



Governor's Office of

Strategic Planning and Budgeting

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Douglas A. Ducey
Governor

Matt Gress
Director

January 25, 2022

The Honorable Karen Fann
President of the Arizona State Senate
1700 West Washington Street
Phoenix, AZ 85007

The Honorable Rusty Bowers
Speaker of the Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Dear President Fann and Speaker Bowers,

A.R.S. § 15-2158 requires the Division of School Facilities (DSF) 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 DSF, we submit the following report for the fourth quarter of calendar year 2021. 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, purchase 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) 542-5381 if you have any questions.

Sincerely,

Matt Gress
Director
Governor's Office of Strategic Planning and Budgeting

Enclosure

cc: Richard Stavneak, Director, Joint Legislative Budget Committee

**Arizona Public School Credit Enhancement Program
Quarterly Report - 12/31/2021**

Guaranteed Financings Outstanding or Approved

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 2022	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-	\$ 1,437,375.00	New construction and refinancing	\$ 22,590,000.00
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-	\$ 1,965,175.00	New construction and refinancing	\$ 33,045,000.00
BASIS ¹	8/3/2017	\$53,344,683	10/17/2017	Series 2017C	\$3,830,000	2021 - 2052	4% - 5%	BB	AA-	\$ 167,650.00	New construction	\$ 3,830,000.00
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-	\$ 324,268.76	New construction	\$ 5,025,000.00
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-	\$ 1,182,518.75	Acquisition and new construction	\$ 19,145,000.00
BASIS	11/2/2017	\$35,000,000	12/21/2017	Series 2017F	\$31,750,000	2021 - 2052	4% - 5%	BB	AA-	\$ 1,513,600.00	New construction	\$ 31,750,000.00
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-	\$ 1,489,550.00	New construction and refinancing	\$ 24,405,000.00
Vista College Preparatory	6/21/2018	\$12,500,000	10/4/2018	Series 2018A/2018B	\$10,500,000	2019 - 2053	4% - 5%	N/A	AA-	\$ 468,418.76	New construction and refinancing	\$ 10,500,000.00
Highland Prep	9/12/2019	\$12,000,000	10/17/2019	Series 2019	\$10,290,000	2030-2050	3.25% - 5%	N/A	AA-	\$ 480,700.00	Purchase existing facility	\$ 10,290,000.00
Paradise Schools	10/9/2019	\$15,500,000	10/31/2019	Series 2019	\$14,285,000	2022-2054	3% - 4%	BB+	AA-	\$ 538,206.26	New construction	\$ 14,285,000.00
Legacy Traditional Schools	10/21/2019	\$38,000,000	12/5/2019	Series 2019A	\$37,645,000	2023-2054	4% - 5%	BB	AA-	\$ 1,030,915.56	New construction	\$ 37,645,000.00
Candeo Schools	12/18/2019	\$22,000,000	2/13/2020	Series 2020A/2020B	\$19,600,000	2020-2047	2.47%-4%	BBB-	AA-	\$ 694,299.16	New construction and refinancing	\$ 19,520,000.00
Great Hearts ³	-	-	-	-	-	-	-	-	-	-	-	-
Legacy Traditional Schools	10/9/2020	\$45,000,000	11/3/2020	Series 2020	\$44,995,000	2021-2055	4%-5.25%	BB+	AA-	\$ 313,381.25	New construction	\$ 44,995,000.00
Great Hearts	3/12/2021	\$52,420,159	5/27/2021	Series 2021A	\$52,400,000	2022-2052	1.88%	BBB-	AA-	\$ 1,796,627.00	New construction	\$ 52,400,000.00
Highland Prep	4/16/2021	\$17,494,841	7/29/2021	Series 2021A	\$17,490,000	2022-2056	3.25%-5%	N/A	AA-	\$ 295,386.67	New Construction	\$ 17,490,000.00
Total					\$349,975,000					\$13,698,072		\$346,915,000

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

³The Great Hearts application received 3/10/2020 for \$66.3 million of enhanced funding was withdrawn by the applicant on 4/30/2020

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-
\$346,915,000	\$106,111,623	3.27	\$38,280,000	11%

As of 12/31/2021, there are no guaranteed financings for which the program has been required to disburse funds to pay principal and interest.