

ZIEGLER INVESTMENT BANKING  
CASE STUDYVISTA AT  
ENTRADA  
SCHOOL OF  
PERFORMING  
ARTS AND  
TECHNOLOGY

## CLIENT PROFILE

Vista Charter School (Vista) is a Utah 501(c)(3) that operates a K-8 charter school in Ivins, Utah, approximately 300 miles south of Salt Lake City and 125 miles north of Las Vegas, Nevada. Vista was incorporated in 2007 and opened its doors in 2009 with an initial enrollment of 683 students in grades K-6. The addition of grades 7 and 8, combined with the appeal of the school's performing arts focus and integration of technology throughout the curriculum, drove steady enrollment growth over the next two years. By Fall 2011, the school's third year of operations, enrollment had reached 862 students, 98.5% of the 875 student capacity, with another 244 students on a waiting list.

Bond proceeds were used to fund acquisition of the school's facilities, which include a 60,000 sq. ft. building located on a five acre site. For its first three years, Vista leased a facility that had been built for the school by an independent charter developer. The existing lease had automatic annual increases, and Vista was responsible for paying property taxes (required since the property was owned by the developer through a for-profit LLC). By acquiring the property directly, Vista, as a 501(c)(3), is no longer required to pay property taxes and has replaced its escalating lease payments with fixed debt service payments. Bond proceeds were also used to fund future acquisition of an adjacent parcel of land for parking and playground space, fund a debt service reserve fund sized to maximum annual debt service and pay costs of issuance of the Series 2012 bonds. Utah allows charter schools to issue tax-exempt debt as governmental entities, which allowed Vista to fund 100% of the cost of issuance with tax-exempt proceeds.

## THE ZIEGLER DIFFERENCE

Despite only being in its third year of operations, Vista had demonstrated two years of historical pro-forma coverage on the Series 2012 bonds.

**\$13,310,000**Vista at Entrada School of Performing Arts and Technology | Ivins, UT  
New Money Issue  
Series 2012

Nonetheless, S&P gave the bonds a "BB+" rating on the date of issuance due, in large part, to the short operating history. The short operating history also impacted academic performance, as the school was still developing its curriculum and still building a pool of students who have matriculated through the Vista program. Ziegler's investment banking team worked closely with the sales and trading desk to reach out to investors to mitigate these concerns. Renewal risk in Utah is minimized by the evergreen charter contracts, which automatically renew each year unless terminated. Academic performance was improving, and demand was backed by a strong waiting list. Additionally, despite some management turn-over in the school's early stages, Ziegler was able to work with Vista to demonstrate the strength of the board and management team at the school.

Thanks to these efforts and favorable market conditions, the issue was oversubscribed, allowing Ziegler to push pricing down. Despite having an extremely cost-conscious borrower, Ziegler's final execution exceeded expectations, with final annual debt service being approximately \$60,000 lower than projected.

*"The team at Ziegler were true professionals. For the Vista Charter School, they over delivered. They recognized the importance of doing comprehensive due diligence and presenting a picture of the school that reflected our strengths. Their preparation up front, and their execution on the day of the sale resulted in cost savings for our school that beat expectations. They helped us accomplish what we couldn't do on our own, and achieved results that are best in class."*

**R. Neil Walter**  
Board Member  
Vista Charter School

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

## ZIEGLER INVESTMENT BANKING

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