

8

Blue states clap back against red state pressure on rating agencies

14

Dallas Love Field eyes bonds for \$2.54 billion expansion program

24

A novel way to finance infrastructure that blends public and private funds

30

Muni bond issuers decreased audit times for fiscal 2024

GFOA TODAY

MONDAY | JUNE 29, 2026

PUBLISHED BY THE BOND BUYER



Grace Martinez takes the reigns at GFOA

BY SCOTT SOWERS

In addition to her duties at the Metropolitan Transportation Commission, which keeps things moving in the San Francisco Bay area, Grace Martinez is also the incoming president of the rapidly growing Government Financial Officers Association.

“One of the biggest things that we have going is the change in membership structure,” said Martinez. “It made it easier for state and local governments to join GFOA.”

“As far as goals are concerned, it’s not only to continue increasing the membership but really increase the depth of engagement.”

Her rise to the presidency includes serving on the GFOA’s executive board and she has a deep background in working with special tax districts, transportation agencies, and planning commissions.

Martinez believes the in depth engagement can come from participating in the GFOA’s Certified Public Finance Officer Program, which is designed to prepare individuals for leadership positions in state and local governments.

The organization’s Leadership Academy and the Learning Pathways program are also among her favorites.

Dealing with rapidly-changing technology is another point of emphasis for GFOA’s new leadership.



Grace Martinez, incoming president of the rapidly growing Government Financial Officers Association.

“Government entities have always been behind when it comes to technology,” said Martinez. The GFOA is working to fill the gap with a new program dubbed “GovFi Solutions.”

“The goal of GovFi is to help governments solve important public finance problems, faster, better, and at a scale that individual governments could not achieve on their own,” said Martinez.

“The early area of focus will be on improving budget decision making and financial planning, also helping governments assess fiscal risks and

reserve needs while really working on modernizing financial reporting.”

Martinez comes from a diverse background of professional experience. She’s currently the Director of Financial Reporting at the Metropolitan Transportation Commission. She’s responsible for reporting, payroll, accounts payable, accounts receivable, grants and cost allocation.

She’s also held CFO positions at the San Mateo County Transit District and works in the private sector as a Certified Public Accountant.

continued on page 2

MONDAY’S UPDATES

PRESIDENT’S ADDRESS

At today’s General Session, GFOA President Lunda Asmani will lead a celebration of accomplishments recognizing 2026 scholarship recipients, Awards for Excellence winners, and more. Asmani will also reflect on the past twelve months and highlights from his year of service.

EXHIBIT HALL

Stop by today until 4:00 p.m. and tomorrow from 10:00 a.m. – 2:00 p.m. to connect with industry experts, discover innovative tools and services, and watch live demos designed to help your government work smarter. Don’t miss the chance to ask questions, gather resources, and find solutions that can make a real impact.

GFOA HUB

Explore all that GFOA has to offer by stopping by the GFOA Hub located on Level Three. Meet with GFOA staff to learn about research, awards, the CPFO program, and more. While you’re there, don’t forget to grab some GFOA conference gear!

YOUR CONFERENCE EXPERIENCE

Share your photos and conference highlights with us on social media using #GFOA2026. You’ll be automatically entered for a chance to win a GFOA prize pack!

LEADERSHIP ACADEMY

GFOA’s Leadership Academy, held November 15–20, 2026, at the College of Charleston, provides senior-level public finance professionals with an immersive leadership development experience focused on self-awareness, organizational leadership, and public service values. Learn more and apply at gfoa.org/leadership-academy.

STANDING COMMITTEES

Applications to join a GFOA Standing Committee open tomorrow, July 1. Standing Committees play an important role in shaping GFOA best practices, policy positions, and future initiatives. Help influence the future of the profession by applying at gfoa.org/committees.

Grace Martinez takes the reigns at GFOA

continued from page 1

Martinez puts a strong emphasis on building robust systems and paying attention to fundamentals. “I’ve been around three or four new system implementations and seen what works,” she said.

“I’ve learned to be mindful of things that worked in the past. Internal control and risk assessment are basics we should not ignore.”

Martinez is applying lessons she’s learned in the private sector and adapting them to public finance without adding risk.

“The private sector is always fast at financial reports, which is very crucial in making decisions,” she said.

“In the public sector we are very transparent, we finance different products, we apply different accounting principles. There’s more consideration when you factor in the overarching cloud of, ‘this is taxpayers’ money.’”

Martinez has had success at speeding up the reporting process at public agencies without sacrificing accuracy or transparency. Six-month reporting cycles have been cut in half.

“I don’t think we’ll ever get the speed in the private sector, but closing that gap, or narrowing

“Government entities have always been behind when it comes to technology.” The GFOA is working to fill the gap with a new program dubbed “GovFi Solutions.”

— Grace Martinez

that gap, while ensuring that our responsibilities as public officials are considered, I think it’s achievable,” she said.

Team building is key leadership skill that Martinez leans into. “There is diversity in my team,” she said. “Diversity from the standpoint of combining more senior folks with junior folks. The other aspect of it is personality types, for example, a combination of very technical people and less technical.”

Her experience serving on the GFOA board has reinforced her commitment to relying on a diverse set of talents

“The board is very diverse in terms of personalities, backgrounds, and types of government. I think diversity makes GFOA have the impact

they do. They’re able to gather as many perspectives as possible and insights to serve the members.”

Working in the transportation sector gives Martinez a ground level view of what’s happening at regional transportation agencies as funding from the Infrastructure Investment and Jobs Act expires in September.

“The transportation sector is bracing for the challenge,” she said. I think regional transportation agencies will continue to deliver services that people need, no matter what the noise is.”

On top of all her other responsibilities Martinez also keeps her hand in personal finance with an emphasis on personal.

“I like helping families apply simple financial concepts and prin-

ciples that I have gathered along the way,” she said. “I’ve always been a finance kid. My dad was in the same field. I have a handful of tax and accounting clients that I’ve kept for decades.”

Martinez helps her clients stay living within their means, translating budgets, and helping them understand financial statements.

“It gives a certain sense of fulfillment” she said. “It’s more personal when you know them. This one is close and dear to my heart, because they come back every year to me.”

In her downtime Martinez enjoys listening to and playing classical music on the piano while favoring a Bach-heavy repertoire. She also enjoys gardening.

“There’s something fulfilling when you see something sprout or a bloom starting to show,” she said.

“Most of the time the shade of the bloom is not quite what we expect, but beautiful anyway. It’s like life. We do what we do on a daily basis, and many times something great happens, like this opportunity to lead GFOA as a president.”

“It’s not only a pleasant surprise, but a really great privilege to serve our members and by extension, the communities they serve.” **GFOA**

GFOA TODAY
PUBLISHED BY THE BOND BUYER

360 Madison Avenue, 8th Floor, New York, NY 10017
212-803-8500 | www.bondbuyer.com/

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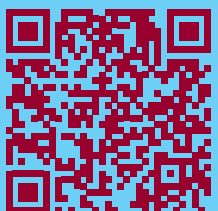
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Years after TCJA's enactment, push to restore tax-exempt advance refunding continues

BY KATHIE O'DONNELL

The federal legislation that eliminated tax-exempt advance refundings will turn 10 years old next year, and that might beg a question: Has state and local government debt issuers' ability to cope with the loss of that tool hurt their case for why it should be restored?

"I would disagree with that assertion," said State of Michigan Treasurer Rachael Eubanks, who also serves as this year's president of the National Association of State Treasurers. "Clearly, issuers still need access to this very important financing tool."

The Tax Cuts and Jobs Act of 2017 took away that tool. Since January 2018, advance refundings have not been permitted on a tax-exempt basis under U.S. tax law.

There was almost no public policy debate about the topic prior to its repeal being included in the legislation at almost the 11th hour, taking the muni advocacy community by surprise.

Prior to that, tax-exempt advance refundings were common in the muni market, though each bond issue could be advance refunded only once.

Such refundings enabled state and local government issuers to reduce their interest costs as rates declined. Interest on those advance refunding bonds was tax-exempt, which allowed state and local governments to pay lower interest rates on their debt issuances.

For the first few years after the TCJA's implementation, "interest

rates were fairly low," Eubanks said.

"On top of that, there was a compression between taxable and tax-exempt interest rates," she said. "So not only was there not a lot of need to refinance because interest rates were already low, but the penalty for refinancing at a taxable rate wasn't as severe as it is today."

Since then, interest rates have gone up and the relationship between taxable and tax-exempt interest rates has returned to a more normal level, she said. Consequently, "there is a much bigger differential" between refunding on a taxable versus a tax-exempt basis, Eubanks said.

"And issuers I think have tried to get creative," she said, adding that she's heard of issuers using "tenders and other types of creative structures." Those structures, however, are difficult to navigate and have varying degrees of success, Eubanks said. By comparison, an advance refunding is "a very straight-forward structure" used for decades, she said.

"So, it does make a big difference even though we've been without it for whatever it is - eight or nine years now," Eubanks said.

Like Eubanks, Brett Bolton, vice president of federal legislative and regulatory policy at the Bond Dealers of America, doesn't think issuers' ability since 2018 to do without such advance refundings has hurt the case for why the tool should be restored.

"This is definitely still a big priority for us," said Bolton, who like the



Rachael Eubanks,
Treasurer, State of Michigan

Michigan treasurer, noted the rise in interest rates.

"Since 2017, rates have raised fairly dramatically in a short period of time and remain elevated," he said. "So I think that the case can be made down the road that advance refundings would still be a pretty useful tool for issuers."

