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Chicago Boosts Bond Sale to \$698 Million With High Yield at 5.6%

Chicago sold \$698 million of general obligation bonds Wednesday with tax-exempt securities priced to yield as much as 5.6%.

Coupons on the bonds ranged from 5% to 6%, according to data compiled by Bloomberg.

"The coupons are attractive, the yields are attractive," said Dennis Derby, a portfolio manager for Allspring Global Investments, in an interview Wednesday before the pricing was final.

Proceeds will finance capital projects and refinance one or more lines of credit, according to bond offering documents.

The amount of the sale was increased from the approximately \$505 million that was originally planned. The city also sold an \$8 million tranche of taxable debt.

S&P Global Ratings rated the deal BBB with a stable outlook, while Fitch Ratings gave the bonds an A- rating. Ahead of the sale, Fitch revised its outlook on the city's debt to negative from stable, citing the budget deficit.

"Macroeconomic headwinds and federal policy uncertainty may widen the gap, resulting in additional dependence on nonrecurring solutions including draws on reserves," Fitch analysts led by Michael Rinaldi said in a report on May 29.

The deal includes some of the bonds that were authorized in a \$830 million bond proposal for infrastructure costs that was greenlit by Chicago's City Council in February.

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