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Gonzaga U finances campus facilities, refinances debt with tax-exempt bonds

SPOKANE, Wash. – Thanks to tax-exempt bonds from the Washington Higher Education Facilities Authority (WHEFA), Gonzaga University will save millions in interest while financing campus construction and improvements.

“We are very excited to get started on some key projects to benefit students on campus,” said Joe Smith, chief financial officer of Gonzaga University. “WHEFA’s partnership has been critical to our ability to maximize our investments in campus facilities.”

The financing has two parts. First, \$9.5 million in “new money” bonds will be used for improvements in campus facilities, which may include future investments in on-campus student housing. By using tax-exempt financing through WHEFA, the university will save over \$2.6 million in interest over the life of the bonds on a present-value basis, when compared to the cost of borrowing at taxable rates through a regular financial institution.

Secondly, \$32 million will refinance bonds that were originally issued in 2013 for campus improvements. WHEFA will refinance these bonds in 2023 when they become eligible, but will lock in 2022’s lower interest rates. The refinancing is estimated to save the university \$6.7 million over the 20-year term.

“A favorable interest rate is one of the key strengths of tax-exempt bond financing,” said Dr. Gene Sharratt, secretary and chair of the Washington Higher Education Facilities Authority board of directors. “We’re very pleased to support the students and community of Gonzaga University through these costs savings.”

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Gonzaga University (www.gonzaga.edu) established in Spokane, Wash. in 1887, is a nationally ranked, Jesuit and Catholic, liberal-arts based comprehensive institution dedicated to the humanistic ideals of educating the mind, body and spirit to inspire men and women for others. Nearly 7,300 students pursue bachelor’s degrees, master’s degrees and doctoral degrees through GU’s college and six schools: College of Arts and Sciences, School of Business Administration, School of Education, School of Engineering and Applied Science, School of Law, School of Nursing and Human Physiology, and the School of Leadership Studies.

Since 1983, the **Washington Higher Education Facilities Authority** (www.whefa.org) has helped the state’s private, nonprofit colleges and universities to access more than \$2.5 billion in tax-exempt financing for projects such as student housing, academic and administrative buildings, sports and music facilities, and computer systems. WHEFA’s ability to obtain lower interest rates through the sale of tax-exempt bonds has saved their borrowers millions of dollars. The savings ultimately benefit the students of Washington State and supports the mission of the institutions. WHEFA receives no regular state funding for its operations and accomplishes its work without taxpayer funding of any kind.