

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

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

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

Date: September 22, 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 September 22, 2023, the Program Administrator entered into a School Loan (the “Heritage Community Charter School Loan”) with Heritage Community Charter School., an Idaho nonprofit corporation. Upon closing, the Heritage Community 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 Heritage Community 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 Heritage Community Charter School Loan closing date and may be subject to future changes.***

Heritage Community Charter School, Caldwell, Idaho

\$6,814,175.62 EFF Financing / Closed: September 22, 2023 / Final Maturity: September 1, 2048

Obligor Overview

Heritage Community Charter School (“HCCS”), is an Idaho nonprofit corporation that opened in the 2011-12 school year. HCCS is a single-site campus serving 499 students in grades K-8 in Caldwell, Idaho as of September 8th, 2023.

The vision of HCCS is to create: High Academic Achievement, Continuous Love of Learning, Communication that is Effective, and Safe and Respectful Environment.

Charter Contract

School	Opened	Authorizer	Charter Expiration Date
Heritage Community Charter School	2011	Idaho Public Charter School Commission	July 30, 2028

HCCS is authorized by the Idaho Public Charter School Commission under a 5-year charter contract that extends through July 30, 2028. HCCS was conditionally renewed in 2018 due to poor academic performance (which is not uncommon in Idaho as one-third of charter renewals last round were renewed with conditions). Nonetheless, in 2023 HCCS was renewed without conditions.

On May 22, 2023, Equitable Facilities Fund (EFF) held a call with the Idaho Public Charter School Commission (IPCSC) regarding HCCS. IPCSC cited HCCS to be in good standing with no concerning factors. IPCSC referenced its latest snapshot and cited that the school meets or exceeds standards in every category and that all financial indicators are satisfactory. Furthermore, the authorizer stated that operationally HCCS is of little concern and IPCSC has rarely seen a complaint filed regarding HCCS.

Management & Governance

As per HCCS’s bylaws, the authorized number of Directors shall be no less than five and no greater than seven. The Board shall consist of no less than two stakeholders of HCCS. A “stakeholder” is defined as one or more of the following: (i) parents of students attending the school; or (ii) the initial “founders” of HCCS. The Board shall hold annual and regular meetings on such dates and at such times and places as may be from time to time fixed and notified by the Board. The board currently operates with one chairman, a vice-chairman, a treasurer, a secretary, and two additional members. Upon the expiration of a board member’s initial year, the duration of the term of each new director is three years and staggered to promote continuity in the Board. The board brings senior-level leadership experience in areas such as finance, community efforts, law, and education.

HCCS’ five-person leadership team is headed by the Superintendent/Executive Director, Shantell Mullanix, who fulfilled this role in FYE22 after the untimely passing of the previous superintendent. Other members of the team include the Director of Operations, Parent Teacher Student Organization lead, Federal Programs Director, School Counselor, and Business Managers.

Board biographies, agendas, and minutes can be found on the [HCCS Website](#).

Enrollment & Student Information

The student count for the Participating Campuses for the past three fiscal years is as follows:

HCCS Historical Student Enrollment FYE21 – FYE24

<u>FYE21</u>	<u>FYE22</u>	<u>FYE23</u>	<u>FY24</u>
498	496	482	499

For FYE23, enrollment totaled 482 students (K-8) and as of September 8th, 2023, enrollment was 499 students.

Over the last three years, student retention averaged 87%; in FYE23 student retention was 90.3% within the year, and FYE24 student retention is currently 88%. In FYE23 the waitlist as a percentage of enrollment was 20% and for FYE24 waitlist as a percentage of enrollment is 17.6%.

For FYE23, 62% of students were eligible for free and reduced lunch (FRL); 73% were students of color; 35% were English language learners; and 9% received special education services.

Academic Program & Results

At HCCS, grades K-5 use the Core Knowledge Sequence in dual language Spanish immersion classrooms. HCCS' goal is for students who enter Heritage Community Charter School in kindergarten to be bi-literate and bilingual when they graduate from the fifth grade. The middle school program continues its strong classical, liberal arts focus by beginning the study of Classical Latin, Formal Logic and an emphasis on great literature and the Socratic method in teaching. HCCS' Core Characteristics of responsibility, diligence/work, compassion, friendship, courage, loyalty, perseverance, and honesty are instilled in students and taught in all HCCS classrooms.

In FY22, HCCS's outperformed its local district in ELA and Math on Idaho's state assessment (ISAT). In FY22, HCCS's proficiency in ELA and math relative to its host district were 116.1% and 105.6% respectively. HCCS also outperformed local charter options on NWEA MAP testing for ELA and Math in FY22. Hispanic students at HCCS underperformed their local district in ELA and Math in FY22. However, HCCS is the only dual language immersion program in the surrounding district and has a significantly higher English language learning population than the district at 35% and 20% respectively. Nonetheless, the school has made curriculum adoptions to combat the underperformance of Hispanic students. Free and reduced lunch academic performance was not able to be compared to the local district due to data suppression at the Caldwell School District level.

The Idaho Public Charter School Commission does annual reports for each school to keep track of the school's performance in varying areas. Report factors include Math Proficiency, ELA Proficiency, Literacy Proficiency, Board Stewardship, Management, financial near-term measures, and financial sustainability measures. For FY22's annual snapshot, HCCS received "Exceeded Standards" in 15 out of the 19 measures and received "Meets Standard" in the other 4.

