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Chicago to Issue \$1.6 Billion of Municipal Bonds to Refinance O'Hare Airport Debt.

The City of Chicago plans to sell \$1.6 billion of bonds to refinance outstanding debt sold to pay for improvements at O'Hare International Airport.

The issuance will be split into four tranches, according to roadshow material posted Tuesday on MuniOS.

The General Airport Senior Lien Revenue Refunding Bonds will be divided into \$515.7 million in Series 2024 C and \$840.1 million in Series 2024 D. The General Airport Senior Lien Revenue Bonds will include \$158.4 million in Series 2024 E and \$61.3 million in Series 2024 F debt. Series C and Series E are subject to the alternative minimum tax, while Series D and Series E are exempt.

Preliminary pricing information wasn't available. Pricing is scheduled for Oct. 17 and closing on Oct. 30, with both of those subject to change.

The Series 2024 C and 2024 D bonds will mature between 2025 and 2046. The Series 2024 E and 2024 F mature between 2025 and 2032.

Proceeds will be used to refund outstanding obligations, among other expenses. The bonds are backed by a pledge of revenue earned from airport's operations. Most of that money comes from the rental payments, fees and charges collected under airline use and lease agreements, according to the preliminary official statement posted to MuniOS. Series E and Series F debt is also backed by a subordinate pledge of revenue collected from a passenger facility charge.

About 36.6 million people boarded flights at O'Hare in 2023, up 7.3% from the prior year, with 82% of those passengers boarding domestic flights. The total number of people boarding flights was up 9.2% this year through Aug. 31. O'Hare was the fifth-largest airport in the country for both originations and destinations and total connecting passengers.

The debt is expected to receive a rating from S&P Global Ratings. Fitch Ratings has assigned the bonds a rating of A+.

"The rating reflects the strong air trade service area, Chicago's strategic location as a hub and the demonstrated importance of the airport to both United Airlines, Inc. and American Airlines, Inc.," Fitch said in a report Wednesday. "The rating also reflects risks related to the very sizable capital programs with overall escalated costs estimated at \$12 billion over the next decade requiring around \$9 billion of bond funding, including the recent series 2024A&B bonds."

J.P. Morgan and Jefferies are lead underwriters on the sale.

Provided by Dow Jones

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