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Bid to Revive Shuttered NY College Will Still Leave Bondholders With Losses.

Takeaways

- A group of local residents in upstate New York is planning to buy the shuttered Cazenovia College campus for $9.5 million.
- The sale, when combined with other funds, is estimated to give bondholders a recovery rate of just over 50%, according to an estimate calculated via information from securities filings and data compiled by Bloomberg.
- Lisa Washburn, managing director at Municipal Market Analytics, said recovery rates can vary and “it comes down to real estate value and what can be done with the property and the land”.

A group of local residents in upstate New York is planning to buy the shuttered Cazenovia College campus for $9.5 million — a sum that, when combined with other funds, is estimated to give bondholders a recovery rate of just over 50%.

Cazenovia College, a liberal arts institution, closed in the summer of 2023, amid enrollment pressures facing small schools across the US. It had sold about $25 million of municipal bonds in 2019 secured by school revenues and a mortgage on the campus, which was appraised at $24 million at the time, according to bond documents.

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