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Anaheim Says \$265 Million Bond Deal Terminated by Citigroup.

Citigroup Inc. terminated a deal to purchase \$265 million of revenue bonds from Anaheim, [California](#), after opponents sued over plans to expand the city's convention center, a city spokeswoman said.

Citigroup was the lead underwriter on the bonds offered March 24, according to data compiled by Bloomberg. The bonds were rated AA- by [Standard & Poor's](#), according to a disclosure document. The deal was set to close May 14.

A local group that calls itself the Coalition of Anaheim Taxpayers for Economic Responsibility filed the suit May 12, alleging that the public financing authority wasn't allowed to offer the debt because California lawmakers dissolved redevelopment agencies, one of which was a member of the financing authority.

"Unfortunately, the originally targeted investors were not willing to accept the litigation risk and chose not to proceed even though the city, the city attorney and bond counsel were of the opinion that such litigation would not likely succeed," Anaheim spokeswoman Ruth Ruiz said by e-mail.

Scott Helfman, a spokesman for Citigroup, declined to comment on the termination.

The city council in March approved the funding and plans to build a 200,000-square-foot expansion of the convention center, which is less than two miles south of the city's star attraction, Disneyland.

Proceeds from a 2 percent hotel room tax were to pay for the bonds.

Ruiz said city officials are trying to determine if they can move forward with the project.

"It is unfortunate that a few local activists, in contradiction to the overwhelming community support shown at the council meeting where the bonds were authorized, have taken legal action against this project," she said.

By Michael B. Marois May 16, 2014 8:14 AM PT

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