

Build America Mutual, a financial guaranty insurance company, has announced a municipal green bond assessment program called BAM GreenStar. BAM will provide GreenStar designations for municipal bonds issued for projects that have environmental benefits.

Eligible projects include sustainable water and wastewater management, renewable energy, energy-efficient upgrades, pollution prevention and control, environmentally sustainable management of living natural resources, terrestrial and aquatic biodiversity conservation, clean transportation and climate change adaptation, among others.

To identify green bonds, BAM will use criteria that are aligned with the International Capital Markets Association's Green Bond Principles, as well as the United Nations' Sustainable Development Goals. The credit profile prepared by BAM for green bonds will identify which of the Green Bond Principles and United Nations' Sustainable Development Goals apply to the bonds.

BAM will perform an initial GreenStar evaluation for every issue that is submitted for insurance, and will provide the GreenStar designations on qualifying BAM-insured bonds at no additional cost to the issuer. BAM's GreenStar designation is based upon the information obtained from the issuer. BAM does not perform an audit or an independent verification of any of the information provided by the issuer. For more information, see buildamerica.com/greenstar.

Since its first use in the municipal market in 2013, a green bond designation has proven to provide municipal bond issuers with access to new investors looking to invest their capital in sustainable projects. The addition of another and a cost-effective third-party verification of green bonds should assist in the expansion of the growing municipal green bond market, though no pricing benefit has yet been clearly demonstrated.

Our lawyers have extensive experience with green bonds and green infrastructure finance, and welcome the opportunity to discuss projects that have environmental benefits and may qualify for a green bond or another type of green infrastructure financing.

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