

Americas Municipals Weekly

Muted Munis Primary Supply Tempers Market; Chicago Mayor Floats \$1.25B Issuance; Nexus Capital XIII Seeks Specific Performance of Nashville Senior Care APA; Judge Swain Declines to Hear Renewed PREPA Bondholder Stay Relief Motion Within 30 Days of Filing

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The recent muted supply in the municipal bond primary market of about \$5 billion each week over the past few weeks has given the overall municipal market a “better tone,” as demand remained high for several sizable deals and some non-index-eligible deals kept investors busy, market sources told Reorg. Munis have outperformed Treasuries as the 10-year AAA MMD benchmark has moved up only about 17 bps, while its Treasuries counterpart rose approximately 45 bps this week compared with where yields were at the beginning of the month, said Christopher Brigati, director of strategic planning and fixed income research at SWBC Investments.

Americas Municipals Events | The Week Ahead Feb. 23, 2024

Date	Time (ET)	Company	Event	
Feb. 26	9 a.m.	Metropolitan Transportation Authority	Committee Meetings	Source
Feb. 26	All Day	PacifiCorp	James v. PacifiCorp (Oregon State) - Jury Trial	
Feb. 27	8:30 a.m.	Puerto Rico	Pretrial Conference	Source
Feb. 27	9:30 a.m.	Brightline Holdings	CK v Brightline Motion to Dismiss Hearing	
Feb. 27	11 a.m.	Trousdale Foundatoin	Status Conference	Source
Feb. 27	12 p.m.	Legacy Cares Inc.	Hearing for Release of Sequestered Funds	Source
Feb. 27	12 p.m.	SantaFe Senior Living Inc.	East Ridge at Cutler Bay Continuing Disclosure Call	Source

Feb. 27	1 p.m.	Chester, Pennsylvania	Receivership Call	Source
Feb. 27	1 p.m.	Temple University Health System	Quarterly Investors Call	Source
Feb. 27	2 p.m.	Eagle Senior Living	Bondholder Call	Source
Feb. 27	3 p.m.	Admiral at the Lake	Continuing Disclosure Call	Source
Feb. 27	5 p.m.	San Benito Health Care District	Hearing Enforcing Automatic Stay	Source
Feb. 27	All Day	PacifiCorp	James v. PacifiCorp (Oregon State) - Jury Trial	
Feb. 28	7 a.m.	NRG Energy Inc.	Q4'23 Earnings Release	Source
Feb. 28	9 a.m.	Metropolitan Transportation Authority	Board Meeting	Source
Feb. 28	9 a.m.	NRG Energy Inc.	Q4'23 Earnings Call	Source
Feb. 28	12 p.m.	Lifespace Communities Inc.	Continuing Disclosure Call	Source
Feb. 28	1 p.m.	Colorado Senior Residences Inc.	Continuing Disclosure Call	Source
Feb. 28	1 p.m.	Moldaw Family Residences	Quarterly Continuing Disclosure Call	Source
Feb. 28	3 p.m.	Provident Group - Irving Properties	Investor Conference Call	Source
Feb. 28	4 p.m.	Humangood Idaho - The Terraces of Boise	Continuing Disclosure Call	Source
Feb. 28	All Day	PacifiCorp	James v. PacifiCorp (Oregon State) - Jury Trial	
Feb. 29	12 p.m.	CommonSpirit Health	Investor Call	Source
Feb. 29	2 p.m.	Richfield Living	Continuing Disclosure Call	Source
Feb. 29	2 p.m.	Aldersgate United Methodist Retirement Community	Continuing Disclosure Call	Source
Feb. 29	All Day	PacifiCorp	James v. PacifiCorp (Oregon State) - Jury Trial	
March 1	All Day	PacifiCorp	James v. PacifiCorp (Oregon State) - Jury Trial	

Our full calendar can be accessed on the Reorg site [HERE](#).

