

HIGHLAND PREP

OCTOBER 2019

CLIENT PROFILE

Highland Prep (HP) is a charter school located in Surprise, Arizona, that began operating in the fall of 2017. It is a high school specializing in the STEM fields (Science, Technology, Engineering and Mathematics). As such, the school has a rigorous academic program that is sought out by parents and students alike. The school currently has 344 students enrolled in grades 9-11, with 12th grade to be added next fall. The 2019 bond proceeds were used to allow the school to purchase the campus that it had been leasing.

What made this transaction unique was the ability of the school to qualify for the State of Arizona's Credit Enhancement program. In 2017 the State created a credit enhancement pool to back up to \$350 million in tax-exempt bonds, for select public and charter schools that qualify for the program. As a result of HP's bonds being backed by the State pool, it garnered a rating of "AA-" from Standard and Poor's, with the school not having any underlying rating.

ZIEGLER DIFFERENCE

The Credit Enhancement Board ("CEB") had approved 8 schools to go into the credit enhancement pool prior to Highland Prep, however, none of these schools were as



\$10,290,000

The Industrial Development Authority of the County of Maricopa
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small as HP, nor as new as HP. Most were established network schools, with significant financial resources and underlying investment grade ratings. While chances seemed slim that HP would qualify for the enhancement program, with only a two-year track record, the Ziegler banking team noticed that HP's management and programs were run by the same team that operates the highly successful Madison Highland Prep Charter High School, located in north Phoenix. School management and Ziegler were able to make the case to the CEB that while HP was relatively new, it was following the same highly successful STEM model as MHP. The CEB agreed, and on September 11th, HP was awarded full credit enhancement to back the bonds.

Historically low market rates in Fall 2019, combined with the credit enhancement

allowed HP to achieve the lowest yield-to-date for those schools involved in the program (see table below).

Growing Arizona charter schools that have demonstrated a strong record of academic success are eligible to participate in this program. We encourage you to reach out to Ziegler for assistance with any financing need your organization may have.



"We want to thank Ziegler for their hard work and dedication in bringing about this fantastic result for Highland Prep!"

Dr. Kerry Clark
Co-Founder and Executive Director

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/>.

Sale Date	Borrower	Rating	Par Enhanced (\$ millions)	Final Yield
10/9/19	Highland Prep	AA- / NR	10.290	2.650%
11/8/17	GreatHearts Arizona	AA- / BBB-	19.500	3.180%
12/14/17	BASIS Schools, Inc.	AA- / BB	31.750	3.360%
1/17/18	Academies of Mathematics & Science	AA- / BB	24.865	3.470%
6/28/17	GreatHearts Arizona	AA- / BBB-	34.240	3.500%
12/11/17	Arizona Agribusiness & Equine Center	AA- / BB+	5.120	3.550%
6/22/17	Academies of Mathematics & Science	AA- / BB	23.465	3.600%
10/12/17	BASIS Schools, Inc.	AA- / BB	3.830	4.030%
9/26/18	Vista College Preparatory Academy	AA- / NR	10.500	4.360%

Source: Electronic Municipal Market Access (EMMA) system

ZIEGLER

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