

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

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

CUSIP Prefix: 13035A, 04052F

Date: October 14, 2021

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 October 6, 2021, the Program Administrator entered into a School Loan (the “Rex and Margaret Fortune School of Education Loan”) with Fortune Facilities LLC, a California nonprofit corporation. Upon closing, the Rex and Margaret Fortune School of Education 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 2020A and the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2020B, dated August 12, 2020.

Attached as Appendix A hereto is a summary of the Rex and Margaret Fortune School of Education 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 counsels has undertaken any responsibility for the accuracy or completeness of the information provided in Appendix A. Certain information may have changed since the Rex and Margaret Fortune School of Education Loan closing date and may be subject to future changes.***

**Rex and Margaret Fortune School of Education
Sacramento, California**

\$6,764,111.47 EFF Financing / Closed: October 14, 2021 / Final Maturity: November 1, 2056

Obligor Overview

The Rex and Margaret Fortune School of Education (FSE) was established in 1989, initially to provide teacher and administrator preparation programs, and opened its first charter school in 2010. The decision to create a network of charter schools was founded in FSE’s commitment to closing the achievement gap for African American students.

FSE is a two-charter network serving 2,293 students (FY21) in grades TK-12 across nine schools. Eight of the schools are in Sacramento County, operating under a county-wide charter, and one school is located in, and authorized by, the San Bernardino City USD. FSE expects to add one more school in 2023 under the existing Sacramento charter, bringing the total network enrollment to approximately 3,040 students.

The Obligated Group (OG) comprises two schools in Sacramento County: 1) William Lee College Prep (WLCP) which was founded in 2012 and serves grades TK-5; and 2) Ephraim Williams College Prep (EWCP) which was established in 2014 and serves grades 6-8.

The legal borrower is Fortune Facilities LLC a California limited liability company whose sole member is FSE. Fortune Facilities LLC (Landlord) was formed to support FSE . The facilities acquired with the loan proceeds will be leased by the Landlord to FSE. The facilities will be used by FSE to operate WLCP and EWCP.

FSE’s mission is to *graduate high achieving students of good character prepared for college and citizenship in a democratic society.*

Charter Contract

Obligated Group Schools			
School	Year Founded	Authorizer	Charter Expiration
WLCP	2012	Sacramento County Board of Education (SCOE)	June 30, 2026
EWCP	2014		

The OG schools operate under a county-wide charter agreement with Sacramento County Board of Education (SCOE).The charter was initially approved for five schools in 2011. When the charter was renewed, it was expanded to nine schools. As of FYE21, FSE had opened eight schools under the SCOE charter with a ninth school planned for 2023. SCOE recently renewed the charter for an additional five years through June 30, 2026.

Management & Governance

FSE’s five-member board brings experience in education, administration, academic instruction, public policy, communications, journalism, and African American affairs. They are engaged in the Sacramento community and tend to serve on boards of numerous city, state, or national nonprofit organizations. Average tenure for board members is approximately seven years. Members serve two-year terms and there are no term limits. The FSE board has a formal conflict of interest policy and no FSE board member or senior staff is considered to be a related party.

FSE’s President and CEO has led the organization since 2008. Other key members of the senior leadership team include the CFO, COO, Chief Academic Officer, Director of Communications, Dean of Higher Education, and Director of Data Analytics and Strategy. The average tenure is approximately eight years.

Board packets as well as the CEO’s biography are available on FSE’s website.

Enrollment & Student Information

The student count for the OG schools for the past four fiscal years is as follows:

**Rex and Margaret Fortune School of Education Network
Obligated Group Schools
Historical Student Enrollment
FY19 – FY22**

School	Grades Served	FY 2019	FY 2020	FY 2021	FY 2022*
WLCP	TK-5	245	241	286	256
EWCP	6-8	134	173	180	175
Total		379	414	466	431

*Preliminary numbers as of September 24, 2021.

For FY22, enrollment for the OG schools totaled 431 students. As a result of the COVID 19 pandemic, FSE has experienced a shortage in staffing which, as per management, has impacted the number of students it could enroll in Fall 2021.

The OG schools expect to reach full enrollment of 490 students in FY23. Between FY19 and FY21, student retention (measured from census day to end of year) for OG schools averaged 91%.

The waitlist for the OG schools, as a percentage of enrollment, has trended down from 14% in FY19 to 0% in FY21. FSE generally does not carry big waitlists. In part, this is due to its strategy of encouraging families to enroll at its other locations, which have been added over the years, rather than build up a waitlist. Management is also committed to continuing its successful recruitment and student retention efforts, which, historically, has led to increased enrollment levels.

While the focus of FSE is to solve the persistent and pervasive underachievement of African American students, FSE is open to all students. In FY21, approximately 74% of OG school students qualified for free and reduced lunch; approximately 87% were students of color (63% African American and 24% Hispanic); approximately 7% were English Learners; and approximately 11% received special education services.

Academic Program & Results

FSE's overall goal is to prepare its scholars to be competitively eligible for a four-year college or university. FSE's educational philosophy and instructional model aligns with "The Five Pillars" originally developed by KIPP. These serve as the framework for FSE's program design and the values by which administrators, faculty, and staff interact with scholars. Key tenets are detailed below.

