

CASE STUDY

FINANCING FOR HIGHER EDUCATION

DECEMBER 11, 2024



\$96,375,000 | REVENUE BONDS | 2024

Jacksonville State University | Jacksonville, Alabama

Client Profile

Jacksonville State University (JSU), located in northeast Alabama, is a regional public institution serving approximately 10,000 students. Over the past five years, JSU has demonstrated remarkable momentum, achieving consistent growth in fall enrollment each year. This growth reflects the University's expanding appeal and strategic enrollment initiatives, which have translated into steady increases in net tuition revenue.

In addition to tuition gains, JSU has benefitted from rising appropriations from the State of Alabama, further strengthening its financial position. Notable indicators include the University's demand for student housing, which in recent years, has exhibited occupancy rates that exceed 99%, and underscores JSU's strong residential appeal and the growing need for on-campus accommodations.

The Project & Structure

The Series 2024 A&B Bonds for JSU were strategically structured to support the development of a new 715-bed West Village housing facility, specifically designed for upperclassmen. To execute this initiative, JSU entered into a Development Agreement with RISE, the designated housing developer for both dormitory projects. Additionally, the University partnered with Brasfield & Gorrie under a Design-Build Agreement to deliver the associated dining and football facilities.

Debt financing was issued through the JSU Foundation, enabling a turnkey Design-Build approach to facilitate faster delivery of the projects in Fall 2024 and Fall 2026, respectively. The debt is secured by a lease agreement with JSU, and the mortgage on the facilities is non-foreclosable. The Foundation itself does not guarantee the debt, which helps mitigate institutional risk while still enabling critical infrastructure expansion.

Pricing Results

The 2024 bond issue marked a significant financial milestone for JSU, with the 2023 and 2024 bonds increasing the University's debt from \$125 million to \$340 million. This expansion in debt prompted Moody's to downgrade JSU's credit rating from A2 to Baa1, reflecting the heightened financial leverage. AGM and BAM insured the bonds.

Despite the rating adjustments, investor demand for the 2024 Bonds was robust. Stifel received approximately \$950 million in orders from over 50 institutional investors. Strong demand enabled Stifel to be able to lower yields 2-15 basis points, achieving an all-in TIC of 4.89% on the combined taxable and tax-exempt bonds.

Mike Dunn
Managing Director
(334) 386-0628
dunnmi@stifel.com

2660 Eastchase Lane, Suite 400 | Montgomery, Alabama 36117
Stifel, Nicolaus & Company, Incorporated | Member SIPC & NYSE | www.stifel.com

STIFEL | Public Finance

MSRB DISCLOSURES



Stifel, Nicolaus & Company, Incorporated ("Stifel") has prepared this material. Such material consists of factual or general information (as defined in the SEC's Municipal Advisor Rule). Stifel is not hereby providing a municipal entity or obligated person with any advice or making any recommendation as to action concerning the structure, timing, or terms of any issuance of municipal securities or municipal financial products. To the extent that Stifel provides any alternatives, options, calculations, or examples in the attached information, such information is not intended to express any view that the municipal entity or obligated person could achieve particular results in any municipal securities transaction, and those alternatives, options, calculations, or examples do not constitute a recommendation that any municipal issuer or obligated person should effect any municipal securities transaction. Stifel is acting in its own interests, is not acting as your municipal advisor, and does not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the municipal entity or obligated party with respect to the information and materials contained in this communication.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax, or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal, or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.