

Bond Case Briefs

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The Bond Buyer Announces Finalists for 12th Annual Deal of the Year Awards.

The Bond Buyer this week announced the finalists for its 12th annual Deal of the Year Awards.

For more than a decade, the editors of The Bond Buyer have selected the outstanding municipal bond transactions for special recognition, honoring the issuers who overcame myriad challenges to bring these deals to fruition. This prestigious competition has drawn nominations that represent the full diversity of the communities and public purposes that are served by the municipal finance market. The 2013 awards, which considered deals that closed between Oct. 1, 2012 and Sept. 30, 2013, drew a record number of nominations for transactions ranging in size from a few million to billions of dollars.

Nominees this year faced stiff competition from a host of qualified deals. Transactions up for consideration included: financing of hospitals, housing, toll roads, and airports; deals ranging from cost-saving refundings representing turnaround stories for issuers once in distress to alternative energy financing projects to a host of innovative public-private and public-public partnerships. In fact, this year, The Bond Buyer will honor three P3 transactions with Deal of the Year awards, a first for this ceremony.

This year, issuers in eight categories were selected as Deal of the Year awardees. The honorees were first revealed Nov. 4-8 via individual video announcements at BondBuyer.com, along with additional information on the awards.

All the awardees are also finalists for the national Deal of the Year Award, which will be announced Dec. 5 at a ceremony at the Waldorf Astoria in New York City. The winner will also be announced at BondBuyer.com that same evening. For the third straight year, the Deal of the Year gala will include the presentation of the Freda Johnson Award for Trailblazing Women in Public Finance. The 2013 honoree is Philadelphia Treasurer Nancy Winkler.

The entries were evaluated in October by The Bond Buyer's editors and bureau chiefs, who searched for innovation, the ability to pull complex transactions together under challenging conditions, deals that could or did serve as a model for other financings, as well as the public purpose for which a transaction's proceeds were used.

The finalists are:

NORTHEAST REGION*

The Allentown Neighborhood Improvement Zone Development Authority's sale of \$224 million in tax revenue bonds to fund a new 8,500-seat arena, which would act as a catalyst for further redevelopment in downtown Allentown, Pa. The bonds were authorized under the Neighborhood Improvement Zone Act, under which certain taxes paid by qualified businesses within the NIZ are pledged as security towards the debt.

Allentown's 50-year concession lease of the city's water and sewer systems through a public-public partnership with the Lehigh County Authority, which generated a significant up-front payment to stabilize the city's rapidly growing unfunded pension liability and provided a foundation and path for fiscal stability.

The two Allentown transactions, which represent a turnaround story from an economically suppressed area, will be co-honorees in the Northeast category.

SOUTHWEST REGION

Dallas and Fort Worth, Texas' \$2.73 billion of refunding and new-money transactions on behalf of Dallas/Fort Worth International Airport. The series of financings – mainly to finance the airport's Terminal Renewal and Improvement Program – accounted for 28% of national airport issuance over the Deal of the Year judging period.

MIDWEST REGION

The Indiana Finance Authority's public-private partnership with WVB East End Partners to fund the Ohio River Bridges East End Crossing Project, accomplished through the sale of over \$675 million in tax-exempt private activity bonds. It is the largest P3 PAB offering completed to date in the U.S. municipal market.

SOUTHEAST REGION

Harnett County, N.C.'s \$20 million sale of limited obligation bonds, used to purchase the general obligation debt of the county's seven small, unrated water and sewer districts, which had difficulty accessing the public capital markets individually.

FAR WEST REGION

The California Pollution Control Financing Authority's \$733 million sale of water furnishing revenue bonds – issued on behalf of the San Diego County Water Authority – to fund the Carlsbad Desalination Project. The deal – executed as a public-private partnership with Poseidon Resources – represents the first-ever project financing of a seawater desalination plant in the municipal market, establishing a new asset class for investors.

NON-TRADITIONAL FINANCING

The New York Metropolitan Transportation Authority's \$200 million sale of principal at-risk variable-rate notes, sold via conduit issuer MetroCat. The proceeds effectively collateralize three years of reinsurance coverage from MetroCat, a newly created Bermudan special purpose insurer, for storm surge losses incurred by the MTA through its captive insurer. The innovative, non-traditional structure allowed the MTA to close its storm surge insurance gap, following \$4.9 billion in storm surge-related losses as a result of Superstorm Sandy.

HEALTHCARE FINANCING

The billion-dollar financing program resulting from the New Jersey Medical & Health Sciences Restructuring Act, which provided for the dissolution of the University of Medicine and Dentistry of New Jersey, the defeasance of its \$668 million in outstanding debt, and the transfer and integration of UMDNJ assets to Rutgers University, Rowan University, and University Hospital. The complex transaction represented the largest higher education merger in United States history, and provided for the complete overhaul of New Jersey's system of public health sciences education and research.

SMALL ISSUER FINANCING

The New York State Energy Research and Development Authority's \$24.3 million sale of residential energy efficiency financing revenue bonds. NYSERDA's collaboration on the transaction with the New York State Environmental Facilities Corp. - which guaranteed the bonds through its State Revolving Fund program - provided the first-ever linkage between clean water and clean energy programs. Aggregating and applying QECB allocations, along with the SRF wrap, significantly lowered the bond debt service and established a nationally replicable model.

About The Bond Buyer

Established in 1891, The Bond Buyer reaches more than 40,000 municipal finance professionals, bond issuers, government officials, and investors daily, through its web site and printed edition. It provides readers news, analysis, and data regarding municipal finance that is unavailable in its comprehensive form in any other news outlet. The Bond Buyer's 10 annual conferences are attended by more than 2,000 market participants, and offer in-depth education about cutting-edge public-finance topics, ranging from local government finance and budgeting to how to raise capital to fund large-scale investments in the nation's transportation, health care, higher education, and public utilities infrastructure.

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