

ZIEGLER INVESTMENT BANKING
CASE STUDYINTRINSIC
SCHOOLS
CHICAGO, ILLINOIS

CLIENT PROFILE

Intrinsic Schools (Intrinsic) is an Illinois 501(c)(3) that currently operates a single school (Belmont School) in Chicago, IL. Intrinsic was founded in April 2012 by respected Chicago education leader Melissa Zaikos to demonstrate a new educational model to close the achievement gap faced by low-income and minority students.

Operating out of a temporary space in the Chicago "Loop," Intrinsic opened its doors to 185 ninth grade students in August 2013. During that first year Intrinsic designed and built their new permanent home in the Belmont-Craigin neighborhood of Chicago, utilizing a seed capital loan. The 58,000 square foot building was designed specifically to meet their educational model and hold up to 1,000 students. Intrinsic's strategic vision is to demonstrate the success of its innovative model for urban education and ultimately grow to five campuses. Raising the bar for new schools, the Belmont School received a ranking of 8th of 135 in its first year of operation and 6th of 132 high school programs in 2015 on Chicago Public Schools' (CPS) School Quality Rating Performance index.

THE ZIEGLER DIFFERENCE

Intrinsic engaged Ziegler to structure a tax-exempt bond issue that would refinance the seed capital loan for its new facility. The goal of the financing was to reduce Intrinsic's cost of capital while maintaining the organization's ability to develop future campuses. While Intrinsic demonstrated strong initial performance, a long-term bond issue for the Belmont School faced certain challenges. Intrinsic only had a two-year track record for serving students and only two years of audited financials. Further, Intrinsic's strategic plan required the organization to have very flexible additional borrowing covenants to develop future campuses. Most significantly, in a period of unprecedented financial upheaval,

**\$21,855,000**

Illinois Finance Authority
Charter School Revenue Bonds
(Intrinsic Schools – Belmont School Project)
Series 2015 Bonds

rating agencies had significantly downgraded Intrinsic's charter authorizer and primary funding source, CPS, during the period preceding the transaction.

Ziegler worked hand-in-hand with the leadership team at Intrinsic to communicate why the school's early academic and financial results were both sustainable. The Ziegler banking team capitalized on its industry-leading knowledge of charter school funding to demonstrate how Illinois law and the State Constitution mitigated much of the district's financial and political risk to Intrinsic. Additionally, the head of Ziegler's Capital Markets and many members of the Ziegler trading desk participated in site visits and tours which allowed for successful communication of financing specifics to investors.

Thanks to these efforts, Ziegler successfully priced and closed the issue with terms that significantly reduced Intrinsic's cost of capital while maintaining the flexibility needed to achieve their strategic vision.

"I do not know how we could have done this without Ziegler. They were with us every step of the way and did not hesitate to bring in their executive leadership team to ensure the success of our financing. I've never heard of an investment bank going so far to support a charter school."

Matt Shaw
CFO
Intrinsic Schools

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>.

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