

# Arent Fox Municipal Bond Recovery Team



**Arent Fox has a national reputation for formulating and implementing creative solutions to maximize recovery for holders of troubled municipal bond issuances.**

The Arent Fox Municipal Bond Recovery Team is an integrated interdisciplinary team of attorneys, drawn primarily from the firm's recognized public finance, bankruptcy and financial restructuring, health care, real estate, not for profit and litigation practice areas.

**We have served as counsel representing institutional investors, credit enhancers and indenture trustees in numerous workout, restructurings and bankruptcies relating to municipal financings, including** (a) real estate based assets such as multifamily housing tax increment financings and economic development projects, (b) health care facilities such as hospitals, nursing homes and assisted living facilities, (c) airport facilities, (d) educational institutions, (e) student loans and (F) municipal infrastructure. The Municipal Bond Recovery Team has a special expertise in municipal bankruptcy.

**We have substantial experience in structuring municipal bond transactions to protect institutional investors, bond holders and credit enhancers.** This experience has been invaluable for team members in representing clients holding distressed municipal bond credits. Our team is able to maximize recoveries in work-outs, through foreclosures, and in bankruptcies because

we have an in-depth understanding of the bond market, the structure and documentation of bond transactions, the regulations governing each distressed sector, the tax rules relating to tax-exempt bonds, securities laws as applied to municipal issues, and the applicability of Chapters 9 and 11 of the Bankruptcy Code to bond issues.

**The Municipal Bond Recovery Team brings together the necessary experience to provide practical result-oriented advice and leadership to the efficient and effective resolution of distressed credits.** In addition, our team advises institutional investors, indenture trustees, bond holders and credit enhancers on the implications of complicated bond structures and the bankruptcy risks associated with these structures.

We have also been involved in all types of public enterprise revenue bonds, including bonds backed by enterprise funds, special taxes and assessments.



## Our Areas of Focus



### Multifamily Housing

*Team members*

- › Have structured multifamily housing products and programs representing leading national credit enhancers
- › Understand the fundamental credit issues in structuring and working-out multifamily housing transactions
- › Have represented bondholders in Chapter 11 filings of single purpose owners of multifamily housing projects
- › Know the tax rules and regulations governing tax-exempt multifamily housing bonds and how to maintain the tax-exempt status of the bonds in the context of a work-out, foreclosure and bankruptcy
- › Have working relationships with the major issuers of multifamily housing bonds around the country



### Health Care

*Team members*

- › Have structured hospital, nursing home and assisted living facility transactions to protect the parties at risk
- › Understand the regulatory rules governing health care facilities and their impact on the structuring of transactions and on work-outs and bankruptcies
- › Know the complex tax rules which determine whether the tax-exemption of the bonds is maintained during a work-out and bankruptcy
- › Have experience in Medicaid, Medicare and reimbursement rules and regulations
- › Have represented secured and unsecured creditors in bankruptcy proceedings involving hospitals, senior living facilities, nursing homes and other health care institutions







## **Economic Development Projects**

### *Team members*

- › Have represented creditors in tax increment financings, Mello Roos and special district financings and Florida land bond financings
- › Understand the variety of credit structures utilized to finance economic development projects
- › Have experience in the applicable municipal and tax laws which shape these financings
- › Are experienced in all issues which arise in the context of a failed economic development project

## **Educational Institutions**

### *Team members*

- › Have represented investors and credit enhancers in transaction or work-outs involving distressed institutions of higher education and charter schools
- › Have participated in the structuring of transactions and financings involving institutions of higher education and charter schools
- › Have navigated the regulatory and state law issues which influence these financings







## **Airlines**

### *Team members*

- › Have an in-depth understanding of the structure of general airport revenue bonds and special facility airport revenue bonds
- › Understand the nature of the lease and loan structures and issues associated with such structures in the context of an airline bankruptcy
- › Have addressed all issues related to the use of indenture funds, including construction funds, upon an airline bankruptcy filing
- › Are experienced in the pension fund and employment issues which arise in, shape the outcome of and are litigated in airline bankruptcies
- › Have represented institutional investors and indenture trustees in airline bankruptcies

## **Tobacco Bonds**

### *Team members*

- › Have an in-depth understanding of the tobacco bond credits
- › Have written about and evaluated the risks inherent in the tobacco bond structure in the event a tobacco company files for bankruptcy
- › Have analyzed for bondholder groups recent cases impacting on the ratings of tobacco bonds





## Municipal Distress and Chapter 9 Municipal Bankruptcy

### *Team members*

- ▶ Have a comprehensive understanding of all aspects of Chapter 9
- ▶ Represented the insurers of general obligation bonds in the Central Falls, Harrisburg and Detroit bankruptcy proceedings
- ▶ Represented the insurer of COPS in the Stockton bankruptcy proceeding
- ▶ Represent trustee of Pension Obligation Bonds in San Bernadino bankruptcy proceeding
- ▶ Have represented creditors in the Orange County bankruptcy proceeding
- ▶ Drafted State legislation to address Chapter 9 issues
- ▶ Have expertise in municipal finance and public pension issues

## Contact

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David Dubrow is a finance attorney representing clients in lending transactions, work-outs and bankruptcies. He represents financial institutions making loans to finance real estate projects and providing credit and liquidity facilities for tax-exempt bond issues. He has represented parties in financings involving multifamily housing, senior living facilities, hotels, hospitals, airports, educational facilities, industrial development, highways and bridges, subway systems, solid waste disposal facilities, student loans, state appropriation credits, and general obligations. David also has extensive experience representing bond trustees, credit enhancers, and bondholders seeking to maximize their recoveries on defaulted tax-exempt bonds and in municipal bankruptcies. He has represented bond holders, insurers and trustees in the Central Falls, Stockton, San Bernardino, and Detroit Chapter 9 filings and in the Harrisburg restructuring of its debts.

The Arent Fox team understands the complex and unique interplay among municipal, tax, securities, health care and bankruptcy laws in the context of distressed tax-exempt debt. It is this in-depth understanding that allows Arent Fox to provide practical results oriented advice on the one hand, and innovative legal strategies on the other hand.

