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2/1/21

**AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10 OF PIMA COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS, PROJECT OF 2016, SERIES C (2021)**

Proposed General Terms and Conditions

Terms/Definitions	Description
Issuer:	Amphitheater Unified School District No. 10 of Pima County, Arizona (the "District").
Purchase Price:	The Bonds will be purchased at a price equal to \$14,500,000 principal amount plus a premium of at least \$155,000 plus expenses of the purchaser, including purchaser's counsel, if any.
Purpose:	Bonds will be issued for the purpose of making school improvements as described within the District's voter pamphlet herein.
Source of Repayment:	Principal of and interest on the Bonds will be payable from a continuing, direct, annual, <i>ad valorem</i> tax levied against all of the taxable property located within the boundaries of the District.
Bank Qualified:	No.
Principal and Interest Payments:	Interest will be fixed rate payable first on July 1, 2021, and each January 1 and July 1 thereafter until maturity or prepayment. Principal will mature on July 1 in 2021 through 2037 as illustrated herein, subject to adjustment based upon final interest rate.
Prepayment:	5-year prepayment without penalty is preferred. Alternative provisions to be considered.
Paying Agent:	The District will procure a paying agent.
No Official Statement or Credit Rating:	The District does not intend to apply for an independent credit rating or produce an official statement. The District's outstanding bonds are currently rated 'Aa2' by Moody's.
Placement Agent:	Stifel, Nicolaus & Company; Inc.: Bryan Lundberg, Managing Director / 602-794-4007 / blundberg@stifel.com .
Bond Counsel:	Gust Rosenfeld P.L.C.: James Giel, Esq. / 602 257-7495 / jgiel@gustlaw.com
Costs:	All costs associated with the Bonds will be payable from the proceeds, including the fees and expenses of the Placement Agent, Placement Agent Counsel, Bond Counsel and Paying Agent. Proposals will disclose all potential additional fees and expenses. Payment of all fees and expenses will be contingent upon closing.
Estimated Closing:	On or around March 17, 2021.
Legal Documents / CUSIPs:	To be provided by the District's Bond Counsel. The finalized documents will reflect the terms of the financing as of closing. The Placement Agent will apply for CUSIPs unless the winning bidder is a bank or bank affiliate that provides written representations acceptable to the Placement Agent and Bond Counsel. Purchaser Letter herein will be executed by Purchaser in substantially the form contained herein.
Proposals Due:	Proposals will be submitted to the Placement Agent by February 26, 2021 by 1:00 P.M. (MST). Electronic proposals are preferred. Proposals will disclose anticipated due diligence and credit

	approval procedures and timelines as well as expiration of any proposed terms, rates, costs and conditions.
Proposal Award:	District officials may select a Purchaser on a preliminary basis, if any, to negotiate terms, conditions, covenants and financing documentation. The District reserves the right to reject any or all proposals, and submit future requests for proposals depending on results, among other factors.

The Offeror acknowledges receipt and acceptance of the transaction documents pertaining to the financing.

Signed: _____

Title: _____

Date: _____

EXHIBITS TO TERM SHEET:

- Audited financial statements for prior fiscal years through FY20. [DISTRICT CAFRS AND CURRENT BUDGET](#).
- See hereinafter for supplemental District Information, schedule of estimated bond payments and disclosure regarding COVID-19.
- Voter Pamphlet for the November 8, 2016, Special Bond Election (following)
- Governing Board Resolution (following)
- Form of Purchaser Letter (following)

SUPPLEMENTAL DISTRICT DEMOGRAPHIC AND FINANCIAL INFORMATION

Fiscal Year 2020/21 Information

100-day Average Daily Membership:	FY21 estimate – 10,950 FY20 – 12,555 FY19 – 12,859
Employees	Principals & Administrators – 49 Certified Teachers – 921 Classified Personnel - 870
Student to Teacher Ratios	Elementary – 23.5:1 Middle – 30:1 High School – 32:1
Net Limited Assessed Value	\$1,658,280,681
Combined Tax Rate per \$100 of Assessed Value	\$5.4522
Combined Tax Levy	\$ __, __, __
Tax Levy Collections through ____, 2021	\$ __, __, __ (__ %)
Net Full Cash Assessed Value	\$1,829,135,239
Net Full Cash Value	\$15,776,378,921

Notes: Property values and tax information provided by the County Assessor and Treasurer.

