

ZIEGLER INVESTMENT BANKING
CASE STUDYINTERCULTURAL
MONTESSORI
LANGUAGE
SCHOOL

CLIENT PROFILE

Intercultural Montessori Language School was founded in 2005 to bring high-quality Montessori educational opportunities to the west side of Chicago. A unique aspect of their educational program is that all students participate in a language immersion component in either Mandarin Chinese, Japanese or Spanish, with a goal of becoming fully bilingual and thus better prepared to be global citizens. As of Fall 2015, the school served approximately 290 students in pre-K through 6th grade, with plans to expand into grades 7 and 8.

Intercultural operates two locations, including the original Oak Park campus which the school purchased in 2010, and the West Loop campus in downtown Chicago. The school opened the West Loop Campus in 2009 in a leased facility located at 114 South Racine Avenue. In 2015, the building owner put the facility up for sale and Intercultural was the winning bidder. As a result, the school sought to issue bonds to finance the acquisition of the building as well as costs of building out additional space within the building to accommodate their growing enrollment.

THE ZIEGLER DIFFERENCE

Knowing of Ziegler's reputation in financing private and charter K-12 schools, Intercultural turned to Ziegler to underwrite a tax-exempt bond issue to finance the \$14,840,000 purchase price and approximately \$2,250,000 of renovation costs for the Chicago Campus.

The financing presented certain challenges despite the school's solid history of enrollment growth and academic success. Although the school had recently paid off the debt on the Oak Park facility, the proposed project would add \$19,665,000 of debt to the balance sheet. Additionally, the School was depending on continued rental income from two for-profit



\$15,485,000 Series A Tax-Exempt
\$4,180,000 Series B Taxable

City of Burbank, Cook County, Illinois

Educational Facility Revenue Bonds

Intercultural Montessori Language School Project, Series 2015 A&B

tenants to help it meet its bond debt service while it grew into the new facility. The presence of these tenants complicated the tax analysis and required a portion of the project to be funded with taxable bonds. Additionally, the purchase contract itself contained a 90 day financing contingency, putting a strict deadline on both the School and Ziegler to be able to deliver funding and close on a timely basis.

The Ziegler banking team, working closely with the school's management and their financial advisor, was able to maximize the benefit of tax-exempt financing for Intercultural through a detailed allocation of project costs. Further, Ziegler's banking team, working closely with the Ziegler trading desk, was able to place the entire issue despite the lack of rating and the added complexity of the leases to certain for-profit tenants. Ziegler was able to complete a successful pricing and close the bonds within the financing contingency period, ensuring a permanent home for Intercultural that would support its continued growth.

"When the opportunity to purchase our facility came up, we knew we had to move quickly. Ziegler was able to help us understand and navigate the financing process quickly and very successfully."

Edina McGivern
Executive Director
Intercultural Montessori Language School

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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