

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

**NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS**

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

**Date: June 2, 2022**

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 June 2, 2022, the Program Administrator entered into a School Loan (the “KIPP NorCal Loan”) with KIPP Bay Real Estate (KBARE), the real estate affiliate of the KIPP Public Schools Northern California, a California not-for-profit corporation. Upon closing, the KIPP NorCal 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 2021A, the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2021B, the Massachusetts Development Finance Authority, Series C, and the City of Albany Capital Resource Corporation, Series D, dated October 20, 2021.

Attached as Appendix A hereto is a summary of the KIPP NorCal loan, including a description of the obligor’s charter contracts, 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 KIPP NorCal Loan closing date and may be subject to future changes.***

## **KIPP PUBLIC SCHOOLS NORTHERN CALIFORNIA**

**Oakland, California**

**\$32,226,266.30 EFF Loan #3 / Closed: June 2, 2022/ Final Maturity: May 1, 2057**

### **Obligor Overview**

KIPP Public Schools Northern California (“KIPP NorCal”), formerly known as KIPP Bay Area Public Schools (“KBAS”), is a California nonprofit corporation established in 2002 with the opening of the first KIPP school in the region, KIPP Bridge Academy in the City of Oakland. Today, the network operates 17 schools that educate almost 6,700 students in grades K-12. Until recently, all KIPP NorCal’s schools were located in the Bay Area, with the network expanding to Stockton in August 2021 with its first of five schools planned for the City of Stockton. Four additional schools are expected to open in Stockton, including a second middle school scheduled to open in Fall 2022 with subsequent openings, one each year, until the fifth school opens in 2025. The legal borrower, KIPP Bay Real Estate (“KBARE”), is the real estate affiliate of KIPP NorCal.

Three schools, KIPP Bridge Academy (“KIPP Bridge”), KIPP Heritage Academy (“KIPP Heritage”), and KIPP Esperanza Academy (“KIPP Esperanza”) currently comprise the Obligated Group (OG), i.e., the portion of the network whose rent will be the source of debt repayment as paid to Seven Trees School LLC, 1700 Market School LLC, and 1039 Garden Street LLC (the “KIPP NorCal Obligated Group Members”). A fourth and fifth school, KIPP Stockton K-8 Charter (at University Park) and KIPP Stockton K-12 Charter (at Conway Homes), will join the obligated group upon loan closing.

KIPP NorCal’s 17 schools are located in seven demographically distinct communities:

- San Francisco;
- Oakland;
- San Jose;
- East Palo Alto;
- San Lorenzo;
- Redwood City; and
- Stockton

KIPP NorCal schools are authorized by 11 different local school district authorizers.

The mission of KIPP NorCal is *“Together with families and communities, we create joyful, academically excellent schools that prepare students with the skills and confidence to pursue the paths they choose—college, career, and beyond—so they can lead fulfilling lives and build a more just world.”*

The “KIPP difference” includes high expectations; safe, structured, and nurturing environments; highly effective teachers and leaders; focus on character; and KIPP Through College.

## Charter Contracts

The authorizers for the five Obligated Group Schools, KIPP Bridge, KIPP Heritage, KIPP Esperanza, KIPP Stockton K-8 Charter, and KIPP Stockton K-12 Charter are the Oakland Unified School District, the Franklin-McKinley School District, the Sequoia Union School District, and the Stockton Unified School District, respectively.

The KIPP Bridge charter was renewed in 2017 for a five-year term ending June 30, 2022, with a two year extension to June 30, 2024, due to COVID. KIPP Heritage was renewed in 2018 for a five-year term ending June 30, 2024, with a two year extension to June 30, 2026, and KIPP Esperanza is in its first charter term with an expiration date of June 30, 2025, (with a two year extension to June30, 2027). KIPP Stockton K-8 Charter and KIPP Stockton K-12 Charter have expiration dates of June 30, 2026 and June 30, 2027, respectively.

