



FOR IMMEDIATE RELEASE

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ZIEGLER CLOSES \$6.85 MILLION FINANCING FOR DISCOVERY CHARTER PREPARATORY SCHOOL

CHICAGO, IL – FEBRUARY 21, 2017 – Ziegler, a specialty investment bank, is pleased to announce the successful closing of a \$6,850,000 tax-exempt Series 2016 A&B fixed-rate bond issue for DCPS Eldridge Avenue, LLC (with Discovery Charter Preparatory School as its tenant) issued through the California Statewide Communities Development Authority.

Discovery Charter Preparatory School (Discovery) is a 501(c)3 corporation that operates a grade 9-12 charter school located in Sylmar, California. Founded in 2002, Discovery currently has 252 students – 100% of which are Hispanic and 95% of which are Free and Reduced Lunch (FRL) eligible – many of whom will be the first to graduate in their immediate families. As such, students who attend Discovery benefit greatly from the small, supportive learning community and the college-preparedness culture that guides them on their way to higher education. Nearby Sylmar High School, for example, has nearly 2,500 students currently enrolled.

Proceeds from the Series 2016 A&B Bonds were used to (i) acquire, improve, equip, and furnish a new facility, (ii) fund capitalized interest, and (iii) pay cost of issuance. The new facility consists of a single-story school building constructed on a concrete slab on 3.8 acres of land with 28,306 square feet of classroom space, with central heating, ventilation, and air conditioning. The building also includes a kitchen, outdoor basketball courts, a baseball field, and a parking lot for approximately 100 vehicles. The existing building was the home for a private school that relocated at the end of the 2016 school year, making the transition to a new charter high school relatively smooth.

Despite its academic successes, Discovery's student count had decreased over the past few years in large part due to inadequate facilities from which Discovery had been operating in a leased location in Pacoima (they had 350 students in less than 10,000 square feet of space). Discovery sought to



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address its facilities challenges by acquiring and renovating a school site in the nearby town of Sylmar. Despite an impressive balance sheet with strong cash reserves, a number of factors made it difficult for Discovery to secure financing, including its relatively small size. Impressed by Ziegler's track record of helping similar schools, Discovery decided to engage Ziegler to secure financing for this transaction.

As is typical for facilities in the Los Angeles area, there were environmental issues that delayed the acquisition of the property. The financing team worked with Discovery to negotiate a lease with the current landlord to allow time for the environmental work to be completed. The investment banking team then worked closely with the real estate developer and attorneys to detail additional renovations, address the lender's concerns, and work around the resulting timing and legal constraints. In the midst of this, Discovery was also up for its five-year charter renewal, which it successfully received from the Los Angeles Unified School District just two days before closing.

After closely managing the process, Ziegler successfully placed all of the Bonds with the lender, RPM Capital Management, who specializes in niche credits in the charter school, senior living, housing and healthcare sectors. The bonds were finally structured as two series, with one 10-year bond at 6.25% and another 30-year bond priced to yield 7.05%. The bonds were structured with a 3 ½ year optional call provision, which will ideally allow for a refinancing once Discovery has stabilized in its new location.

“Although this transaction proved to be extremely difficult, it was absolutely critical to Discovery's future to fund this loan and acquire our new facility. We were glad to work with Ziegler and RPM, and ultimately we hope that the short redemption right will prove very valuable to us as we look to grow our enrollment back to 350 students in the near future,” reported Sheryl Schubert, Chief Financial Officer of Discovery Prep.

Michele Newland, Co-CEO and CIO of RPM, was also pleased with the result adding “Ziegler and its financing team were amazing to work with throughout the process. Although a smaller transaction, it was not without its complexities and significant challenges. We all stayed the course and ultimately a successful financing solution was delivered. We expect the school to have considerable success in increasing enrollment and continuing its critical mission in much needed



permanent facilities. This Ziegler financing is a true “win-win” for both of our client bases and the school.”

“Ziegler was pleased to able to assist Discovery in executing on a very rare opportunity to purchase an existing school building near their current location in Los Angeles County - a place where real estate is notoriously difficult to locate. Discovery is now well positioned to grow, and we're confident the School will continue to provide an excellent education for their students,” commented [John Solarczyk](#), Managing Director in Ziegler’s charter school finance practice.

Beginning with our very first bond offering in 1913, Ziegler has been a recognized leader and innovator in school finance. We continue that tradition with our dedicated services to the national charter school market. Ziegler provides its charter school clients with capital for financing new construction, refinancing existing debt or acquiring existing school facilities. As one of the few financial services firms in the country with a dedicated team of charter school facility finance professionals, Ziegler provides the market insights and analytical data needed for schools to achieve their strategic vision.

For further information on the structure and use of this issue, please see the [Official Statement](#) on the Electronic Municipal Market Access system's [Document Archive](#).

For more information about Ziegler, please visit us at www.ziegler.com.

About Ziegler:

Ziegler is a privately held investment bank, capital markets, wealth management and proprietary investments firm, celebrating its 115th anniversary this year. Ziegler is ranked No. 1 in the country in healthcare/senior living underwriters by issuance and No. 4 by par amount (Thomson Reuters, 2016), and is ranked in the top 20 municipal underwriters in the country by volume (Bloomberg, 2016). Specializing in the healthcare, senior living, education and religion sectors, as well as general municipal and structured finance enables Ziegler to generate a positive impact on the communities it serves. Headquartered in Chicago with regional and branch offices throughout the United States,



Ziegler provides its clients with capital raising, strategic advisory services, equity and fixed income sales & trading, wealth management and research. To learn more, visit www.ziegler.com.

Certain comments in this news release represent forward-looking statements made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. This client's experience may not be representative of the experience of other clients, nor is it indicative of future performance or success. The forward-looking statements are subject to a number of risks and uncertainties, in particular, the overall financial health of the securities industry, the strength of the healthcare sector of the U.S. economy and the municipal securities marketplace, the ability of the Company to underwrite and distribute securities, the market value of mutual fund portfolios and separate account portfolios advised by the Company, the volume of sales by its retail brokers, the outcome of pending litigation, and the ability to attract and retain qualified employees.

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