

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

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

CUSIP Prefix: 13035A, 04052F, 57563U, 021430A

Date: December 8, 2023

Equitable Facilities Fund, Inc., a Delaware nonstock, nonprofit corporation (the “Program Administrator”), was established in 2017 to operate a pooled revolving loan program for the benefit of a class of public charities that operate to support public charter school facilities. The Program Administrator originates loans to qualifying public charter schools across the country, including a nine-step lending process from loan sourcing to portfolio management (“School Loans”), for the purpose of financing and refinancing the costs of the acquisition, construction, improvement, equipping, and furnishing of public charter school facilities.

Notice is hereby given that on December 8, 2023, the Program Administrator entered into a School Loan (the “DREAM Charter School Loan”) with DREAM on 125 LLC. Upon closing, the DREAM Charter School Loan was sold to Equitable Revolving Fund LLC, a Delaware limited liability company (the “Revolving Fund”) 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 2022A and the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2022B, dated August 30, 2022.

Attached as Appendix A hereto is a summary of the DREAM Charter School Loan, including a description of the obligor’s charter contract, management and governance, enrollment information, academic performance, financed project, and financial information. *None of the Revolving Fund, the Program Administrator, or their counsel has undertaken any responsibility for the accuracy or completeness of the information provided in Appendix A. Certain information may have changed since the DREAM Charter School Loan closing date and may be subject to future changes.*

**DREAM on 125 LLC
New York**

\$6,370,000 EFF Financing/Closed: December 8, 2023/Final Maturity: December 1, 2053¹

Obligor Overview

DREAM Charter School (“DREAM Schools”) is a New York State not-for-profit education corporation that operates three charters: one in Manhattan (East Halem–opened in 2008) and two in the Bronx (Mott Haven–opened in 2020 and Highbridge–opened in 2022) that currently serve over 1,700 students across grades PreK-12. All three schools are managed by Harlem RBI Inc., doing business as DREAM (“DREAM Network” or the “network”), a non-profit organization formed in 1991 as a community-based youth sports program that has served thousands of children in East Harlem and the South Bronx. As part of its mission to help youth, opening a charter school was a natural extension to its then existing programs.

DREAM Charter School is the transaction’s primary obligor and its newest school, DREAM Highbridge, will be the occupant of the financed facility. Opened in 2022 and located in the Bronx, Highbridge is serving approximately 104 students in two grades, kindergarten and first, during the current 2023-2024 school year. Its current charter authorizes a total of 630 students in grades K-4 and 6-8. At stabilization, which is projected to be fall 2027, Highbridge is expected to serve approximately 780 students in grades K-8. *Note: while DREAM Highbridge is the occupant of the financed facility, the legal subtenant is the education corporation.*

DREAM implements a “Grow the Whole Child” model that promotes rigorous academics; athletics, health, and wellness; social emotional learning; and family and community engagement. The four pillars of the model reinforce one another, and the DREAM’s curriculum supports students in fostering positive identities and developing the knowledge and skills necessary to participate in social action. The DREAM student experience culminates in the high school program with the Advanced Placement Research course, a yearlong investigation into issues that impact the world today. Each student generates a unique hypothesis, designs a data collection model, conducts extensive research and targeted analysis, and presents findings to an audience. The course embodies DREAM’s commitment to fostering an educational environment that encourages critical thinking and promotes lifelong learning.

DREAM’s mission: *“DREAM provides youth with opportunities to play, learn, and grow. Our mission is to level the field by empowering all children to recognize their potential and realize their dreams.”*

DREAM On 125 LLC, is a Delaware limited liability company and a special purpose vehicle of Harlem RBI formed to provide real estate support to Harlem RBI and DREAM Schools and will be the transaction’s legal borrower and the tenant under the master lease with the private landlord. It will also act as the sublandlord to DREAM Education Corporation as subtenant.

¹ Put option at 12/01/2028

The transaction’s legal structure includes a first leasehold mortgage on the financed project and a first lien pledge of the rental income associated with the property via a custodial account that provides for an automatic payment of sublease rent to the Borrower from a segregated custodial account. In addition, there is a general obligation pledge of Harlem RBI.

Charter Contract

DREAM Charter School operates under three distinct charters, all authorized by the State University of New York’s Charter Schools Institute.

