

## MEMORANDUM

**DATE:** Friday, September 19, 2025

**TO:** Marlo Oaks, State Treasurer and Utah Charter School Finance Authority Board

**FROM:** Japheth McGee, Vice President of Zions Public Finance and Johnathan Ward, Senior Vice President

**RE:** Monticello Academy Application to the Utah Charter School Finance Authority

### Conflicts of Interest

In general, Zions Bancorporation, National Association is made up of many departments and provides various services. Some of those services and departments can be involved on the same transaction. Zions Public Finance Inc. and Zions Corporate Trust are affiliated entities operating under Zions Bancorporation and we all benefit from a strong stock price derived from strong performance by the company and its component members and affiliates across the country. Zions Public Finance does not receive financial or other benefits in association with transactions performed by Zions Corporate Trust who may act as Trustee on charter school transactions. Likewise, Zions Public Finance operates separately from commercial loan divisions of the Bancorporation who may have provided private financing to developers or charter schools to construct the school initially. Zions Public Finance is not aware of the circumstances where this occurs unless told when a charter school applies. Zions Public Finance does not receive financial or other benefits that could result from actions taken by the Charter School Finance Authority outside of the agreed upon fees for services rendered to the Authority.

Zions' entities engaged with the School:

Zions Public Finance:	Yes. (Advisor to the Authority)
Zions Corporate Trust:	No
Zions Commercial Involvement:	No

### Executive Summary

Borrower:	Monticello Academy
Management Company:	Business Manager: Randi Limb
Municipal Advisor:	LRB Public Finance: David Robertson
Borrower's Counsel:	Farnsworth Johnson: PLLC
Purchaser:	West Point Medical and Professional Plaza, LLC: Edward Miles
Bond Counsel:	Chapman & Cutler: Eric Hunter
Issuer's Counsel:	Gilmore & Bell: Jacob Carlton

Trustee:	US Bank: Laurel Bailey
Par Amount:	\$6,500,000 in tax-exempt bonds.
Enhancement Requested:	No
Purpose:	Expand the West Point facility (14 classrooms), capitalize interest, and pay costs of issuance.
Structure:	Bonds will be repaid over a 30-yr term with capitalized interest in April of 2026 followed by interest only payments in 2027 before the first principal payment in April 2028. The bonds will carry a 5-year par call.
Term:	Final maturity in 2055.
Rating:	Non-rated
Costs of Issuance Estimate:	\$193,300
Purchaser Fee Estimate:	N/A
Litigation:	None of which we are aware.
Summary:	The School is expanding its operations at its West Point Campus. There is a good demand profile at the School and the expanded operations are projected to continue to help the School meet its obligations. The School has outstanding debt under the Credit Enhancement Program but the Series 2022 and 2025 bonds will be in a subordinated position to that debt. This is somewhat concerning as the contagion from one issue could lead to problems on the School's debt backed by the Authority and the State. However, recent operations appear sound and if future debt and coverage go as planned the School should be able to return to healthy operating levels.

## Purpose

The purpose of this memo is to document the adherence of Monticello Academy (the "School") to the application requirements of the Utah Charter School Finance Authority (the "Authority") conduit issuance program and provide credit analysis of the School for review. The analysis contained herein is based on the School's application to the Authority and inquiry for clarification of the Municipal Advisor to the Authority.

## Introduction

The School is a non-profit, 501c3 designated, public K-9 charter school with two campuses located in West Point and West Valley (Highbury). The School began operations in 2006. The School operated as a K-8 school at the Highbury campus until 2021 when it opened the West Point campus. The School is planning to expand operations at its West Point campus to K-9.

The School lists the following mission.

### MISSION

The mission of Monticello Academy is to provide a superior education for K-9 students by:

- Placing a high priority on academic achievement and college preparation;
- Fostering traditional American values of hard work and strong moral character;
- Encouraging parents to resume their rights and responsibilities to influence the education of their children;
- Restoring strong art, music, and physical education to the school curriculum;
- Utilizing state-of-the-art technology to enhance instruction and learning; and
- Assisting students to gain knowledge, motivation, confidence, skills, and a lifelong love of learning.