While it's been nearly 10 years since the TCJA's passage, "the legislative process takes awhile" and efforts to restore the refinancing tool have continued to gain momentum, Bolton said.

"I would say over the last two to four years, we've really been working hard to gain Republican support of this provision," he said, citing efforts by the Public Finance Network, a coalition of associations dedicated to preserving state and local government use of tax-exempt bonds that includes BDA among its members.

Bolton pointed to H.R. 1255,

legislation introduced by Rep. David Kustoff, R-Tenn., in February 2025. The legislation, known as the Investing in Our Communities Act, would amend the Internal Revenue Code of 1986 to reinstate advance refunding bonds. Kustoff, a member of the House Ways and Means committee, had also introduced the legislation in the previous Congress.

Co-sponsors of H.R. 1255 include Rep. Rudy Yakym, R-Ind. Yakym, who like Kustoff is a member of the influential House Ways and Means Committee, is co-chair of House Municipal Finance Caucus.

"So I mean those are big developments," Bolton said. "But as I mentioned, these things take time."

The bill is unlikely to pass as a standalone provision, and instead would require "some kind of kind of massive bill to hop onto - ride with if you will - to pass," he said.

"So clearly, we continue to work with the sponsors, both Republican and Democrat, looking for opportunities," Bolton said. "But as of now, it seems this next reconciliation push is going to be pretty narrowly focused on just funding Border Patrol and ICE, so that window may be closing."

However, looking ahead to the end of this year, Bolton said that historically after midterm elections there is a bipartisan tax package that comes together, which may offer a limited opportunity to get advance refunding legislation passed.

"My hope is fading for 2026, but 2027 is a new Congress," he said,

continued on page 6



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Missouri voters to decide whether to end the state income tax

BY JENNIFER SHEA

Missouri voters will vote August 4 on Amendment 5, a constitutional amendment that would eliminate the state income tax.

The measure has divided Republicans, who have a supermajority in the state legislature, and generated organized opposition from trade groups – like Missouri Realtors – as well as progressive advocates.

State revenues are trending downward. After Missouri eliminated the capital gains tax in August, corporate tax revenues dropped 21% year-to-date. And net general revenue collections for the current fiscal year are down 2.1%.

Opponents also raised concerns about constitutional maneuvers involved in Amendment 5.

Among other things, the amend-

ment would override the Hancock Amendment – a rule requiring voters approve major tax increases – to allow lawmakers to compensate for the lost revenues.

“First off, it’s not a tax reduction, it’s a tax reallocation,” said state Rep. Rudy Veit, R-Jefferson City. “I had real concerns about the constitutional provision it was negating ... which prohibited new taxes on services. I had real concerns about the suspension of the Hancock Amendment. ... We’re just giving up constitutional protections that we had.”

Supporters could not satisfactorily explain where the state would recoup the lost revenue, Veit said, arguing the proposed changes amounted to an increased tax on middle- and lower-income Missourians and a tax break for upper-income households.

“If you’re going to pay another 10% to 20% on everything you buy,” it’s not much of a tax break in the end, he said. “It’s going to take a lot of things to tax in order to replace the amount of revenue that’s lost with the elimination of the income tax.”

Another concern around the potential shift from income taxes to sales taxes, he said, is that “generally speaking, those with the best and biggest lobbyists will get the best exemptions.”

Veit said he has “a real problem” with the House version of the measure, but acknowledged the Senate made some improvements. Still, he said, “I don’t think I’ve had one constituent tell me yes, it’s a good deal. It’s the first thing a lot of them will come up and talk to me about.”

In addition to the opposition the measure has generated, many large lobbying groups traditionally aligned with Republicans, such as the Missouri Chamber of Commerce, have declined to endorse Amendment 5.

“I haven’t seen any major organization say yes we want this to happen,” Veit said.

“I expect it to be defeated,” he said. “But I haven’t seen any recent polls.”

Rep. Bishop Davidson, R-Springfield, who sponsored the bill, did not respond to a request for comment by press time, nor did Rep. Betsy Fogle, D-Springfield, the ranking member of the House budget committee and an Amendment 5 critic.

The state’s general obligation debt is rated triple-A across the board.

[GFOA](#)

Years after TCJA’s enactment, push to restore tax-exempt advance refunding continues

continued from page 4

adding that the midterm elections are likely to bring a shift to a divided government in Washington. “And I think that’s a prime opportunity to push something like advance refunding across the finish line because it does garner such strong bipartisan support in both chambers of Congress.”

Efforts to educate lawmakers ahead of last year’s One Big Beautiful Bill Act – legislation that not only left the municipal bond tax exemption unscathed but also authorized tax-exempt private activity bonds for spaceport projects – included

education efforts relating to advance refundings, Bolton said.

“We were playing offense while on defense, and now we can kind of just go on offense for advance refundings for a little bit,” he said.

Ed Oswald, a partner at law firm Orrick, Herrington & Sutcliffe LLP, where he is a member of the firm’s tax group, said the ability to advance refund bonds was a longstanding tool used in the municipal finance sector that enabled issuers to achieve debt service savings when interest rates declined.

“And I think that, by and large,

it’s been a difficult time for state and local governments with this tool being gone,” said Oswald, who earlier in his career served in the Office of the Tax Legislative Counsel at the U.S. Department of the Treasury, where he developed policy, legislative initiatives and regulations affecting public finance and structured finance.

Many issuers are just waiting until their bonds are callable to do a refinancing, “because that’s really the only tool they have,” Oswald said.

“So the market has adapted in

that sense because it has to, but I do feel it’s really hurt the flexibility of state and local issuers to manage their finances,” the attorney said.

So what kind of chance is there that efforts to restore tax-exempt advance refundings will eventually succeed?

“I’m going to say it’s probably 50-50,” Oswald said. “I think there is some strong advocacy and there’s some strong policy at least in a historical sense of Federalism that this tool should be made available to state and local governments once again.” [GFOA](#)

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Blue states clap back against red state pressure on rating agencies

BY KEELEY WEBSTER

California's state controller and other states' finance officials wrote a [letter](#) to the three largest bond rating agencies asking them to base their rating analyses on sound financial practices and not bow to pressure from Republican state attorneys general.

"Credit ratings are not political endorsements, they are financial risk assessments," California State Controller Malia Cohen said in a statement. "When outside interests attempt to dictate what risks can or cannot be considered, they threaten the integrity of the rating process and the confidence investors place in our markets."

The letter was addressed to Ian Linnell, Fitch Ratings' president; Rob Fauber, Moody's Corporation's president and chief executive officer; and Martina L. Cheung, S&P Global Ratings' president and chief executive officer.

The other signers of the letter are: Brooke Lierman, Maryland's state controller; Deborah B. Goldberg, Massachusetts state treasurer and receiver-general; Mark Levine, New York City Comptroller; Julia Blaha, Minnesota state auditor; Erick Russell Connecticut treasurer; James Diosso, Rhode Island state treasurer; and David Young, Colorado state treasurer.

"We are concerned that recent arguments regarding credit rating practices mischaracterize the role of ratings and would narrow risk analysis in ways inconsistent with sound credit practice and the needs of investors and issuers," the letter reads.

Lindsay Sandoval, a spokeswoman for Colorado Treasurer Young,



“Credit ratings are not political endorsements, they are financial risk assessments.”

— Malia Cohen, California State Controller

said that he and his “cosigners wrote the letter in response to the April correspondence from Republican attorneys general.”

She added the letter reflects the concern that such messages will have a chilling effect.

“They want to remind firms that a plurality of policymakers and asset owners consider responsible risk management a core fiduciary duty,” she said.

The three rating agencies failed to respond to a request for comment by deadline.

The rating agencies, like buy-

side analysts, have included more guidance on economic impacts from natural disasters in their analyses over the past decade.

The rating agencies' inclusion of analysis on a state's dependence on natural resource extraction (which is being challenged by the Republican AGs) has long been a factor in ratings, said Howard Cure, partner and the director of municipal bond research at Evercore Wealth Management.

The Republican attorneys general from 23 red states sent a [letter](#) to rating agencies in April questioning

how the agencies review energy-dependent economies and the potential for natural disasters in their ratings.

They also threatened legal consequences if the rating agencies don't change their practices.

The letter from the Republican AGs to Fitch, Moody's and S&P and top Securities and Exchange Commission officials accused the agencies of downgrades “based on highly speculative ESG predictions and goals” that “violated stated methodologies and reflected undisclosed material conflicts of interest, implicating SEC rules and state consumer protection laws.” It also noted ripple effects reduce fossil fuel production and related government revenue.

“These downgrades were based on speculative ESG assumptions that never materialized,” Oklahoma Attorney General Gentner Drummond said in a [statement](#) in April.

Oklahoma, which collects an oil and gas gross production tax, has received one-notch upgrades from all three rating agencies since 2024. When Fitch [lifted Oklahoma's issuer rating](#) to AA-plus in March, it noted “the state's still sizable concentration in natural resource development industries, which constrains longer-term revenue growth prospects and contributes to elevated revenue volatility.”

The Republican AGs' letter cited four state outlook revisions to negative from stable that occurred in 2019 and 2021, as well as ESG/fossil fuel-related concerns raised in more recent state rating reports.

