# Bond Case Briefs

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## Owls, Dogs and Ballet Dancers Join Race to Tap Municipal Market.

- **Private projects tend to be among riskiest types of borrower**
- **Tax-exempt deals are most at risk from House tax-reform bill**

Zoos, ballet dancers and seeing eye dogs are just some of the beneficiaries of what could be the biggest December for municipal bond sales in more than 30 years. Tax reform has electrified a market that is open to issuers of all stripes and once financed a Biblical theme park in Kentucky.

Both the House and Senate would limit a debt-refinancing tool known as advance refundings. The House bill in its current form would take away the tax break for so-called private activity bonds, which allow hospitals, airports, housing developers and other businesses to finance projects at low interest rates.

There's still a chance the rules won't change. On Tuesday House Ways and Means Chairman Kevin Brady said the proposed removal of the tax-exemption for private activity bonds is being re-examined, raising the possibility that lawmakers aren't necessarily going to roll back the tax breaks for the bonds completely.

The risk that Congress may pull back subsidies from a large chunk of the municipal-bond market has caused a potentially record-setting rush to borrow before the end of the year. Among them are the following muni-bond deals, all sold or marketed since tax reform talks kicked into high gear in November.

**Seeing Eye Dogs**

A Morristown, New Jersey nonprofit that trains and breeds seeing eye dogs completed a $19.3 million deal that will refinance outstanding debt through an advance refunding. The Seeing Eye, which has used tax-exempt bonds to expand its facilities, wouldn't have been able to complete the deal at taxable interest rates, Bob Pudlak, chief financial officer, said in an email. "This source of funds has been very important to allow us to provide the very best care for our dogs and outstanding service to our students," he said.

**Lions and Tigers and Bears**

The Alabama Gulf Coast Zoo plans to sell $23.7 million in tax exempt, unrated debt to finance construction and acquisition costs for a new facility. The original one, in operation since 1989, will move four miles north to a new location where the animals will be farther away from the dangers of tropical storms.

**The Oil Giant**

One of the larger deals this past month came out of a Louisiana parish that sold $1 billion in tax-exempt bonds on behalf of the Houston-based Marathon Oil Corp. Proceeds will refund debt

originally used to help finance a $3.9 billion expansion in the area. The deal will reduce the amount it pays on debt by $51 million per year, according to a Nov. 28 statement by the company.

**Ballet Bonds**

Segerstrom Center for the Arts — Orange County, California's largest nonprofit arts center and host to Broadway musicals, ballet performances and concerts — sold $64 million in tax-exempt bonds this week through a government agency to refund higher interest-rate debt. The deal, rated A-, would likely have had to pay around 1 percentage point more in interest rates should it have issued in the taxable market, according to a Bloomberg index of bonds maturing in 5 years.

WGBH, New England's leading public radio and broadcast station, sold $20.1 million in bonds in the tax-exempt market. The Boston nonprofit is set to sell about $30 million in taxable bonds to refund higher interest debt. Both refunding deals are expected to save it about $6 million, said Ben Godley, chief operating officer. The nonprofit doesn't plan to take on any more debt, which will minimize the impact of the tax overhaul once it's enacted, he said.

**The Owls**

A conduit will sell $41.6 million in bonds next week on behalf of a nonprofit operated by Kennesaw State University in Georgia to help out the home football team, the Owls. The bonds, which will offer a tax break to investors, will be used to refinance higher interest-rate debt. The 2010 bond issuance was used to construct an 88-acre park with athletic fields, stadiums and facilities at the 35,000-person campus.

**Bloomberg Markets**

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