

## **Massachusetts State College Building Authority Provides Over \$80.9 million in Debt Service Relief for Nine College Campuses for Fiscal Years 2021 and 2022**

On July 1, 2020, the Massachusetts State College Building Authority (MSCBA) closed its largest ever bond transaction which provided debt service relief to each of its nine State Universities for Fiscal Year 2021 and Fiscal Year 2022 while also achieving overall economic savings. The debt restructuring was designed to assist the State Universities with navigating the financial challenges brought on by the COVID-19 pandemic.

BofA Securities served as the senior manager on the MSCBA's \$395,735,000 refunding transaction. Barclays and UBS served as co-senior managers and Academy Securities (a veteran owned firm) and Fidelity Capital Markets served as co-managers. Acacia Financial Group, Inc., a certified Women's Business Enterprise by the Women's Business Enterprise Council, served as the Financial Advisor. Hinckley, Allen & Snyder, LLP served as bond counsel and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. served as underwriters' counsel.

This historic collaboration of public and private sector partners produced over \$80.9 million in cash flow savings for MSCBA's nine campuses while maintaining the general shape of the level and declining slope of each schools' future debt service payments: Bridgewater State University, Fitchburg State University, Framingham State University, Massachusetts College of Art & Design, Massachusetts College of Liberal Arts, Massachusetts Maritime Academy, Salem State University, Westfield State University and Worcester State University. In addition to the cash flow savings for each school, the MSCBA was able to produce present value savings of approximately \$26.7 million or 7.91% of the par amount of bonds refunded.

MSCBA issued the bonds on a taxable basis as a result of the passage of the Tax Cuts and Jobs Act of 2017 which eliminated the ability for issuers to advance refund existing obligations on a tax-exempt basis. The transaction met with strong demand from investors and resulted in an all in TIC of 2.66%. The bonds were placed with 27 unique investors, 16 of which were new investors for the MSCBA.

"The COVID-19 pandemic has impacted our colleges and universities and the MSCBA was pleased to be able to provide cash flow savings during this difficult time," said Edward Adelman, Executive Director. It was also noted by Jennifer Gonzalez, Deputy Director, Administration and Finance, "Prior to the pandemic, MSCBA had already identified an opportunity to refinance bonds for debt service savings. As a result of our active management, we were able to pivot and develop a financing which will provide near term relief to our schools while also maintaining a favorable debt repayment structure."

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.