“What I have been reading from the rating agencies is that they are

continued on page 14



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Government Treasury Teams Deserve Better: The Case for Purpose-Built Technology in Public Finance

BY GREG PERSON, CTP, Chief Revenue Officer, DebtBook | Former Deputy Treasurer

At the financial foundation of every American community sits a workforce: the government finance and treasury professional. Sometimes a department of one, sometimes part of a small team, they manage the cash, debt, investments, and compliance obligations of cities, counties, school districts, and public universities. Their work funds the roads we drive on, the schools our children attend, and the emergency services we depend on.

And yet, as an industry, we have largely left them behind when it comes to technology.

These teams carry a disproportionate burden. They operate under intense public accountability and strict regulatory requirements, while managing workforces that are aging and, in many cases, shrinking.

The institutional knowledge walking out the door when a veteran treasurer or finance director retires is not easily replaced, and the spreadsheet-driven processes they leave behind are not a sustainable foundation for the next generation.

“We do our best with the information we’re given, but we don’t always have the full story in a timely way.” – County Treasurer, Midwestern County

That quote from a prospect captures the central frustration of government treasury today. Not a complaint about effort, but a structural problem that has persisted far too long.

The Cost of Siloed Data

The treasury technology market is robust, if you work in corporate finance. Government treasury teams have been served by tools built for someone else, and generic platforms simply cannot address the unique demands of public finance: tax-exempt debt compliance, bona proceeds management, investing cash surpluses, cash flow forecasting, incorporating tax collections, GASB compliance, and the countless reporting demands from senior officials and committees.

A University of Chicago study sponsored by DebtBook found that treasury teams spend approximately 50% of their time on data assembly, reconciling spreadsheets, and manually aggregating information that should be available instantly. Another 30% goes to reporting. That leaves 20% for strategic work such as forecasting and scenario analysis.

The decisions that suffer are about whether to invest idle cash and whether the community has the liquidity it needs.

Government treasury teams spend 50% of their time assembling data, leaving only 20% for the strategic work that actually protects community liquidity.

When your cash position requires logging into five different bank portals and your debt service schedule lives in a spreadsheet disconnected from your cash forecast, you’re not managing treasury, you’re assembling data.

What Good Looks Like: Tiered Forecasting

Based on experience working with government finance teams across the country, I would suggest that best-in-class government treasury operations employ a three-tiered forecasting framework:

1. Strategic (12-month rolling): Major inflows and outflows analyzed monthly; investment maturities modeled against obligations.

2. Tactical (1-3 months, weekly detail): Large payment flows matched against maturing investments; liquid assets available to cover up to 2x average monthly outflow.

3. Operational (daily, 3-5 day outlook): Prior-day bank statements reviewed daily; near-term flows forecasted using payroll schedules, debt service dates, and invoice-level detail.

Together, these tiers create the layered confidence that transforms a treasury operation from reactive to proactive.

The Forecast-to-Actual Feedback Loop: The Most Underappreciated Best Practice

The operational discipline I most want to see elevated in formal best practice guidance is the forecast-to-actual variance process.

No forecast is perfectly accurate. What matters is the discipline of regularly comparing forecast projections against bank-reported actuals, identifying where and why variances occurred, and using those insights to tighten future forecasts. This should be done at minimum monthly.

A structured variance review enables finance teams to roll forward late receipts; identify unexpected disbursement behavior (an important internal fraud control); and capture investment maturities that may affect near-term liquidity. It also enables finance directors to respond with confidence when city managers ask about cash flow performance.

Governments that build this discipline into their operating rhythm, rather than waiting until month-end, are better positioned to protect the communities they serve.

Modern Technology Changes What is Possible

For the first time, technology is being built specifically for governments, enabling a single integrated view of cash across banks and custodians, living forecasts that draw automatically from debt service schedules and payroll, and real-time variance analysis without manual assembly.

This matters for the communities these departments serve. A treasurer with a confident, real-time view of liquidity makes better decisions about investing idle cash and funding capital projects. Without that visibility, those decisions are made with less confidence than they deserve.

Government finance professionals have accepted technological limitations for too long. The communities we live in are better served when the people protecting their liquidity have the tools to do so.

Greg Person, CTP, serves as Chief Revenue Officer at DebtBook, a unified treasury management platform serving more than 2,000+ government, nonprofit, and higher education entities. A former treasury practitioner with experience across corporate treasury, cash management, and public finance treasury operations, Greg brings a practitioner’s perspective to the intersection of governmental finance and financial technology. He leads DebtBook’s revenue strategy and capital markets partnerships, working closely with public finance teams, municipal advisors, and financial institutions nationwide.



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Understanding Natural Disaster Risk in the Municipal Bond Market ... And How Bond Insurance Can Help

BY JAMIE SHILLING

Natural disaster risk is a key consideration for municipal-bond investors, who need to understand the potential for a disaster to strike a community, the level of damage it could inflict on the economy, and the bond issuer's capacity to respond and rebuild if necessary.

For issuers and communities that have an elevated exposure to natural disaster risks, bond insurance can be a key tool to help attract investors to their bond sales and finance essential infrastructure affordably.

BAM MUTUAL'S APPROACH

BAM Mutual has guaranteed more than \$175 billion of municipal bonds for more than 6,500 communities in all 50 states, and we have analyzed disaster risk as part of our underwriting process from day one.

BAM insurance protects investors by guaranteeing timely payments of interest and principal for the life of every bond we insure - often 30 years or more. Our insurance can't be cancelled before the bonds mature, and our obligation is unconditional. You can think of us as the ultimate long-term commitment: A marriage with no possibility of divorce.

When we decide whether to insure a bond, we want to understand whether events like earthquakes, hurricanes, flooding or other catastrophes have the potential to impact the community and its economy in ways that could interfere with tax revenues and ultimately bond payments. To get there, we look at potential long-term and short-term disruptions: We want to understand the level of damage a single storm or earthquake could inflict, as well as the potential for multiple events to strike a community over that multi-decade period.

A starting point is to consider whether damage to residences, commercial and industrial buildings, or government facilities could disrupt economic activity and tax collections or impose large, unforeseen rebuilding costs. But we're also watching for very short-term impacts, like damage to communications infrastructure that could physically prevent local officials from making on-time payments to investors, even if they have the cash in their accounts.

Longer-term impacts can include the availability and cost of commercial property and casualty insurance, who ultimately pays for the recovery efforts and future prevention efforts, and impacts to economic vitality and property value.

We also take a deep dive into the legal structures behind the bonds we insure. There are more than 50,000 individual borrowers in the municipal bond market and nearly as many discrete credit pledges, so you really have to understand both the disaster risk, and how it interacts with the legal structure of a specific bond issue.

For example, sales tax receipts often increase following a natural disaster as residents replace lost items and rebuilding activity begins, while lower property values associated with a natural disaster can have a negative impact on property tax receipts, special assessments, and tax increment revenues. In



Jamie Schilling, Deputy Chief Credit Officer

an abatement lease, an issuer is not required to make annual lease payments if it does not have use and occupancy of the encumbered asset - often a specific property, like a school building.

Once we have evaluated and quantified the risks, we take a granular look at conditions on the ground. Mitigants to elevated natural disaster risk can include average age of construction, geographical footprint of the issuer, more stringent and peril-driven building codes, a state intercept program, substantial investment in natural disaster mitigation efforts, and zoning restrictions.

Ultimately, it's important to remember that many municipal bond investors rely on the semi-annual cash flow from their holdings to make their own essential payments, like rent or the grocery bill, and so we take our obligation to make timely payments very seriously: Bond insurance makes sure the investor gets their cash on schedule, so fully understanding risk and planning for unforeseen events is key.

Jamie Schilling is the Deputy Chief Credit Officer for BAM Mutual, the only bond insurer 100% focused on public finance. BAM is rated AA with a Stable outlook by S&P Global Ratings and our guarantee is backed by \$2 billion of claims-paying resources. For more information about whether BAM insurance can make your next transaction more efficient, ask your municipal market professionals, or email us at info@bambonds.com.

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Dallas Love Field eyes bonds for \$2.54 billion expansion program

BY KAREN PIEROG

An expansion program for Dallas Love Field would cost an estimated \$2.54 billion and largely be financed with general airport revenue bonds (GARBS), according to an update presented Monday to a city council committee.

Included among the 14 planned projects is a [\\$695.7 million main passenger facility](#) and a \$304.8 million concourse at the airport where Southwest Airlines accounts for about 98% of passenger volume and where the number of gates is restricted to the current 20.

The expansion aims to allow the facility to accommodate 24 million passengers, up from the current 18 million, by making its layout more efficient, Patrick Carreno, Dallas' aviation director, told the transportation and infrastructure committee.

"We run a very efficient airport,



Southwest Airlines plane take off at Dallas Love Field in August 2025. An expansion program for the airport would cost an estimated \$2.54 billion and would largely be financed with general airport revenue bonds, according to an update this week on the project.

probably the most efficient in the country, and that's the way that we're going to get those passenger numbers even though we can't build gates," he said, adding, the projects were included in Southwest's use and lease agreement.

The airport's master plan has been "essentially approved" by the

Federal Aviation Administration, while final environmental approvals are expected this fall, according to Carreno.

"We're going to be looking at how we refine this, but we're hoping to be back in front of the city council by no later than January with the design package recommendations," he said.

"We will start enabling work and some (demolition) probably by the end of 2027 and be in full construction in 2028," Carreno said.

In addition to GARBS, which could carry maturities of 20 or 30 years, other funding sources include airport capital funds, passenger facilities charges, and grants.

In the meantime, a refinancing is being considered for Love Field's outstanding bonds, according to Carreno, who said the city's treasury division, controller's office, and outside consultants are putting together a financing strategy.

