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Goldman's Unusually Small Client: This $61,920-a-Year Prep School

- **Bank underwrites $8 million muni-bond deal for Milton Academy**
- **Boarding schools among issuers taking advantage of low rates**

Goldman Sachs Group Inc. is one of the biggest underwriters in the $3.8 trillion municipal-debt market because it chases big deals. But this week, it stepped back from that strategy to handle an unusually small sale for an elite Massachusetts boarding school.

The Milton Academy, whose alumni include billionaire Illinois Governor J.B. Pritzker, Robert and Ted Kennedy, and Nobel Prize-winning poet T.S. Eliot, sold $8 million in bonds this week to refinance older, higher interest-rate debt. The 1,000-student school, started in 1798, charges as much as $61,920 a year in tuition for high schoolers.

It's rare for Goldman to underwrite a deal that small. It hasn't managed a long-term municipal-bond offering under $10 million since at least 2013, according to data compiled by Bloomberg. Goldman held its slot as the sixth-biggest underwriter last year by managing just 86 deals. But because they were so large, that put it ahead of rivals like Wells Fargo & Co., Stifel Financial Corp. and Raymond James Financial Inc., all of which worked on far more transactions.

Elite boarding schools like the Taft School in Connecticut have been among those tapping the muni market to capture low interest rates, armed with huge endowments, strong credit ratings and high-society cachet. Milton Academy, which has a $329 million endowment, will also sell bonds for campus projects through a private placement next month, according to offering documents.

This week's bonds, which are rated AA by S&P Global Ratings, priced for yields as little as 0.03 percentage points above top-rated municipal debt.

While Milton Academy may not have the size of Goldman Sach's other muni-bond issuing clients, it has a roster of elite graduates and a curriculum that includes Latin, nuclear physics, ceramics and molecular genetics. The school has a five-to-one student-faculty ratio and allows its high school students to study abroad in China, France and Italy.

The school is in the midst of a $175 million fundraising campaign that's been supported by donors like hedge fund executive David Abrams and Boston Partners Chief Executive Officer Jay Feeney. Pritzker, who spoke at the school's graduation ceremony in 2019, also donated through his foundation.

Esten Perez, a spokeswoman for Milton Academy, declined to comment, as did Goldman spokeswoman Nicole Sharp.

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By Amanda Albright and Danielle Moran

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