.

In a market where retirees go to buy stakes in county sewer systems and other safe investments, he helped finance speculative projects such as an alfalfa straw recycling plant and a megamall with an amusement park inside.

The strategy landed Mr. Miller outsize wins during a decade of low yields, cheap credit and a humming economy, and outsize losses last year when those conditions changed.

Continue reading.

The Wall Street Journal

By Heather Gillers

April 13, 2023

Nuveen Muni Bond Chief John Miller to Retire.

John Miller, who since 2007 has lead the $188 billion municipal bond arm of money manager Nuveen, will retire June 1, the firm said Monday.

Daniel Close, who currently leads Nuveen's taxable municipal bond arm, will become head of municipals.

Nuveen, the investment manager of TIAA, had $1.1 trillion in assets under management as of Dec. 31, including more than 60 investment-grade and high-yield municipal bond funds. Mr. Miller joined the firm in 1996.

As part of the change, several high-yield funds will add new managers, including Mr. Close. High-yield municipal bonds, which finance financially stressed cities, charter schools and even a New Jersey megamall, were a particular focus of Mr. Miller.

The Wall Street Journal

By Heather Gillers

Apr. 10, 2023

How Disney Dodged Ron DeSantis and Kept Control of Its Florida Land.

'Disney didn't do anything secret' in securing key approvals before governor's new board gained oversight

Walt Disney Co. for now has outmaneuvered Florida Gov. Ron DeSantis in the battle for control over the more than 24,000-acre parcel of land near Orlando where Walt Disney World Resort is located.

In February, Disney went before a local board and secured approvals for the next 30 years on zoning, infrastructure and air-rights that the company might need if it chooses to expand Disney World, giving the company an advantage that has become clearer in recent days.

This week, those approvals were criticized by members of a new board that was created by the Republican governor to strip Disney of governing control over the land's special tax district, known as Reedy Creek. Mr. DeSantis, who has been clashing with Disney for more than a year, appointed the new board after the February meeting.

Continue reading.

The Wall Street Journal

By Robbie Whelan and Arian Campo-Flores

Updated April 1, 2023 1:48 pm ET

Disney CEO Blasts DeSantis's Policies as 'Anti-Business'

- **Shareholders reject proposal from conservative activist**
- **Investors reelect board, back company on hot-button issues**

Walt Disney Co. Chief Executive Officer Bob Iger came out swinging at Florida Governor Ron DeSantis saying his policies regarding the theme-park giant have been "not just anti-Florida, but anti-business."

The executive, who spoke during the company's annual meeting on Monday, responded to questions from investors about Disney's political fight in Florida and its decision to oppose legislation that limits discussion of gender identity in schools.

"A company has a right to freedom of speech just like individuals do," Iger said.

Continue reading.

Bloomberg

By Thomas Buckley

April 3, 2023

S&P U.S. Local Governments Credit Brief: Texas State Counties And Municipalities Means And Medians

Overview

Texas counties and municipalities continue to demonstrate stable credit quality, supported by increasing economic activity that has resulted in growing revenue trends, strong operating performance, and generally stable or increasing reserves. Despite macroeconomic risks, S&P Global Ratings expects overall credit quality for Texas local governments will likely remain stable during the next few years; however, escalating service and infrastructure needs could pressure rapidly growing communities. Several factors that are common across most of the portfolio–including ongoing economic development, strong reserves averaging more than 60% of operating expenditures, and conservative budgeting–support this view. Collectively, we think Texas municipalities and counties are well positioned to manage through evolving economic conditions.

The state’s population growth, leading all states with an additional 470,000 individuals in 2022, has created opportunities and challenges for municipal issuers. Across the state’s principal metropolitan areas, growing constituencies have correspondingly added demands on services and the need for debt issuance to fund new or improved infrastructure. Therefore, we expect some local governments will likely maintain higher-than-average debt and fixed-cost burdens compared with national medians.

S&P Global Ratings maintains ratings on roughly 400 Texas cities and 100 counties. Overall credit quality slightly improved in 2022 with 28 upgrades, slightly less than 6% of combined portfolios, and seven downgrades, slightly more than 1% of combined portfolios. In general, increasing property values led to improved market value per capita, even with population growth. In addition, median available general fund balance increased for many rating levels. Relative to 2021, certain key credit factors–such as income, carrying charges, and pension costs–were largely unchanged.

Continue reading.

3 Apr, 2023

S&P Pension Spotlight: Texas

Key Takeaways

- Recent contribution increases have improved the overall outlook on Texas pensions, but attributes remain that introduce contribution volatility risk.
- Local government pension costs are manageable for most issuers that participate in the well-funded municipal and county plans.
- After strong asset returns in fiscal 2021 improved funded ratios, weaker market performance in fiscal 2022 erased most or all of those gains, and 2023 could bring further declines or stagnant returns, increasing future contributions.
- Other postemployment benefit costs, while moderately high, are a minimal credit pressure for Texas local governments.

Continue reading.

4 Apr, 2023

Cedar Rapids Wants to Take These Homes - Before the Floods Do.

The Iowa city says it must seize the land of some 20 homeowners who live near the riverfront

CEDAR RAPIDS, Iowa—Officials in this city in eastern Iowa have long sought to build a system of levees and walls to prevent the Cedar River from flooding its banks and soaking homes and businesses.

But to construct the more than $550 million flood-control system, Cedar Rapids officials say they must seize the land of some 20 homeowners who live in a low-income area along the riverfront.

“Unfortunately,” said Cedar Rapids Mayor Tiffany O’Donnell, there are families “that are paying the price for the safety of the entire city.”

Continue reading.

The Wall Street Journal

By Shannon Najmabadi

April 6, 2023

Fitch: Abatement Risk Manageable for California Following Tulare Flood

Fitch Ratings-New York/San Francisco-05 April 2023: California’s decision to continue making lease payments on a recently abated project following the Tulare flood in March supports Fitch Ratings view that issuers will repay abatement lease debt, even if they technically have the option not to do so. Fitch does not apply additional notching from the Issuer Default Rating (IDR) when abatement risk is present.

The Treasurer of the State of California (AA/Stable) provided notice on March 30, 2023 on behalf of the State Public Works Board (SPWB) that due to flooding in Tulare, the California Department of Food and Agriculture (CDFA) does not currently have use and occupancy of a facility financed with Lease Revenue Bonds 2013 Series I (Various Capital Projects) (rated AA-). The initial damage occurred on March 16, 2023 and SPWB was notified on March 17, 2023. The obligation of the CDFA to pay rent under the facility lease between the CDFA and SPWB has been abated as there is substantial interference with the use and occupancy of the facility.

Fitch generally rates appropriation-backed bonds one notch below the obligor’s IDR, reflecting the slightly higher degree of optionality associated with lease/appropriation payments compared to the IDR. Fitch believes the incentive and propensity to repay lease/appropriation debt is closely linked to an obligor’s incentive and propensity to repay all debt. This reasoning applies to abatement leases which give obligors the right to withhold payments for abatement. Fitch assumes the issuer will repay such debt even if it technically has the option not to do so, whether through non-appropriation or abatement.