About [\\$255 million of refunding bonds](#) were last sold for the airport in 2021 through the Love Field Airport Modernization Corp. The airport had \$434.8 million of GARBS outstanding as of Sept. 30, according to its [fiscal 2025 financial audit](#). [GFOA](#)

Blue states clap back against red state pressure on rating agencies

continued from page 8

just pointing out that certain state economies – it could be Oklahoma or North Dakota – have a dependence in their economic base on extracting minerals that are either oil or gas," Cure said. "There is revenue volatility if you are depending on a natural resources tax."

"I don't view it differently from an economy dependent on tourism or industrial concentration like the auto industry," Cure said. "Your beta is higher."

The same dispute has been going on with [individual banks](#) in terms of whether they are coming down on one side or another on support for

fossil fuels or guns, Cure said.

"There is certain politicization that I am sure rating agencies don't want to deal with on these issues," Cure said. "I am not sure how worried the rating agencies are about these threats, because they are (global companies)."

One concern: issuers might rely more on rating agencies that don't take environmental concerns into consideration, he said.

"It is interesting how the states are pushing this when the rating agencies are only looking at the implications on these economies," Cure said.

He added, a change in administration can result in big fluctuations in policy, for instance, encourage more wind energy or discourage it or open up more mining or oil or coal.

There is a lot more volatility around energy use in general than there was in the past, partly based on the economy and fluctuations in the fuel prices, he said.

But the rating agencies want to keep their focus on analytics and avoid those conversations, he said.

"What I tell clients and people here is that the programs you used to take for granted – from the fed-

eral or state government – you can no longer do that," Cure said. "We are talking about energy policy, but it could also apply to Medicaid or FEMA."

For instance, he said, with transportation there is no longer a guarantee that basic funding will be there, when there previously would be minor changes around the priorities from one federal administration to the next.

"Now it can change a lot," he said.

Senior Reporter Karen Pierog contributed to this report. [GFOA](#)

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Building an Investment Strategy Across the Yield Curve

Successful investing begins with understanding the purpose of the funds being invested. Just as ingredients serve different purposes in a recipe, different pools of public funds often require different investment approaches. The goal is not to find a single investment solution, but to align available options with an organization's liquidity needs, investment horizons, and financial objectives.

Not all public funds serve the same purpose or require the same investment approach. Operating funds may be needed within days or months. Capital project funds may not be spent for years. Reserve funds may have even longer investment horizons.

Rather than asking, "What is the highest rate available today?" finance officers may be better served by asking, "When will these funds be needed?" Effective portfolios are built by matching investment horizons to anticipated cash flow needs.

The answer often determines where along the yield curve funds should be invested. Regardless of where funds are positioned along the curve, preservation of principal remains a foundational objective for public funds investment programs.

For funds needed tomorrow or within the next several weeks, liquidity is often the primary consideration. Liquid investment pools are often used for these balances because they provide daily liquidity while helping preserve principal.

As investment horizons extend to several months or up to one year, finance officers may begin evaluating additional options. Depending on cash flow needs and policy requirements, products like fixed-term investment pools, enhanced cash strategies, FDIC-insured deposits, collateralized deposits, and short-term Treasury investments may provide opportunities to maintain liquidity while seeking additional yield potential or greater rate certainty.

For funds not anticipated to be needed for one to four years, finance officers often have a broader range of solutions available. Treasuries, and other fixed-income investments may help align maturities with anticipated expenditures while balancing safety, liquidity, and yield.

For longer-term reserves and funds with investment horizons beyond four years, finance officers may consider options such as laddered Treasury portfolios, longer-duration fixed-income strategies, or Separately Managed Accounts (SMAs) designed to align with the organization's objectives, risk parameters, and long-term financial goals.

The appropriate mix of investments is influenced not only by time horizon, but also by market conditions.

- In a normal yield curve environment, finance officers may find opportunities for additional yield by extending maturities. If funds are not expected to be needed for 90 days, one year, or longer, remaining fully liquid may create an opportunity cost. In these environ-

ments, aligning investment maturities with anticipated cash flow needs could help capture additional yield.

- A flat yield curve presents a different challenge. Additional duration may offer little or no incremental yield. However, extending maturities can still provide value by locking in today's rates and creating rate certainty for funds with defined investment horizons or known future expenditures.
- An inverted yield curve is often the most challenging environment for finance officers to navigate. It may require accepting a lower rate of return on a longer-term investment than what is currently available in liquid options. While this decision can feel counterintuitive, the potential benefit is, once again, rate certainty. By locking in a known return today, finance officers may avoid the risk of future rate declines eroding portfolio income.

Understanding these dynamics is essential to portfolio construction and ongoing investment management.

PTMA Financial Solutions offers investment solutions across every segment of the yield curve. Through a combination of investment pools, fixed-income strategies, and relationships with thousands of financial institutions, PTMA helps local governments align investment solutions with their unique cash flow needs, investment horizons, and policy objectives. Rather than fitting an entity into a predetermined product, we work to match the appropriate investment solution to the appropriate portion of the portfolio.

This approach provides finance officers access to a broad marketplace of investment opportunities through a single relationship. Whether the need is daily liquidity, intermediate-term income, or a long-term reserve strategy, PTMA helps connect public funds with solutions designed to support a comprehensive investment program.

Every investment decision ultimately serves a larger purpose. Whether supporting infrastructure improvements, public safety, parks and recreation, or future community priorities, public funds represent resources entrusted to local governments. A thoughtful investment strategy—and a trusted partner with access to a broad range of investment solutions—can help ensure those resources are working effectively for the communities they serve.

Disclosure

This is not a specific investment recommendation. Any financial and/or investment decision should be made only after considerable research and involvement with an experienced professional. All comments and discussion presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. Please consult www.ptma.com for more information about PTMA.



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More states want to tax the rich, which could boost munis

BY CHRISTINA BAKER

State legislatures have been unusually active shaking up their tax policy in fiscal year 2027.

Seventeen states, from the Midwest to Florida, have considered cutting, capping or eliminating property taxes. Other states are cutting income tax rates.

But in the Northeast and the West Coast, some Democratic Party states are on a different trajectory: tax hikes for the wealthy.

The State Revenue Alliance has counted roughly 40 bills this year that would levy taxes on the wealthy, according to Communications Director Jonathan Huskey. They include taxes on capital gains, estates, mansions, high-incomes, wealth and wealth proceeds.

High-income wealth taxes, one of the most popular approaches, fit easily into existing income tax codes, noted S&P Global Ratings analyst Savannah Gilmore.

High-income wealth taxes may promote interest in tax-exempt bonds.

Maine included a 2% income tax on high earners in its fiscal 2027 budget, which is projected to raise \$133 million annually.

Rhode Island Gov. Dan McKee proposed a similar wealth tax in his executive budget. The proposal received pushback from businesses, Republicans as well as from progressive Democratic lawmakers who argued it didn't go far enough.

A committee in the Rhode Island House has advanced a budget with McKee's 3% tax on income over \$1 million, which is projected to generate \$135 million per year.

Washington's new wealth tax is projected to generate \$3.5 billion,

Huskey said, although it appears voters will have to approve the tax in November. Washington did not previously have an income tax.

Hawaii lawmakers in May voted to create a higher income tax bracket and cut income taxes for the lower brackets.

In California, voters will consider a different approach to a wealth tax in November. A ballot initiative would levy a one-time tax on billionaires' assets.

In New York City, lawmakers proposed an income tax on high earners to plug the city's budget deficit that needed state approval; instead, the state agreed to a "pied-a-terre" tax on luxury second homes. New York already has a "mansion tax" on high value real estate transactions.

Many states in the Northeast will have a wealth tax by the end of 2026, Huskey said. Massachusetts passed a tax on income above \$1 million in 2022, Maryland instituted one last year, and Vermont taxes unrealized capital gains.

States have been "clamoring for additional revenues" since COVID-era federal aid expired, S&P Managing Director Geoff Buswick said. But wealth taxes will have a noteworthy budgetary impact.

"From cannabis charges to gaming, online sports betting, some digital ads ...if you throw all those things that states have been doing more recently, these millionaires' taxes are a bigger component of the budget than any of those others," Buswick said.

The concept of wealth taxes has gained popularity in some regions for the better part of the last decade – Sen. Elizabeth Warren made a 2%



Many Rhode Island lawmakers have sought a wealth tax for years. This year, Gov. Dan McKee wants one, too.

Bloomberg News

wealth tax a centerpiece of her 2020 presidential campaign and New York City Mayor Zohran Mamdani won his office last year on a "Tax the Rich" platform.

But there are likely several factors that inspired the tax's popularity with legislators. The most recent motivator was the One Big Beautiful Bill Act, according to Brian Daniels, director of Rhode Island's Office of Management and the Budget.

"H.R.1 really forced our hand on this," Daniels said in a budget briefing in January.

The federal revenue squeeze on states made a wealth tax look more appealing, Huskey said.

"There is a national reaction to what the federal government did with the One Big Beautiful Bill," Huskey said. "We have big needs and we can't do what we did after the Great Recession and just cut [expenditures as] our way out of this."

Wealth taxes are also appealing revenue raisers in an era where the cost of living is top of mind for legislators, Buswick said.

"I think we've seen states trying to give a tax benefit or a tax relief to those that may need it more," Buswick said. "In turn, in some places, leads to tax policy changes that may try to get more from those who have more."

Additionally, taxes on the wealthy are becoming more appealing as economists and lawmakers fear that artificial intelligence will exacerbate income inequality, Huskey said.

