CASE STUDY: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

$137,550,000

Massachusetts State College Building Authority

Senior Manager

Project Revenue Bonds, Series 2014B (Green Bonds)

Project Revenue Bonds, Series 2014C

Refunding Revenue Bonds, Series 2014D

RELEVANT HIGHLIGHTS

- On December 9, 2014, Raymond James served as senior manager for the pricing of a $137.6 million combined refunding and new money bond issue for the Massachusetts State College Building Authority.
- The Authority finances and constructs residential, dining, parking, athletic, cultural, healthcare, and other revenue-producing facilities for the nine Massachusetts state colleges.
- The primary series ($91.4 million, Series 2014B) was issued with a Green Bond designation. Green bonds, or bonds issued for environmentally conscious purposes, are becoming increasingly sought after in today's market. This represented the first series of green bonds issued by a state agency in Massachusetts and the second series of green bonds issued for a public university system nationally.
- The 2014D bonds were issued as an advance refunding of the Authority's 2005A and 2006A bonds, which allowed the Authority to lock-in significant debt service savings.

SUCCESSFUL OUTCOME

- The initial retail pricing scale was on the aggressive side with interest rates that were lower than the consensus scale. The retail order period generated mostly professional retail orders of $42.34 million, or 31% of the issue.
- Green investors accounted for 22% of the buyers that participated in the transaction.
- 21 of the 46 institutional orders were from the smaller Tier 2 and Tier 3 institutions – generally, the middle market, a sometimes under-tapped segment of investors with less than $1 billion of assets under management that lies between the large bond fund and insurance companies and the smaller, retail buyers.
- Expanded buyer base: bonds were placed with 31 firms that either did not hold any of the Authority's bonds or held less than $5 million of existing debt.
- The bonds were almost 3x oversubscribed and the final yields were lowered up to four basis points from the preliminary pricing to the final pricing.
- The refunding produced savings of $3.6 million on a present value basis, or 9% of the refunded par. This equates to approximately $230,000 in annual cashflow savings from 2015–2041.