This is the case for the lease in question. The portion being abated is a modest portion of the overall lease financing and the SPWB has determined to use legally available funds for payment of approximately $165,000 due on May 1, without accessing the reserve fund that is available to this project. The Master Indenture Reserve Fund Requirement is currently more than $111 million. It is the SPWB’s intention to continue to pay debt service from legally available funds during the period that the lease is abated.

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Additional information is available on www.fitchratings.com

[A Proposed Multi-Billion Regional Bond Signals a Shift in How Bay Area Affordable Housing is Funded.]

A renewed push to tackle the Bay Area's housing crisis at a regional level is underway, and it could be the solution for cities and counties tapped out of local funds for affordable housing.

The Bay Area Housing Finance Authority, or BAHFA, was created in 2019 to address the area's housing shortage. It's a first-of-its-kind financing authority in California that has coalesced as advocates and state leaders move to take a more regional approach to combat the state's housing-affordability problems.

A recent report from BAHFA and Enterprise Community Partners found that there's a $7.6 billion gap in public financing that needs to be filled in order to unlock nearly 33,000 new homes in the Bay Area.

[Continue reading.]

Story by Grace Hase, Bay Area News Group – Mar 28

[S&P State Brief: Utah]

[View the Brief.]

24 Mar, 2023 | 16:02 United States of America

[S&P U.S. Local Governments Credit Brief: New York School Districts]

Overview

New York school districts have continued to exhibit stable credit quality over the past several years, in part due to the significant federal stimulus aid received as a response to the COVID-19 pandemic. In total, New York School Districts received nearly $1 billion in temporary federal aid in fiscal 2022. Furthermore, increased Foundation Aid funding for many school districts across the state further supported the overall fiscal health of the portfolio. Given these dynamics, S&P Global Ratings expects credit quality for New York school districts to remain stable in the near term despite a shallow recession predicted for the first half of 2023.

S&P Global Ratings maintains ratings on roughly 323 New York school districts. Overall, since April 2022 school district credit quality has remained stable, with two school districts experiencing rating movement due to strengthened financial position:

Hamilton Central School District rating was raised to 'A+' from 'A' on strengthened financial position;
New Rochelle City School District rating was raised to 'AA' from 'AA-' on strengthened financial position.
Additional recent rating actions of note include an outlook revision for Sherburne-Earlville Central School District to stable from negative in November 2022 due to improved reserves; Weedsport Central School District's outlook revised to stable from negative in November 2022 on improved reserves and liquidity. The ratings of 10 school districts within the portfolio have been withdrawn because of retirement of those entities' debt obligations and six new ratings were added. Currently, all 323 of our ratings in this portfolio have a stable outlook.

Continue reading.

24 Mar, 2023

S&P State Brief: Arizona

View the Brief.

28 Mar, 2023 | 15:11 United States of America

Kansas Public Employees Retirement System Warns of Adverse Consequences From "Anti-ESG" Bills: Cadwalader

Earlier this month, the Kansas Public Employees Retirement System (KPERS) urged legislators to reject key aspects of "anti-ESG" bills introduced in the Kansas Senate and House of Representatives. Both bills are designed, in part, to restrict the ability of investment managers engaged by KPERS to consider ESG factors in investment decisions, either directly or indirectly. The Senate bill (SB 224), which the state's Attorney General, Kris Kobach, promoted as the "strongest anti-ESG bill in the country," operates by prohibiting KPERS from investing in or through financial entities "engaged in ideological boycotts," a term defined to include "any commercial action that is intended to penalize, inflict economic harm on, limit commercial relations with or change or limit the activities of a company" based on ideological or political considerations, including the company's failure to satisfy certain environmental criteria. The House bill (HB 2436) operates by requiring all investment decisions on behalf of KPERS to be made "solely in the financial interest" of beneficiaries, while defining "financial interest" to exclude any consideration of certain policy objectives, such as eliminating, reducing, offsetting, or disclosing greenhouse gas emissions.

KPERS objected to the bills as both unnecessary and costly. The bills are unnecessary, according to

KPERS, because (1) as fiduciaries, members of the KPERS Board and its investment managers are already duty-bound to make "[a]ll investment decisions . . . for the sole purpose of providing promised benefits"—an obligation that the proposed bills could disrupt; and (2) an existing Kansas law, in operation since 1992, already prohibits investments "if the sole or primary investment objective is for economic development or social purposes or objectives." More critically, under either of the bills, all or nearly all of the current KPERS investment managers would be disqualified because they offer ESG products, resulting in a complete divestment and restructuring of the KPERS fund. Such a restructuring would lead to "asset losses of approximately $1.14 billion due to the early sale of assets from illiquid investments" and would reduce future returns by an estimated 0.85%, resulting in a $3.6 billion reduction in fund earnings over the next 10 years. This underfunding would in turn cost state and local employers billions of dollars in the form of higher mandated contributions. Finally, by restricting the ability of KPERS to delegate its proxy voting rights unless it is not "economically practicable," and the investment manager commits in writing to "act solely on pecuniary factors" (a term not defined in the bills), the bills would require KPERS "to research and evaluate each of the nearly 100,000 proxy votes based solely on financial factors," meaning that "an entire team of investment professionals would have to be hired to manage proxy voting." That, in turn, would "create an unnecessary layer of bureaucracy that will make KPERS less competitive with private market and real estate investments."

To help mitigate the impact of the bills, KPERS proposed several amendments. First, KPERS recommended narrowing the restrictions placed on investment managers to apply only to assets managed on behalf of KPERS. This would allow KPERS to continue its relationships with current investment managers as long as they commit to managing state assets according to the requirements of the bills. Second, KPERS recommended exempting alternative or real estate investments, "which rarely have proxy votes due to the nature of the investment," from restrictions related to proxy voting, and clarifying that KPERS could continue to delegate its proxy voting authority to third parties who commit to exercising that authority according to the requirements of the bills. Third, with respect to the Senate bill, KPERS recommended that the divestment requirement "be limited to direct holdings and exclude private markets and real estate to mitigate extraordinary divestment costs from these illiquid investments." Finally, with respect to the House bill, KPERS recommended a provision that would require the state to defend and indemnify the KPERS Board and staff from any liability arising from compliance with the requirements of the bill—a protection already included in the Senate bill.

Continue reading.

By Timbre Shriver & Chad Lee

March 24, 2023

Cadwalader, Wickersham & Taft LLP

Wake County, North Carolina: Fitch New Issue Report

The county's 'AAA' IDR and GO bond rating reflect the county's strong revenue growth prospects, ample reserves and broad budgetary tools along with solid expenditure flexibility, and a low long-term liability burden. The LOBs rating is one notch below the county's IDR, reflecting the slightly higher degree of optionality associated with lease payments subject to appropriation. Key Rating Drivers Revenue Framework: 'aaa': The county has strong revenue-raising flexibility given the current property tax rate is less than half the statutory cap. Assessed value (AV) appreciation and sales tax revenue trends have generated revenue growth that exceeds inflation. However, Fitch expects growth to be in line with GDP given strong economic growth prospects. Expenditure Framework: 'aa': The county has significant control over spending, including the ability to determine terms of labor given the absence of collective bargaining. Additional flexibility can be found in pay-go spending and conservative budgeting practices. Long-Term Liability Burden: 'aaa': The county's long-term liabilities are low as a percentage of personal income. The county prudently manages its debt, and its pensions are well funded.

