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University of Chicago to Refinance Debt as Yields Edge Up.

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(Bloomberg)—The University of Chicago is set to issue \$828 million of debt, joining colleges that have rushed to the bond market to refinance before an acceleration in economic growth threatens to drive interest rates higher.

The school is set to sell about \$610 million of taxable bonds—which don't carry the restrictions of traditional municipal securities—and \$218 million of tax-exempt debt through the Illinois Finance Authority, according to data compiled by Bloomberg. The sale may be priced as soon as Wednesday.

"It will depend in part on interest rates, which have risen in recent weeks," according to the statement. The university expects savings on a net present value basis of more than 20% of the refunded bonds.

Colleges and universities sold more than \$40 billion of bonds in the municipal- and corporate-securities markets last year, seizing on the lowest interest rates in decades to soften the financial toll of the pandemic that shut down campuses last year and left many holding only online classes. While benchmark interest rates have jumped higher over the past several weeks, yields in both the corporate and municipal markets remain not far from the more than four-decade lows hit in recent months, according to Bloomberg Barclays indexes.

The University of Chicago, one of the nation's most prestigious and selective schools, has seen enrollment rise to 17,857 this school year from 17,599 despite the coronavirus, according to bond documents. Its endowment has also swelled to \$8.6 billion, thanks to surging stock prices, data compiled by Bloomberg shows. S&P Global Ratings grades its bonds AA-, the fourth-highest investment grade, with Moody's Investors Service rating it one step higher.

Crain's Chicago Business

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