## Management & Governance

KIPP NorCal’s Board of Directors supports the mission of the network and seeks to ensure that its 22 directors represent a broad area of expertise and cross-section of the community at large. KIPP’s Board members are elected to serve three-year terms and may serve up to three consecutive terms. The KIPP NorCal Board has established five committees to enhance the operations of the Board and provide additional oversight [Finance and Investment, Governance, Audit and Risk Management, Grievance, and Executive].

Senior staff includes a Chief Executive Officer, Chief of Schools, Chief People Officer, Chief Operating Officer, Chief Financial Officer, and Chief External Affairs and Communications Officer. Biographies of Board members and senior staff are included on the KIPP NorCal website. In September 2020, KIPP NorCal’s founding chief executive officer announced her departure effective the end of the 2020-2021 school year. A new CEO, the former KIPP NorCal’s Chief Equity & Inclusion Officer, took over in Spring 2021.

## Enrollment & Student Information

KIPP NorCal Obligated Group Schools’ student count for the past four fiscal years is as follows:

**KIPP NorCal Public Schools  
Obligated Group Schools  
Historical Student Enrollment  
FY19 – FY22**

FY19	FY20	FY21	FY22
<u>989</u>	<u>999</u>	<u>1,122</u>	<u>1,233</u>

For the current 2021-2022 academic year, the existing Obligated Group Schools has an enrollment of 1,180. Adding the KIPP Stockton K-8 Charter and KIPP Stockton K-12 Charter schools to the OG brings (upon closing) the total student count to 1,233. Full enrollment of 2,463 for the Obligated Group Schools is expected to be achieved in Fall 2024 when KIPP Esperanza is projected to complete its high school grade

expansion efforts.

KIPP NorCal has waitlists representing approximately one-third of total enrollment. Student retention, another indication of demand, was 90% for the most recent period, which is line with the past 5 years.

KIPP NorCal serves a high needs population with 79% of its students qualifying for free and reduced lunch. In addition, 97% of the network's students are non-white, 11% have Individual Learning Plans, and approximately 34% are English Language Learners.

### **Academic Program & Results**

KIPP NorCal schools performed within four percentage points of the State average in ELA and within seven percentage points in Math in the most recent year of available testing (2020-2021). In addition, 94% of KIPP NorCal students graduate from high school (compared to 76% nationally) and 83% of students matriculate to college—nearly double the national average of 45% for students from low-income communities. KIPP NorCal students are over three times more likely to graduate from college than their peers.

KIPP NorCal schools have recently received the following recognitions:

- Six KIPP NorCal schools were designated as high-performing by the California Department of Education in 2020;
- All three eligible KIPP NorCal high schools ranked in US News & World Report's 2020 Top US High Schools
- Six KIPP NorCal schools were named to the 2019-20 California Honor Roll, recognized as public schools demonstrating high academic achievement, accelerating student success, and advancing educational equity, including KIPP Heritage
- KIPP Summit Academy & KIPP King Collegiate were both named California Distinguished Schools for 2019
- Seven KIPP schools are highlighted in the 2019 Top Bay Area Public Schools for Underserved Students report (KIPP Excelencia, KIPP Heartwood, KIPP King, KIPP San Francisco Bay, KIPP San Francisco College Prep, and KIPP Summit).

### **The Project**

Proceeds of the 35 year loan were used to (i) finance the substantial rehabilitation of an existing day care facility and purchase 15 portables to be used as a new K-8 campus on the grounds of Conway Homes, a San Joaquin Public Housing Authority campus and (ii) finance the construction of a permanent elementary school facility at University Park (used initially as a middle school). This is the third loan that EFF has made to KIPP Northern California.