CHARTER	Grades Currently Served	Charter Grades Approved	Current Charter Enrollment	Approved Enrollment	Year School Opened	Charter Expiration Date
DREAM East Harlem	PreK-12	K-12	994	886	2008	7/31/2024
DREAM Mott Haven	K-3, 6-7	K-4, 6-8	655	536	2020	7/31/2024
DREAM High Bridge (financed school)	K	K-4, 6-8	<u>104</u>	<u>630</u>	2022	7/1/2027
Total			1753	2052		

The original DREAM school in East Harlem was recently granted an interim one year extension through June 30, 2024, to align with Mott Haven in order to move toward the goal of aligning the mixed charter expiration dates for each charter school operated by DREAM. By the 2028-29 school year, the charter expiration dates for all charter schools in the education corporation are expected to align. At that time, the authorizer will conduct a full renewal review of all three DREAM charter schools in the education corporation.

Management & Governance

The education corporation, DREAM Charter School, is governed by a six member Board of Trustees. Its Charter Management Organization, Harlem RBI, is governed by a 29 member Board. These two boards have three overlapping members. The Harlem RBI Board has established a number of advisory committees to enhance its operations and provide additional oversight, including Executive Committee; Integration Committee; Compensation Committee; Audit Committee; and Finance Committee.

DREAM partners with Harlem RBI, Inc., to provide services such as professional development support, management and operation services, human resources support, and development, budgeting, and financial reporting. In exchange for these services, Harlem RBI charges a 13% management fee via an institutional partnership agreement and receives additional funds for the unique services that are not typically provided by charter school CMOs, including after-school programming and summer camps. The two organizations meet annually to review the management agreement with each board having the option of severing the relationship with agreed-upon notice.

The ed corp’s strong relationship with Harlem RBI has allowed the school to have access to the expertise of its Board of Directors, executive leadership and its development, finance, and operations teams. Harlem RBI’s substantial philanthropy has allowed for low-cost facilities. For example, a complex financing for the East Harlem campus allows DREAM to pay only \$1 per year to house its K-8 students.

DREAM’s senior administrative leadership team comprises personnel with credentialed and relevant experience in academics, operations, and financial administration.

Enrollment & Student Information

DREAM Education Corporation’s student count for the past three years is as follows:

DREAM			
Historical Student Enrollment¹			
FY20 – FY24			
<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
1,020	1,132	1,341	1,753

¹ Excludes Universal PreK students.

For the current School Year 2023-24, DREAM serves over 1,700 students in grades K-12. In addition, DREAM contracts with the New York City Department of Education to provide a universal pre-Kindergarten program that served approximately 35 students in SY23-24. Approximately 87% of students eligible for free and reduced lunch and 99% identify as non-white in the same school year. DREAM is approved to expand to 2,052 charter students by fall 2025 with total expected growth to 2,674 by fall 2027.

DREAM has established a strong pipeline of students for the upcoming school year. As of the first day of the current school year, 3,532 students were on the waitlist for DREAM charter schools, representing a waitlist equal to more than twice the current enrollment. As part of its commitment to Early Childhood Education and its plan on increasing its student count, DREAM is expanding its Pre-K program with the new larger facilities for Highbridge and Mott Haven assume Pre-K enrollment to rise to approximately 144 by fall 2024 which is likely to create even greater demand for charter seats.

Academic Program & Results

DREAM’s historical achievement data has exceeded the averages of the local community school district, especially as it serves over a 96% Black and/or Hispanic student population and a special needs population of 26%. Notably, when isolating for the FRL and Hispanic student subgroups, students at DREAM achieved proficiency rates that materially exceeded its local Community

School Districts, overall NYC averages, and New York State in most grades where data was available. Specifically, Spring 2022 testing showed that 8th grade results were 131.9% of the local community school district for ELA and 119.1% for Math.

DREAM's key design elements are:

- *An innovative curriculum that emphasizes critical thinking and questioning;*
- *A co-teaching model that reduces the teacher-to-student ratio and integrates special needs students into the general school population;*
- *A robust data cycle that uses data to inform all aspects of teaching and learning;*
- *A whole child approach to teaching and learning that deeply integrates social emotional learning, health, wellness, music and the arts into the overall school program;*
- *An extended day and an extended year model that maximizes learning hours;*
- *An active family engagement program that fosters parent/guardian participation, leadership, and advocacy;*
- *A focus on teacher motivation, development, and retention; and*
- *A universal Pre-kindergarten program that ignites learning in children.*

The New York State Department of Education reported that DREAM graduated 99% of students from its inaugural high school cohort in SY20-21, outpacing its district by 12 percentage points, the city by 18 percentage points, and the state by 13 percentage points. When isolating for subgroups, the results remained consistent, ranging from a 96% graduation rate for Black or African American students, to 100% for Hispanic or Latino students and economically-disadvantaged students. For spring 2023, DREAM's 4-year graduation rate was 96%, materially higher than its target of 75%.