The Project

The proceeds of the loan will be used to refund the Idaho Housing and Financing Association Nonprofit Facilities Revenue Bonds (Heritage Community Charter School, Inc. Project), Series 2018A, the proceeds of which use to finance or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of campus facility located at 1803 East Ustick Road, Caldwell Idaho and provide approximately \$300,000 in new money for minor campus renovations.

Financial Information

Certain historical financial information for HCCS is listed below.

HCCS Historical Financial Information

Metric	FYE21	FYE22
Total Revenue (TR)	\$ 4,383,160	\$4,651,250
DS Coverage Ratio	1.42x	1.99x
Debt Burden (% of TR)	11.6%	11.0%
Days Cash on Hand	152.3	204.3

Rating TBD (expected October 2023)

Website <https://heritagecommunitycharter.com/>

**Heritage Community Charter School
Security and Loan Covenants**

Security	The Loan is secured by a first lien pledge of Borrower’s gross revenues and a mortgage on all related real property associated with the operations of Heritage Community Charter School. Additionally, HCCS agrees to enter into a Blocked Account Control Agreement for the payment of debt service Borrower agrees to direct the Idaho State Department of Education or any third party on its behalf to immediately deposit the portion of the gross revenues that is paid from the Idaho State Department of Education or any third party on its behalf into the Blocked Account.
Debt Service Coverage Ratio	1.10x
Days Cash on Hand	60 Days
Additional Bonds Test	<ol style="list-style-type: none"> 1. Additional Parity Debt permitted upon the delivery of a Certificate of HCCS stating that: (x) for HCCS's most recently completed Fiscal Year, the Debt Service Coverage Ratio equaled at least 1.20 prior to the issuance of the additional Indebtedness; and the (y) Debt Service Coverage Ratio is projected to be at least 1.20 on all Indebtedness Outstanding and the proposed additional Indebtedness in the first fiscal year following the issuance of the additional Indebtedness, taking into account certain assumptions as required by Lender. 2. Subordinate Debt and Short-Term Debt are restricted subject to Lender approval. 3. Non-Recourse Debt is limited to an aggregate of \$750,000 outstanding. 4. Facility Leases will be deemed as debt within the calculation of debt service coverage ratio.
Academic Covenant	<p>Commencing the 2023-24 academic year, HCCS covenants that it shall:</p> <ol style="list-style-type: none"> (i) Each year the average proficiency rate for all students, in both Math and English Language Arts, calculated separately, shall exceed the average of all students in the Caldwell School District, in each respective subject. (ii) starting in the 2024-25 academic year and each year thereafter, the average proficiency rate for all Hispanic students, in both Math and English Language Arts, calculated separately, shall exceed the average of all Hispanic students in the Caldwell School District, in each respective subject; and (iii) each year the average growth rate for all students, in Math and English Language Arts, calculated separately, shall exceed the average growth rate of all students in the Caldwell School District, in each respective subject. <p>In addition to the above, HCCS covenants to the following:</p> <ol style="list-style-type: none"> 1. <u>Curriculum Implementation</u>: <ul style="list-style-type: none"> 2023-24 Academic Year (Y1): <ul style="list-style-type: none"> • <i>Curriculum Adoption</i>: By the end of the first quarter (September 30, 2023), Borrower must have adopted the chosen evidence-based phonics/science of reading curriculum. • <i>Educator Training</i>: By the end of the year (June 30, 2024), all educators must have completed external training on the research-based curriculum. • <i>Resource Acquisition</i>: By the end of the year (June 30, 2024), Borrower must have

procured all necessary textbooks, digital resources, and supplementary materials aligned with the new curriculum.

2024-25 Academic Year (Y2):

- *Assessment Implementation:* By the end of the first quarter (September 30, 2024), Borrower must have implemented the new assessment tools aligned with the evidence-based curriculum.
- *Data Days:* Quarterly data days must be initiated, wherein educators analyze student data, identify areas of improvement, and modify instructional approaches accordingly. The first data day should occur by the end of the second quarter or by January 30, 2025, whichever comes first.
- *Continuous Training:* Offer refresher training sessions by mid-year to address any challenges teachers might face in implementing the new curriculum.
- *Feedback Mechanism:* By the end of the year (June 30, 2025), establish a formal system for teachers, students, and parents to provide feedback on the new curriculum and its implementation.

If HCCS fails to meet these standards, the Lender may implement quarterly requirements to be determined by the Lender.

2. Academic Program Review. Until Academic Covenant noted in the Loan Documents has been met for 3 consecutive years, HCCS covenants to cooperate in an in-depth annual academic review by the Lender’s Principal of School Quality, to reflect on school improvement efforts. The result of the review will be presented to HCCS’s Board of Directors and Executive Director at a regularly scheduled Q2 or Q3 Board Meeting.

Notwithstanding any other provision herein, failure of Borrower to comply with this Section shall not constitute an Event of Default.

Enrollment Covenant

HCCS shall maintain annual enrollment levels, according to the official fall census reported to the Department of Education, as reported to the Lender no later than November 15 of such year, corresponding to the enrollment requirements (the “Enrollment Requirement”) in Table 1 below. HCCS further covenants that, in the event it fails to maintain such Enrollment Requirement, it will within sixty (60) days, prepare, share, and discuss with the Lender a detailed plan for enrollment turnaround.

Testing Date Fall	Full Enrollment	Enrollment Requirement	Enrollment Minimum
2023	482	430	410
2024 and thereafter	495	445	420