

FOUNDATIONS ACADEMY, INC.

CLIENT PROFILE

Foundations Academy, Inc. (Foundations) is a K-8 classical Christian school that also operates St. Ambrose Christian High School. Both schools operate under the same 501(c)(3) corporation and share the use of facilities that are currently located in Garden City, Idaho. Foundations is accredited by the Association of Classical Christian Schools and enrolled 365 students in grades K-12 during the 2008-2009 academic year.

Foundations opened its doors in 1995 with an initial class of three students, growing rapidly to reach its current size, and in the process, outgrew its facilities which were leased from a local church. In order to continue expanding its mission, Foundations took advantage of an opportunity to purchase 8.65 acres of land that would serve as the site for a new, dedicated facility. The purchase price of the land itself, approximately \$800,000, would be paid with cash on hand. However, Foundations needed to secure financing in order to fund construction of the new facility. Despite its sterling reputation and strong historical operating performance, Foundations found that banks were unwilling to lend sufficient funds to build the entire new building. Running out of time, Foundations turned to Ziegler to underwrite a tax-exempt bond issue that offered a true long-term financing solution that would cover the entire cost of construction.

THE ZIEGLER DIFFERENCE

Ziegler leveraged its industry relationships and educational credit expertise to team with a bank that provided both a letter-of-credit to support the bonds and a bridge loan to allow Foundations to begin construction immediately. Timing was critical, since the new facility was scheduled to open in time for the 2009-2010 academic year.



Foundations Academy, Inc. - Meridian (Boise), ID | \$4,655,000
Adjustable Rate Demand Revenue Bonds, Series 2008

Ziegler's active trading desk played a key role in closing the bond financing despite turmoil in the credit markets due to the sub-prime crisis. Despite investor wariness and overall tightening of credit following the collapse of several large financial institutions in the fall of 2008, Ziegler was able to close Foundations' bond financing on time, allowing the school to refinance the construction loan and continue construction. The bonds were structured to include a three-year interest-only period and eight months of capitalized interest, which allowed Foundations to pay very little out-of-pocket during the construction period, and to give the school three years to grow into its full debt service.

Foundations further benefited from Ziegler's ongoing commitment to its clients post-closing. Concerned over recent rate volatility in the variable-rate bond market, Foundations turned to Ziegler's Risk Management & Advisory (RMA) team to structure an interest rate swap. The RMA team helped structure and close a pay-fixed swap that provided the school with a synthetic fixed rate. This structure allowed Foundations the security of a fixed interest rate, while still providing a lower cost of capital compared to conventional bank debt.

"After pursuing several partnerships with financial firms to obtain financing for our new facility, it became clear that Ziegler was the right partner for us. There's no substitute for specialists who know what they're doing with non-profit financing. Ziegler's wealth of experience and team of specialists handheld us every step of the way. During difficult economic times, Ziegler clearly had the upper hand in driving our financing forward. The complexity of low-interest bond financing is a bit daunting, but Ziegler took ownership for our needs and represented us well. We strongly recommend Ziegler for non-profits who are financing capital projects."

David Goodwin
Headmaster
Foundations Academy, Inc.

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



ZIEGLER CAPITAL MARKETS

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