ACCESS REPORT

Northport, Alabama: Fitch New Issue Report

Northport's 'AA+' Issuer Default Rating (IDR) and GO warrant ratings reflect the city's superior gap-closing capacity, which incorporates its manageable expenditure growth demands, high revenue-raising authority and maintenance of sound reserve levels. The one-notch upgrade of the ratings reflects improved budget management practices, as evidenced by the steps taken to ensure the timely filing of financial audits, following a short historical period when such filings were not timely made. In addition, the ratings reflect Northport's low long-term liabilities compared to residents' personal income, and Fitch Ratings' expectation for continued growth in revenues to support the needs of a rising population and debt servicing costs.

ACCESS REPORT

Idaho Housing and Finance Association: Fitch New Issue Report

Long-Term Growth Prospects: The 'aaa' assessment for pledged revenue growth prospects reflects robust sales tax performance in recent years. Fitch Ratings anticipates strong growth going forward at or above long-term expectations for national economic growth, benefiting from a trend of strong state population growth, economic expansion and diversification. Revenue Stream Resilience: Available state sales tax revenues provide very strong coverage of the allocation to the TECM Fund from which debt service is payable, supporting a 'aaa' assessment of the sensitivity and resilience of the security structure. Assuming full expected leverage of the annual allocation ($80 million), the structure can comfortably absorb a decline in revenues expected to result from a moderate recession scenario and one equivalent to the largest historical revenue decline.

ACCESS REPORT

Gastonia, North Carolina: Fitch New Issue Report

Revenue Framework: 'aa': The city has strong revenue-raising ability with current property tax rates well below the statutory cap. Assessed value and appreciation and sales tax revenue trends have generated revenue growth that exceeds inflation. Expenditure Framework: 'aa': The city retains significant control over spending in the absence of collective bargaining despite moderate fixed carrying costs for debt service and retiree benefits. Long-Term Liability Burden: ‘aaa’: The city’s long-term liability burden is low relative to personal income and is expected to remain stable over time based on manageable debt plans and a modest aggregate net pension liability. Operating Performance: ‘aaa’: The city’s superior budgetary flexibility and maintenance of healthy general fund balance positions it to manage comfortably through economic downturns without diminishing its overall financial flexibility.

ACCESS REPORT

Fri 24 Mar, 2023

UPMC Health System, Pennsylvania: Fitch New Issue Report

Revenue Defensibility: Fitch assesses UPMC’s revenue defensibility as midrange. This is based on its leading market position enhanced by a large insurance division that drives a significant level of revenue diversification, a large physician component and a large delivery network in Pennsylvania. Operating Risk: Despite profitability metrics that are somewhat below Fitch’s midrange assessment, partially due to the large insurance component, Fitch views the almost half of UPMC revenues that are derived from insurance premiums as a stabilizing factor and expects that, over time, operations will strengthen. Financial Profile: Fitch’s stress scenario shows UPMC’s liquidity and leverage metrics as recovering to levels consistent with the strong assessment in the context of midrange revenue defensibility and a midrange operating profile.

ACCESS REPORT

Fri 24 Mar, 2023

State of New Hampshire: Fitch New Issue Report

The ‘AA+’ Issuer Default Rating (IDR) and GO rating reflect New Hampshire’s low liabilities and strong budgetary controls, which are offset by somewhat limited financial resilience and growth prospects from a taxation regime that does not fully capture economic growth. The state’s well-educated workforce is an asset as it continues along its long-term transition from manufacturing. Economic Resource Base: New Hampshire is a prosperous and well-educated state that has shifted rapidly from manufacturing to services as its economy becomes more like that of the nation. The state’s population and job growth benefitted from the expansion of Boston, MA’s suburbs into New Hampshire, and growth in the trade, transportation and utilities segment, as well as other service sectors.

ACCESS REPORT

Fri 24 Mar, 2023

Harrisburg Pays Off Multi-Million Dollar Bond Insurance Debt.

Harrisburg is finished paying a multi-million dollar debt that has burdened the city for more than a decade.

City leaders said Thursday they had submitted a final $8.3 million payment to bond insurer AMBAC this week. Harrisburg has for years owed the insurance company money for covering a series of bond payments the city could not make.

"For me, this has been a particularly annoying and costly debt, because we've had the ability to pay this off for many years," Harrisburg Treasurer Dan Miller said at a news conference.

Continue reading.

WITF.COM

by Sam Dunklau

MARCH 16, 2023

Calif. Community Choice Aggregator Taps Green Bond to Lower Costs of Renewable Energy Procurement.

California's community choice aggregator Clean Power Alliance has arranged for the issuance of a municipal non-recourse Clean Energy Project Revenue Bond through the California Community Choice Financing Authority.

The nearly $1 billion bond issuance is expected to reduce CPA's renewable energy costs by approximately $66.7 million over the initial eight-year period of the bonds, or an average of $8.3 million annually.

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

Continue reading.

publicpower.com

by Paul Ciampoli

March 13, 2023

S&P Charter School Brief: California

As of March 13, 2023, S&P Global Ratings maintains 40 public ratings on bonds secured by California charter schools. In 1992, California became the second U.S. state to enact a charter school law. Today, it is home to about 1,300 charter schools that serve approximately 12% of the state's kindergarten through 12th-grade (K-12) students.

Continue reading.

S&P State Brief: Government of Guam

View the Brief.

13 Mar, 2023

S&P State Brief: Arkansas

View the Brief.

13 Mar, 2023

Renewables Rule! Illinois Law Sets Uniform Standards for Approval of Utility Wind and Solar Facilities - K&L Gates

During January's lame-duck session the Illinois General Assembly enacted, and Governor Pritzker signed into law, HB 4412, which requires counties and municipalities to adopt statewide standards for utility-scale solar and wind facilities. This law requires local zoning authorities to rewrite their zoning ordinance within 180 days to match the standards set in the law and precludes them from adopting bans or moratoria on future approvals of these renewable facilities.

HB 4412 arose from Illinois' aggressive renewable portfolio standard ("RPS") program. The Illinois Climate and Equitable Jobs Act ("CEJA") adopted in 2021 required Illinois to phase out private fossil fueled electrical generation by 2030 and municipal coal-fired power plants by 2045. CEJA required the state to be at 100% clean energy by 2050 with deadlines for 40% by 2030 and 50% by 2040. To meet those goals, CEJA more than doubled funding for the RPS and provided more than $40 million in funding for renewable initiatives.