Plus, states have seen an enviable example of a wealth tax in Massachusetts.

Massachusetts voters approved a 4% surtax on income above \$1 million in 2022. The "Fair Share Tax" was projected to generate \$2 billion per year, with proceeds dedicated to education and public transit.

The tax has exceeded projections. In May, the commonwealth's department of revenue announced the tax generated \$3.1 billion in fiscal 2026, with two months left.

Huskey described Massachusetts' tax as a "wild success," and Buswick

continued on page 20

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SEE YOUR OPTIONS

Aggie bond bill reintroduced

BY SCOTT SOWERS

Congress is back at work as the Senate has passed a reconciliation bill to fund immigration agencies while Aggie advocates in the House are taking another swing at advancing a bipartisan bond bill.

“The Modernizing Agricultural and Manufacturing Bonds Act will provide entrepreneurs and first-time farmers with the financing tools they need to grow, creating good-paying jobs and bolstering our economy,” said Rep. Darin LaHood R - Ill.

LaHood sits on the influential House Ways and Means Committee, along with MAMBA co-sponsors Reps. Randy Feenstra R- Iowa, Terri Sewell D- Ala., and Dwight Evans, D-Pa.

Renditions of MAMBA have been circulating through Congress since 2017. Passing it remains a point of emphasis for the Council of Development Finance Agencies.

“By updating the 40-year-old rules around agricultural and manufacturing bonds, MAMBA allows for the innovative financing tools necessary to invest in local communities by expanding and growing American manufacturing and farming,” said Toby Rittner,

president and CEO of CDFA.

Aggie bonds are usually tax-exempt, and flow from agricultural banks utilizing state development agencies as conduits. Proceeds are used to finance land, buildings, livestock, machinery, and refinancing existing debt.

MAMBA would expand the definition of manufacturing facility and increase the cap on industrial development bonds to \$30 million from \$10 million.

It would increase the limitation on small issue bond proceeds for first-time farmers to \$1 million, repeal the separate dollar limitation on the use of bond proceeds for depreciable property and modify the definition of “substantial farmland” to allow for more low-cost bond financing for first-time farmers.

“Aggie bonds are one of the most effective federal tools for helping beginning farmers access affordable capital, lowering borrowing costs and bridging the gap between aspiration and ownership at the most critical stage of a farmer’s career,” said Tammy Nebola, treasurer and Aggie bond program specialist at the National Council of State Agricultural Finance Programs.



Aggie bonds are usually tax-exempt, and flow from agricultural banks utilizing state development agencies as conduits. Proceeds are used to finance land, buildings, livestock, machinery, and refinancing existing debt.

GAO

The bill has a bipartisan companion in the Senate as all parties concerned are looking to catch a ride on a major farm bill.

In late April the House passed a skinny version of the Farm, Food, and National Security Act of 2026 which so far does not contain any of the items from the MAMBA wish list.

At the time, Sen. John Boozman R-Ark., chairman of Senate Agriculture Committee said, “I remain committed to working with my colleagues in the Senate to continue this momentum and deliver Farm Bill 2.0 to the president’s desk to be signed into law. I look forward to releasing legislative text in the coming weeks.”

The Senate side mark-up is now

expected to happen sometime this month.

Congress is charged with writing a new farm bill on five-year cycles with the last one launched in 2018. It’s been extended year-by-year since 2023. The current extension is set to expire Sept. 30.

The Trump administration has complicated bringing a major farm bill across the finish line by changing the rules on the Supplemental Nutrition Assistance Program and shifting more funding onto the states.

Past versions of the farm bill typically relied on support from the agricultural community and SNAP supporters as the two factions worked on similar goals. [GFOA](#)

More states want to tax the rich, which could boost munis

continued from page 18

said it likely inspired this year’s new wealth taxes.

“What you’re seeing are some of the neighbors, the Maines, the Rhode Islands, saying, ‘Hey, if they can do it and get a little more revenue that way, should we do the same?’” Buswick said.

Opponents of wealth taxes – in Rhode Island, New York and across the country – argue they inspire high earners to move out of the state. But so far, Massachusetts hasn’t seen

a mass exodus of millionaires.

Buswick said there’s “no clear evidence” that wealth taxes cause high earners to move. People move because of their jobs, families, age, or even weather, Buswick said; it would be hard to prove that a tax is driving people out of a state.

Huskey said the only evidence that taxes drive people to move is anecdotal.

“There’s always somebody who says that they move, right? But in

general, taxes have nothing to do with migration,” Huskey said

“While many politicians and pundits may claim that tax-and-spend policies are what Americans want, the reality is that, year after year, there is steady movement from high-tax states to more fiscally responsible ones,” according to a report from the National Taxpayers Union Foundation. “Taxpayers want to live in states that do not treat them as endless sources of funding for politi-

cians’ pet projects.”

A study from the State Revenue Alliance and Institute for Policy Studies found there are more millionaires in Massachusetts today than there were before the Fair Share Tax, and that those millionaires’ combined wealth has grown.

The policies supported by a wealth tax make the state more attractive to high earners and allow it to support a stronger economy with more jobs, Huskey added. [GFOA](#)



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Stop flying blind*

*Why “going blind” into a competitive bond sale no longer has to be the cost of doing business

BY COLIN MACNAUGHT, CEO & CO-FOUNDER, BONDLINK

I’ve attended this conference more than 20 times. First as an issuer, when I served as Assistant State Treasurer for Debt Management for the Commonwealth of Massachusetts and as vice chair of GFOA’s Debt Committee, and now as the head of a company built to serve people who sit in the seat I used to occupy.

In all those years, I haven’t seen the muni market change as quickly as it has in the last twelve months. For a market long described as opaque and inefficient, the recent pace of innovation is, frankly, exciting.

But innovation should solve real problems, and one of the most persistent problems in our market hides in plain sight: the competitive bond auction is blind on all three sides.

Think about what actually happens on the day of a competitive sale. The issuer and municipal advisor load the deal into Parity, the S&P Global Market Intelligence platform that powers nearly 4,000 auctions a year, and then they wait. They have little sense of how many broker-dealers intend to bid, and even less of whether the investors who ultimately buy the bonds have shown any interest at all. The bidders are guessing at demand too. Everyone is operating in the dark.

Parity has earned its standing as the workhorse of competitive sales, trusted by thousands of issuers and advisors over the past decades. And it’s worth celebrating that S&P Global Market Intelligence didn’t rest on that legacy. They looked for the corners of the new-issue process still missing the signal we find everywhere else, landed on the moment of the bid, and asked the question too few have stopped to ask: does it really have to be this way?

That’s why we built Parity+, in collaboration with S&P Global Market Intelligence. It sits inside the existing Parity workflow (issuers and advisors input information exactly as they do today) but it adds the market signal competitive sales have always lacked.

Here’s what that means in practice. A deal published through Parity+ gets a dedicated, cloud-based deal page distributed across both S&P’s BuySide Calendar and BondLink’s investor network. As bidders and investors review it, you watch in real time on a single dashboard.

If a key institutional buyer you’d expect to participate isn’t engaging, you or your municipal advisor can pick up the phone, make sure they know about the sale, and answer questions before bids are due, not after. If interest is building, you and your advisor can set structure and bidding parameters with more confidence. Suddenly you have a pre-sale signal.

For municipal advisors, this matters in a way I want to be precise about. Under SEC Rule 15B(c)(1), municipal advisors owe their issuer clients a fiduciary duty, and part of that duty is ensuring the auction price is fair relative to actual demand. Today, meeting it often means hours of manual calls to buy-side firms – work that’s hard to do well and harder to document. Parity+ lets advisors observe and capture genuine pre-sale interest and pass it to bidders, who can then bid with more conviction. That’s better for the issuer,



“A deal published through Parity+ gets a dedicated, cloud-based deal page distributed across both S&P’s BuySide Calendar and BondLink’s investor network.”

— Colin MacNaught, CEO & CO-Founder, BondLink

and it creates a record of the demand behind the pricing.

I spent years on the issuer side wishing I had a better read on the market before I hit “go.” The uncertainty going into an important bond sale is unsettling. We don’t have to accept the blind auction as a permanent feature of how we do business. The technology to bring transparency to the process exists now – and I’d encourage you to come see it.

Colin MacNaught will be speaking at this year’s GFOA Annual Conference. He hopes you’ll stop by – and he’s always happy to talk muni technology.

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A novel way to finance infrastructure that blends public and private funds

BY CAITLIN DEVITT

The U.S. has long relied on the municipal bond market to finance its public infrastructure.

But with massive infrastructure needs, and trillions of dollars of private and pension capital looking for more opportunities, a University of Maryland researcher has proposed a hybrid financing model that attempts to solve a question that has long bedeviled infrastructure investors: how to bring more private money into the space.

“We have an infrastructure gap estimated at almost \$3.7 trillion and at the same time we have institutional capital of more than \$60 trillion in pension fund assets,” said Anton Steshenko, a graduate student at the University of Maryland, Robert H. Smith School of Business, who is pursuing an MBA in finance after a decade in the infrastructure finance space.

“The problem is not the money; the problem is a lack of an institutional platform that can connect and be a reach between local projects and large institutional capital – because for now they operate in completely different worlds,” he said.

“Rethinking Municipal Financing: A Hybrid Institutional Capital Model for Local Infrastructure Development” lays out what Steshenko calls a “hybrid institutional capital model,” or HICM. The model features “layered financial architecture” that addresses the structural barriers found in the municipal bond market, public-private partnerships and federal loan programs, which traditionally finance the country’s public infrastructure.

