ZIONS PUBLIC FINANCE, INC.

MEMORANDUM

DATE: Friday, January 30, 2026

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: Paradigm High School 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:	Paradigm High School
Business Manager:	In-House: Noreen Gibbons
Municipal Advisor:	LRB Public Finance: David Robertson
Borrower's Counsel:	Farnsworth Johnson: Brandon Johnson
Underwriter:	HJ Sims: Akshai Patel
Bond Counsel:	Gilmore and Bell: Jacob Carlton
Issuer's Counsel:	Orrick, Herrington, Sutcliffe: Eugene Clark-Herrera
Trustee:	US Bank: Laurel Bailey
Par Amount:	$5,805,000 in tax-exempt bonds.

Enhancement Requested:	No
Purpose:	Purchase 0.74 acre empty lot, purchase dance studio adjacent to the school on an additional 0.91 acre lot, fund a debt service reserve fund, and pay costs of issuance.
Structure:	Bonds will be repaid over a 10-yr term with level principal and interest payments before a balloon payment in 2036. Principal and interest will amortize based off a hypothetical 35-year term. The bonds are expected to be callable by year 4 at par (still to be determined exactly).
Term:	Final maturity in 2036.
Rating:	Non-rated
Costs of Issuance Estimate:	$191,300
Underwriter Fee Estimate:	$75,000 ($12.92/bond)
Litigation:	None of which we are aware.
Summary:	The School is in a fine financial position as of right now. Additional debt plans rely on added student counts for financial viability. Forward looking projections contain assumptions that are not supported by the historical operations of the School. If the School is able to achieve additional student counts it will likely be able to meet the expanded debt obligation though not in as rosy a fashion as the proforma suggests.

Purpose

The purpose of this memo is to document the adherence of Paradigm High School (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 7-12 charter school with one campus located in South Jordan. The School came before the Authority last in 2020 when it issued its Series 2020 bonds for the purpose of refinancing its Series 2010 bonds. The School began operations in 2007 with an enrollment cap of 630.

The School lists the following mission.

MISSION

Paradigm Schools is a wellspring of Servant-Leaders who read and think deeply, write concisely, speak profoundly, and advance the principles of freedom while fulfilling their personal missions with integrity.

Enrollment/Student Demand

October 2025 LEA enrollment was 365 students. The School is expanding into 6th grade and recently received approval from the State Charter School Board in order to accommodate that change in operations. Average daily membership was above 96% and reenrollment rates were above statewide averages in two of the past three years. The School does not have a significant waitlist.

