

ESTANCIA VALLEY CLASSICAL ACADEMY

DECEMBER 2017

CLIENT PROFILE

Estancia Valley Classical Academy, together with the Estancia Valley Classical Academy Foundation, (collectively, EVCA) is a K-12 charter school located in Moriarty, New Mexico (about 40 miles outside of Albuquerque). EVCA opened in 2012 as one of the first schools assisted by the Barney Charter School Initiative, a Hillsdale College program. EVCA enrolled approximately 486 students as of the 2017-18 school year; they plan to ultimately expand to near 800 students. EVCA emphasizes a classical, liberal arts education, with 85% of its 11th graders scoring proficient or advanced on the 2014 New Mexico Standards-Based Assessment Science component, compared to 41% of 11th graders statewide. In addition, EVCA integrated the teaching of the classic “Eight Pillars of Character” into daily lessons as well as discipline procedures. EVCA’s founders were passionate about educating the next generation of Americans and created a back-to-basics approach to restore a culture of educational achievement in its community. Because EVCA made measurable progress towards these goals, it was approved for another full five-year charter renewal effective June 30, 2017.

EVCA started in portable buildings in Moriarty; they located an undeveloped site in nearby Edgewood. EVCA needed financing for their ground-up construction project: a brand new, 60,200 square foot facility. With an ambitious real estate project, EVCA knew it needed a reliable financing partner. After evaluating its options, EVCA engaged Ziegler in the fall of 2016.

THE ZIEGLER DIFFERENCE

While EVCA was not developed sufficiently in terms of their finances or enrollment to qualify for a general market financing, Ziegler offered



\$11,235,000

Public Finance Authority
Education Facility Revenue Bonds
(Estancia Valley Classical Academy Project) Series 2017A&B

EVCA the opportunity to complete its financing through their unique relationships with specialized investors. After working to fully understand EVCA’s credit profile, Ziegler approached RPM Capital Management, LLC (RPM), an investment management firm that specializes in investing in tax-exempt opportunities with developing credit stories. Ziegler carefully communicated EVCA’s credit story, which encouraged RPM to continue learning about EVCA and its program.

The rules and regulations in the State of New Mexico pose several challenges for charter schools seeking to obtain facility ownership. Ziegler’s investment banking team worked closely with legal counsel and RPM to devise solutions to comply with New Mexico law yet provide terms that adequately protected RPM’s customers. Ultimately, RPM was satisfied with the protections in place and decided to invest in EVCA. The bonds were structured with capitalized interest, a gradual increase in annual debt service for a few years, and ultimately level annual payments through to a 30-year final maturity. Additionally, RPM offered a 5-year optional call provision and other terms, providing EVCA a potential opportunity to refinance quickly after it stabilizes in its new facilities at a higher enrollment level. The successful financing led EVCA to acquire its new site and commence construction of its new home in the fall of 2017. Michele Newland, Managing Member and Chief Investment Officer of RPM, indicated that “New

Mexico has several challenges which make charter school financings more difficult. As a newer state in the charter school finance arena, this is not atypical. We were impressed with the School’s governance and management team, and the commitment to basic values in their educational approach. We were able to work confidently with Ziegler to find an acceptable financing solution for both EVCA and our customers. Ziegler approached the financing with incredible skill, sector knowledge, and with the right combination of tenacity and perseverance that allowed for a successful completion of the transaction.”

“Ziegler guided us through numerous challenges every step of the way. Ziegler’s expertise and advice were of critical importance to our ultimate success in closing the financing. We are glad to have them as our long-term partners.”

Bill Robinson, President
Estancia Valley Classical Academy
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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