“The U.S. infrastructure financing gap will not be closed by federal appropriations alone, nor by incremental expansion of traditional municipal bond issuance,” the paper said.

“Closing the gap requires a structural transformation of the local infrastructure finance ecosystem – new intermediaries, new instruments, and new connections between local project pipelines and the institutional capital markets that hold the capital infrastructure investment needs.”

The HICM “combines public credit enhancement in first-loss positions, structured risk allocation across investor tranches, and purpose-built financial intermediaries to mobilize pension fund and insurance capital into local infrastructure,” the paper said.

Steshenko looked to the Connecticut Green Bank and the Montgomery County Green Bank as examples that have demonstrated how the model could be feasible in the U.S.

He cited the Greenhouse Gas Reduction Fund, a \$27 billion fund created in the 2022 Inflation Reduction Act, as a new capital source, dismissing the Trump administration’s efforts to dismantle the fund in favor of the “long view of federal support.” He said that federal loan programs like Transportation Infrastructure Finance and Innovation Act are a way to reduce risk for institutional investors.

An example of a HICM structure for a \$100 million portfolio would include federal credit enhancement from the GGRF or TIFIA that provides \$10 million, or 10%, in first-loss protection; a state green bank contributing \$15 million in mezzanine



Anton Steshenko, a graduate student at the University of Maryland, Robert H. Smith School of Business, proposes a hybrid infrastructure financing structure that brings more private capital into play.

position; impact investors and CDFIs providing \$15 million in subordinated debt; and institutional capital contributing \$60 million, or 60%, in senior secured and investment-grade debt.

Muni bonds could be part of the equation, likely at the mezzanine level, he said, calling the model a “complement” to the municipal bond market.

“The challenge is not just creating the portfolio but creating consistent underwriting and risk assessment standards across very different types of projects,” he said.

Now pursuing his third degree, Steshenko was born and worked in the infrastructure finance sector in Eastern Europe, where governments tackle the problem differently than in the U.S. “That’s why I became interested in this area, especially at the municipal level, because the model or approach used in the U.S. and Europe is completely different,

so I wanted to make some additional research and propose my ideas,” he said.

The \$4 trillion tax-exempt municipal bond market, unique to the U.S., has long been the go-to capital market because of its low financing costs. But smaller local governments with infrastructure can face high borrowing costs and limited market access, Steshenko said.

The HICM essentially acts as a “bridge between local projects and institutional investors,” he said.

Pension funds are increasingly interested in investing in infrastructure but don’t benefit from the tax exemption and often lack sufficient expertise to invest in direct projects or at a large scale.

The Montgomery County Green Bank has the kind of legal structure that could work with Steshenko’s model and has identified institutional investors eager to invest.

continued on page 29

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Moody's warns proposed political review of grants a credit negative

BY CAITLIN DEVITT

The Trump administration's proposal to overhaul and solidify rules governing the federal grant process could prove to be a credit negative for public finance issuers, Moody's Ratings said Monday.

The Office of Management and Budget on May 29 published a proposed rule that would revamp the way all federal agencies award financial assistance. The rule would require agencies to appoint a senior political appointee who would approve grants and would expand agencies' authority to terminate or suspend active grants that have already been awarded.

The proposal would broaden the list of factors agencies use to evaluate applicant risk to include "an applicant's affiliations with organizations engaged in activities that violate federal law, undermine public safety or national security, or advocate for the overthrow of the United States Government."

The proposal also includes new bans on grants that "fund, promote, encourage, subsidize, or facilitate" diversity, equity and inclusion policies.

OMB said the proposed revisions would improve transparency, accountability, and oversight for the grant process while reducing the burden on recipients by streamlining notices of funding opportunities and application criteria.

It would not affect formula funds, block grants or post-disaster funds, Moody's noted in its commentary.

"But there are a lot of competitive grants that public finance issuers get – the kind of grants that

go to colleges and universities, hospitals and transit agencies," Moody's analyst Nicholas Samuels told The Bond Buyer.

If the rule is adopted, "there's going to be another layer of review that is very open-ended about how the federal government might deny grants, which may not be upfront when you're applying but it could be mid-stream, when you're relying on the money for particular projects," he said. "This is another layer of unpredictability for public finance issuers to deal with related to federal funds."

Terminating grants that issuers may have already built into their budgets would be easier under the rule, law firm Faegre Drinker Biddle & Reath said in a June 2 brief. "Critically, the proposed rule does not require a finding of noncompliance or fraud to justify a discretionary termination. Instead, the agency need only provide 'a brief summary of the reason



Nicholas Samuels, Moody's Investors Service

creasing executive-branch oversight over billions of dollars in federal research, healthcare, culture, and infrastructure grants," the American Society of Civil Engineers said in a June 11 blog.

All administrations seek to put

that undoes it," Samuels said. "This changes federal regulations, so it becomes stickier," he said. "If there's a desire to make a change in the future, the government will have to go through the same rulemaking process."

The rewritten regulations would be "credit negative for entities with high dependence on competitive federal funding because it would materially weaken the reliability of multi-year discretionary funding commitments," Moody's said.

Entities at risk include research universities that rely on National Institutes of Health and National Science Foundation grants; nonprofit hospitals funded through discretionary Health Resources and Services Administration programs; transit agencies competing for Federal Transit Administration capital awards; and smaller municipalities that depend on Housing and Urban Development community development or Federal Emergency Management Agency hazard mitigation grants.

Comments on the proposed rule are due by July 13, although several groups, including the ASCE, has asked OMB to extend the public comment window by 90 days "to fully assess the immense structural impact."

If OMB sticks the current 45-day comment window, it will propose a final rule that will be effective Oct. 1, which would make the final rule applicable to all new fiscal 2027 awards, according to Faegre Drinker. [GFOA](#)

Public Finance issuers will face a fresh layer of uncertainty related to federal assistance."

— Nicholas Samuels, Analyst, Moody's

or reasons for finding that termination is in the interest of the [f]ederal agency," the firm said.

By converting standard grant guidelines into federal rules, the change would be "drastically in-

their stamp on grant funds but OMB's rulemaking proposal would make the change harder to undo.

"If one president can sign an executive order, another president can sign an executive order

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Fiscal progress seen in New Orleans as bond offering nears

BY ROBERT SLAVIN

Some observers say the New Orleans government is improving its finances as it nears selling new bonds for operating expenses this summer.

“There has been clear progress on the budget as the deficit is being reduced,” said Joseph Krist, publisher of Muni Credit News. “While the remaining \$100 million gap is big, it is surmountable. It is positive that the gap has been closed by addressing both sides of the ledger - lower expenses and higher revenues.

“The mayor is clearly holding up her end of the bargain,” Krist said of Helena Moreno, a former city council member who took office as mayor in January after winning election in October. “It would be a real disappointment if the state does not approve the city’s proposed cash flow financing.”

Cumberland Advisors Chief Investment Officer John Mousseau was more cautious. He said short-term interest rates are likely increasing and this puts the city in a difficult situation. “The new mayor, Helena

Moreno, certainly has her work cut out for her. The city has dug into its reserves and that really needs to stabilize.”

The city needs to get Federal Emergency Management Agency reimbursements, Mousseau said. “Longer term, they need to get a budget that fits the slower revenue flows into the city.”

In the months since a financial crisis emerged in September, Louisiana State Auditor Mike Waguespack has been overseeing the city’s actions and controlling its spending of a recent revenue anticipation note.

“Things are [going extremely well](#),” Waguespack told The Bond Buyer.

He said he had expected the city to take four years to achieve a healthy fund balance but the city has basically achieved it in six months. In May the city sold a lease for a hotel to an investor for \$103 million and this puts its fund balance in good shape, he said. The city is ready to handle any emergencies like hurricanes.

For the long term, the city is look-

ing at generating money through rolling forward property taxes and/or increasing sales taxes, Waguespack said. The mayor is likely to make proposals on these lines soon, he said. The city is also examining shrinking certain departments. Some of these would be recurring measures to address the city’s financial situation.

The city is also taking steps to improve sales tax collections, he said.

The city has downsized by about 200 people and is furloughing its employees one day for every two weeks, Waguespack said. It is vigilant on using overtime only when necessary and reducing travel.

The city is also looking at saving money through bringing emergency medical services in house and at generating more money through increasing sanitation fees for residences, Waguespack said.

Earlier this month the city council approved an offering of \$110 million in bonds to generate operating funds.

The city became aware it had a problem in October when city coun-

cil members including Moreno discovered the city didn’t have enough money to make payroll at the end of the calendar year. The city’s fiscal year corresponds with the calendar year. In response to the problem, [the council approved the sale of a \\$125 million revenue anticipation note](#).

In November Waguespack said the city would probably have to return to the bond commission for between \$75 million and \$100 million in RANs in August or September.

Instead, the city now plans to sell \$110 million in long-term bonds, with the bonds having final maturity no later than 2046.

Without the bond sale, the city would run out of money in September, New Orleans Chief Administrative Officer Joe Giarruso [told WVL Radio](#) New Orleans earlier this month.

The city will seek the approval of the Louisiana State Bond Commission for the \$110 million bond at the July 16 meeting.

continued on page 31

A novel way to finance infrastructure that blends public and private funds

continued from page 24

The bank is working to build a pipeline of ready projects that can be bundled into a portfolio for private capital, said Laura Mondragon, the bank’s senior director of climate resilience and adaptation.

