

## **Massachusetts State College Building Authority Sells \$148 Million Project and Refunding Revenue Bonds (State University Program) Series 2024A to Generate Over \$22.5 Million in Budgetary Savings**

On January 24, 2024, the Massachusetts State College Building Authority (“MSCBA”) priced its Project and Refunding Revenue Bonds (State University Program) Series 2024A. Proceeds of the \$148.3 million sale, along with a \$6.1 million release of debt service reserve funds and unspent proceeds, will be used to refinance outstanding bonds, achieving over \$22.5 million in budgetary savings spread primarily across fiscal years 2024 through 2028 for the Authority’s nine State University campuses, as well as securing \$2.2 million of new money to finance a renewal project at the Massachusetts Maritime Academy. The net present value savings are \$14.7 million or 7.9% of the refunded bonds.

The refunding component refinanced the MSCBA’s outstanding Series 2014A, 2014B and 2014C bonds (\$31.2 million), which are currently callable, or have a call date of 5/1/24, in addition to escrowing to maturity \$440,000 of the Authority’s outstanding 2015A, 2016A and 2017A bonds. The transaction also included a tender invitation to purchase back certain outstanding taxable bonds from bondholders (made up of the MSCBA’s outstanding Series 2019B, 2019C and 2020A bonds). The Authority received over 680 offers from bondholders during the tender process for a total of approximately \$162.0 million, or 25% of the solicited bonds. The Authority will purchase approximately \$139.9 million. Of the amount tendered, \$83.6 million represents non-callable bonds that could not have been economically refinanced via a traditional refunding, \$56.3 million relates to callable bonds whose call date is in 2028 or later, and due to the low coupon rates, most of which would not have produced budgetary savings if the Authority had attempted a traditional advance refunding.

The transaction was met with strong investor demand, generating nearly \$505 million of orders from individual retail and 37 different professional retail and institutional investors, representing approximately 3.4x the amount of tax-exempt bonds offered for sale. Due to the strong demand, yields on the bonds were reduced by 1 to 7 basis points in varying maturities relative to the start of the order period with the senior manager underwriting unsold balances at the original yields to preserve pricing, resulting in final yields ranging from 3.05% in 2024 to 3.52% in the final maturity of 2043, with an all-in TIC of 3.21%.

BofA Securities served as senior manager and dealer manager on the transaction and the syndicate included Jefferies LLC and Raymond James & Associates, Inc. serving as co-senior managers, Mischler Financial Group, Inc., a Veteran’s Business Enterprise (“VBE”), Blaylock Van, LLC, a Minority Business Enterprise (“MBE”), and Siebert Williams Shank & Co, a Women’s Business Enterprise (“WBE”) and an MBE, serving as co-managers. Hilltop Securities Inc. served as the Financial Advisor. Hinckley, Allen & Snyder, LLP served as bond counsel. Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. served as underwriter and dealer manager counsel. The bonds closed on February 1, 2024.

The MSCBA finances, plans, designs, constructs, and oversees the management of residence halls and student activity facilities on the nine State University campuses. The State University housing, dining, parking, athletic and campus center facility projects developed by the Authority serve 40,000 students, one third of whom live in campus housing. In addition, the MSCBA is authorized to fund and implement projects for the fifteen Community Colleges.