The CEJA (along with enhanced federal incentives) had the desired effect of creating an avalanche of proposed renewable facilities. Developers proposed building the majority of these facilities in Illinois' vast agricultural Downstate (i.e., the areas of the state outside the six county Chicago area), primarily due to the abundance of affordable land and interconnection opportunities. Conflicts have arisen, however, with local communities concerned about their agricultural character. While Downstate could experience increased prosperity from wind and solar lease and tax revenues, local farming communities have sought to preserve a measure of control over their agricultural lands. Recently, some Downstate counties and municipalities began to consider moratoria or outright bans on renewable facilities in an attempt to preserve local land use decision making.

Concerned that the local backlash to renewable projects could hinder CEJA's ambitious renewables goals, the state adopted HB 4412 to limit the ability of counties and municipalities to make independent land use decisions in siting utility-scale renewable facilities. The law requires that local zoning authorities adopt a standard zoning ordinance that sets uniform allowable setbacks for solar and wind projects from surrounding houses and fish and wildlife areas. The law precludes local communities from adopting more stringent operational and decommissioning standards than those adopted by state agencies, such as the Pollution Control Board's noise standards and the

Department of Agriculture’s requirements in its Agricultural Impact Mitigation Agreements. It also precludes local communities from requiring renewable energy developers to construct earthen berm barriers or offer property value guarantees. The law establishes further standards for considering natural resources issues as well as limits on county and township road agreements.

HB 4412 also mandates process standards for zoning authorities, requiring hearings to be held no more than 45 days after a proposal is submitted and requiring final decisions to be made no more than 30 days after the last hearing. Zoning authorities cannot adopt moratoria or bans on approving renewable facilities, and all zoning decisions involving utility scale solar and wind projects must comply with HB 4412. Existing zoning ordinances that are inconsistent with HB 4412 must be revised within 120 days.

The law does not set out any specific penalties for failing to meet these deadlines, but it does state that a county may not place any restriction on a renewable facility unless it adopts an ordinance that complies with the law’s standards. Whether that means that a noncompliant county cannot impose any restrictions on new facilities or that it can only impose the restrictions in the law may well be the subject of future litigation.

While clearly a great boon to the renewable industry, the issues HB 4412 is intended to address are not going away. The state has nearly unlimited power to establish and limit authority of counties and municipalities, but the issues dividing the renewable energy and agricultural communities will persist and potentially be exacerbated by the state’s action. The law does not deprive individual landowners and local residents of their ability to bring private nuisance and other legal actions that could also be used to slow project development. Compliance with the law is also uncertain, as the deadlines both for adopting zoning ordinances and completing local approval are probably unrealistic considering the thinly staffed and voluntary nature of many Downstate governments. While HB 4412 may expedite and make zoning decisions more consistent in some communities, it will not eliminate the potential for conflict and delay in the local zoning process or bridge the differences between agricultural and renewable energy interests.

K&L Gates LLP – David L. Rieser and Buck B. Endemann

March 13 2023

New York City Transitional Finance Authority, New York: Fitch New Issue Report

Key Rating Drivers Strong Legal Framework: The bankruptcy-remote, statutorily defined nature of the issuer pursuant to state legislation and a bond structure involving a first-perfected security interest in the PIT and SUT revenues are key credit strengths. Payment of the PIT and SUT revenue to the TFA is not subject to city or state appropriation. Statutory covenants prohibit action that would impair bondholders. Robust Resilience: Fitch does not make a rating distinction between the senior and subordinate liens due to the high coverage levels and strong legal and practical protections against overleveraging. Fitch anticipates the security provided for both liens will remain highly resilient through the current economic environment and future downturns. Solid Growth Prospects: Statutory revenues benefit from the city’s unique economic profile, which centers on its identity as an international center for numerous industries and a major tourist destination. Fitch believes longer-term growth of pledged revenues may slow from historical levels but remain solid at levels between inflation and U.S. GDP following record levels of personal income and sales tax revenues during fiscal 2022.

[ACCESS REPORT]

[Tempe Union High School District No. 213, Arizona: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: ‘bbb’: Fitch expects slow revenue growth generally at the rate of inflation with increases to K-12 per-pupil state funding levels partially offset by gradual enrollment declines, Arizona school districts lack the ability to independently raise operating revenues. Expenditure Framework: ‘aa’: District expenditures are anticipated to grow in line with or marginally above its revenues. Expenditure flexibility is solid, reflecting moderate fixed carrying costs and strong management control over workforce spending. Long-Term Liability Burden: ‘aaa’: The long-term liability burden for overall debt and pensions is low at under 6% of 2021 resident personal income, inclusive of this issuance. Despite additional borrowing plans for the district and the capital needs of overlapping local governments, Fitch does not expect the debt load to significantly outpace personal income growth.

[ACCESS REPORT]

Wed 15 Mar, 2023

[Fitch Ratings Factors Congressional Home Rule Act Oversight into District of Columbia Rating.]

Fitch Ratings-San Francisco/New York-16 March 2023: Recent Congressional action to repeal a District of Columbia law is indicative of Congress’ unique oversight and is unlikely to affect the District’s underlying credit quality and ‘AA+’/Stable Issuer Default Rating (IDR), Fitch Ratings says. Fitch incorporates risks of Congressional intervention in District fiscal matters into our assessment of the District’s independent legal ability to raise revenues. Fitch also notes that since the establishment of Home Rule, Congress has not voided legislation directly related to District’s fiscal policy or revenue changes.

The District’s ‘AA+’ IDR reflects exceptionally strong budget control, long-term economic and revenue growth prospects, and commitment to long-term capital planning, including a sizable pay-go program. The federal government plays a key role in the District’s credit profile given its economic importance to the District and direct fiscal support for retiree liabilities as well as Medicaid.

In a rare invocation of the District of Columbia’s statutory subjection to congressional oversight under the 1973 Home Rule Act, Congress presented House Joint Resolution 26, repealing the District’s Revised Criminal Code Act of 2022, to the President on March 15, 2023. Fitch expects the President to sign the resolution, as he has publicly indicated.

The Home Rule Act subjects all non-budget enacted local legislation, including revenue raising measures, to a 30- (for civil matters) or 60- (for criminal matters) legislative day congressional review period. Congress can void the legislation during the review period with a joint resolution of both houses, signed by the president. This normally represents a significant political hurdle, as prior to House Joint Resolution 26, locally approved legislation had been voided only three times and not since 1990.

The Home Rule Act also establishes the District as essentially a federal agency for budgeting purposes, requiring explicit congressional approval as part of federal appropriations bills before local budget bills become effective. Local budget bills are the only way for the District to authorize spending of revenues, including tax or fee increases implemented under separate local legislation. This places untested limitations on the District's independent legal revenue-raising capability, though Fitch views a long record of District revenue actions without Congressional interference as substantially reducing the risk we assign to this factor.

Under a local Budget Autonomy Act enacted by the District council in 2012 and a local court decision upholding it, the District believes its local funds budget is now only subject to a 30-legislative day congressional review period. Some members of Congress have challenged this assertion, and in Fitch's view, the final outcome remains somewhat unclear.

Since a 2016 decision in the District's Superior Court, the District has followed the budgeting process outlined in the Budget Autonomy Act. After council and mayoral approval, the District submits the local funds' budget bills to Congress and considers them fully enacted after a 30-legislative day congressional review period. However, Congress has continued to follow Home Rule Act provisions and included the District's local funds budget in its federal appropriation bills.

