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Arizona Sports Park's Early Cash Crunch Squeezes Bondholders.

Some projects that launched when muni junk debt surged during the pandemic's borrowing boom have struggled in a time of rising rates, slowing growth

The pandemic was a few months old when a two-year-old nonprofit sold municipal bonds to build a $280 million privately owned recreational sports complex on the edge of the Arizona desert.

Yield-starved mutual funds snapped up the tax-exempt debt. Bond payments were slated to come from parking and admission fees, a 670-seat sports bar and tournaments, festivals and after-school programs renting the park's stadium, fields and courts.

The 320-acre park opened in February in Mesa, Ariz.

After projecting first-year revenue of $125 million, the park brought in $15 million in its first six months and is relying on an emergency cash infusion to pay bondholders. Bond prices have slipped, relations with funds have soured and the Securities and Exchange Commission is asking questions.

Continue reading.

The Wall Street Journal

By Heather Gillers

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