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## Which Bank Will Dare to Finance Alabama's Prisons?

**After Barclays dropped out, the state wants assurances that its next bond underwriter won't do the same. That leaves few options.**

Alabama just won't give up on selling bonds to finance prison projects.

In April, Barclays Plc backed out as lead underwriter of a large municipal-bond deal for two Alabama prisons owned by CoreCivic Inc., a giant in the private-prison industry. It really had no excuse for the drama: The bank had previously pledged to no longer provide new financing to such companies and seemed to try to use the state's role as a workaround. Soon afterward, Stifel Financial Corp. said it was no longer involved. By September, the state's corrections department terminated its 30-year lease with CoreCivic, and lawmakers advanced a plan to use federal aid to build the new facilities.

The state and the Alabama Corrections Institution Finance Authority are still hoping to sell up to \$785 million in bonds as well. The only snag: They need to find an underwriter that won't cave to potential pressure from activists. So Alabama is asking for unusual assurances from banks' senior management.

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### **Bloomberg Opinion**

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