## Enrollment/Student Demand

October 2024 LEA enrollment was 1,132 students and is expected to be 1,205 in FY 2025. Average daily membership was above 98%. Reenrollment rates were above State averages for two of the past three years. The School has a small waitlist.

	ADM	Re-enrollment Rates		
		'21-'22	'22-'23	'23-'24
2024	98%			
2023	98%	MA	88%	86%
2022	99%	Utah	82%	83%

### Monticello Academy LEA Enrollment

Grade	Historic					Projected				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	131	144	157	154	158	156	156	156	156	156
1	103	148	155	161	153	159	156	156	156	156
2	102	114	150	149	144	159	156	156	156	156
3	101	115	128	146	150	146	156	156	156	156
4	98	105	133	135	134	145	156	156	156	156
5	94	101	102	129	133	146	156	156	156	156
6	89	88	102	99	118	127	156	156	156	156
7	72	78	76	77	74	89	130	156	156	156
8	72	68	80	66	68	78	104	130	156	156
9	-	-	-	-	-	-	-	26	52	78
Totals	862	961	1,083	1,116	1,132	1,205	1,326	1,404	1,456	1,482

### Highbury Campus Enrollment

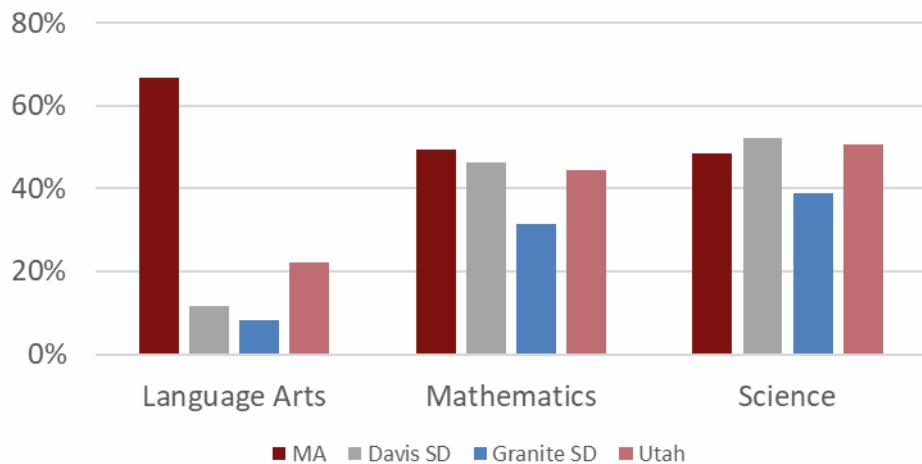
Grade	Historic					Projected				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	78	79	78	76	81	78	78	78	78	78
1	78	79	80	81	80	78	78	78	78	78
2	77	78	79	76	79	78	78	78	78	78
3	76	78	80	75	80	78	78	78	78	78
4	78	78	81	82	71	78	78	78	78	78
5	74	78	75	84	78	78	78	78	78	78
6	69	67	78	72	79	78	78	78	78	78
7	72	78	76	77	74	78	78	78	78	78
8	72	68	80	66	68	78	78	78	78	78
Totals	674	683	707	689	690	702	702	702	702	702

Grade	West Point Campus Enrollment						Projected			
	Historic			Projected				'28-'29		'29-'30
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	53	65	79	78	77	78	78	78	78	78
1	25	69	75	80	73	81	78	78	78	78
2	25	36	71	73	65	81	78	78	78	78
3	25	37	48	71	70	68	78	78	78	78
4	20	27	52	53	63	67	78	78	78	78
5	20	23	27	45	55	68	78	78	78	78
6	20	21	24	27	39	49	78	78	78	78
7	-	-	-	-	-	11	52	78	78	78
8	-	-	-	-	-	-	26	52	78	78
9	-	-	-	-	-	-	-	26	52	78
Totals	188	278	376	427	442	503	624	702	754	780

Monticello Academy LFA Waitlist				
Grade	'22-'23	'23-'24	'24-'25	'25-'26
K	34	85	33	14
1	24	24	3	15
2	4	2	1	11
3	25	2	2	11
4	3	1	1	7
5	8	9	1	2
6	7	6	4	6
7	1	9	1	-
8	4	-	-	3
9	-	-	-	-
Totals	110	138	46	69
Total Enrollment	1,083	1,116	1,132	1,205
% of Enrollment	10%	12%	4%	6%