Information Related to Potential Community Reinvestment Act Credit

The Community Reinvestment Act (the “CRA”) is federal legislation that is intended to encourage depository institutions to help meet the credit needs of low and moderate income neighborhoods. Performance for purposes of the CRA is evaluated in a number of ways including credits for investment in areas that provide free or reduced price school meals through the National School Lunch Program to eligible students who participate in certain federal assistance programs (including the Supplemental Nutrition Assistance Program).

The table below shows schools of the District where at least 50% of the students are eligible for the National School Lunch Program.

Facility	Eligibility %
Amphitheater High School	85%
Amphitheater Middle School	98
E C Nash School	98
Frances Owen Holaway Elementary School	98
Helen Keeling Elementary School	98
L M Prince School	98
La Cima Middle School	79
Lulu Walker School	58
Marion Donaldson Elementary School	53
Rio Vista Elementary School	93

No representation is made as to the status of any investment in the Bonds as it might affect performance by any depository institution under the CRA.

❖ *Based on claim data for the month of October as reported by School Food Authorities. School year 2019/20 Eligibility Date published as of June 5, 2020.*

Source: Arizona Department of Education.

**SCHEDULE OF ANNUAL OUTSTANDING BOND PAYMENTS
AND ESTIMATED PAYMENTS ON THE SERIES C (2021) BONDS**

Fiscal Year Ending (7/1)	Outstanding Bonds		Series C (2021) Bonds*		Estimated Combined
	Principal	Interest	Principal	Interest	
2021	\$7,545,000	\$3,558,013	\$1,800,000	\$92,365	\$12,995,378
2022	7,875,000	3,221,950	1,650,000	248,920	12,995,870
2023	8,240,000	2,853,000	450,000	216,580	11,759,580
2024	8,655,000	2,441,000	0	207,760	11,303,760
2025	9,090,000	2,008,250	0	207,760	11,306,010
2026	9,545,000	1,553,750	0	207,760	11,306,510
2027	10,020,000	1,076,500	0	207,760	11,304,260
2028	0	584,875	0	207,760	792,635
2029	1,080,000	584,875	1,200,000	207,760	3,072,635
2030	1,320,000	534,325	1,200,000	184,240	3,238,565
2031	1,475,000	472,275	1,100,000	160,720	3,207,995
2032	1,470,000	398,525	1,200,000	139,160	3,207,685
2033	1,630,000	339,725	1,100,000	115,640	3,185,365
2034	1,820,000	277,600	1,000,000	94,080	3,191,680
2035	1,920,000	207,388	1,000,000	74,480	3,201,868
2036	2,040,000	132,500	1,000,000	54,880	3,227,380
2037	1,325,000	53,000	1,800,000	35,280	3,213,280
	<u>\$75,050,000</u>	<u>\$20,297,550</u>	<u>\$14,500,000</u>	<u>\$2,662,905</u>	<u>\$112,510,455</u>

* Estimated average life of 9.37 years and interest at 1.96%

DISCLOSURE REGARDING THE POTENTIAL IMPACT OF COVID-19

The recent outbreak and spread of COVID-19, which has been designated a global pandemic by the World Health Organization, is negatively impacting local, state and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock markets in the United States and globally, have seen significant volatility and declines attributed to COVID-19 concerns. On March 11, 2020, as part of the State's response to address the outbreak, Arizona Governor, Doug Ducey (the "Governor"), declared a state of emergency. On March 13, 2020, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. An initial State of Arizona stay home Executive Order expired after six weeks on May 15, 2020. The Governor has since issued several executive orders in response to then-current virus conditions. These orders cover topics including physical distancing, virus testing and reporting, contact tracing, face coverings, closing and reopening of business operation, large gatherings and the start of the 2020/21 school year.

