

**ARIZONA SCHOOL FOR THE ARTS
Phoenix, Arizona**

\$10,620,000 EFF Financing / Closed: February 12, 2019 / Final Maturity: July 1, 2048

Obligor Overview

Arizona School for the Arts (“ASA”) was founded in 1995 and in the academic year 2018-2019 served approximately 840 students in grades 5-12 at a single campus near downtown Phoenix, Arizona.

ASA’s mission is to “inspire critical thinkers and leaders through providing an innovative concentration in college preparation informed by the performing arts.”

Charter Contract

ASA operates under a charter contract with the Arizona State Board for Charter Schools (“ASBCS”). ASA was initially awarded a fifteen-year charter in 1995 and the charter was renewed in 2011 for an additional twenty years (to 2031). For fiscal year 2018, ASA met the ASBCS expectations in its academic, financial, and operational dashboards.

Management & Governance

ASA is governed by a Board of Directors of up to fifteen persons pursuant to its bylaws (the “ASA Board”), and currently has eleven board members. The ASA Board has a formal conflict of interest policy and no ASA Board member or senior staff is considered to be a related party.

Senior staff includes a Head of School/CEO who has led ASA since 2007 and was a founding faculty member. Senior management includes a Principal, Development Director, Business Director, Arts Director and Vice Principal of Student Services, Vice Principal of Student Support and Assessment, and an Operations Manager. Biographies of board members and senior staff are included on the ASA website.*

Enrollment & Student Information

ASA’s 100-day student count (the basis for Arizona per pupil funding) for the past four fiscal years is as follows:

Arizona School for the Arts Historical Student Enrollment FY16 – FY19			
<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
839	845	840	843

While ASA may experience some additional growth in its higher grades, the school expects its enrollment to remain relatively stable. For the past several years, student retention has been in the 85% to 90% range and waitlists have been in the 260 to 290 student range, representing approximately 33% of total enrollment.

ASA students currently come from 106 zip codes throughout Maricopa County. For academic year 2018-2019, students are approximately 60% Caucasian, 25% Hispanic, 5% black, 4% Asian, 1% native American and 5% two more ethnicities. ASA’s free and reduced lunch and special education student populations are approximately 12% and 4%, respectively.

Academic Program & Results

Key aspects of the ASA program include: (i) a curriculum based on state and national standards relying on professional teachers/content experts and teaching artists to design relevant curriculum and to select high quality sources rather than depending on textbooks; (ii) college prep curriculum offering AP courses and the opportunity to earn honors

* Information contained on the ASA website **shall not** be construed as being incorporated herein by reference nor should any decisions relating to the Bonds be made in reliance upon any information from the website.

credits in all junior and senior level classes and dual college credit in select courses; (iii) at least two hours of daily artistic study, including music (choral and instrumental), theater or ballet/dance; (iv) formal academic presentations with a jury of faculty and parents; (v) senior capstone project; and (vi) community engagement, including service projects, special performances, and internships.

Based on Arizona standardized testing results, ASA has earned an “A” academic rating each of the past three school years (and received Arizona’s highest academic rating in every year such a rating was assigned). For the most recently completed Arizona exams, ASA proficiency rates in ELA for 11th grade students were 80% and 69% for math. The Arizona average for 11th grade students was 29% for ELA and 34% for math. For the 2017-2018 academic year, ASA students scored an average of 27 on the ACT exam (135% of the Arizona average) and 1220 on the SAT exam (109% of the Arizona average).

The Project

ASA operates on a single campus located at 1413 North 2nd Street near downtown Phoenix, Arizona. The campus comprises three buildings (approximately 61,000 square feet) and open space, including a small amphitheater, on 3.2 acres of land.

The ASA campus secures the EFF financing, as well as approximately \$8.4 million of Series 2011 parity bonds. The EFF financing was completed for the purpose of refinancing ASA’s 2008 Bonds used to initially acquire portions of the campus. As a result of the refinancing, ASA will reduce its debt service costs by approximately \$175,000 per year through the 2048 maturity.

Financial Information

Certain historical financial information for ASA is listed below. These metrics will be updated and included in ESRF’s continuing disclosure annual report.

**Arizona School for the Arts
Historical Financial Information**

<u>Metric</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Total Revenue (TR)	\$7,905,633	\$8,114,101	\$8,446,689
DS Coverage Ratio	1.44 x	1.21x	1.09x
Debt Burden (% of TR)	18.2%	19.7%	18.8%
Days Cash on Hand	109.0	110.6	98.1

Rating: S&P: BB+

Website: www.goasa.org*

* Information contained on the ASA website **shall not** be construed as being incorporated herein by reference nor should any decisions relating to the Bonds be made in reliance upon any information from the website.

**Arizona School for the Arts
Security and Loan Covenants**

Security	First lien deed of trust on all of the ASA's campus and a pledge of and lien on gross revenues on a parity basis, such liens run to the trustee under ASA's indenture
Debt Service Coverage Ratio	1.10x
Additional Bonds Test	1.20
Liquidity Covenant	60 days cash on hand
Academic Covenant	State grade of "B" or better
Enrollment Covenant	Minimum of 805 students

[Remainder of Page Intentionally Left Blank]