

# **Bond Case Briefs**

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## **Toxic Alabama Private Prison Deal Falling Apart With Barclays Exit.**

A good investor loves a great deal. In traditional finance, we want to minimize risk and maximize return. We love a dependable counterpart with a great credit rating. And finally, we try to maximize the tax efficiency of any investment transaction.

Last week, London-based financial services company Barclays went out to market with a deal it thought fit all these criteria. It had coordinated with the state of Alabama and the Public Finance Authority (PFA) of Wisconsin to launch a muni bond, typically considered to be a highly tax efficient structure. The bond has an A- credit rating, and was structured with a prepayment mechanism to reassure investors. The bond would provide a government service deemed high priority by the state. Investors should be salivating over such a deal.

But the service that this deal would finance? The building of two Alabama mega-prisons with 7,000 beds, to be built and owned by private prison giant CoreCivic.

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**Forbes**

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