This past week, an AA rated Maryland Transportation refunding deal of roughly \$630 million highlighted the risks and opportunities of outstanding [Build America Bonds](#) that could be refinanced from taxable to tax-exempt, said James Pruskowski, chief investment officer at 16Rock Asset Management. In addition, Princeton University “helped prove the strength of specialty state demand but showed some caution in structure spreads as 4% coupons lagged the 5.25%,” he said. “There were [few] high deals but worth noting was the impressive post-deal performance of PNC’s BB rated KIPP Miami Florida Charter Schools.”

Upcoming deals include the [New York Institute of Technology](#), which will offer \$100 million in tax-exempt revenue bonds to finance renovations for its Long Island and New York City campuses. The Palm Beach County Educational Facilities Authority is also expected to issue \$44.8 million in tax-exempt revenue bonds for [Palm Beach Atlantic University](#) in order to fund construction for its business school campus.

[Guam Waterworks Agency](#) will accept retail and institutional orders next week for its \$134 million offering for water and wastewater system revenue refunding bonds. The offering from the Guam Economic Development Authority will be used to refinance outstanding Series 2013 and Series 2014A bonds as well as to purchase tendered debt, including series 2016, 2017 and 2020 bonds.

Chicago Mayor Brandon Johnson on Wednesday [announced](#) plans for a \$1.25 billion bond issuance, pending City Council approval, that would provide \$250 million annually for neighborhood investment across the city for the next five years. The move addresses the challenges of Chicago's current tax increment financing, or TIF, program, with one-third of Chicago's 121 designated TIF districts set to expire over the next three years.

The city plans to issue tax-exempt general obligation and Sales Tax Securitization Corp. bonds, but up to 35% of the issuance will be taxable in order to deploy the funding toward revolving loans and other noncapital expenses, according to a city presentation on the proposed issuance. The new issuance of GO bonds, which are repaid with property tax revenue, will not require increasing property taxes to city residents, because as TIF districts expire, there will be a related increase to the overall tax base and a correlated increase to the amount of property taxes received by the city.

The expiring TIFs are expected to provide \$150 million in new, annual revenue to the city's levy over the next 10 years and further increase to more than \$290 million over 15 years. This is more than enough to cover the assumed \$81 million in stabilized debt service necessary to support the proposed \$1.25 billion bond issuance, according to the presentation.

Illinois Gov. J.B. Pritzker on Wednesday [presented](#) a \$52.7 billion general funds and \$123.2 billion total funds proposed budget for fiscal year 2025 that relies on more than \$800 million in business tax hikes, eliminates a 1% tax on groceries and provides \$182 million to address the influx of asylum seekers in the state and close the budget gap necessary to maintain shelter and wraparound services for the new arrivals. Proposed FY 2025 general funds expenditures of \$52.695 billion represent a \$752 million increase from estimated FY 2024 spending, according to budget documents.

The governor is also proposing to fully fund the state's \$10.135 billion pension obligation payment for FY 2025, increase the state's pension funding target to 100% from 90% and extend the deadline to reach the pension funding target by three years to 2048 from 2045. The plan also contemplates making supplemental pension payments in FY 2030, when \$6 billion in "backlog borrowing" general obligation bonds issued in 2017 will be retired, and FY 2033, when \$10 billion in pension funding GO bonds will be retired. Pritzker proposes dedicating half of the revenue being used to pay off the series 2017 and 2003 bonds to make additional payments to the state's pension systems when the debts are paid off, asserting that the move would save taxpayers an estimated \$5.1 billion by FY 2045.

Brightline Trains Florida LLC plans to execute by March 31 a previously announced \$4 billion refinancing of its outstanding debt, which includes municipal debt, taxable notes and term loans, according to its [January revenue and ridership report](#). Brightline Florida also said that on Jan. 2, in preparation for the refinancing and future development to extend its current South Florida-Orlando route to Tampa, it sold the assets, rights and obligations related to the Orlando-Tampa project to an affiliate subject to a right to repurchase the assets once the project obtains federal environmental permitting approval.