Historically, federal appropriations bills have included all provisions, including revenue changes, in the local funds budget approved at the District's level. They have also usually included additional policy riders inserted by Congress that modestly restrict the District's expenditure authority, such as provisions prohibiting any expenditure of local funds to legalize marijuana or tightly limiting expenditures for abortions. As it traditionally has, the District intends to comply with these provisions included in the federal appropriations bills. Beyond the federal provisions noted above, the District has no other legal limitations on its ability to raise revenues through tax or fee increases or base broadenings.

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Del Rio, Texas: Fitch New Issue Report

The ‘AA’ Issuer Default Rating (IDR), and GO and CO ratings reflect the combination of substantial revenue-raising ability, solid expenditure flexibility and superior operating performance, which allows Del Rio to withstand current and future economic cycles. Revenue growth prospects are adequate and expected to perform at the level of inflation over time. The city’s long-term liability burden is low. Economic Resource Base: Del Rio has a slightly declining population that totaled about 35,000 in 2021. It is located along the Texas-Mexico border, across from the larger city of Ciudad Acuna, which has an estimated population of about 201,700. Employment is concentrated in the federal government, led by Laughlin Air Force Base (Laughlin AFB) and border security agencies. Given its border location, the city’s economy is also inherently linked to the Mexican border economy and is vulnerable to international economic and governmental policy shifts, as it relies on border trade and transportation activity.

ACCESS REPORT

Thu 16 Mar, 2023

Bristol, Connecticut: Fitch New Issue Report

Revenue Framework: ‘aa’: Fitch Ratings expects growth prospects for revenues absent tax rate increases to trend in line with long-term national rates of inflation notwithstanding recent strong growth in assessed values based on a recent five-year revaluation. Prior to the revaluation, long-term trends in tax base values were more moderate and population growth has been relatively flat. Expenditure Framework: ‘aa’: Overall expenditure flexibility is solid when considering management’s adequate ability to control headcount and wages. The city’s fixed carrying costs associated with debt service, pension and other post-employment benefit contributions were 7% of fiscal 2022 total governmental spending. Long-Term Liability Burden: ‘aaa’: Bristol’s long-term liability burden for debt and Fitch-adjusted net pension liabilities is low at an estimated 4% of residents’ personal income including this issuance. Fitch expects the burden to remain low as a result of manageable future borrowing plans, pensions with a positive net asset position and above average principal amortization. Operating Performance: ‘aaa’: Fitch expects the city to manage through periods of economic decline while maintaining a high degree of fundamental financial flexibility. Conservative budget management practices have contributed to the maintenance of solid reserve levels.

ACCESS REPORT

Thu 16 Mar, 2023

State of California: Fitch New Issue Report

California’s ‘AA’ Issuer Default Rating (IDR) and GO bond rating incorporate the state’s large and diverse economy, which supports strong, albeit cyclical, revenue growth prospects, a solid ability to manage expenses through the economic cycle and a moderate level of long-term liabilities. Strong fiscal management, institutionalized across administrations and demonstrated through build-up of the budgetary stabilization account and elimination of past budgetary borrowing, has allowed the state to better withstand economic and revenue cyclicality.

ACCESS REPORT

Fri 17 Mar, 2023

S&P U.S. Local Governments Credit Brief: New York State Counties And Municipalities Means And Medians

Overview

New York State counties and municipalities (local governments) have demonstrated stable credit quality recently, which we think continued economic expansion supports, demonstrated by continuous strong sales tax revenue. Sales tax revenue remained robust despite supply chain disruptions and a tight labor market that has greatly affected local government portfolios nationwide.

S&P Global Ratings expects credit quality for New York local governments to remain stable during the next few years despite the shallow recession predicted for the first half of 2023 due largely to positive operations, subsequent to the injection of federal stimulus during COVID-19 and various transformation economic developments statewide. However, concerns over inflationary pressure and a contracting housing market throughout the Mid-Atlantic, possibly affecting mortgage tax collections, remain for local governments.

S&P Global Ratings maintains ratings on roughly 258 local governments, 228 municipalities, and 31 counties. Overall, credit quality has remained stable since March 14, 2022. We raised the ratings on Erie, Nassau, and Suffolk counties within the past year. We also raised the ratings on seven municipalities, including Syracuse and Yonkers, and lowered the ratings on three. In addition, we withdrew eight ratings across New York local governments as debt matured or due to a lack of timely information: However, we withdrew the rating on South Nyack because it dissolved. At 95%, the majority of ratings have a stable outlook while 2% have positive outlooks, 1% have negative outlooks, and 2% are on CreditWatch for a lack of timely information.

Continue reading.

14 Mar, 2023

Residents’ Right to Be Rude Upheld by Massachusetts Supreme Court.

In an age of division, the court ruled that towns could not mandate polite discourse at public meetings. One official called the decision “very dispiriting.”

In a decision that jangled the nerves of some elected officials, the Massachusetts Supreme Judicial Court last week reaffirmed a basic liberty established by the founding fathers: the right to be rude at public meetings.

The ruling sent waves of consternation across the state, where many local select board and school committee members have emerged battle-scarred from the coronavirus pandemic and its fierce disputes over masks, vaccines and remote learning. Stemming from a lawsuit filed against the town of Southborough, Mass., by a resident who said selectmen had silenced her unlawfully, the decision pushed back against attempts to mandate good manners.

"On its face it's very dispiriting," said Geoff Beckwith, executive director of the Massachusetts Municipal Association, which until last week had been nudging towns to develop civility guidelines for meetings. "Will it encourage the very few, very vocal individuals whose goal is to be disruptive? The S.J.C. is saying that's the price of true freedom of speech."

Continue reading.

The New York Times

By Jenna Russell

March 17, 2023

Texas' Record $3.5 Billion Muni Deal to Sell After Two-Year Saga.

- **Bonds will help utilities recoup costs from 2021 winter storm**
- **Debt has rare call option, may be redeemed in months**

A Texas agency is poised to issue the largest-ever municipal-bond deal in the Lone Star State, a historic $3.5 billion transaction designed to bail out natural gas utilities that incurred billions of dollars of unexpected costs during a deadly winter storm two years ago.

The Texas Natural Gas Securitization Finance Corp. plans to price the taxable municipal bonds on March 8 and 9. They'll be paid for by adjustable charges on the bills of customers of the nine utilities.

The deal has characteristics that could give some investors pause. For one thing, it has a provision allowing the bonds to be called if lawmakers decide to tap the state's bounty of extra cash to pay off the obligations early. Then there's the sheer size — the biggest since at least 2020 for a taxable muni, according to data compiled by Bloomberg. That heft may require higher yields to clear a volatile market.

Continue reading.

Bloomberg Markets

By Danielle Moran and Scott Carpenter

March 6, 2023 at 10:26 AM PST

American Dream Mall Owes NJ Town $8 Million, Lawsuit Says.