“That’s why we’re aggregating projects - because institutional investors don’t want to have conversations about isolated projects,” she said. “The pension funds need us to start

doing the investments - they need performance data and they’re looking for a standardized project and the portfolios.”

The pipeline of projects will grow as more municipalities realize the need to protect their infrastructure against severe weather.

“Climate resilience has always been treated as a market niche rather than as a part of the strategic asset

management of a municipality, and that’s changing,” she said, adding that municipal bonds will be part of the solution. The green bank is considering becoming a bond issuer itself while continuing to work with private capital, she said. “We’re working to get the program where it needs to be in order for the investors to step in.”

Steshenko, who has submitted

his paper to Brookings’ Municipal Finance Conference, said his model is meant to be flexible and includes provisions to mitigate political and revenue risk.

“The main idea is that different investors would take different positions depending on their risk appetites,” Steshenko said. “The structure is really about making the right type of capital with the right risk.” [GFOA](#)

Muni bond issuers decreased audit times for fiscal 2024

BY JENNIFER SHEA

Municipal bond issuers cut their median audit times from 2023 to 2024, with issuers in all governmental bond sectors and most revenue bond sectors shortening audit timelines despite a reported shortage in auditors.

That's according to research published this month by the University of Illinois at Chicago's Government Finance Research Center and Merritt Research Services, an investor-tools company.

[This year's report](#), which covers issuers across the country, is titled, "The Lone Star Shines Bright: How Texas Found the Carrot (or the Stick?) to Improve Cities' Audit Times," a nod to [a recent Texas law](#) that ties property tax hikes to [city audit timeliness](#).

"What Texas has done is really unique," said Deborah Carroll, director of the UIC Government Finance Research Center and co-author of the report. "Across the United States, local governments are generally pretty dependent on property tax revenue to finance essential services. Texas local governments are even more dependent on property tax revenue, because they don't levy an individual or corporate income tax in Texas, and so that makes property tax revenue really important."

Texas has "done it in such a way that it acts as an incentive," Carroll said. "That's why we wanted to look at that issue this year, because we had heard that there was a positive impact of this policy being implemented, and that's exactly what we found in this year's report."

The report came out Monday. It was released against the backdrop



Richard Ciccarone, president emeritus of Merritt Research Services, an investor tools company, is a co-author of the report. —Alan Klehr

of legislation in a growing number of states, [including Illinois](#), that aims to loosen auditing requirements, rather than strengthening them, as Texas has.

"We're actually seeing improvements across the board in terms of audit timing, and we don't really feel like the data support those claims (of a need to loosen rules), so we would really strongly caution against removing the requirements to use GAAP accounting," Carroll said.

She noted that issuers that do not comply with generally accepted accounting principles are excluded from recognition for best audit times in the report.

"We understand that a lot of smaller issuers might use a cash-based form of accounting, but that's not really recommended," she said. "It's not necessarily comparable to those that use GAAP accounting, and there is [actually some new research](#) coming out that suggests

there is a cost in terms of investors' willingness to invest."

Proponents of bills like the one in Illinois argue that onerous auditing requirements are driving certified public accountants away from government work, exacerbating a shortage of auditors.

"We've heard anecdotally that there's a lot of concern about auditor shortages, and that's why audit timing is becoming more and more delayed," Carroll said. "And we actually did some analysis this year... We looked at when creditors change their auditor, whether that has an impact on their audit timing, and we actually found for a number of sectors that a new auditor potentially reduces audit timing, which goes against these anecdotal arguments."

In fiscal year 2024, wholesale electric issuers were the fastest revenue bond sector, with 84% of those issuers finishing their audits within 180 days. Water and sewer issuers were the slowest performers; only

44% of them completed their audits in 180 days.

Carroll stressed that their research did not extend to why certain sectors were slower than others, but said, "I do a lot of work in water and sewer (financing), in terms of research, and I do know that fiscal capacity does tend to be kind of an issue and a challenge for these agencies... It potentially could just be that there's more volatility in these sectors."

Private higher education issuers represented another struggling sector, increasing their median audit times by 12.3% between 2013 and 2024.

"There's a correlation between credit quality and timing, and so it's not surprising that private higher ed would have a slower completion time, because their credit quality tends to be lower than other investment-grade sectors in the marketplace," said Richard Ciccarone, president emeritus of Merritt and co-author of the report.

"When you look at private higher ed, 2024 was a particularly off year," he added. "The ones that were the slowest, there was definitely a high percentage on the margin of investment grade or lower, or not rated, in that grouping." But "it's too early to call that a track record."

Among governmental bonds, K-12 school districts did best and dedicated tax issuers struggled the most. Sixty-four percent of school districts finished their audits within 180 days, while only 29% of dedicated tax issuers completed them in the same timeframe.

Fiscal 2024 was "a fairly decent year" for governments, Ciccarone

said. “Many of the governmental sectors not only had an improvement, but it was the second year in a row (of) improvement in the median for the governmental sectors, such as cities, county school districts and states,” he said.

“We have to put the onus of responsibility with management and the legislative bodies as to whether there’s a will to get this information available to the users in time,” Ciccarone added.

Counties were the slowest governmental bond issuers, the report found. Carroll suggested that timely

audits may not be a high priority among some counties.

“We saw cities in Texas turn around really quickly once there was leverage being held over them in terms of accessing property tax revenue, and I think if there was similar leverage over counties, we would see an improvement in counties as well,” she said.

Eleven of 56 state and territorial governments dragged their audits out beyond 360 days or have yet to finish their FY2024 audits, according to the report.

“We still are seeing states lagging

pretty far in terms of audit timeliness,” Carroll said. “We would really like to see the states serve as leaders for the governments that are within them, and so we would love to see greater performance among the states.”

It’s in everyone’s best interest to complete muni bond audits in a timely manner, Ciccarone said. Not only “the usual users of the documents, stakeholders,” like bond investors, but also “the citizens, the taxpayers or the ratepayers,” he said.

Even as median audit times improved year-over-year, the median

audit time across muni bond sectors rose 10.7% over the past decade, deteriorating by 16 days.

The median audit timeline went from 150 days in 2013 to 166 days in 2024. That’s compared to a 10.6% increase over the same amount of time [in last year’s report](#), from 151 days in 2012 to 167 days in 2023.

“There’s still more work to do” on audit timeliness, Carroll said. “We’re not quite where we want to be, and in some sectors, we’re still far from where we’d like to be. But we are seeing some really positive trends.

[GFOA](#)

Fiscal progress seen in New Orleans as bond offering nears

continued from page 29

In the fall, State Treasurer John Fleming, who serves as chairman of the commission, said as a condition for a bond a fiscal administrator should be appointed for the city.

Ultimately, city officials were able to get Fleming and Louisiana Attorney General Liz Murrill to reduce their demands before they approved a city borrowing. All parties agreed that Waguespack would advise the city on its finances for the time being and would have control over disbursements of proceeds from the \$125 million revenue anticipation note.

Fleming didn’t immediately respond to a request for a comment on how he thinks New Orleans is doing or whether he will support the city executing a new borrowing. Murrill declined to comment.

Assuming the \$110 million bond sale goes ahead, J.P. Morgan Securities is to be the lead underwriter and Raymond James & Associates and Siebert Williams Shank & Co. are to be the co-managing underwriters. PFM Financial Advisors and CLB Porter are the co-municipal advisors. Foley & Judell and Auzenne & Associates are the co-bond counsel.

The bonds are to be paid back through proceeds from the city’s property taxes.

New Orleans is rated Baa2 with a

negative outlook by Moody’s Ratings, BBB-plus with a negative outlook by S&P Global Ratings and A-minus with a negative outlook by Fitch Ratings.

“As for the longer term, so much depends on the national economy and continued demand from tourists,” Krist said. “Given the difficult hand the mayor was left with and uncertain state support, the city’s current position reflects the importance of the will of the city to reform.”

Mousseau said [higher oil prices](#) driven by the war on Iran would reduce tourism from those who would otherwise drive or fly to the city.

In early May S&P released a report on the city’s general obligation bonds saying the BBB-plus rating and negative outlook “reflect our view of New Orleans’ reliance on one-time solutions to meet cash flow requirements and are inconsistent with the financial management and performance of higher-rated entities.”

S&P said it expects the city to continue to use one-time measures but also attempt to address its structural deficits in the next two years.

As examples of one-time solutions, S&P cited the use of long-term borrowing for immediate cash flow needs, transferring fund balances from outside agencies, reallocating fund balances originally designated

for capital needs.

On a more financially sustainable basis, the city is also working to aggressively work on receivables owed the city, addressing property tax and fee revenue collections and exploring the expansion of certain fees, S&P said. The city has newly implemented internal controls on department expenditures, particularly on public safety overtime which has been financially troublesome in recent years.

This city “has a history of management projections not meeting actual audited results. In our view, the city’s flexibility to implement structural solutions to the budget gap is limited by, among other things, constraints on revenue-raising flexibility that require legislative support to change, and significant political and practical hurdles to meaningfully reducing recurring expenditures.”

S&P said as of June 30, 2024, the city had \$194 million in available reserves, equal to 23.9% of general fund revenue. It said unaudited figures show a \$136.1 million deficit in fiscal 2025 “and we expect final audited 2025 futures to show another significant decline in reserves.”

The city has “elevated liabilities, with short-term maturities that could further pressure cash and significant

future debt plans,” S&P said. Pension liabilities are substantial and the firefighter plan, in particular, is a credit risk.