In January, Brightline Florida generated total revenue of \$15.3 million, a 226% increase from the \$4.7 million in total revenue generated in January 2023. Total ridership for the month was 236,263 passengers, a 51% increase from January 2023 when Brightline carried 151,137 passengers.

Proton International Alabama LLC, or PIA, the manager of the Alabama Proton Therapy Center at the University of Alabama at Birmingham, which closed in December 2023, [failed](#) to meet its debt service coverage ratio, or DSCR, and days

cash on hand, or DCOH, covenants as of Dec. 31, 2023, for its \$81.3 million in Series 2017 bonds. PIA also issued unaudited financial statements for 2023 that show an operating loss of \$6.6 million and a net loss of \$13.1 million for the year.

Westgate Phase 1 Apartments in Pasadena, Calif., made an [unscheduled draw](#) of \$717,430 from a coverage reserve fund in order to make a \$1.4 million interest payment due Dec. 1, 2023, on its \$70.2 million in Series 2021B mezzanine lien revenue bonds. The draw followed a similar draw for interest due June 1.

Catholic Health System [disclosed](#) in its financial report for December that it regained compliance with its covenanted DSCR and that its DCOH edged up in December as operating losses narrowed favorably to budget through the full 12 months of 2023. The unaudited results reflected a 2.4x DSCR and 30 DCOH for the obligated group as of Dec. 31. CFO David Macholz, citing “internal numbers,” subsequently [said](#) that the system had a DSCR of 1.35x at the end of FY 2023 and the obligated group had a DSCR of 2.06x. Both are above the required DSCR of 1x under an ongoing forbearance agreement with bondholders that was reached in May.

Hilton Baltimore Inner Harbor Hotel bond trustee Wells Fargo Bank [received](#) \$3.5 million from the city of Baltimore to fully fund the upcoming March 1 interest payment on the convention center’s Series 2017 bonds after the trustee notified the city that there were insufficient funds in the debt service fund to fully fund the interest payment. The bonds are secured by the hotel’s net revenue and pledged city tax revenue, which includes site-specific hotel occupancy tax revenue.

In litigation news, Magistrate Judge Leda Dunn Wettre [directed](#) parties with “full and immediate settlement authority” to attend a global settlement conference on March 13 related to the state of New Jersey’s action that aims to block the implementation of New York City’s congestion pricing plan, called the Central Business District Tolling Program, or CBDTP. New Jersey’s complaint originally targeted the U.S. Department of Transportation and the Federal Highway Administration, but the Metropolitan Transportation Authority and the Triborough Bridge and Tunnel Authority subsequently intervened in the case.

Separately, in the U.S. District Court for the Eastern District of New York, Magistrate Judge Joseph Martuollo issued an order transferring another lawsuit targeting the CBDTP – *Michael Mulgrew v. USDOT and FHWA* – to the U.S. District Court for the Southern District of New York, where two other lawsuits challenging the CBDTP are pending.

In bankruptcy news, Nexus Capital XIII is [seeking](#) specific performance of its asset purchase agreement, or APA, with the Nashville Senior Care debtors, which the debtors say has been terminated. Nexus, which alleges that the debtors breached their obligations under the APA and “sabotaged” the sale closing in order to pursue a “sweetheart” deal with backup bidder Cascasis LLC, is also seeking a temporary restraining order and preliminary injunction that would preclude the debtors from interfering with Nexus’ pending or approved applications for regulatory approvals and prevent the debtors from asserting any right to the \$8 million deposit that Nexus provided under the APA. The requested relief would also prohibit the debtors from pursuing an alternative sale, including to Cascasis.

The second day hearing in the Restoration Forest Products Group, or RFPG, debtors’ chapter 11 cases, previously scheduled for Monday, Feb. 26, has been [canceled](#) after Judge Karen Owens granted the majority of the relief as unopposed. Unresolved matters, including the final DIP financing hearing and the hearing on the retention application for the debtors’ proposed counsel, Potter Anderson & Corroon, were adjourned to March 6 at 2:30 p.m. ET.