The Project

Loan proceeds were disbursed to 1) make leasehold improvements to a new 89,467 square foot facility currently under construction in the Grand Concourse section of the Bronx; and 2) pay costs of issuance. The Charter School Growth Fund is expected to make a separate \$1.5 million loan directly to the school whose proceeds will go for furniture, fixtures, and equipment for the same project.

The CMO has signed a lease for 1184 River Avenue and will be the permanent home of DREAM Highbridge. The new facility is located 1.2 miles away from the school's current temporary location. The development is located near Yankee Stadium, the 4, D, and B subway lines, the Metro North station, and several parks.

This new DREAM facility is located in the Jerome Avenue Corridor, a transit rich area of the Bronx. Robust development in the area is being driven by the recently approved Jerome Avenue Rezoning, which aims to boost residential and commercial development in an area historically zoned for auto uses. The plan for this 92-block stretch along Jerome Avenue from East 165th Street to 184th Street allows developers to replace the low-rise warehouses with residential buildings.



The school site will be part of a larger development, the River Crest, which will include 500 affordable apartments in two 17 story buildings (250 units each) that will also offer retail and community space along with parking. A related residential building is also being constructed directly across the street and will offer another 245 units of affordable housing.

The first tower is reported to be near completion with an expected Fall 2023 certificate of occupancy. For the second tower, below which the Highbridge facility will sit, the superstructure and envelope work is complete with building systems installation and interior fit-out work ongoing. The expected completion of the residential area of the southern tower is expected in Spring 2024. The buildings recently received the permanent power service from Con Edison which is a major milestone in the utility workstream coordination and completion. Once completed, these three projects are expected to transform the block with a combined total of 745 affordable homes. Many of these affordable housing units were financed via the New York City Department of Housing Preservation and Development and the New York City Housing Development Corporation.

Over 40% of DREAM students are currently eligible for generous New York City rental assistance, including all students at Highbridge. Given that the enrollment expansion is concentrated in schools where students are eligible, this eligibility percentage will continue to rise materially over the next few years. Indeed, by fall 2026, DREAM is expected to receive Rental Assistance for well over 50% of its students. For the Highbridge facility, the vast majority of the annual lease payments associated with this facility are expected to be covered by Rental Assistance payments. Indeed, DREAM has structured the sublease to maximize New York City Rental Assistance payments, i.e., allowing for formal rent charged to the education corporation to exceed the amount due to the private landlord. For example, the costs associated with maintenance and security are included in the sublease rent.

Financial Information

Certain historical financial information for DREAM is listed below.

DREAM Education Corporation Historical Financial Information

Metric	FY21	FY22	FY23
Total Revenue (TR)	\$33,786,600	\$35,347,910	\$44,299,305
DS Coverage Ratio	3.70x	0.86x ²	1.87x
Debt Burden (% of TR)	8.1%	12.2%	10.1%
Days Cash on Hand	114.3	79.5	71.5

Rating: S&P: BB+

Website: <https://wearedream.org/>

Security and Loan Covenants

Security and Loan Covenants	
Security	First lien leasehold mortgage on financed facility and first lien on gross revenues of Borrower.
Debt Service Coverage Covenant	1.10x
Additional Bonds Test	1.20x
Liquidity Covenant	Sixty (60) Days Cash on Hand
Academic Covenant	DREAM Highbridge will have academic results that (i) exceed the average percentage of New York City students proficient in both math and ELA on state assessments; and 2) exceed the average percentage of New York City Community School District #7 students proficient on such state assessments.
Enrollment Covenant	Escalating minimum requirement: 1,595 in FY24; 1,910 in FY25, 2,182 in FY26, 2,439 in FY27, and 2,540 in FY28 and thereafter.

² Materially lower coverage due to leadership's decision to make a one-time investment in student recovery by running a tighter FY22 operating budget.