

Bond Case Briefs

Municipal Finance Law Since 1971

Willkie Represents JPMorgan in Municipal Bond Commodity Prepayment Transaction.

Willkie represented the commodities business of JPMorgan Chase & Co. in its first municipal bond commodity prepayment transaction using a special purpose vehicle – Pierpont Energy Prepay 1.

The transaction involved the issuance of \$700 million of municipal bonds by The Black Belt Energy Gas District, the proceeds of which were used by Black Belt to prepay Pierpont Energy Prepay 1 for the delivery of natural gas over a 30 year period. The gas delivered to Black Belt is then sold to the Louisiana Community Development Utility Commission, which in turn sells the gas to BASF Intertrade Corporation.

In connection with its delivery obligation over the 30 year period, Pierpont Energy entered into a natural gas swap with BP Energy Company, a funding agreement with National Western Life Insurance Company, and a natural gas purchase, sale and service agreement with J.P. Morgan Ventures Energy Corporation. The municipal bonds were assigned a rating of A- by S&P. The transaction priced and closed in July.

The Willkie team was led by partner John R. Thomas and associate Kara Ryczek.

August 27, 2025