## Academic Performance

### 2024 Proficiency Rates



## **Management**

1. The School currently has a five-member board. The board members have backgrounds in: education, microbiology, public policy, corporate philanthropy, and financial planning.
2. The School employs Mr. Dane Roberts as its Executive Director. Mr. Roberts graduated from the University of Pittsburgh with a bachelor's degree and earned an MBA with focus on education entrepreneurship and school leadership from Rice University. Mr. is in his 22nd year of education and 8th year leading Monticello Academy, beginning as the West Valley campus director and now as the executive director over both campuses.
3. The School employs an in-house business manager, Randi Limb, for business services. Ms. Limb worked as a manager of four Boston Market restaurants before leaving the workforce to raise her children. She has been heavily involved with Monticello Academy for many years as all five of her children attended. She began working at the School and worked her way into the role as Business Manager.
4. The School has policies in place governing budgeting, donations and fundraising, and procurement. No formal policies on cash handling, debt, and investments were found in the School's policies and procedures manual.
  - i. The 2024 audit for the School identified a finding related to the Child Nutrition Program. The Auditor found as it reviewed random contracts, that one of the contracts for child nutrition was to a fraudulent vendor. No services were ever provided. The Auditor noted that the School had not followed its own documented policy for obtaining contracts or bids for this service.

## **Plan of Finance**

The School intends to sell \$6,500,000 of non-rated bonds via direct placement to West Point Medical and Professional Plaza, LLC. This purchaser also bought the School's Series 2022 bonds. The School is NOT seeking credit enhancement through the Utah Charter School Credit Enhancement Program. However, the School does have its Series 2014 bonds guaranteed under the Credit Enhancement Program. Those bonds are on a senior lien to the Series 2022. The Series 2025 bonds will be on parity with the Series 2022 bonds. The financing will finance a 14 classroom addition to the West Point campus, pay costs of issuance, and capitalized interest for the bonds. The bonds will carry a fixed rate of interest and be callable after year 5. The bonds are secured by a subordinated lien on the revenues from both the Highbury and West Point campuses and a senior lien on and pledge of the deed of trust in the land and buildings located at:

- 3110 W 300 N, West Point, Utah 84015

## **Ratings**

No rating is anticipated.

## **Financial Performance**

### **Summary:**

The School was one of the first issuers in the Credit Enhancement program. However, since that issuance the School has fallen on more troubled financial times. The School currently meets all the relevant Authority standards for credit enhancement based off its BBB- outstanding rating but would likely fall under more strict standards at a lower rating given its recent operating history. The School is still a strong academic performer and has a healthy demand profile which lends some confidence to its ability to right the ship..

All 2025 figures are unaudited.

- Outside of years where the School had bond financings and COVID related effects to its finances, no major issues occurred in the past five years with its projections.

	Actual Variation from Budget				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Revenue	14.0%	5.1%	8.6%	-3.0%	6.6%
Expenditures	21.2%	6.9%	10.4%	2.5%	4.5%

## 2. Cash Position

	Benchmark	Measure at end of FY 2025
		At least 75 days

The School's days cash on hand is in Moody's Ba2 rating range. Cash reached low levels of 28 days cash on hand in 2023 but has been on an upward trajectory.

Days Cash on Hand				
'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
48	85	28	72	80

## 3. Fund Balance

	Benchmark	Measure at end of FY 2025
		At least 15% of following year expenses

The fund balance figure provided by the School represents a slight increase in total fund balance from FY 2024 but still below the benchmark expected for School's in the credit enhancement program.