- **East Rutherford says mall owes tax-like payments, sewer bill**
- **American Dream has struggled in the wake of the pandemic**

A New Jersey town sued the American Dream mall and entertainment complex over its refusal to make about $7.5 million in property tax-like payments and $400,000 for sewer service.

American Dream's owner Triple Five Group agreed to make the payments in lieu of real estate taxes to the borough of East Rutherford on land surrounding the mall in exchange for rights to build a hotel, minor league baseball stadium and offices. The payments to East Rutherford, home to the $5 billion project, were supposed to commence once the mall opened to the public, according to a March 3 complaint filed by the town in Superior Court of New Jersey.

The borough said in the lawsuit that American Dream has "dubiously asserted" that the complex — which has hosted millions of guests and touted visits by reality television stars like Kim Kardashian — isn't open for business to the general public.

Continue reading.

Bloomberg

By Martin Z Braun

March 6, 2023

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

Overview

Pennsylvania counties and municipalities are generally well positioned to manage economic headwinds that include inflationary pressures, rising interest rates, and an expected shallow recession in 2023. (For more information on S&P Global Ratings' economic forecast, see "Economic Outlook U.S. Q1 2023: Tipping Toward Recession," published Nov. 28, 2022, on RatingsDirect.) Local governments across the commonwealth are emerging from the COVID-19 pandemic, having benefited from modest revenue recovery and federal stimulus funding that have bolstered reserves. S&P Global Ratings expects that healthy reserves and proactive budgetary management will allow Pennsylvania local governments to weather a potential economic downturn and preserve credit quality across the portfolio.

S&P Global Ratings maintains ratings on 245 municipalities and 39 counties. Overall, the credit quality of municipalities and counties in the commonwealth remains stable, with 3.9% experiencing rating changes in calendar 2022. Over that span, three municipalities and three counties had upgrades on general obligation bonds, and five municipalities had downgrades. Currently, 94.4% of the ratings have a stable outlook, 3.9% have a negative outlook, and 1.7% have a positive outlook.

Continue reading.

8 Mar, 2023

S&P State Brief: Michigan

View the brief.

8 Mar, 2023

[Harford County, Maryland: Fitch New Issue Report]

Revenue Framework: ‘aaa’: The county’s primary revenue sources are property and income taxes. Fitch expects general fund revenue growth to be solid. The county has an unlimited legal ability to raise property taxes and gains additional revenue-raising flexibility from the remaining margin below the maximum income tax rate. Expenditure Framework: ‘aa’: Fitch expects expenditure growth to be marginally above revenue growth mainly due to education, which drives the county’s spending needs. Any reduction below the maintenance of effort level would require approval from the state. Increased salary spending is expected to add to expenditure growth. Fixed costs for debt service, pension and other post-employment benefit contributions are expected to remain moderate. Long-Term Liability Burden: ‘aaa’: The combined burden of debt and unfunded pension liabilities is low at approximately 4% of personal income. Fitch expects the burden to remain low given manageable borrowing plans. Operating Performance: ‘aaa’: The ‘aaa’ operating performance assessment reflects the county’s superior gap-closing capacity relative to Fitch’s expectations of revenue sensitivity to economic cycles, with a solid level of spending flexibility supplemented by ample revenue control and a healthy reserve cushion.

ACCESS REPORT

Wed 08 Mar, 2023

[State of Maryland: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: ‘aaa’: Maryland retains unlimited legal authority to raise operating revenues on its solid economic base. Revenue growth prospects are expected to be strong and comparable to overall U.S. economic growth. Risk from reliance on personal income tax is mitigated by a robust federal presence. Expenditure Framework: ‘aaa’: Maryland has a strong ability to adjust its spending commitments, of which education and Medicaid remain the largest components. Carrying costs for liabilities remain moderately low but above states’ median. Long-Term Liability Burden: ‘aa’: Maryland’s debt and net pension liabilities are elevated for a state but moderate relative to its resource base. Pensions are the more significant burden, which the state is addressing through benefit and contribution policy changes. Operating Performance: ‘aaa’: Financial resilience is extremely strong, with well-funded budgetary reserves, consensus-oriented decision-making with a willingness to trim spending and increase revenues, and disciplined multiyear forecasting and planning.

ACCESS REPORT

Fri 10 Mar, 2023

[Baltimore County, Maryland: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: ‘aaa’: Fitch’s assessment of the county’s revenue framework reflects its view of solid long-term growth prospects, which incorporate some sensitivity to fluctuations in the income tax and other economically sensitive sources through the economic cycle, coupled with the county's high independent legal ability to increase revenue. Expenditure Framework: 'aa': Fitch expects expenditures to grow at a rate in line with to marginally above revenues in the absence of policy action based on historical results. Fixed carrying costs for debt service and retiree benefits are moderate as a percentage of total governmental spending. Spending flexibility is somewhat constrained by multi-year labor agreements and the difficulty to reduce education spending below maintenance of efforts levels without full county council and state approval. Long-Term Liability Burden: 'aaa': Overall debt combined with Fitch-adjusted net pension liabilities is low at about 7% of residents' personal income, excluding GO-backed Metropolitan District debt. Such debt is supported by special assessments and charges levied against all property in the district for water and sewer service. Operating Performance: 'aaa': The county has high gap-closing capacity relative to Fitch's expectations of revenue sensitivity during economic cycles. Baltimore's superior level of inherent budget flexibility reflects its high revenue raising authority and solid expenditure flexibility. Conservative budget management practices have contributed to consistent reserve levels maintained at amounts above what Fitch deems adequate for an 'aaa' reserve safety margin. Management has a strong history of using excess reserves for pay-go capital.

ACCESS REPORT

Fri 10 Mar, 2023

State of California: Fitch New Issue Report

California's 'AA' Issuer Default Rating (IDR) and GO rating incorporate the state's large and diverse economy, which supports strong, albeit cyclical, revenue growth prospects, a solid ability to manage expenses through the economic cycle and moderate long-term liabilities. Strong fiscal management, institutionalized across administrations and demonstrated through build-up of the budgetary stabilization account and elimination of past budgetary borrowing, allows the state to better withstand economic and revenue cyclicality.

ACCESS REPORT

06 Mar, 2023

Howard County, Maryland: Fitch New Issue Report

Revenue Framework: 'aaa': Fitch expects the natural pace of general fund revenue growth to perform in line with GDP over the long term based on strong economic activity and continued investment in the county. The county has the independent legal ability to raise property tax revenues without limit, contributing to superior inherent budget flexibility. Expenditure Framework: 'aa': Fitch expects natural growth in spending to generally track slightly above revenue growth. Education drives the county's spending needs and is somewhat inflexible, in that any reduction in funding would require approval from the state. Nevertheless, the county's ability to make other spending cuts when needed is solid given its strong legal control over employee-related costs and staffing levels. Carrying costs related to debt, pensions and other post-employment benefits (OPEB) are moderate. Long-Term Liability Burden: 'aaa': The county's liability burden is largely debt driven and low relative to its resource base. Projected debt needs are manageable, and future issuances will be managed in accordance with county policies based on changes in the economy, expectations for population growth and service demands.

