Citizens

CITY OF ATLANTA ALIGNS PROCESS WITH PURPOSE

At a glance

Overview

The City of Atlanta launched its first Social Bond in 2022 to fund a range of capital projects that met the criteria for positive social outcomes.

Challenge

Traditional short-term options for investing proceeds were sufficient, but the City's treasury team recognized the opportunity to use new financial tools to do more with proceeds in the interim.

Solution

Understanding the ESG priorities of the City, Citizens saw the alignment of the City's goals with our Sustainable Deposits solution.

Result

These new financial tools allow organizations to support their ESG efforts in a holistic way.

Overview

The City of Atlanta, long known for leading on matters of social justice and equity, issued $360 million in Social Bonds for the first time in 2022. The City's finance team partnered with Citizens to deposit some of the bond proceeds in a Sustainable Deposits account, where funds are earmarked against a portfolio of eligible sustainability-oriented loans and investments. Using Sustainable Deposits gave the City the opportunity to further support its Environment, Social, and Governance (ESG) strategy. The solution, an FDIC insured deposit account, aligns the proceeds with their broader social purpose for the interim period before they are used on designated capital projects across transportation, recreation, public safety and public art.

"It's exciting to have new tools in the world of public finance that allow us to match our financial decisions with our sustainability goals. The Social Bond and the Sustainable Deposits both help the City of Atlanta to extend our purpose across the whole process."

*— **Courtney Knight,** Treasurer, City of Atlanta*

New financial tools for a city with a storied ESG history

The City of Atlanta has a proud history of championing social issues. It is the heart of the Civil Rights Movement, the birthplace of Dr. Martin Luther King, Jr., and the home of the South's first Black mayor, Maynard Jackson Jr. Racial justice and social equity are cornerstones of the City's legacy and are values that continue to be a priority for today's City leadership.

Atlanta Mayor, Andre Dickens has outlined four strategic goals for the city which reflect the City's ESG priorities.

The Mayor of Atlanta's Four Strategic Goals Reflect Strong ESG Commitment

One Safe City – investments in Public Safety equipment and vehicles.

A City Built for the Future – investments in capital improvements and technology/innovation.

A City of Opportunity for All – investments in Affordable Housing, Youth Initiatives, and Employment Compensation/Benefits.

An Effective and Ethical Government – investments in programmatic operations/maintenance and sustainable reserves.

“The City of Atlanta is always focused on positive social outcomes. If we have a capital project in our Department of Transportation, they are thinking about how they can make improvements that are going to benefit underserved parts of our community,” said Mr. Knight, Treasurer of the City.

As the City put together its budget for capital projects in 2022, it partnered with the research firm Sustainalytics, to complete the required steps to verify the projects for Social Bond qualification. The process for issuing Social Bonds starts early in the budgeting phase, because Social Bonds can only be used for projects that meet criteria linked to positive social outcomes. These criteria are outlined in the Social Bond Principles (SBP) 2021 (with June 2022 Appendix 1), created and maintained by a public-market self-regulating body, the International Capital Market Association (ICMA).

Once voters approved the project funding through a referendum which exceeded 80% acceptance, the City issued its first Social Bonds and immediately drew high interest from institutional investors, many of whom were looking to align their investment choices with their own ESG priorities. The Social Bonds were oversubscribed by investors on the order of 2.5 to 6x.

A compatible solution for Social Bond proceeds

After seeing all the commitment and effort that the City put into its Social Bond undertaking, Citizens saw a natural fit with the Sustainable Deposits solution. Launched in 2021, Sustainable Deposits enable clients to direct their cash reserves to support companies and projects focused on social issues such as affordable housing and employment generation in addition to green initiatives.

To be included in the offering, lending projects must undergo a review process to determine their alignment with Citizens’ Sustainable Deposits Eligibility Criteria. Eligible loans and investments may be categorized as green, such as renewable energy, or social, such as affordable housing. Citizens established the eligibility criteria with the support of Sustainalytics, the same rating and research firm that helped the City meet the Social Bond qualifications.

Aiming to support the ESG journey

Each organization and business has different ESG priorities and looks to different pathways to achieving them. In the City of Atlanta’s case, a well-matched financial solution arose from strategic conversations between Citizens and the City’s finance team to better understand their unique goals. Citizens saw the alignment between their Social Bond efforts and the Sustainable Deposits solution and how this new financial tool could help them match their financial objectives with their purpose.

> *“This effort represents a good match between our goals and objectives and what the bank is doing with this unique sustainable deposit account.”*
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> — ***Courtney Knight,*** *Treasurer, City of Atlanta*

Well-matched goals upgrade banking from an account to a relationship

As a trusted advisor, Citizens is a partner committed to helping clients achieve their goals. Like the City of Atlanta, Sustainable Deposits may be valuable for other organizations that are looking for opportunities to align their financial tools with their environmental, social and governance goals.

For more information about all our offerings and services, please visit citizensbank.com/commercial.

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