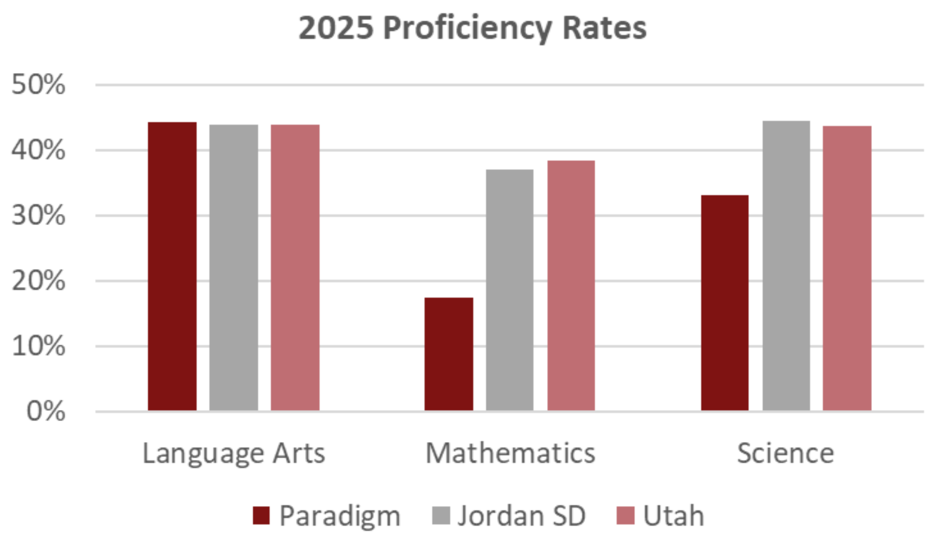
	ADM
2025	100%
2024	96%
2023	99%

	Retention Rates		
	'22-'23	'23-'24	'24-'25
Paradigm	84%	79%	85%
Utah	83%	83%	84%

Paradigm LEA Enrollment

	Historic					Projected				
Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
6	-	-	-	-	-	-	50	65	65	65
7	28	47	45	50	58	52	60	75	75	75
8	50	47	53	61	57	64	65	70	70	70
9	80	72	52	77	65	74	75	80	80	80
10	64	93	64	57	69	62	60	65	65	65
11	86	71	72	72	47	67	65	65	65	65
12	72	76	61	65	57	46	45	50	50	50
Totals	380	406	347	382	353	365	420	470	470	470

Academic Performance



Paradigm was placed on "Turnaround" in 2016-2017 and remained on Turnaround until 2020-2021. The School has no current letters of concern or warning from the State Charter School Board.

Management

1. The School currently has a five-member board. The board members have backgrounds in: finance, accounting, & health sciences.
2. The School employs Fernando Seminario as Director. Mr. Seminario has been with the school since its founding having served as the director for the past 11 years. He has a Bachelors of Science – Marriage, Family, and Human Development from Brigham Young University and a Master's of Public Administration from the University of Utah.
3. The School employs Noreen Gibbons for business administration services. Noreen has served in both corporate and non-profit business roles and been a part of Paradigm since 2008, formerly as a board member. She has a

degree in Family Science from Brigham Young University, has taken several accounting and business course from Western Governor's University, and is currently working on an MBA from Indiana Tech University.

4. The School has adopted fiscal policies that govern cash handling, fundraising and donations, budgeting, investments, debt, and procurement.

Plan of Finance

The School intends to sell $5,805,000 of non-rated bonds via negotiated sale with HJ Sims as the underwriter. The School is NOT seeking credit enhancement through the Utah Charter School Credit Enhancement Program. The bonds will be tax-exempt bonds for the purpose of purchasing a vacant 0.74 acre lot, purchasing a dance studio adjacent to the school on an additional 0.91 acre lot, funding a debt service reserve fund, and paying costs of issuance. The bonds will carry a fixed rate of interest. The bonds will carry level payments of principal and interest based off a 35-year amortization before a balloon payment in year 10 with the expectation bonds would be refinanced before that point. The bonds are secured by an assignment and secured interest in the revenues of the School and trust accounts and a security interest and pledge of the deed of trust in the land and buildings located at:

- 11577 South 3600 West, South Jordan, Utah 84095

Ratings

No rating is anticipated.

Financial Performance

Summary:
It has met many of the benchmarks set by the Authority though not all. Cash has declined as a percentage of operating costs as inflation has eaten into purchasing power. The School's future operations and pro-forma rely heavily on two main components, growth in student headcount from adding 6th grade (and resulting revenue growth) and significant improvements to current operating margins.

1. The School has had no major issues with budgeting in the past four years. Figures here have removed capital outlay as it has significantly distorted recent FY 2025 variation from budget.

	Actual Variation from Budget				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Revenue	3.5%	5.6%	-2.9%	10.5%	-1.8%
Expenditures	7.6%	1.1%	-4.2%	10.8%	-3.2%

2. Cash Position

Benchmark	Measure at end of FY 2025
At least 30 days	171

The School's days cash on hand has declined over the past five years mainly as a result of increasing costs to operate. Nominal cash levels have remained fairly stable while inflation has increased the costs to operate.