	'20-'21	'21-'22	'22-'23	'23-'24
Fund Balance	1,690,592	1,300,702	1,156,446	1,457,728
Following Year Operating Expenses	8,628,431	22,659,810	11,313,522	12,243,243
Fund Balance % of Future Expenses	20%	6%	10%	12%
	'25-'26	'26-'27	'27-'28	'28-'29
Fund Balance	1,713,623	1,995,687	2,190,692	2,377,417
Following Year Operating Expenses	13,168,442	13,563,495	13,970,400	14,389,512
Fund Balance % of Future Expenses	13%	15%	16%	17%
	'29-'30			

#### 4. Debt Coverage Ratio

	BBB- Benchmark	Measure at end of FY 2025
	At least 110%	124%

In FY 2023, the School posted an investor notice to the Electronic Municipal Market Access website (EMMA). The notice was to inform investors that it had failed under “strict definitions in calculating the debt service coverage” to meet 1x debt service coverage on maximum annual debt service. Our review showed the School had 1.05x coverage on debt service for that year which was below their coverage covenant. The School noted this was in part due to the phased amortization under the Series 2022 bonds. Coverage on current year debt service is expected to be 1.11x in FY 2028. Coverage on maximum annual debt service is expected to be 1.04x in FY 2026.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	336,741	1,172,140	1,283,763	1,770,124	2,279,732
Annual Debt Service	744,450	744,850	1,223,758	1,610,350	1,840,601
Debt Coverage Ratio	45%	157%	105%	110%	124%
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,384,940	2,456,488	2,530,183	2,606,088	2,684,270
Annual Debt Service	2,008,855	2,196,481	2,281,216	2,283,495	2,284,676
Debt Coverage Ratio	119%	112%	111%	114%	117%

#### 5. Debt Burden Ratio

	BBB- Benchmark	Measure at end of FY 2025
	Less than 20%	12.7%

The School's debt burden ratio has been and is expected to continue to be under the Authority.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Maximum Annual Debt Service	744,850	744,850	1,840,601	1,840,601	1,840,601
Unrestricted Operating Revenues	7,822,128	9,800,571	11,583,573	13,083,646	14,522,974
Debt Burden Ratio	9.5%	7.6%	15.9%	14.1%	12.7%
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	2,284,676	2,284,676	2,284,676	2,284,676	2,284,676
Unrestricted Operating Revenues	15,553,382	16,019,983	16,500,583	16,995,600	17,505,468
Debt Burden Ratio	14.7%	14.3%	13.8%	13.4%	13.1%

## 6. Operating Margin

	Measure at end of FY			
	BBB- Benchmark		2025	
	At least 9%		15.7%	

The School's operating margin took a significant hit during the COVID timeframe. As a result, cash balances significantly declined in that period. However, stronger margins since that time have helped the School to build cash balances back up.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	336,741	1,172,140	1,283,763	1,770,124	2,279,732
Revenues	7,822,128	9,800,571	11,583,573	13,083,646	14,522,974
Operating Margin	4.3%	12.0%	11.1%	13.5%	15.7%
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,384,940	2,456,488	2,530,183	2,606,088	2,684,270
Revenues	15,553,382	16,019,983	16,500,583	16,995,600	17,505,468
Operating Margin	15.3%	15.3%	15.3%	15.3%	15.3%

## 7. Current Ratio

	Measure at end of FY	
	Benchmark	2025
	At least 150%	112%

The current ratio is defined as current unrestricted assets divided by current liabilities (including current year debt service).

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Current Assets	2,312,716	2,367,745	2,447,691	2,444,090	2,931,526
Current Liabilities	1,210,582	1,462,785	1,381,770	1,184,634	568,645
Current Ratio	191%	162%	177%	206%	516%

## Bond Documents

Legal bond documents are being reviewed by Gilmore & Bell in its capacity as Issuer's Special Counsel to the Authority, and all requirements are being incorporated. In addition, Chapman & Cutler as Bond Counsel, will confirm that each of the required legal provisions will be present if not already in the bond documents.

## Continuing Disclosure

The School had failure to file notices posted in 2024 related to the 2014 audit. FY 2023 financials were posted to EMMA a couple weeks after the due date. Otherwise the School has an acceptable track record for filing.

## Conclusion

The School has had weak operations in recently including failing to meet required debt service coverage covenants. The School initially failed to report that covenant violation to the UCSFA and its charter Authorizer. However, the School did provide follow-up information to the UCSFA and State Charter School Board and has been removed from Warning Status. The School has had an improving financial position since that time. The School is looking to expand which could put additional pressure on its finances. However, if the School achieves the expected results it will be in a stronger position with scale that can help it build cash balances and improve solvency.