

OTTAWA UNIVERSITY

DECEMBER 2020

CLIENT PROFILE

Ottawa University (the “University”) is a private, non-profit institution of higher education that has multiple sites. The University’s traditional campus was founded in 1865 in Ottawa, Kansas. The University opened a second residential campus in Surprise, Arizona the Fall of 2017. The University also offers education for adult learners in Arizona, Indiana, Kansas and Wisconsin campus locations, as well as an Online Division for those students wanting to complete their degree without the traditional classroom settings. As of 2020, the University enrolled 1,708 undergraduate students and 3,346 graduate students. Ottawa offers degrees programs in more than 42 academic disciplines, including healthcare management, mathematics, fine arts, Christian studies, education, business, and the sciences. The University offers well over 100 areas of study (majors, minors, and concentrations), and is accredited by the Higher Learning Commission (HLC).

TRANSACTION HIGHLIGHTS

Ottawa University used the proceeds of the Series 2020 Bonds (the “Bonds”) along with other available funds to (i) refinance an existing lease of a newly constructed Surprise Campus residence hall and student union with a purchase agreement of \$32MM, (ii) payoff various capital projects totaling approximately \$3.9MM, (iii) fund a debt service reserve fund, (iv) pay certain costs of issuance related to the bond offering. Ziegler worked alongside University leadership, and the University’s municipal advisor, to navigate through an overall capital structure that includes USDA debt and additional bank loans. A master trust indenture was introduced, which included a leasehold mortgage on portions of the University’s Arizona campus, providing for additional structural flexibility for any future debt obligations.

The Series 2020 Bonds are tax-exempt fixed rate term bonds amortizing over 31 years with a laddered amortization structured to achieve maximized cash flow savings in the early years of the financing. Investor reception was remarkably strong, with 12 institutional funds placing orders, resulting in an oversubscription of 4.5x in aggregate. After the order



\$38,525,000

The Industrial Development Authority of the County of Maricopa, AZ
Educational Facilities Revenue Bonds, Series 2020
Ottawa University

period, Ziegler was able to drive down yields .05% - .10% on four term bonds, resulting in a weighted average yield to call of 5.074% and a weighted average yield to maturity of 5.22%. Additionally, the Series 2020 Bonds are optionally callable in 7 years at 103% declining to par in 2030.

THE ZIEGLER DIFFERENCE

Ziegler worked closely with University leadership to identify the ideal financing structure to match Ottawa’s needs. Ottawa sought a long-term financing solution that would lower its annual debt service requirement and provide structural flexibility for the growing institution. Ultimately, the financing team targeted a non-rated fixed rate public bond offering, in light of the attractive rate environment. The University and its leadership were familiar with the public capital markets, but enjoyed Ziegler’s unique marketing approach where Ottawa leadership could showcase their passion for the University and the tremendous success they had achieved in recent years.

The COVID-19 Pandemic created stress across all sectors, including private higher education institutions, and their ability to access capital in 2020. Ziegler worked closely University leadership to highlight its ongoing evaluation and strategies for programming, athletic opportunities, enrollment and retention initiatives, and operational efficiencies to institutional investors. The University’s vision and story were well-received, despite a lack of comparable opportunities in the market due to the COVID-19 pandemic. Ziegler was able to

drive several investors to participate in the purchase of the Series 2020 Bonds, ultimately securing the lowest costs of capital for a non-rated Higher Education offering in 2020, receiving over \$170 million in orders. This resulted in a successful pricing which provided for a refinancing of existing debt at attractive rates, access to additional capital, reduced debt service requirements and call flexibility over the 31-year term of the bonds.

The Series 2020 Bonds represent the first transaction Ottawa University has completed with Ziegler.



REFERENCE

For a reference on Ziegler’s role in this financing, please contact:

Clark Ribordy
Executive Vice President and CFO,
(785) 248-2380
clark.ribordy@ottawa.edu

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

One North Wacker Drive | Suite 2000
Chicago, IL 60606

B.C. Ziegler and Company | Member SIPC & FINRA

CONTACT US

800 366 8899
askziegler@ziegler.com



CAPITAL :: INVESTMENTS :: ADVICE