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Mall Owner Explores Debt Restructuring for New York's Largest Shopping Center.

The owner of the Destiny USA shopping complex in Syracuse has engaged restructuring advisers amid continued pressure from the pandemic

The owner of Destiny USA, the largest shopping center in New York, is exploring a possible restructuring of the struggling property's municipal and mortgage-backed debt obligations, people familiar with the matter said.

Pyramid Management Group has hired financial adviser Houlihan Lokey Inc. and law firm Orrick Herrington & Sutcliffe LLP to look into restructuring options for Destiny USA as pandemic regulations continue to affect the mall's bottom line, according to people familiar with the matter.

A six-story structure in Syracuse, N.Y., by Onondaga Lake, Destiny USA owes roughly \$286 million in municipal bond debt and about \$430 million in commercial mortgage-backed securities. Bond insurer Syncora Holdings Ltd. guarantees more than a quarter of the tax-exempt debt and is being advised by investment bank Moelis & Co. and law firm White & Case LLP on the mall's financial troubles, the people said.

Discussions, which are in early stages, are expected to focus on how much debt the mall can support and on the timetable for repayment, the people said.

Pyramid, which is privately held, borrowed heavily to expand and to build entertainment extravaganzas at Destiny USA and another mall, Palisades Center in West Nyack, N.Y., hoping to draw foot traffic and reverse the yearslong struggles of mall operators battling online shopping

Pyramid declined to comment. Destiny USA was roughly 70% occupied as of February, down from as high as 97% in 2013, after a tough stretch for in-person shopping, owing to pandemic restrictions and shoppers' fear of contagion.

J.C. Penney Co. used to be an anchor tenant for the mall, but shut down a department store location there last year after filing for bankruptcy. Lord & Taylor and Best Buy Co. are among other major retailers to have closed their outlets at Destiny.

Pyramid, which owns 14 malls, struggled to repay its mortgages last year as tenants withheld rent following government-mandated closures due to the pandemic. Entities that operate 11 of those malls, including Destiny USA and Palisades Center, two of Pyramid's largest properties, missed repayments starting in April on \$1.2 billion of their \$1.6 billion in commercial mortgage-backed debt, according to real-estate data provider Trepp LLC. Destiny USA missed payments on the \$430 million and later negotiated a maturity extension to mid-2022.

Pyramid made major bets in entertainment, investing hundreds of millions in entertainment attractions such as ropes courses to draw more people. During the pandemic, the strategy turned into a burden as government restrictions prevented many operators from opening their arcades and

attractions. Customers also stayed away from these attractions out of concerns about getting Covid-19.

Many tenants, including retailers and entertainment operators, paid less rent as a result.

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By Andrew Scurria and Alexander Gladstone

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—Esther Fung contributed to this article.

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