

# **Bond Case Briefs**

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## **BONDS - MINNESOTA**

### **In the Matter of the Issuance of \$24,035,000 in Industrial Development Authority Revenue Bonds**

**Court of Appeals of Minnesota - October 9, 2023 - Not Reported in N.W. Rptr. - 2023 WL 6543580**

Volusia County, Florida, issued three series of bonds to finance the acquisition and renovation of a senior-living facility. After the onset of the COVID-19 pandemic, the facility did not generate enough revenue to make the agreed-upon regular payments to bondholders. The facility was sold for a loss. The district court determined that the proceeds of the sale must be distributed to first-tier bondholders before second-tier bondholders and to second-tier bondholders before third-tier bondholders.

On appeal, a third-tier bondholder argued that the district court should have distributed the sale proceeds to all bondholders on a pro rata basis.

The Court of Appeals affirmed, holding that the district court properly interpreted the governing agreements by giving first-tier bondholders priority over second-tier bondholders and second-tier bondholders priority over third-tier bondholders.