

TREVECCA NAZARENE UNIVERSITY

MAY 2019

CLIENT PROFILE

Trevecca Nazarene University (“Trevecca”) is a fully-accredited, co-educational Christian university with its main campus located in the heart of Nashville, TN, approximately a mile from downtown. Trevecca offers 68 baccalaureate degrees, 18 associate degrees, 16 master’s programs, and 2 doctoral programs. As of fall 2018, the University enrolled 3,233 full-time students and 694 part-time students. As an official university for the Church of the Nazarene, the University is guided by the Articles of Faith and the Covenant of Christian Conduct of the denomination.

TRANSACTION HIGHLIGHTS

Proceeds of the Series 2019 Bonds (rated BBB- / Stable / Fitch), together with other available monies of the University, were applied to: (i) finance various new money capital expenditures, (ii) refund two existing tax-exempt, variable rate, bank bonds and two existing taxable, variable rate bank loans (together referred to as the Refunded Obligations), the proceeds of which were loaned to the University to finance the Refunded Project, and (iii) pay certain bond issuance costs.

Specific items of importance to Trevecca included matching debt service and amortization with the useful life of underlying assets, mitigating interest rate risk, establishing a means to accommodate public debt and bank debt (if and when needed), establishing a debt portfolio with predictable semi-annual payments that met the needs of the University and doing so without a debt service reserve fund (“DSRF”). Ziegler worked diligently to craft a solution and structure that could successfully meet these parameters, and then dedicated a significant amount of time educating all interested investors about the specific credit strengths and weaknesses of the University, as well as carefully articulating the details of the security



\$22,375,000

The Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, TN | Revenue Refunding and Improvement Bonds, Series 2019
Trevecca Nazarene University

package and governing documents. Ultimately, the transaction was successfully oversubscribed across the yield curve without penalty of excluding a DSRF.

THE ZIEGLER DIFFERENCE

Prior to this issuance, Trevecca held a vast majority of its debt in variable-rate bank bonds/notes/loans and had reached its banking counterparty’s credit capacity. Upon introduction to Trevecca, the Ziegler team reached out to David Caldwell and his financing team at the University to discuss the possibility of refinancing this vast swath of debt through the tax-exempt fixed-rate capital markets. Doing so allowed Trevecca to convert to a 100% fixed-rate debt portfolio, eliminated variable interest-rate risk, provided new capital to address several capital expenditure projects on campus, and consolidated its debt under a single legal framework, the master trust indenture.

Through various stages of investor interaction over the course of the marketing period, the dedicated Ziegler bankers and the sales/underwriting team from Ziegler successfully



REFERENCE

For a reference on Ziegler’s role in this financing, please contact:

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This client’s experience may not be representative of the experience of other clients, nor is it indicative of future performance or success.

For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at <http://emma.msrb.org/>.

ZIEGLER

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educated our Higher Education accounts and buy-side analysts. Ziegler marketed all of the absolute and relative merits of the University's credit profile, the strength of the Series 2019 Bond transaction, and the intricacies of the covenant and security package. The philosophy and approach of telling our clients' stories directly to investors is part of Ziegler's purpose-built platform, one that is specifically designed to actively engage investors and cast a wide net of interest for our borrowing partners. Unlike many of our competitors, Ziegler engages not only with 'Top Tier' investors, but also those in Tiers II and III. Because of this strategy, Ziegler received over \$160M in orders from 16 institutions for the Trevecca financing in just over 30 minutes, oversubscribing the deal by 8x. This allowed Ziegler to renegotiate with investors and adjust yields further to provide Trevecca with an optimal pricing execution.

"This was an effort by many people but specific thanks to the Ziegler team that did a stellar job creating significant interest in our offering and locking in attractive rates for us without sacrificing for a debt service reserve fund. This was an incredibly successful first public bond issuance that allows the institution to save significant interest expense next year and provides Trevecca the knowledge that 100% of our debt is now fixed for up to 30 years."

David Caldwell, Executive VP for Finance and Administration