ACCESS REPORT

Triborough Bridge and Tunnel Authority, New York: Fitch New Issue Report

Rating Linked to State IDR: State statute and bond documents structurally segregate city sales taxes pledged to bondholders and support a rating higher than New York State's IDR. State statute authorizes the New York City sales tax and allocates a fixed amount to the TBTA for the CBDTP. The New York State Comptroller collects all sales tax revenue and transfers the allocation to the TBTA, without appropriation. New York State has a long history of actions to ensure sufficient resources for the MTA, whose operations are a critical component of the state's economic profile. No City or MTA Operating Risk Exposure: Bondholders are not exposed to operating risk of New York City or the MTA. The city has no right, title or interest in the portion of city sales tax withheld by the comptroller and transferred to the TBTA first, before remaining collections are transferred to the city. State statute segregates CBDTP monies from other TBTA moneys, and the resolution requires the prompt deposit of sales tax to the trustee before remaining receipts become available for other authorized uses. State statute prohibits the MTA or its affiliates from filing for bankruptcy while bonds are outstanding.

ACCESS REPORT

06 Mar, 2023

University of Oklahoma Health Sciences Center: Fitch New Issue Report

Key Rating Drivers Revenue Defensibility: 'a'; Solid Student Demand; Diverse Revenue Base: The Revenue Defensibility assessment of 'a' incorporates the significant change in revenue mix that started in fiscal 2022 from the transfer of OU Physicians out of OUHSC into the legally separate OU Medicine Inc (OUMI; d/b/a OU Health [OUH]) entity. Operations were historically driven by clinical healthcare revenues related to OUHSC's large physician practice plan, roughly 46% of revenues pre-transfer. Operating Risk: 'a'; Adequate Operating Margins, Short-Term Volatility Likely: The 'a' Operating Risk assessment reflects OUHSC's modest cash flow margins for the rating category, and expected operating volatility in fiscals 2022 and 2023. In line with Fitch's expectations, OUHSC's fiscal 2022 adjusted cash flow margins declined to 6.3% due in large part to a one-time capitalization payment to OUH ($37.5 million), forgoing about $50 million in scheduled OU Physicians revenue payments, a $19 million cash payment to OUH, as well as various budget expense adjustments. Financial Profile: 'aa'; Exceptionally Strong Balance Sheet Resources: The 'aa' Financial Profile assessment for OUHSC reflects very strong debt leverage for the rating category, measured as adjusted available funds (AF) to adjusted debt. Strong leverage is sustained through a stress scenario. Fitch includes adjusted pensions in debt liabilities, which are substantial. In addition, adjusted OU Foundation (OUF) resources (OUHSC's approximate 30.5% share or $259 million in fiscal 2022) is included in the combined AF amount.

ACCESS REPORT

Tue 07 Mar, 2023

[Alpine School District, Utah: Fitch New Issue Report]()

The ‘AA+’ lease revenue bond rating is one notch below Alpine School District’s Issuer Default Rating (IDR), reflecting the slightly greater optionality associated with appropriation debt. The district’s ‘AAA’ IDR reflects its strong revenue growth prospects, low long-term liability burden, and superior gap-closing capacity supported by strong general fund reserves, solid expenditure control and high independent legal ability to raise revenues. The district benefits from a positive state funding environment, flexible labor environment and low net pension liabilities (NPLs). Economic Resource Base: Alpine is the largest school district in the state of Utah, serving nearly 85,000 students across 93 schools in grades K-12, in a fast-growing suburban area south of Salt Lake City. The district occupies the northern half of Utah County (the state’s second largest county) and has a population of approximately 359,000, a 25% increase over the past decade. The district’s location on the economically vibrant Wasatch Front, which historically has had strong job growth, and its relative affordability have spurred sustained residential and commercial development.

[ACCESS REPORT]()

Tue 07 Mar, 2023

[Recently Proposed MA Legislation Aims to Provide Protection and Clarity for Previously Approved Projects: Bowditch & Dewey]()

On January 19, 2023, Representative Kevin Honan filed new legislation entitled “[An Act to Safeguard Municipal Permitting]()” targeted at addressing special permit protections and timelines for previously approved projects. This legislation, HD2884, provides for certain additional protections for projects that have already undergone review under local zoning laws and have received a special permit or site plan approval.

In particular, the legislation proposes that a zoning ordinance or by-law shall provide that construction or operations made pursuant to local approval shall conform to any subsequent changes to ordinances/by-laws and regulations subject to the following protections and timelines:

- For work performed under a **building permit**, unless the use or construction is commenced *within one (1) year* of the issuance of the permit;
- For work performed under a **special permit(s) or site plan approva**l, unless the use or construction is commenced *within three (3) years* of the issuance of the permit; and
- In cases involving **construction**, unless such construction is continued through to completion as “continuously and expeditiously as is reasonable.”

The legislation also clarifies that the word “commenced,” for purposes of construction involving the redevelopment of previously disturbed land, includes any substantial investment in site preparation and/or infrastructure construction and that phased construction shall proceed expeditiously, but not continuously, among phases.

It remains to be seen how the Legislature will act, but the legislation as proposed is indicative of the desire to provide more certainty and protections to developers and investors alike in light of the uncertainties created by the COVID-19 pandemic.

Bowditch & Dewey LLP – Joseph R. Duquette

March 1 2023

[How Buckhead’s Secession From Atlanta Would Destabilize the Entire State.]

A renewed effort to sever the whitest and wealthiest area of Atlanta from the rest of the city would have sent the region into a financial tailspin.

A group of Georgia lawmakers has revived efforts to sever the tony, upscale neighborhoods of Atlanta’s Buckhead from the rest of the city — a move that city leaders say could end up financially ruining the entire Atlanta metro region, if not the whole state.

On Monday, a state senate committee passed two bills that would allow for residents of the wealthiest and whitest areas in Atlanta to vote in November 2024 to secede from the city and create a new municipality called Buckhead City. However, the full state senate rejected the legislation Thursday evening with 33 senators voting against it. Still, the movement isn’t going anywhere: Proponents pledged to continue supporting secession in future legislative sessions.

Governor Brian Kemp’s administration had expressed constitutional concerns earlier in the week. A Feb. 28 letter to lawmakers from Kemp’s Executive Counsel David B. Dove asks lawmakers to settle dozens of questions related to how municipal bond debt will be handled, where Buckhead City students would attend school if taken out of Atlanta’s public school system, how the water and sewage system would be divided up and other uncertainties concerning parks and policing.

Continue reading.

Bloomberg CityLab

By Brentin Mock

March 2, 2023

[State of Oregon: Fitch New Issue Report]

Oregon’s ‘AA+’ Issuer Default Rating (IDR) and GO bond rating reflect the state’s strong control over revenues and spending, low liabilities and record of prompt actions to maintain financial flexibility during challenging revenue periods. The state’s operating performance is sustained by a diverse economy with strong long-term growth prospects. Strong financial management is critical to the rating, given a revenue structure largely dependent on the personal income tax (PIT; increasingly skewed toward middle- and upper-income earners), exposure to voter initiatives that can have negative fiscal impacts and constitutional “kicker” provisions limiting revenue growth captured by the state.

