

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.

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