

Spring 2024: Corporate Finance PPHA 34410

Information about this course

Background and Goals

This course covers the basics of the theory and practice of corporate finance relevant to public finance practitioners such as debt managers, treasurers, and any other public sector jobs that interact with these roles. The course will provide a market-based framework for analyzing the investment and financing decisions made by state and local governments. I will focus on discounted cash flow techniques, capital budgeting principles and problems, risk-return trade-offs, and estimating the cost of capital. I will also cover special topics such as environmental, social, and governance (ESG) principles in public finance as well as the importance of cybersecurity risks for state and local governments.

Required Readings

Principles of Corporate Finance by Brealey, Myers, Allen, 14th Edition, newspaper articles (primarily from the Bond Buyer), and research papers. The list of required articles and papers will be distributed at the start of each class.

Office Hours

TA session times: Tuesdays 2:00-5:00pm

Teaching assistant: Annelise Escher aescher@uchicago.edu

Location: Keller 2008

How this class will work

Meeting times: Once Thursdays 6:30pm to 9:20pm

Special dates: The April 12th (and potentially the May 16th) session will be held on Zoom that week.

Attendance policy: You are expected to attend all classes. I may allow exceptions from this policy on a case-by-case basis.

Course Slides

I will post the lecture notes on the course website before each lecture. The lecture notes will synthesize the material from the required readings, and it is essential you attend each class in order to understand how all the material pieces together.

Readings

The outline below provides the chapters in the required textbook corresponding to each lecture. Please note that lectures are not always designed to fit into exactly one class.

Topic

Chapter references

Introduction to Corporate Finance

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|----|-----------------------------------|---------------------------------|
| #1 | The Role of the Financial Manager | BMA Chapter 1.1, 1.2 |
| #2 | Public Debt Management | BMA Chapter 3, articles, papers |
| #3 | Municipal debt financing | Papers, articles |

Investment Decisions

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|----|---|--|
| #1 | Opportunity Cost of Capital | BMA Chapter 2.1, papers, articles |
| #2 | Net Present Value and Project Selection | BMA Chapter 5, 6.1, 6.3, 6.4, articles, papers |

Risk and Measuring the Cost of Capital

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|----|--|--------------------------|
| #1 | Risk and Return | BMA Chapter 7 |
| #2 | CAPM, Weighted Average Cost of Capital | BMA Chapters 8, 9.1, 9.2 |

Special Topics

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|----|-----------------------------------|------------------|
| #1 | ESG Principles and public finance | Papers, articles |
| #2 | Cybersecurity risk | Papers, articles |

Grading policies and procedures

Your grade will be based on a 120-minute comprehensive final exam (40%, May 23rd, 5-7pm), six weekly assignments (worth 6% of each), and class participation (24%). The final class percentages will translate into final course letter grades in accordance with the Harris School curve (A, A-, B+, B, B-). I may assign grades lower than B- to any student who performs particularly poorly in the class.

The weekly assignments are due at the start of each class session, I will not accept late assignments. Any requests for re-grading must be made in writing within one week of the assignment being returned.

You can only make re-grading requests for the entire assignment, so your assignment grade may improve/deteriorate as a result.

Class attendance and class participation will heavily factor into your class participation grade. I will assess your contributions to the class discussions based on their quality. I reserve the right to use unannounced in-class quizzes, which will factor into class participation. The quizzes will assess how the class is doing and stimulate further discussion. It is your responsibility to catch up on the course material after missed lectures.

Academic integrity

Your course write-ups of assignments, quizzes, exams, and class participation must be your own. Assignments and exams that look essentially identical to those of fellow students, either fully or in parts, will not be accepted. Students cannot copy material from previous courses or from solutions manuals. Any use of Artificial Intelligence (AI) for any class work needs to be properly cited. Please see the [University Academic Honesty and Plagiarism Policies](#) for further information.

Remote Learning Accommodations

You may not ask for permission to take most/all classes remotely. Please request such accommodations from the Dean of Students, Katie Biddle (kbiddle@uchicago.edu). The expectation at Harris is that students attend the classes in person, barring short-term absences.

General Resources Available to Students

Include any texts and links as desired:

- [Harris Academic Support Programs and Handbook](#)
- [Student Wellness](#)
- [University Learning Resources](#)

Harris School and University of Chicago Policies

Include any text and links as desired to highlight or emphasize issues related to academic integrity, disability accommodations, diversity and inclusion, and video and audio recordings.

- [Harris School Policies](#)
- [University General Policies](#)
- [University Academic Policies](#)
- Policies on audio and video [recordings](#) and [deletion](#).