ACCESS REPORT

Fri 03 Mar, 2023 – 2:36 PM ET

[S&P Charter School Brief: Colorado]

[View the Brief.]

27 Feb, 2023

[Nebo School District, Utah: Fitch New Issue Report]

Key Rating Drivers Revenue Framework: 'aaa': Long-term general fund revenue growth is expected to outpace U.S. economic growth, reflecting a strong tax base, steady enrollment gains and increasing state per pupil funding. The district has substantial independent legal ability to raise revenues if needed with local property tax rates well below the legal limit. Expenditure Framework: 'aa': The rate of spending growth is expected to be in line with to marginally above strong revenue growth, as rising enrollment drives increases to teaching staff. The district enjoys solid expenditure flexibility, with moderate carrying costs and a flexible labor environment. Long-Term Liability Burden: 'aaa': The district's debt and net pension liabilities are low relative to its resource base. Future debt plans are manageable. Operating Performance: 'aaa': The district has superior gap-closing capacity, with limited historical revenue volatility and superior inherent budget flexibility, accompanied by sizable reserves. Budget management in times of recovery is also strong, with rapid rebuilding of financial flexibility after downturns and conservative budgeting to maintain structural balance.

[ACCESS REPORT]

Wed 01 Mar, 2023 – 2:55 PM ET

[District of Columbia: Fitch New Issue Report]

The 'AA+' rating reflects the District's exceptionally strong budget control, long-term economic and revenue growth prospects, and commitment to long-term capital planning including sizable pay-go program. The federal government plays a key role in the District's credit profile given its economic importance to the District and direct fiscal support for retiree liabilities as well as Medicaid.

[ACCESS REPORT]

Thu 02 Mar, 2023 – 12:26 PM ET

[Louisiana Opts to Auction Bonds to Avoid GOP Anti-ESG Quandary.]

- **State will sell about $270 million of bonds to lowest bidder**
- **State treasurer says he has 'no choice' but to auction bonds**

Officials in Louisiana couldn't agree on which Wall Street banks align closely enough to the state's Republican politics to underwrite an upcoming bond sale — so they decided to put the debt up for auction instead.

Members of the State Bond Commission voted Friday to sell about $270 million of general obligation bonds through a competitive offering rather than choosing banks in advance. The decision followed an intense debate over whether to allow six Wall Street banks to be considered for the state's underwriting pool because of their corporate policies on fossil fuels or firearms.

Craig Cassagne, Assistant Attorney General with the Louisiana Department of Justice, sought to exclude Barclays Plc, JPMorgan Chase & Co, Morgan Stanley, RBC Capital Markets, UBS Group AG, and Wells Fargo from managing Louisiana's negotiated municipal bond deals. And because the state had already removed Bank of America Corp. and Citigroup Inc. from its syndicate group over gun policies — it would have left few other major investment bank options.

"If you take eight of these banks off my list, I'm handcuffed," said Republican Treasurer John Schroder at the meeting in Baton Rouge. He said limiting the pool of possible banks so drastically would raise borrowing costs for taxpayers. "I have no choice but to do a competitive deal."

The decision shows how politicized the $4 trillion municipal bond market has become as the Republican anti-ESG agenda has filtered into public finance. States from West Virginia to Kentucky to Texas have passed legislation that restricts certain contracts with companies because of their environmental or social policies. That's fractured parts of the market with some companies able to conduct business in some states but not others.

There's no law in Louisiana barring certain banks from conducting business with the government like there is in Texas. That means that if the state sells the bonds through an auction, officials are obligated to take the lowest bidder regardless of which bank it is.

"This is very messy, but I didn't create the mess. I'm just trying to wade through it," Schroder said.

Schroder sent a request for qualifications in January to solicit banks for the the state's pool of underwriters. As a part of the request, respondents had to demonstrate that they don't "restrict or would otherwise infringe on the constitutionally protected rights of the citizens of the State to lawfully keep and bear arms" or have a policy that prohibits "doing business of any type with clients or customers in any fossil fuel related industry."

Twenty-seven firms responded, by and large saying they should be considered for the underwriting pool. Because the biggest banks are global corporations with various business lines, there were some caveats.

JPMorgan, for example, said it doesn't provide financing to companies that make military-style weapons for civilian use and that its risk-based assessment has them steer clear of certain activities related to coal mining. RBC had a similar statement, saying it may decline to provide services that expose the bank to undue risk and refrain from financing new greenfield coal-fired power plants, thermal coal mines, or mountain top removal coal mining projects.

The state hasn't yet made a decision on which banks will be in the ongoing pool of underwriters.

Spokespeople from JPMorgan, RBC, and Morgan Stanley didn't immediately respond to requests for comment. Spokespeople from Barclays and UBS declined to comment. Wells Fargo didn't provide an immediate comment.

A spokeswoman for Schroder didn't have further comment.

Louisiana Attorney General Jeff Landry's office provided a letter he authored to the commission urging for a competitive sale and only use pre-determined banks if they share the state's values.

Landry said he must ensure "the values of Louisiana citizens, particularly their 2nd Amendment rights and our economy that relies on the oil and gas industry are protected. I will not support any decision that both costs the taxpayers of Louisiana more of their hard-earned money and puts that money directly in the pockets of the banks who have policies contrary to our way of life."

Bloomberg Green

By Danielle Moran

February 24, 2023

First DeSantis Took On Disney. Now He's Coming for Wall Street.

The Florida governor's battle with Disney is a cautionary tale for corporate America and could be the launching pad for a 2024 presidential campaign.

Ron DeSantis has a warning for corporate America: Get on board, or else …

It's a message designed for Republican voters across the US and could serve as the launching pad for a 2024 presidential bid by Florida's 44-year-old-governor. It also has potential repercussions for Wall Street and the $4 trillion municipal bond market.

Ground zero is the Magic Kingdom, where representatives chosen by Walt Disney Co. have met on a monthly basis for decades to oversee the day-to-day operations of the Reedy Creek Improvement District — everything from approving building permits to issuing debt and making sure lights are on at Cinderella's castle.

Continue reading.

Bloomberg CityLab

By Nic Querolo and Felipe Marques

February 23, 2023

School Districts Face Millions in Extra Costs as Texas Program that Backs Bond Debt Hits its Limit.

A state-backed program that for decades has helped school districts get the lowest interest rates possible on bonds and keep their credit scores high has reached its debt limit — and it could cost taxpayers millions of dollars.

Texas' Permanent School Fund promises lenders who buy bonds from a school district that the state will pay them back if the district can't. But it can only vouch for so much debt.

The IRS, which has jurisdiction over tax-exempt municipal bonds, has set that limit at about $117 billion — and it was reached in December. Since then, at least 49 school and charter districts that asked the PSF to back their debt were denied due to insufficient capacity, resulting in more than $6.87 billion in unguaranteed bonds.

Continue reading.

The Texas Tribune

by Brian Lopez

February 25, 2023

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

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