

# COTTONWOOD CLASSICAL PREPARATORY SCHOOL

DECEMBER 2019

## CLIENT PROFILE

Cottonwood Classical Preparatory School (“Cottonwood Classical”) is a not-for-profit public charter school that educates 730 students in grades 6-12 in a 47,161 square-foot building located at 7801 Jefferson Street, N.E., Albuquerque, New Mexico, 87109. In 2016, U.S. News & World Report ranked Cottonwood Classical as the 67th best public high school in the United States and #1 public high school in the state of New Mexico.

Cottonwood Classical is devoted to developing highly skilled learners who, through a broad knowledge base, can analyze, synthesize and evaluate new information. Cottonwood Classical’s goal is to teach students to demonstrate social responsibility and integrity through active community involvement and service learning opportunities. The school embraces a variety of methods, curricula, and delivery models to meet the diverse educational needs of all students. Students learn via the Paideia method of rigorous direct instruction, coached projects, and inquiry dialogue in a Socratic seminar setting. Classic texts are used as part of the curriculum to cover ideas of enduring importance. Cultural differences are studied, respected, and valued, allowing students to find their values and voice.

In 2012, the Cottonwood Classical Foundation borrowed bond debt to replace the split-campus school with a new facility serving up to 800 students. The Series 2012 bonds allowed the school to transition into an alternative facility to consolidate under one roof and meet demand for a public college preparatory school of excellence. Cottonwood Classical experienced success and grew more quickly than expected in a short amount of time. As demand grew, Cottonwood Classical sought to purchase and develop a new secondary campus on its adjacent parcel to meet



**\$13,280,000**

Cottonwood Classical Preparatory School | Albuquerque, New Mexico  
Bank Direct Purchase | Placement Agent

its programmatic needs, but the Series 2012 Bondholder did not provide consent to do so.

## THE ZIEGLER DIFFERENCE

Cottonwood Classical sought advice to solve this problem and engaged Ziegler as placement agent. Ziegler’s investment banking team proposed a creative solution to defease the Series 2012A Bonds, releasing Cottonwood Classical from having to follow majority bondholder consent to borrow additional parity debt and allowing for the purchase and development of the adjacent parcel. The Series 2019B tax-exempt bond funds acquisition of the adjacent land parcel for \$2.655 million but not development of the new campus. Current plans to develop the parcel include a full-size gym, athletic field, and additional parking, anticipated to be constructed in separate phases.

Additionally, Ziegler proposed an innovative Cinderella financing structure that would allow a tax-exempt interest rate approximately 90 days before the call date on the prior bonds despite the passage of the Tax Cuts and Jobs Act in December 2017. To execute Cinderella refunding transactions, Ziegler built relationships with specialized lenders who were amenable to this structure. Ziegler ultimately chose a lender who provided very competitive interest rates and terms.

The Series 2019A Cinderella bond holds a taxable interest rate that will convert to a tax-exempt rate approximately 90 days before the optional redemption date of the Series 2012

bonds. Cottonwood Classical is pleased by not only competitive interest rates, but also more flexible continuing disclosure provisions. This transaction ultimately allows Cottonwood Classical to take advantage of historically low interest rates and lock in significant cash flow savings. Additionally, Ziegler is proud to innovate the first Cinderella refunding bond issue for a New Mexico charter school.

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*“The success of this transaction opens the door for other charter schools in New Mexico to utilize a similar structure to finance their facilities and ensure all students in New Mexico have access to 21st century learning environments.”*

**John Binnert**  
Executive Director

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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/>.

## ZIEGLER

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