- Set the tone for learning by establishing a culture of high expectations characterized by clear expectations and routines for students.
- Teach standards-aligned instructional materials to fidelity, using common assessments, pacing guides, unit plans and lesson plans within grade levels across schools.
- Increase student talk time and cognitive load using ratio strategies, habits of discussion and productive struggle.
- Use data to drive instruction.
- Differentiate instruction for students using centers and strategic interventions.
- Promote a culture of planning, professional development, and teamwork for instructional and operational staff.

Due to Covid-19 the California Assessment of Student Performance and Progress (CAASPP) exam was not administered in FY20. Test results administered in Spring 2021 have not yet been released.

In FY19, the CAASPP was administered to FSE students. Select results for the FSE network and OG Schools, as well as subgroups, are included below.

- FSE’s absolute results (weighted average of all students across all grades) in math exceeded Sacramento City Unified School District by 41%.
- FSE’s absolute results in ELA exceeded Sacramento City Unified School District by 6%.
- FSE’s results for economically-disadvantaged students in math exceeded the Sacramento City Unified School District by 87%.
- FSE’s results for economically-disadvantaged students in ELA exceeded the Sacramento City Unified School District by 29%.
- FSE’s results for African American students in math exceeded the Sacramento City Unified School District by 200%.
- FSE’s results for African American students in ELA exceeded the Sacramento City Unified School District by 70%.
- WLCP’s absolute results in math exceeded Sacramento City Unified School District by 57%.
- WLCP’s absolute results in ELA was lesser than that of Sacramento City Unified School District by 1%.
- EWCP’s absolute results in math was lesser than that of Sacramento City Unified School District by 14%.
- EWCP’s absolute results in ELA was lesser than that of Sacramento City Unified School District by 1%.

The Project

The EFF financing will be used to: 1) exercise the lease purchase option of its facility housing WLCP and EWCP located at 3300 Stockton Blvd and 4545 9th Avenue Sacramento, CA 95820 from Turner Agassi Charter School Facilities Fund (Turner); and 2) for transaction-related costs associated with this transaction.

WLCP



EWCP



The campus where the OG schools are located include two multi-story buildings (~32,500 sq. ft.) built in 1924 on a campus of ~2.0 acres. It had previously been used as office space. The campus includes parking (55 spaces), a sports field, a playground area, and outdoor space to congregate. The project will not include any tenant improvements.

Fortune has leased the facility for its two schools from Turner since 2017, when it entered into a lease-purchase agreement. As part of the EFF financing, Fortune Facilities LLC will serve as the Landlord and lease the property to FSE.

Financial Information

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

Historical Financial Information

Metric	FY19	FY20	FY 21*
Total Revenue (TR)	5,092,760	5,422,000	6,752,000
DS Coverage Ratio	0.74	0.78	2.19
Debt Burden (% of TR)	9.49%	10.29%	8.77%
Days Cash on Hand	NA	NA	39.5

*Internal numbers.

NA= Not applicable. Prior to FY21, all cash was held at the network level and was “allocated” to individual schools as needed.

Rating Not Rated

Website <https://www.fortuneschool.us/>

FSE

Security and Loan Covenants

Security	Secured by an Obligation issued pursuant to an existing Master Trust Indenture, including a first lien pledge of gross revenues of the Landlord and mortgages on all related real property interests naming Master Trustee as mortgagee. The lease payments by FSE’s OG schools will be subject to an intercept by the State Controller’s Office.									
Lease Payment Coverage Ratio	1.1x									
Additional Bonds Test	1.20x									
Liquidity Covenant	<p>FSE shall maintain days cash on hand (DCOH) for the amounts listed in the table below and maintain 60 DCOH annually after 2024.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3">Academic Year Ending June 30</th> </tr> <tr> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>45 DCOH</td> <td>50 DCOH</td> <td>60 DCOH</td> </tr> </tbody> </table>	Academic Year Ending June 30			2022	2023	2024	45 DCOH	50 DCOH	60 DCOH
Academic Year Ending June 30										
2022	2023	2024								
45 DCOH	50 DCOH	60 DCOH								
Academic Covenant	Commencing the 2021-2022 academic year, FSE covenants that (i) each OG school will exceed the percentage of students in math and ELA on the State assessment in their respective host district’s state assessment or (ii) each OG school will exceed the percentage of socio-economic disadvantaged students (i.e., SED Students) proficient in math and ELA on the state assessment in their respective host districts’ state assessment or (iii) each OG school will exceed the percentage of African American students proficient in math and ELA on the state assessment in their respective host district. The California States Assessment is currently the California Assessment of Student Performance and Progress.									

Enrollment Covenant

FSE shall maintain aggregate annual enrollment levels across the network according to fall census day enrollment count, corresponding to the below table.

Academic Year Ending June 30	Enrollment Requirement
2022	2,220
2023	2,500
2024	2,847
2025	2,973
2026 and Thereafter	3,040

The OG schools shall maintain aggregate annual enrollment levels according to fall census day enrollment count, corresponding to the below table.

Academic Year Ending June 30	Enrollment Requirement
2022	425
2023	450
2024 and thereafter	475