

Public Finance - Cultural & Social Service Nonprofits

Case Study

YMCA of the North

Piper Sandler served as underwriter for the YMCA of the Greater Twin Cities, now YMCA of the North (“YMCA”), for its first public bond issue in 2016. The bonds were issued by the City of Minneapolis with proceeds used to finance the acquisition, renovation and equipping of property in downtown Minneapolis, in order to provide space for both branch operations of the downtown Minneapolis location, as well as corporate headquarters. The YMCA also obtained its first bond rating of “Baa1” by Moody’s Investors Service (“Moody’s”) in 2016, through the assistance of Piper Sandler.

The YMCA had additional bank debt outstanding for its other branch locations. Each bank had different terms and covenants. Many of the bank loans also had terms that were shorter than the amortization of the loans, resulting in put risk. This was a stated concern by Moody’s at the time of the rating in 2016. In 2018, Piper Sandler underwrote a second bond issue for the YMCA, which refunded several outstanding bank loans to provide both interest rating savings to the YMCA, as well as reduced administrative burden by having standard covenants across the majority of its debt. Through the refunding bond issue, the YMCA’s bond rating was upgraded to “A3” by Moody’s, the highest bond rating for any YMCA in the United States.