While the city’s financial management practices have improved with Moreno’s assumption of power, they still remain weaker than those of other similar sized cities, S&P said. On a positive note, the city “has Louisiana state officials on site providing oversight on expenditures, assisting the city with analytical support and providing strategic advice, which we consider credit positive.”

Fitch Ratings Director Emmanuelle Lawrence said the spending cuts along with the additional revenues and the sizable lump sum payment from the renegotiated lease agreement are material developments.

“Material improvement to the city’s reserve levels and evidence that the city has regained fiscal stability will be key to removing the Rating Watch Negative,” Lawrence said. “An improved view of the city’s financial resiliency is tied to a longer trend of stable operations and available general fund reserve levels at or above 7.5% of operating expenditures net of transfers.”

The Moreno administration didn’t respond to questions for this story.

[GFOA](#)

THINGS YOU MAY NOT KNOW ABOUT CHICAGO

Chicago is one of America's most recognizable cities, famous for its towering skyline, deep-dish pizza, sports teams, and rich cultural history. Yet beyond the well-known attractions lies a fascinating collection of stories, inventions, and hidden facts that even many locals may not know. From engineering marvels to surprising historical firsts, Chicago has played a significant role in shaping modern America.



The World's First Skyscraper Was Built Here

Chicago is often considered the birthplace of the skyscraper. In 1885, the Home Insurance Building was completed in downtown Chicago. Although it stood only ten stories tall, it was revolutionary because it used a steel-frame structure rather than relying solely on load-bearing masonry walls. This innovation paved the way for modern skyscrapers and transformed urban architecture around the world. Today, Chicago remains a global leader in architectural design and innovation.



Chicago's Nickname Has Nothing to Do with the Weather

Many people assume the nickname "The Windy City" refers to Chicago's cold, breezy climate. While the city certainly experiences strong winds, the nickname likely originated in the late 19th century as a criticism of local politicians and boosters who were known for excessive boasting.

In other words, Chicago was considered "windy" because of its talkative residents rather than its weather.



The Palmer House Hotel

Brownies May Have Been Invented in Chicago

Chocolate brownies are a beloved dessert worldwide, but many food historians trace their origins to Chicago. The story begins at the Palmer House Hotel, where a wealthy socialite reportedly requested a portable dessert for guests attending the 1893 World's Fair.

The hotel's pastry chefs created a rich chocolate confection topped with walnuts and apricot glaze. The Palmer House still serves its famous brownie recipe today.



Chicago Metra train station

The City Is Home to a Hidden Underground Network

Beneath Chicago's busy streets lies a little-known system of underground tunnels. Built in the early 1900s, these narrow freight tunnels were originally used to transport coal, mail, and other goods throughout the downtown area.

The network stretched for dozens of miles under the city and operated for decades before becoming largely obsolete. Portions of the tunnels still exist today, hidden beneath the Loop.



The Great Chicago Fire Isn't the Whole Story

Most people have heard the legend that Mrs. O'Leary's cow kicked over a lantern and started the Great Chicago Fire of 1871. However, historians largely agree that this story was exaggerated or completely fabricated.

The fire itself was devastating, destroying thousands

of buildings and leaving more than 100,000 residents homeless. Yet the disaster also sparked one of the greatest rebuilding efforts in American history, helping transform Chicago into a modern metropolis known for innovative architecture and urban planning.

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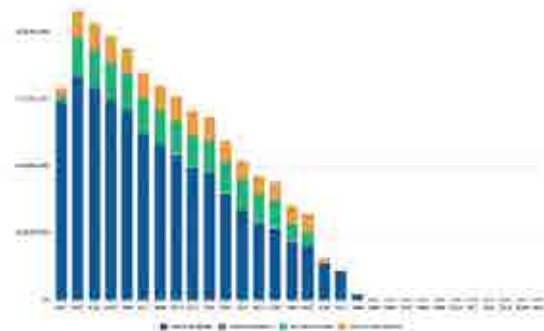
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Near-term amending of Rule 15c2-12 to add cyber incident disclosure unlikely

BY KATHIE O'DONNELL

As cyberattack concerns mount, some attorney experts say it is unlikely that the muni market will soon have a cybersecurity incident disclosure obligation imposed on it similar to the one the Securities and Exchange Commission requires of public companies.

In July 2023, the SEC adopted new rules requiring public companies subject to Securities Exchange Act of 1934 reporting requirements to disclose material cybersecurity incidents they experience and to disclose on an annual basis material information about their cybersecurity risk management, strategy and governance.

The rules require registrants to disclose on an Item 1.05 of Form 8-K any cybersecurity incident they experience that is deemed to be material and to describe the material aspects of its nature, scope and timing as well as material aspects of its impact or reasonably likely impact. An Item 1.05 Form 8-K generally must be filed within four business days of determining that an incident was material.

Beth Coolidge, head of public finance at Oppenheimer & Co., referenced the 2023 rules relating to public company disclosure of cybersecurity incidents in recent remarks.

"It's coming to our world," Coolidge said during a panel discussion held as part of a May 7 Bond Buyer virtual summit on Cybersecurity Risks, adding that "as municipal securities professionals, it is incumbent on us to get in front of it and come up with what we think is a good solution before one is kind of handed to us."

Coolidge also referenced comments made by another panelist,

Nikolai Sklaroff, capital finance director at the San Francisco Public Utilities Commission. Sklaroff described the dilemma answering questions in a forum such as the panel discussion presents. While on one hand he wanted to help his issuer colleagues and reach out to financial partners about "how they can better help us," he also was mindful that "bad actors" might be listening as well.

"So I want to be thoughtful about what we say about our industry's vulnerabilities and what we're doing to address them," Sklaroff said during the panel discussion, entitled "Heightened Cyber Activity & Public Finance Preparedness."

Coolidge said Sklaroff's comments resonated with her.

"You don't want to give the bad guys the road map to how you are protecting yourself," she said.

While cyberattacks and bad actors looking to exploit cybersecurity vulnerabilities might be concerns for the municipal securities market, one thing the industry probably doesn't have to worry about in the near future - at least according to two attorneys - is an SEC-imposed requirement to disclose cybersecurity incidents involving municipal securities similar to what the commission requires of public companies.

"Any incident disclosure that would impact municipal issuers would require an amendment to Rule 15c2-12," said Ed Fierro, a partner at Bracewell LLP, who earlier in his career served as senior counsel to the director of the SEC's Office of Municipal Securities. "I worked on the Rule 15c2-12 amendments while at the SEC and making any changes to the rule is a very lengthy process."

Rule 15c2-12 of the Securities



Ed Fierro, partner at Bracewell LLP

Exchange Act requires dealers acting as underwriters in primary offerings of municipal securities to reasonably determine that the issuer or obligated person has agreed to provide to the Municipal Securities Rulemaking Board timely notice of certain events.

"The last amendments to Rule 15c2-12 took about 4 years from pre-rule stage, proposed rule stage, and final rule stage," Fierro said. "While circumstances could change, I doubt that we will see any changes to Rule 15c2-12 in the near future."

However, should the SEC ever decide to amend Rule 15c2-12 "it would likely use Item 1.05 of Form 8-K 'Material Cybersecurity Incidents' as a starting point," he said.

"There is some good language in there that allows for delays in reporting cyber incidents when certain circumstances exist," Fierro said.

Bill Rhodes, a partner in the public finance practice at Barnes & Thornburg, said there is no evidence that the SEC is planning to amend Rule 15c2-12 - in any way - in the near future.

"Municipal market participants have suggested other reasonable amendments to Rule 15c2-12 and

there seems to be no appetite by the SEC to undertake those amendments either," Rhodes said.

While public companies are bound by SEC reporting rules dictating line-item disclosures, the Tower Amendment limits the SEC's power to regulate municipal issuers, "including attempts to dictate form and content of disclosures by municipal issuers in connection with municipal securities offerings," he said.

"That said, the antifraud rules apply to all issuers, including municipal issuers and public companies," Rhodes added. "Therefore, municipal issuers and borrowers often refer to the form and content of public company disclosures to assess the regulators' views on what information they might consider to be material."

In addition, some conduit borrowers are also public companies, "so in those transactions, where SEC filings are typically incorporated by reference in the offering documents for municipal securities, the cybersecurity disclosures would effectively be the same for such conduit borrowers," he said.

Many municipal issuers have indicated some reluctance about disclosing too much information about cybersecurity events and preventative measures, including insurance, out of concern "that over-disclosure could be weaponized against the issuers and borrowers" - as well as their insurers - by hackers, Rhodes said.

While such reluctance is understandable "and, to an extent, prudent, there is still a wide array of available information concerning the nature of cybersecurity risks and mitigants that could be disclosed without creating undue risk," the attorney said. [GFOA](#)

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1. Bloomberg 2026 year to date as of June 19, 2026. 2. The \$172,615,000 forward delivery series 2026B is expected to close July 7th, 2026. This announcement is not an offer, solicitation, commitment or recommendation to buy or sell the bonds and does not purport to be a complete statement of all material facts relating to the bonds. The offering is made only by means of the Official Statement, copies of which may be obtained from RBC Capital Markets. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. RBC Capital Markets is not acting as a fiduciary or as a municipal, financial, commodity or investment adviser. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. This advertisement is for informational purposes only. RBC Capital Markets is the global brand name for the capital markets business of Royal Bank of Canada and its affiliates, including RBC Capital Markets, LLC (member FINRA, NYSE and SIPC). ®/™ Trademark(s) of Royal Bank of Canada. Used under license. © Copyright 2026. All rights reserved.