

ZIEGLER INVESTMENT BANKING
CASE STUDYINNER CITY
EDUCATION
FOUNDATION
(ICEF)

CLIENT PROFILE

Inner City Education Foundation (ICEF) is a not-for-profit charter management organization that operates twelve public, tuition-free charter schools in South Los Angeles. ICEF was founded in 1994 with the mission of serving disadvantaged minorities in South Los Angeles, providing them with the opportunity for a rigorous college preparatory curriculum. In the mid 2000's, ICEF launched a growth campaign with the goal of reaching 30 schools by the end of the decade. ICEF's resources and ability to finance such growth became strained; however, and in 2010 ICEF brought in a new management team to restore focus on the educational mission.

The new management team quickly stabilized the operations and significantly strengthened the organization's financial condition. As part of the turn-around, ICEF sought to "right-size" each of its schools to maximize resources spent on instruction and begin acquiring permanent homes for its schools, which historically all operated from leased facilities. Management's first priority was View Park Preparatory Accelerated Charter High School (VPHS), which opened in 2003 as one of the flagship schools of the ICEF network. VPHS, with an enrollment of 415, was sharing leased facilities with an ICEF middle school. As part of the right sizing effort, ICEF moved this middle school to another site, expanding the maximum capacity of VPHS to 660 students.

ICEF engaged Ziegler to secure a long-term financing that would allow ICEF to acquire the VPHS facility.

THE ZIEGLER DIFFERENCE

Despite the achievements of the new management team, the financing still presented several challenges. Although ICEF had made significant improvements, it was still in turn-around mode both financially and academically. From a timing perspective, ICEF faced a tight deadline with the seller of the VPHS facility. Additionally, market conditions shifted during

**\$10,225,000**

California School Finance Authority
School Facility Revenue Bonds
ICEF -View Park High School Project
\$9,880,000 Series 2013A & \$345,000 2013B Bonds

the financing process—in the face of steady outflows, many of the bond funds that had historically purchased charter school issues did not have the cash to purchase new issues. This factor, combined with rising interest-rates, made market conditions challenging.

Ziegler's Investment Banking team worked with ICEF to develop a credit profile that resulted in a "BB" rating from Standard & Poor's. While the rating was not "investment grade," it was significant, since it affirmed for the marketplace that the turnaround was succeeding. Armed with this rating, Ziegler's trading desk leveraged its long-standing relationships with charter school investors and, working closely with the banking team and ICEF management, executed in a challenging market. The Ziegler team worked with ICEF to respond quickly to investor questions in light of the latest developments of the dynamic turnaround. The focused efforts by Ziegler and ICEF resulted in a successful financing at rates that allowed ICEF to continue focusing on its mission of providing quality educational programming to at-risk students in South Los Angeles.

"Our unique history as an organization and outside market conditions had brought numerous challenges to securing the View Park High School facility. Thankfully, Ziegler was able to help guide us to a successful conclusion. Our parents and students are excited about the stability the School now has by virtue of building ownership!"

Parker Hudnut
Chief Executive Officer
Inner City Education Foundation

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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