

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

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

CUSIP Prefix: 13035A, 04052F

Date: March 19, 2020

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 March 19, 2020, the Program Administrator entered into a School Loan (the “TEAM – KIPP New Jersey Loan”) with The Friends of TEAM Charter School, Inc., a 501(c)(3) formed to support the real estate activities of TEAM Charter Schools. Upon closing, the TEAM-KIPP New Jersey 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 2019A and the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2019B, dated August 8, 2019.

Attached as Appendix A hereto is a summary of the TEAM-KIPP New Jersey 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 TEAM-KIPP New Jersey Loan closing date and may be subject to future changes.***

**KIPP TEAM Academy Charter School
Newark, New Jersey**

\$21,500,000 EFF Financing / Closed: March 19, 2020 / Final Maturity: September 1, 2050

Obligor Overview

TEAM Academy Charter School, Inc. (“TEAM”), a New Jersey not-for-profit organization that was formed in 2001, opened its first charter school in 2002. Since then, TEAM has opened an additional 10 schools, all located in the City of Newark. For the current School Year 2019-2020, TEAM’s 11 operating schools educate more than 4,700 students in grades K-12. In total, TEAM currently operates five elementary schools, four middle schools, and two high schools.

TEAM operates its academic programs as an affiliate of the 242 member nationwide KIPP (Knowledge is Power Program) national school network in accordance with a license agreement with the KIPP Foundation. KIPP New Jersey, a New Jersey non-profit charter management organization formed in 2014, manages TEAM and other KIPP schools (KIPP Cooper Norcross Academy in Camden, NJ and KIPP Miami in Florida). KIPP NJ’s founding senior leadership team all transitioned from their former roles at TEAM.

The legal borrower, **The Friends of TEAM Charter Schools, Inc. (FOT)**, is a non-profit corporation formed in 2004 to provide support with respect to the acquisition and development of property as well as serve as landlord for **TEAM**.

The transaction’s legal structure includes a first mortgage on the financed project and a first lien pledge of the rental income associated with the property. This security pledge is similar to those in place for the outstanding Series 2013 Bonds, the 2014 taxable loans, and the 2018 Bonds.

TEAM’s vision is that *“one day our nation will know Newark, New Jersey, as a city of world-class public education”*.

Charter Contract

All TEAM schools are operated under a single charter provided by their authorizer, the New Jersey Department of Education (NJDOE) and treated as a separate Local Education Agency (LEA) by the NJDOE and the U.S. Department of Education for purposes of public school funding and programs. TEAM’s current charter expires June 30, 2021.

Management & Governance

TEAM is governed by a nine member Board of Directors. TEAM’s Board has established advisory Finance and Audit committees to enhance its operations and provide additional oversight.

TEAM is managed by KIPP New Jersey, a New Jersey non-profit charter management organization formed in 2014 to manage TEAM and other KIPP schools (KIPP Cooper Norcross Academy in Camden, NJ and KIPP Miami in Florida). KIPP NJ’s founding senior leadership team all transitioned from their former roles at TEAM.

Enrollment & Student Information

TEAM’s student count for the past four fiscal years is as follows:

KIPP TEAM Academy Historical Student Enrollment FY17 – FY20

<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
3,700	4,064	4,369	4,754

TEAM’s current student count is approximately 4,754 and it expects enrollment to grow to almost 5,900 students by fiscal year 2022. Beyond 2022, TEAM expects to continue to expand with longer-term plans to operate a total of 15 schools with 8,481 students by adding schools and expanding schools one grade at a time through School Year 2029-2030.

Recent student attrition rates for the TEAM network have averaged approximately 8.5% for 2015-2019 with TEAM reporting that 58% of those who did not return during this period moved out of the area. No students left due to expulsion as TEAM has a no expulsion policy.

Student demand for TEAM schools is evidenced by a current wait list of more than 2,200 students, representing almost half of current enrollment. Moreover, TEAM schools are chosen by approximately 28% of applicants for enrollment in grades K-12 in Newark Public School’s universal enrollment system, ‘Newark Enrolls’. Demand is even higher at the critical entry points of kindergarten and sixth grades when the percentage rises to 34% and 58%, respectively.

