



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

October 22, 2018

The Honorable Steve Yarborough
President of State Senate
1700 West Washington Street
Phoenix, AZ 85007

The Honorable J.D. Mesnard
Speaker of the State House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Dear President Yarborough and Speaker Mesnard,

A.R.S. § 15-2158 requires the Arizona School Facilities Board (SFB) staff to submit, within 30 days after the last day of each calendar quarter, a quarterly report on the implementation of the Arizona Public School Credit Enhancement Program (Program).

On behalf of the SFB, we are submitting the following report for calendar year 2018 – Q3. Included in this report are:

- The name of the public school or charter by or on behalf of which the debt obligation was issued.
- The date of the issuance.
- The original amount of the issuance.
- The interest rate of the issuance.
- The term length of the issuance.
- The credit rating of the issuance.
- The amount of principal and interest due on the debt obligation in the current fiscal year.
- The purpose for which the debt obligation was issued, separately delineated for obligations to construct new capital facilities, renovate existing capital facilities or refinance existing debt obligations.
- The current outstanding principal of the debt obligation.

- A listing of all guaranteed financings subject to section 15-2156 in the prior quarter, including the amounts disbursed for payment of principal and interest for the financings and the terms and conditions to which the school is subject.
- The current balance of the Arizona Public School Credit Enhancement Fund.
- The current program leverage ratio.

Additionally, the following information can be found on www.education.azgovernor.gov/edu/achievement-district:

- Agenda, minutes and staff memos for all Arizona Public School Credit Enhancement Board meetings since implementation of the Program.
- Complete applications submitted by each school district school or charter school.
- Program Rules
- Samples of Closing Documents
- Frequently Asked Questions

Please feel free to contact me at (602) 542-1316 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Dawn Wallace", with a long horizontal flourish extending to the right.

Dawn Wallace
Senior Advisor for Education & Strategic Initiatives

Enclosure

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Matt Gress, Director, Governor's Office of Strategic Planning and Budgeting

**Arizona Public School Credit Enhancement Program
Quarterly Report - 9/30/2018**

Applicant/Borrower	Date Approved	Approved Amount	Date Issued	Description	Guaranteed Amount Issued	Maturity Dates	Interest Rates	Underlying Credit Rating	Enhanced Credit Rating	Principal and Interest Due in FY 2019	Use of Proceeds	Principal Outstanding
Academy of Math and Science	4/25/2017	\$24,808,821	7/6/2017	Series 2017A	\$23,465,000	2018 - 2052	4% - 5%	BB	AA-	\$1,157,300	New construction and refinancing	\$23,190,000
Great Hearts	6/1/2017	\$35,970,811	7/13/2017	Series 2017A and Series 2017B	\$34,240,000	2018 - 2052	2% - 5%	BBB-	AA-	\$1,437,563	New construction and refinancing	\$33,910,000
BASIS ¹	8/9/2017	\$53,344,683	10/17/2017	Series 2017C	\$3,830,000	2021 - 2052	4% - 5%	BB	AA-	\$167,650	New construction	\$3,830,000
American Leadership Academy ²	10/18/2017	\$14,000,000	-	-	-	-	-	-	-	-	-	-
Arizona Agribusiness and Equine Center	10/18/2017	\$17,000,000	12/14/2017	Series 2017A	\$5,120,000	2020 - 2048	3% - 5%	BB+	AA-	\$232,119	New construction	\$5,120,000
Great Hearts	10/18/2017	\$19,500,000	11/22/2017	Series 2017C and Series 2017D	\$19,500,000	2020 - 2048	3% - 5%	BBB-	AA-	\$833,138	Acquisition and new construction	\$19,500,000
BASIS	11/2/2017	\$35,000,000	12/21/2017	Series 2017F	\$31,750,000	2021 - 2052	4% - 5%	BB	AA-	\$1,555,644	New construction	\$31,750,000
Academy of Math and Science	12/7/2017	\$25,300,000	1/24/2018	Series 2018A	\$24,865,000	2018 - 2052	3% - 5%	BB	AA-	\$1,104,844	New construction and refinancing	\$24,815,000
Vista College Preparatory ³	6/21/2018	\$12,500,000	-	-	-	-	-	-	-	-	-	-
Total					\$142,770,000							\$142,115,000

¹Unissued balance of this approval was voided by the Credit Enhancement Eligibility Board on 10/17/2017

²Request for enhancement was withdrawn by the applicant on 12/5/2017

³Financing had been approved, but not yet issued as of 09/30/2018. The applicant issued \$10.5 million of guaranteed bonds on 10/04/2018

Fund Balance and Statutory Ratios

Total Principal Amount of Outstanding Guaranteed Financings	Enhancement Fund Balance	Leverage Ratio (maximum 3.5:1)	Total Principal with Underlying Rating Lower Than BB-		% of Guaranteed Principal with Underlying Rating Lower Than BB-
			Underlying Rating Lower Than BB-	Lower Than BB-	
\$142,115,000	\$105,033,819	1.35	\$0	\$0	0%