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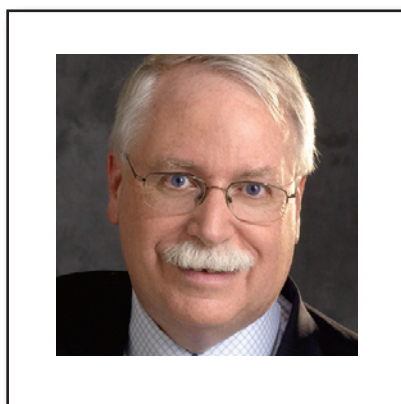
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TOP TRANSACTIONS LAWYERS 2011

DEALMAKERS OF THE YEAR

As the nation finally *shook off* the recession, lawyers focused on fixing the damage.



PAUL CASEY

Ballard Spahr

IT WAS A YEAR FOR REPAIR—and we’re not just talking about Ballard Spahr’s role in obtaining upkeep funds for New York City public housing projects [see “Maintenance Job,” page 80]. Notable among the year’s cleanup projects: the relaunch of General Motors Company and the downsizing of AIG International Group, Inc. Government involvement—whether direct, through stimulus money and bailouts, or indirect, through export credit agencies—played an outside role in many of the year’s most interesting deals.

In M&A work, some of the most impressive showings were on the target side, as lawyers worked to win top dollar for shareholders, despite the tough economy. In the equities world, issuers in developing markets, especially China and Brazil, ordered up complex, multi-exchange offerings that resulted in plenty of work for lawyers. And that gave a boost to another repair project—shoring up firms’ bottom lines.

Photograph By Paul Godwin

New York City had been putting off repairs at thousands of public housing units for nearly 15 years. It took federal stimulus money and a novel public-private partnership to get things back in order.

MAINTENANCE JOB

By Claire Zillman

WHEN 20,000 NEW YORK CITY public housing units were built with state and city money between 1950 and 1980, it was considered a feat—the 21 complexes housed some 45,000 people. But beginning in 1995, budget shortfalls forced the city and state to gradually eliminate funding for the complexes' annual maintenance. The New York City Housing Authority (NYCHA) began diverting federal funds from its other 313 federally subsidized low-income properties to pay for maintenance on the 21 now-unfunded complexes, which resulted in an annual deficit of \$80–90 million. “It meant that everyone got less,” says NYCHA general counsel Sonya Kaloyanides.

NYCHA finally found the relief it had spent more than a decade looking for in an obscure provision of the 2009 American Recovery and Reinvestment Act (commonly known as the stimulus act) that allowed public housing authorities to receive federal funds if the transaction uses a combination of public- and private-sector money. In August 2009 NYCHA called on Ballard Spahr real estate and public finance partner Paul Casey, its regular counsel since 2004, to explore a potential deal.

There was a catch, though: The deal had to close by the stimulus bill's deadline of March 17, 2010. It was already late summer by the time Casey and his team got rolling on the deal, and it was December 2009 by the time Casey's team counseled CSG Advisors Inc, NYCHA's financial adviser, on the solicitation letter and found its main investor, Citibank, N.A.

The financial services behemoth, headquartered in New York, had been looking for a big, splashy project to satisfy its community reinvestment obligation under the Community Reinvestment Act. The legislation requires banks to invest in their communities; the size of the investment is based on the size of the bank's depository base and tier-one capital holdings.

After receiving the term sheet from NYCHA, Citibank voiced its “compelling interest in the deal,” says Citibank managing partner Richard Gerwitz, the banker on the deal. Given the size and location of the deal, “it was just perfect for us,” he says.

With Citibank signed on to the project, Casey and his team embarked on crafting what would be the largest private-public housing partnership in U.S. history. The project involved federal tax law, U.S. Department of Housing and Urban Development regulations

and waivers, provisions of the stimulus act, and New York state and city laws. In a period of 30 days, Casey advised NYCHA on its negotiations with Citibank and the bond issuer, the New York Housing Development Corporation (NYHDC). Citibank and the state agency agreed to a partnership that provided the bank with a secure tax credit investment and NYHDC with a secure method of debt repayment, while respecting NYCHA's wish to retain management control of the units.

“These deals typically take up to a year,” says Gerwitz. The 90-person team, led by Casey, completed it in a third of that time.

The terms of the deal call for NYCHA to receive \$108 million from the stimulus act, \$42 million from New York State, \$209 million from tax credit equity investor Citibank, \$50 million from long-term bonds backed by payments made under section 8 of the Housing Act (which provides rent subsidies for low-income tenants), and \$360 million from additional bond issues.

All told, the transaction provided NYCHA with \$409 million in initial public and private funding and \$65 million in annual federal operating subsidies to modernize and repair the 21 complexes, which are located in Manhattan, Brooklyn, Staten Island, and the Bronx. Ballard Spahr was responsible for producing the deal's paperwork, which, when stacked, was 12 feet high.

Gerwitz credits Casey with bringing the complicated transaction to a speedy close. “Paul is a problem solver,” Gerwitz says. “When feathers were flying, Paul maintained calm and got it all done.” And he made the deadline. In fact, Casey points out, the deal closed on March 16, 2010: “That's one day early.”

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DEAL IN BRIEF

NYCHA BOND ISSUANCE

VALUE \$769 million

FIRM'S ROLE HUD/Financing Counsel



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