Days Cash on Hand

'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
242	220	186	197	171

3. Fund Balance

Benchmark	Measure at end of FY 2025
At least 15% of following year expenses	16%

The School has had a strong fund balance for each year in the look back period with a notable exception in the last fiscal year. This is largely due to a large increase in Accounts Payable related to the purchase of the new property and exploring development of an auditorium on campus.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Fund Balance	1,873,561	1,903,039	1,957,296	2,000,089	770,970
Following Year Operating Expenses	3,298,087	3,697,781	4,038,120	4,428,578	4,879,476
Fund Balance % of Future Expenses	57%	51%	48%	45%	16%

	'25-'26	'26-'27	'27-'28	'28-'29
Fund Balance	890,592	1,090,289	1,658,236	2,241,872
Following Year Operating Expenses	5,218,360	5,572,411	5,739,583	5,911,771
Fund Balance % of Future Expenses	17%	20%	29%	38%

4. Debt Coverage Ratio

BB Benchmark	Measure at end of FY 2025
At least 120%	136%

Coverage levels have been stable with no significant concerns over the past several years. The expanded debt levels will require the School to improve operations significantly. FY 2026 operating levels are expected to generate only 83% coverage on maximum annual debt service. Even the highest performing years for the School would not cover the expanded debt service. Expansion into 6th grade should allow the School to increase revenues. However, the School's pro-forma relies on an immediate 50 student enrollment in 6th grade, making it effectively as enrolled as every other grade. The School does have some cash available to take it through a ramp up period but not enough to last through more than a few years of 85% coverage.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	897,013	797,258	723,802	898,757	734,674
Annual Debt Service	734,490	594,500	532,303	536,153	539,491
Debt Coverage Ratio	122%	134%	136%	168%	136%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	822,998	1,230,018	1,718,332	1,769,882	1,822,978
Annual Debt Service	663,502	963,756	961,069	991,700	990,157
Debt Coverage Ratio	124%	128%	179%	178%	184%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	822,998	1,230,018	1,718,332	1,769,882	1,822,978
Maximum Annual Debt Service	991,700	991,700	991,700	991,700	991,700
Debt Coverage Ratio	83%	124%	173%	178%	184%

5. Debt Burden Ratio

BB Benchmark	Measure at end of FY 2025
Less than 16%	10.4%

Debt burden will increase above the benchmark with this expansion but if growth levels are achieved it should drop below the benchmark.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Maximum Annual Debt Service	734,490	594,500	532,303	536,153	539,491
Unrestricted Operating Revenues	4,107,178	4,095,345	4,421,583	4,936,877	5,163,252
Debt Burden Ratio	17.9%	14.5%	12.0%	10.9%	10.4%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	991,700	991,700	991,700	991,700	991,700
Unrestricted Operating Revenues	5,702,474	6,448,378	7,290,743	7,509,465	7,734,749
Debt Burden Ratio	17.4%	15.4%	13.6%	13.2%	12.8%

6. Operating Margin

BB Benchmark	Measure at end of FY 2025
At least 14%	14.2%

The School met this benchmark each of the past five years though barely in 2025. The operating margins in future years are high in comparison to the historical operating margins the School has attained suggesting they are too optimistic.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	897,013	797,258	723,802	898,757	734,674
Revenues	4,107,178	4,095,345	4,421,583	4,936,877	5,163,252
Operating Margin	21.8%	19.5%	16.4%	18.2%	14.2%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	822,998	1,230,018	1,718,332	1,769,882	1,822,978
Revenues	5,702,474	6,448,378	7,290,743	7,509,465	7,734,749
Operating Margin	14.4%	19.1%	23.6%	23.6%	23.6%

7. Current Ratio

Benchmark	Measure at end of FY 2025
At least 150%	129%

The current ratio is defined as current unrestricted assets divided by current liabilities (including current year debt service). The large increase in current liabilities was because of the increase to accounts payable previously mentioned. Accounts payable from 2022 – 2024 were under $50,000 before spiking to $986,845 in 2025.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Current Assets	2,206,799	2,088,175	2,133,708	2,354,276	2,100,829
Current Liabilities	689,829	529,076	475,014	642,353	1,634,534
Current Ratio	320%	395%	449%	367%	129%

Bond Documents

Legal bond documents are being reviewed by Orrick, Herrington, & Sutcliffe in its capacity as Issuer's Special Counsel to the Authority, and all requirements are being incorporated. In addition, Gilmore & Bell 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 has been subject to a continuing disclosure obligation since the issuance of its Series 2020 bonds. A DAC report provided by the underwriter showed generally acceptable compliance with continuing disclosure requirements with some late quarterly filings. Annual financial statements have historically been filed on time.