The Beverly Community Hospital official committee of unsecured creditors is [seeking](#) to expand the scope of its mediation with bond trustee U.S. Bank Trust Co. concerning the UCC’s lien challenge adversary proceeding to include chapter 11 trustee Howard Ehrenberg and “material issues” regarding the chapter 11 estates’ right to surcharge the bond trustee’s collateral. The UCC says it believes the estates have surcharge rights worth \$12.6 million to \$26 million. The bond trustee says the UCC’s request “largely ignores well-settled case law” and is “riddled with false and/or inaccurate statements.”

Puerto Rico and U.S. Virgin Islands

The PROMESA oversight board [filed](#) a modified fourth amended Title III plan of adjustment for the Puerto Rico Electric Power Authority, or PREPA, ahead of the confirmation trial scheduled to commence on March 4 at 11 a.m. ET. A pretrial conference is scheduled for Tuesday, Feb. 27, at 8:30 a.m. ET.

Following the plan's filing, GoldenTree Asset Management LP and Syncora Guarantee Inc. [filed](#) a motion seeking to renew their request for relief from the automatic stay to allow them to enforce their statutory right to obtain mandatory appointment of a receiver for PREPA. The motion was [joined](#) by the PREPA ad hoc group of bondholders.

However, Judge Laura Taylor Swain [denied](#) the parties' request for a hearing within 30 days of the motion's filing, ruling that the movants' prior waiver of their right to a prompt hearing on their earlier request "persists" and that their "choice" not to comply with the court's procedures concerning a now-canceled March 6 omnibus hearing "constitutes an additional instance of waiver." The Title III court will instead hear preliminary argument on the renewed motion at the omnibus hearing currently scheduled for May 22 at 9:30 a.m. ET.

GoldenTree and Syncora subsequently [filed](#) a motion renewing their request to designate the votes of certain "preferred" creditors who reached settlements with the PROMESA oversight board and voted to accept PREPA's Title III plan, saying that the settling creditors' votes were procured in bad faith through offers of "unwarranted and, in some cases, unlawful premium recoveries." The motion was accompanied by a request for a hearing at the March confirmation trial. As of publication, the hearing request remains pending.

In U.S. Virgin Islands news, Limetree Bay Terminals LLC, dba Ocean Point Terminals, [is asking](#) the U.S. Bankruptcy Court for the Southern District of Texas to enforce the court's 2021 order authorizing the sale of the assets of debtor Limetree Bay Refining LLC to Port Hamilton Refining and Transportation, or PHRT, and West Indies Petroleum Ltd., or WIPL.

Ocean Point, which was not a debtor in the underlying bankruptcy case, also removed to the U.S. District Court for the District of the Virgin Islands, Bankruptcy Division, an amended complaint filed by PHRT on Feb. 1 in U.S. Virgin Islands Superior Court alleging that Ocean Point has improperly asserted a claim of ownership of certain above-grade refinery assets located at the refinery site that PHRT purchased through the bankruptcy process, which concluded in 2022. Ocean Point further moved to have the venue transferred to the bankruptcy court in the Southern District of Texas, where it is seeking an order "construing and enforcing" the court's own sale order to uphold the order's "recognition and protections of Ocean Point's rights and property interests."

Ocean Point alleges that the PHRT lawsuit is contrary to a mandatory forum selection clause in the APA approved by the bankruptcy court's sale order and makes "assertions which collaterally attack the Sale Order and blatantly contradict this Court's plain, unambiguous recognition and preservation of Ocean Point's property interests and other rights that were memorialized in the Sale Order through language extensively negotiated among the Debtors, Purchasers, and Ocean Point."

In its lawsuit filed in USVI local court, PHRT seeks a declaration that Ocean Point does not possess an interest in the disputed refinery asserts and that all such "improvements, structures, appurtenances or interests" are solely owned by PHRT.

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