

**NOTICE OF VOLUNTARY FILING
FOR CONTINUING DISCLOSURE PURPOSES**

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

CUSIP Prefix: 13035A, 04052F

Date: July 1, 2020

Notice is hereby given that Equitable Facilities Fund, Inc., a Delaware nonstock, nonprofit corporation purchased the \$8,536,764.32 Arizona Industrial Development Authority Charter School Revenue Bond (ASA Project), Series 2020 (the “ASA Loan”) the proceeds of which were loaned to the Arizona School for the Arts, an Arizona nonprofit corporation, on June 29, 2020. Upon closing, the ASA Loan was sold to Equitable School Revolving Fund, LLC, a Delaware limited liability company, for inclusion in the ESRF Loan Pool under the Master Trust Indenture. Capitalized terms used but not defined herein have the meanings set forth in the Official Statement relating to the Arizona Industrial Development Authority National Charter School Revolving Loan Fund Revenue Bonds, Series 2019A and the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2019B, dated August 8, 2019.

ARIZONA SCHOOL FOR THE ARTS
Phoenix, Arizona
\$8,536,764.32 EFF Financing / Closed: June 29, 2020 / Final Maturity: July 1, 2041

Obligor Overview

Arizona School for the Arts (“ASA”) was founded in 1995 and in the academic year 2019-2020 served 844 students in grades 5-12 at a single campus near downtown Phoenix, Arizona. The ASA model interweaves academics and performing arts, with a strong emphasis on writing, research, presentation, and the arts.

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 June 30, 2031). For fiscal year 2019, 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”). ASA currently has eleven board members who have experience with corporate and nonprofit management, higher education, medical research, legal, finance, real estate, and the arts. 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 five fiscal years is as follows:

Arizona School for the Arts				
Historical Student Enrollment				
FY15 – FY 20				
<u>FY 16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY 20</u>
843	847	843	844	847

While ASA may experience some additional growth in its higher grades, the school expects its enrollment to remain relatively stable. For the past five years, student retention has averaged 86%, reaching 89% between FY19 and FY 20. Waitlists have ranged between 263 and 572 students, reaching its highest level in FY20, representing approximately 68% of total enrollment.

ASA students currently come from 106 zip codes throughout Maricopa County. For academic year 2019-2020, students are approximately 57% Caucasian, 29% Hispanic, 5% two or more ethnicities, 4% African American, 4% Asian, and 1% Native American. ASA’s free and reduced lunch and special education student populations are approximately 17% and 5%, 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

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 for 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 81% and 74% for math. The Arizona average for 11th grade students was 34% for ELA and 40% for math. For the 2018-2019 academic year, ASA students scored an average of 25.3 on the ACT (133% of the Arizona average) and 1220 on the SAT exam (121% 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 financing is EFF’s second financing with ASA. The 2020 financing of \$8,536,764.32 was completed for the purpose of refinancing ASA’s 2011 Bonds that were used to expand and renovate the school’s campus. The 2019 EFF financing of \$10,620,000 was completed for the purpose of refinancing ASA’s 2008 Bonds used to initially acquire portions of the campus.

Financial Information

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

Arizona School for the Arts Historical Financial Information

Metric	FY17	FY18	FY19
Total Revenue (TR)	\$8,114,101	\$8,446,689	\$8,803,225
DS Coverage Ratio	1.21x	1.09x	1.12x
Debt Burden (% of TR)	19.7%	18.8%	18.0%
Days Cash on Hand	110.6	98.1	98.5

Ratings S&P: BB+

Website www.goasa.org

Arizona School for the Arts Security and Loan Covenants

Security	Obligation secured by a first lien deed of trust on all of ASA’s real property and a pledge of and lien on gross revenues on a parity basis with Series 2019 Bonds.
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