Arizona Public School Credit Enhancement Eligibility Board

July 20, 2022

Agenda Item II

Acknowledgment of July 27, 2021 Minutes

Agenda Item III

Staff Reports

Agenda Item III(a)

Quarterly Report

Quarterly Report Update

- A.R.S. § 15-2158 requires the Arizona School Facilities Board 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.

- 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.

Agenda Item III(a)

Arizona Public School Credit Enhancement Program
Quarterly Report - 06/30/2022

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-	$ 1,436,750.00	New construction and refinancing	$ 22,270,000.00
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-	$ 1,960,287.50	New construction and refinancing	$ 32,480,000.00
BASIS[1]	8/3/2017	$53,344,683	10/17/2017	Series 2017C	$3,830,000	2021 - 2052	4% - 5%	BB	AA-	$ 221,550.00	New construction	$ 3,775,000.00
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-	$ 326,418.76	New construction	$ 4,830,000.00
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-	$ 1,179,600.00	Acquisition and new construction	$ 18,780,000.00
BASIS	11/2/2017	$35,000,000	12/21/2017	Series 2017F	$31,750,000	2021 - 2052	4% - 5%	BB	AA-	$ 1,954,600.00	New construction	$ 31,300,000.00
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-	$ 1,491,450.00	New construction and refinancing	$ 24,070,000.00
Vista College Preparatory[4]	6/21/2018	$12,500,000	10/4/2018	Series 2018A/2018B	$10,500,000	2019 - 2053	4% - 5%	BB+	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[4]	10/21/2019	$38,000,000	12/5/2019	Series 2019A	$37,645,000	2023-2054	4% - 5%	BB+	AA-	$ 1,801,600.00	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-	$ 1,025,438.25	New construction and refinancing	$ 19,185,000.00
Great Hearts[3]	-	-	-	-	-	-	-	-	-	-	-	-
Legacy Traditional Schools[4]	10/9/2020	$45,000,000	11/3/2020	Series 2020	$44,995,000	2021-2055	4%-5.25%	BB+	AA-	$ 1,945,125.00	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-	$ -	New construction	$ 51,475,000.00
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					$15,125,531		$343,370,000

[1]Unissued balance of this approval was voided by the Credit Enhancement Eligibility Board on 10/17/2017
[2]Request for enhancement was withdrawn by the applicant on 12/5/2017
[3]The Great Hearts application received 3/10/2020 for $66.3 million of enhanced funding was withdrawn by the applicant on 4/30/2020
[4]S&P Global's Underlying Credit Ratings for Vista College Preparatory and Legacy Traditional Schools has been updated to reflect BB+ (previously not rated or N/A) on 2/22/2022

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-
$343,370,000	$106,862,402	3.21	$27,780,000	8%

As of 06/30/2022, there are no guaranteed financings for which the program has been required to disburse funds to pay principal and interest.

Agenda Item III(b)

Credit Enhancement Program Dashboard

Agenda Item III(b)

ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT PROGRAM | DASHBOARD | July 20, 2022