On June 29, 2020, the Governor issued Executive Order 2020-43 (Slowing the Spread of COVID-19) originally pausing until July 27, 2020 the operations of bars, gyms, movie theatres, water parks, and tubing rentals (to be reviewed every two weeks); and delaying the start of in-person K-12 education until August 17, 2020. After further increases in COVID-19 cases and hospitalizations in the State, the Governor announced and issued on July 9, 2020 Executive Order 2020-47 (Limiting Indoor Dining), limiting indoor dining at restaurants to less than 50% occupancy. The order pausing operations of the previously specified activities was most recently extended on July 23, 2020. On August 6, for schools, and on August 10, for paused businesses, the Arizona Department of Health Services released benchmarks for achieving phased, safe in-person reopenings. The benchmarks, with minimal, moderate and substantial condition categories, address, by county for a two-week period, weekly average cases per 100,000 population; diagnostic test percent positivity; and COVID-19-like-illness as a percent of hospital visits.

With respect to vaccine distribution when available, the State has begun preparations. Executive Order 2020-58 requires all insurers regulated by the State to waive all cost sharing requirements for consumers.

The State's finances may be materially adversely affected by COVID-19. While the calculation of State appropriations for education purposes is independent of the level of revenue collected by the State, the amount of State funds dedicated to education each year is a substantial part of the State budget. Consequently, material declines in State revenue collections could pressure the State and its ability to meet its statutory education funding requirement for school districts, including the District. The District does not anticipate that the collection of property taxes, which may be a significant revenue source for operating purposes and is the security and source of payment of principal and interest due on the Bonds, will be affected unless severe economic hardship causes a major increase in the normal delinquency rate. Such an increase in the delinquency rate could negatively affect the District's ability to pay debt service on the Bonds.

As directed by the State, District schools were closed for several weeks through the end of the 2019/20 school year. This closure was accompanied by enacted legislation to assure continued funding at the same levels to schools for school year 2019/20. While the State has enacted a state budget for fiscal year 2020/21, which includes on-going, inflation-adjusted school funding, the District cannot predict the effect the continued spread of COVID-19 will have on its finances, operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, costs to hire substitute certificated or classified employees, or costs associated with alternative education delivery methods which may be necessitated by the outbreak and spread of COVID-19.

Finally, the District cannot predict what impact the COVID-19 outbreak, or responses by federal, State or local governments thereto, might have on the District's student population beginning with the 2020/21 school year. Because student population, generally counted based on students in physical classrooms, is chief among the factors that determines the District's maintenance and operations budget and State funding, declines in District students would adversely impact the District's budget authority. To mitigate this issue, and subject to stated accountability requirements, on June 24, 2020, the Governor issued Executive Order 2020-41 (Prioritizing Kids and Schools During COVID-19) (the "School Order") and announced, with the State School Superintendent, the Flexibility

and Funding for Schools and Families Plan (the “Plan”). The School Order adds flexibility to the existing student count mechanism to include students educated through methods other than in physical classrooms during the 2020/21 school year. Additionally, the Plan provides an Enrollment Stability Grant Program (the “Grant Program”) intended to guarantee hold harmless formula funding based on 98% of the school year 2019/20 student count and the school year 2020/21 per pupil base level amount. (The amount of CARES Act funding allocated for the Enrollment Stability Grant Program is \$370 million. As of December 3, 2020, the estimated statewide calculation of this Grant is \$622 million. Unless remedied, this could lead to a reduction of the school district guaranteed Grant amount for FY 2020-21.) Monies from the Grant Program may be used for eligible COVID-19 related expenditures. The Grant Program is available to school districts offering a full in-person education option as one of the school district’s delivery methods, subject to accountability measures and in compliance with any statewide physical closure orders.

The District has adopted certain operational and procedural changes to mitigate the spread of COVID-19. In addition, the District has adopted a Mitigation Plan to provide necessary information and manage instruction. The District is currently opening under a remote learning model. Returning to a hybrid or traditional in-person learning model will be based on the weekly benchmark data provided by the Arizona Department of Health Services (“ADHS”) and the Pima County Health Department (“PCHD”) school reopening dashboard. Benchmark data is used to determine school reopening plans based on the community spread levels. The District is currently in the “substantial” risk level category, and will operate under a remote learning model until the ADHS and PCHD benchmark data improves. The District will continue to use the ADHS and PCHD benchmark data to reevaluate the learning models and make any changes as necessary. The District is following guidance from federal, state, and local health agencies for safety, cleaning, disinfection, and mitigation strategies.