TEAM’s student body comes from socioeconomically and ethnically diverse backgrounds. In School Year 2019-20, 89% of students were eligible for free and reduced lunch and 93% are non-white. Approximately 13% of its student body receives special education services.

Academic Program & Results

On a network-wide basis, TEAM schools exceeded the local district average (Newark Public Schools) in 2019 on both ELA and math scores on the New Jersey Student Learning Assessments in every grade but one (8th grade math) and exceeded the state average in some grades. This is particularly notable as student performance in New Jersey is among the highest in the nation. Moreover, the network has graduated four high school classes to date—each with a 100% graduation rate and an overall 84% college acceptance rate.

According to TEAM, these results are due to the multiple instructional practice approach which defines its approach to high quality instruction. Teacher instruction is driven by student proficiency levels and needs with the academic program structured to allow for sufficient time in literacy, math, science, and history. TEAM students spend 100 minutes per day studying core text as part of the ELA curriculum and an additional 50 minutes per day engaging in independent reading and/or guided reading. In math, TEAM students spend 60-80 minutes per day engaging in the Eureka curriculum as well as an additional 40 minutes in Cognitively Guided Instruction.

In 2019, TEAM schools were named by the New Jersey Department of Education as a ‘Lighthouse District’ which is given to high-performing districts in the State. TEAM is the only Newark school recognized with the award.

The Project

On the date of closing, \$10,910,036.21 million of the Equitable Facilities Fund, Inc. (“EFF”) of loan proceeds were disbursed to acquire a 62,010 square foot building built in 1925 on a 1.37 acre lot to serve as an elementary school that will house up to 560 students and to pay costs of issuance. The facility, until recently, served as a Newark Public School District school. The Borrower expects to draw down the remaining balance, \$10,589,963.79 on September 15, 2020 to complete the renovation of the building. Occupancy is scheduled for July 2021.



Financial Information

Certain historical financial information for KIPP TEAM Academy is listed below. These metrics will be updated periodically and included in EFF’s continuing disclosure annual report.

KIPP NJ: TEAM Academy Historical Financial Information

Metric	FY17	FY18	FY19
Total Revenue (TR)	\$88,879,012	\$91,106,125	\$100,962,221
DS Coverage Ratio ¹	1.52x	1.44x	1.49x
Debt Burden (% of TR)	12.0%	12.9%	11.5%
Net Debt Burden (% of TR)	6.8%	7.2%	6.3%
Days Cash on Hand	86.2	103.3	97.9

¹ Lease-Adjusted Coverage

² Excludes QZAB/QSCB rev/exp

Ratings: S&P: BBB

Website: <https://kipnpj.org/schools/kipp-team-academy/>

Security and Loan Covenants

Security and Loan Covenants	
Security	Pledge of first mortgage on property and first lien pledge of rental revenue associated with financed property.
Debt Service Coverage Covenant	Consolidated Group shall maintain in each Fiscal Year a Debt Service Coverage Ratio of at least 120%
Additional Bonds Test	Additional Indebtedness for a new capital project if FOT demonstrates that it can meet (a) an historic one (1) fiscal year look back debt service coverage test of 110% that includes the proposed new Indebtedness or (b) a projected one (1) fiscal year in the future debt service coverage test of 120% that includes the proposed new Indebtedness
Liquidity Covenant	*Consolidated Group shall maintain in each Fiscal Year a ratio of (i) Cash on Hand to (ii) Cash Operating Expenses of at least 15%
Academic Covenant	Average proficiency rates equal to the State average or a minimum of 125% of the Newark Public School District average
Enrollment Covenant	Combined enrollment of at least 4,500 students

*“*Consolidated Group*” means (i) FOT, (ii) TEAM, and (iii) any single purpose entity organizations (a) established to support the Tenant or the Borrower and (b) currently involved in financing transactions for facilities used by the Tenant, single purpose entity organizations currently include NCA Facility, Inc.; Ashland School, Inc.; Kingston Educational Holdings 1, Inc.; FOTA 229 18th Avenue, LLC; FOTA 129 Littleton Avenue, LLC; PinkHulaHoop 1, LLC; and 229 18th Avenue Master Tenant, LLC