App #	Applicant	Date Approved	Approved Amount	Adjustment to Approved Amount	Revised Approved Amount	Guaranteed Amount Issued	Date Issued	Description
1	Agribusiness and Equine Center	4/25/2017	16,968,531	(16,968,531)	-	-	-	CANCELLED
2	Academy of Math and Sciences	4/25/2017	24,808,821	(1,343,821)	23,465,000	23,465,000	7/6/2017	Series 2017A
3	GreatHearts Academies	6/1/2017	35,970,811	(1,730,811)	34,240,000	34,240,000	7/13/2017	Series 2017A & Series 2017B
4	Basis Schools, Inc.	8/3/2017	53,344,683	(49,514,683)	3,830,000	3,830,000	10/17/2017	Series 2017C
5	American Leadership Academy	10/18/2017	14,000,000	(14,000,000)	-	-	-	CANCELLED
6	GreatHearts Academies	10/18/2017	19,500,000	-	19,500,000	19,500,000	11/22/2017	Series 2017C & Series 2017D
7	Agribusiness and Equine Center	10/18/2017	17,000,000	(11,880,000)	5,120,000	5,120,000	12/14/2017	Series 2017A
8	Basis Schools, Inc.	11/2/2017	35,000,000	(3,250,000)	31,750,000	31,750,000	12/21/2017	Series 2017F
9	Academy of Math and Sciences	12/7/2017	25,300,000	(435,000)	24,865,000	24,865,000	1/24/2018	Series 2018A
10	Vista College Preparatory	6/21/2018	12,000,000	(1,500,000)	10,500,000	10,500,000	10/4/2018	Series 2018A & 2018B
11	Highland Prep	9/12/2019	12,000,000	(1,710,000)	10,290,000	10,290,000	10/17/2019	Series 2019
12	Paradise Schools	10/9/2019	15,500,000	(1,215,000)	14,285,000	14,285,000	10/31/2019	Series 2019
13	Legacy Traditional Schools	10/21/2019	38,000,000	355,000	37,645,000	37,645,000	12/5/2019	Series 2019A
14	Candeo Schools	12/18/2019	22,000,000	2,400,000	19,600,000	19,600,000	2/13/2020	Series 2020A & Series 2020B
15	Legacy Traditional Scools	10/9/2020	45,000,000	5,000	44,995,000	44,995,000	11/3/2020	Series 2020
16	GreatHearts Academies	3/12/2021	52,420,159	20,159	52,400,000	52,400,000	6/10/2021	Series 2021A
17	Highland Prep	4/16/2021	17,494,841	4,841	17,490,000	17,490,000	7/29/2021	Series 2021A
			438,813,005	(100,762,846)	349,975,000	**349,975,000**		

Total Enhancement Capacity[1]			350,000,000
1	Agribusiness and Equine Center	-	350,000,000
2	Academy of Math and Sciences	23,465,000	326,535,000
3	GreatHearts Academies	34,240,000	292,295,000
4	Basis Schools, Inc.	3,830,000	288,465,000
5	American Leadership Academy	-	288,465,000
6	GreatHearts Academies	19,500,000	268,965,000
7	Agribusiness and Equine Center	5,120,000	263,845,000
8	Basis Schools, Inc.	31,750,000	232,095,000
9	Academy of Math and Sciences	24,865,000	207,230,000
10	Vista College Preparatory	10,500,000	196,730,000
11	Highland Prep	10,290,000	186,440,000
12	Paradise Schools	14,285,000	172,155,000
13	Legacy Traditional Schools	37,645,000	134,510,000
14	Candeo Schools	19,600,000	114,910,000
15	Legacy Traditional Schools	44,995,000	69,915,000
16	GreatHearts Academies	52,400,000	17,515,000
17	Highland Prep	17,490,000	25,000
Remaining Enhancement Capacity			25,000
	Number of Borrowers: 9	**349,975,000**	100.0%

Program Paticipation Fees[2]	2021	2022
Academy of Math and Sciences	56,856	28,428
GreatHearts Academies	83,300	41,650
Basis Schools, Inc.	9,575	4,788
GreatHearts Academies	48,306	24,153
Agribusiness and Equine Center	12,562	6,281
Basis Schools, Inc.	79,375	39,688
Academy of Math and Sciences	61,413	30,706
Vista College Pr .	12,833	6,417
Highland Prep	-	
Paradise Schools	-	
Legacy Traditional Schools	94,112	47,056
Candeo Schools	-	-
Legacy Traditional Schools	-	-
GreatHearts Academies	-	-
Highland Prep		
Total:	458,332	229,166

[1] - The fund currently has **$106,862,402** but can enhance 3.5x the fund balance.
[2] - Fees are calculated by calendar year

Agenda Item IV(a)

Program Funding Obligation to State Treasurer

Program Funding Obligation to State Treasurer

On February 2, 2017, the Board authorized a Program Funding Obligation payment to the State Treasurer not to exceed $80 million. Each year that the Program Funding Obligation is outstanding, the Board is required to make a debt service payment to the State Treasurer on July 1st.

For FY2021-2022 the interest available for transfer to the general fund is $1,063,756 and is a combination of the following:

- $264,123 for interest earned on $80 million guarantee, and
- $799,633 for the 1% additional earnings of the amount of $80 million that has been dedicated for outstanding credit enhancements

Agenda Item V

Public Comment

Agenda Item VI

Adjourn