KIPP NorCal is finalizing a virtually zero cost (\$1 for entire lease term) 50 year ground lease from the San Joaquin Housing Authority. The lease has five, five-year extensions for a total of 75 years. In order to qualify for such an affordable lease, the school must provide "commensurate public benefit" for low-income residents earning 80% of AMI or less, which must be approved by HUD since the housing authority is

subsidized by HUD. The network’s proposed Supportive Services Plan (SSP) detailing the proposed public benefit, including enrollment preference, priority enrollment for its after-school program, college and career counseling, and community use of the multi-purpose room, is under negotiation with the Housing Authority and HUD.

The University Park project comprises the construction of a ~39,721 square foot new middle school. The cost of this facility is expected to be approximately \$26.4 million funded with approximately \$25 million of debt and the balance representing an equity contribution from the network. Pacific Charter School Development is the developer and PBK is the architect.

The facility will be constructed on 3.85 acres of leased property owned by the State of California with custody and control assigned to the California State University (CSU) in 1997. The term of the initial lease will be through December 31, 2053, with four 10 year extension options totaling 40 years through December 31, 2093. These lease extension options are at the sole discretion of KIPP NorCal.



Conway Homes Project Site:  
742 Dallas Avenue, Stockton, California, 94206



University Park Project Site:  
820 North American St., Stockton, CA., 95202

**KIPP NorCal Financial Information**

Certain historical financial information for the KIPP NorCal Obligated Group Schools is listed below. These metrics will be updated and included in EFF’s continuing disclosure annual report.

**KIPP NorCal Public Schools  
Obligated Group Schools  
Historical Financial Information**

Metric	FY19	FY20	FY21
Total Revenue (TR)	\$11,933,595	\$13,516,199	\$18,939,983
Lease Coverage Ratio	1.13x	1.70x	2.62x
Lease Coverage Ratio (sub. management fees)	2.04x	2.70x	3.38x
Debt Burden (% of TR)	10.6%	9.5%	10.8%
Days Cash on Hand	155.5	112	132

**Rating:** S&P: “BBB” (Obligated Group)

**KIPP Northern California Public Schools  
Obligated Group Schools  
Security and Loan Covenants**

Security	First lien leasehold deed of trust on KIPP Stockton K-8 Charter (at University Park] located at 820 North American St., Stockton, CA., 95202, KIPP Bridge Academy, located at 1700 Market Street, Oakland, CA 94607, KIPP Heritage Academy, located at 423 Los Arboles Street, San Jose, CA 95111, KIPP Esperanza High School, located at 1039 Garden Street, East Palo Alto, CA 94303 and, to be delivered in the future, KIPP Stockton K-12 (Conway Homes] located at 742 Dallas Avenue, Stockton, California, 94206, and a pledge of and lien on Gross Revenues of the KIPP Northern California Public Schools Obligated Group Members
Debt Service Coverage Ratio	1.00x for KBARE; 1.10x for the KIPP NorCal Obligated Group Schools
Additional Bonds Test	Consolidated Base Rent Coverage Ratio of 1.20x for network
Liquidity Covenant	60 days cash on hand for network and Obligated Group Schools
Academic Covenant	50% of Schools will exceed the % of students proficient in Math and ELA on the State Assessment in their respective host districts or 75% of the Schools will exceed the % of socio-economic disadvantaged students proficient in math and ELA on the State Assessment in their respective host district. Bridge: During Academic Performance Monitoring Term (through June 30, 2024), meet the Minimum Performance Threshold (% of all students who are enrolled in Bridge and are administered the California SBAC Test with scores indicating "Standard Met" or "Standard Exceeded" on both ELA and Math components of the these meet or exceed the Minimum.
Enrollment Covenant	For FY24, a minimum of 1,175 students for Obligated Group Schools; For FY25, a minimum of 1,525 students for Obligated Group Schools; For FY26, a minimum of 1,960 students for Obligated Group Schools; For FY27 and thereafter, a minimum of 2,435 students for Obligated Group Schools; For FY28 and thereafter a minimum of 2,715 students for Obligated Group Schools.
Other	Intercept of Lease Payments made by the Obligated Group Schools to the Obligated Group Members