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University of Washington Joins College Bond Boom in AAA Sale.

- **Offering will refinance debt, finance university projects**
- **Colleges sold record amount of corporate, muni debt in 2020**

The University of Washington is selling \$325 million of bonds for school projects and to refinance debt, joining a record borrowing spree by colleges seizing on the lowest interest rates in decades.

The sale, slated to be priced Wednesday, includes \$244 million of taxable bonds and \$81 million that are tax-exempt. The securities are rated AAA, reflecting the strong finances of the university system.

Colleges and universities sold more than \$40 billion of bonds in the municipal- and corporate-securities markets last year, a record, as the Federal Reserve's efforts to stoke the economy sent bond yields tumbling. The pace of borrowing in the municipal-bond market has since slowed slightly even as investors continue to pour cash into mutual funds, keeping new issues heavily in demand.

"If you need to sell bonds, you're going to get phenomenal levels on those particular credits," said Jeff Timlin, head of municipal-bond investments at Sage Advisory.

The University of Washington's sale comes as its finances improve, despite the toll that the pandemic has taken on some other colleges. Its fall enrollment rose 2%, its hospitals' financial performance has improved, and Moody's Investors Service boosted the outlook on its bond rating to stable from negative, signaling no imminent risk that the bonds will be stripped of their AAA rank.

As a result, the tax-exempt portion of the securities were being offered for yields as little as 0.15% for bonds due in 2023, according to a preliminary pricing wire seen by Bloomberg. Those maturing in 2051 were offered for yields of as much as 1.64%.

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By Anastasia Bergeron

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