

ROCKETSHIP UNITED ACADEMY

Nashville, Tennessee

\$7,282,964.14 EFF Financing / Closed: May 31, 2019 / Final Maturity: June 1, 2049

Obligor Overview

Rocketship United Academy (“RUA”) was founded in 2015 and during academic year 2018-2019 served approximately 550 students in grades K – 5 at a single campus south of downtown Nashville, Tennessee.

RUA is part of a multi-state Charter Management Organization (“CMO”) called Rocketship Education, dba Rocketship Public Schools, (“Rocketship”), which enrolls over 9,000 student in elementary schools across California and in Milwaukee, Nashville, and Washington D.C. Rocketship is committed to fostering parent leadership, use of digital learning tools to personalized instruction, and a willingness to innovate, test, and revise its instructional practices. Launchpad Development Two Nashville, LLC is the landlord and the Borrower in the EFF transaction. The larger Launchpad entity has multiple LLCs for each property it owns. Each company is organized as a single purpose LLC for the specific property of each school.

Rocketship’s mission is to “catalyze transformative change in low-income communities through a scalable and sustainable public school model that propels student achievement, develops exceptional educators, and partners with parents who enable high-quality public schools to thrive in their community.” Rocketship schools focus on three pillars: personalized learning, talent development, and parent power.

Charter Contract

RUA operates under a charter contract with the Metro Nashville Public School (“MNPS”). RUA was initially awarded a ten-year charter in 2014, which expires in 2024.

Management & Governance

RUA is governed by a five-member local Board of Directors. Additionally, the Rocketship national office provides leadership and functional capacity in service to all the Rocketship schools, including RUA. The Rocketship national Board of Directors has fourteen members. Both boards have a formal conflict of interest policy and no board member or senior staff is considered a related party.

Senior staff includes local and regional leadership, including, a Regional Director of Schools and school Principal, Assistant Principal, Business Manager, and Office Manager. RUA’s Principal was a founding member of the school in 2015. Her bio is available on the Rocketship website.

Enrollment & Student Information:

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

Rocketship United Academy Historical Student Enrollment FY16 – FY19			
<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
366	560	536	556

RUA expects its enrollment to remain relatively stable. For the past several years, student retention has been approximately 83%. Historically, RUA has not maintained a waitlist.

RUA serves a student population which is 74% economically disadvantaged. During the 2018-2019 academic year, the student body included students of African, African American, Arabic, Somali, Latino, and Kurdish descent. RUA’s free and reduced lunch and special education student populations are approximately 95% and 7.5%, respectively.

Academic Program & Results

Key aspects of the Rocketship program include: (i) rotation between four content blocks every day: Humanities, STEM, Learning Lab and Enrichment; (ii) learning process for every single student in both whole group grade level and differentiated individual level instruction; (iii) supplemental social emotional learning and positive behavior interventions; and (iv) deep engagement with families/parents as key part of student’s academic life and school community.

RUA was named a “Reward School” by the Tennessee Department of Education for the 2017-2018 academic year. This reward is the Tennessee’s highest recognition for student performance and progress, and only eleven of Nashville’s 139 Title 1 schools earned this honor. RUA also earned the highest rating under the Tennessee Value-Added Assessment System of Level 5.

The Project

RUA is a single campus located at 320 Plus Park Blvd, five miles southeast of downtown Nashville, Tennessee. The campus consists of one building (approximately 35,000 square feet) on 2.28 acres of land.

The EFF financing was completed for the purpose of financing RUA’s purchase of the building from Turner Capital, the previous owner of the property. As a result of the financing, RUA will reduce its facility related costs by approximately \$220,000 per year through the 2049 maturity.

Financial Information

Certain historical financial information for RUA is listed below. These metrics will be updated and included in ESRF’s continuing disclosure annual report.

Rocketship United Academy Historical Financial Information

Metric	FY16	FY17	FY18
Total Revenue (TR)	\$4,533,463	\$5,660,365	\$6,081,302
DS Coverage Ratio	0.54x	0.91x	0.96x
DS Coverage Ratio (ESRF loan in lieu of lease payment)	0.91x	1.49x	1.84x
Debt Burden (% of TR)	16.0%	12.5%	13.6%
Days Cash on Hand	4.8	28.2	45.7

Rating: S&P: Not Rated*

Website: <https://www.rocketshipschools.org/schools/united-academy>[†]

* A third-party rating from S&P was not obtained for RUA. While the loan closed in May 2019, it was one of Equitable Facilities Fund’s (“EFF’s”) first loans to go through the underwriting process prior to EFF instituting a rating requirement for the majority of the loans in the Loan Program.

[†] Information contained on the RUA website **shall not** be construed as being incorporated herein by reference nor should any decisions relating to the Bonds be made in reliance upon any information from the website.

**Rocketship United Academy
Security and Loan Covenants**

Security	First lien deed of trust on the RUA campus and pledge of and lien on gross revenues of Launchpad Development Two Nashville, LLC and RUA
Lease Payment Coverage Ratio	1.10x for RUA
Additional Bonds Test	Lease Payment Coverage Ratio of 1.20x for RUA
Liquidity Covenant	30 days cash on hand for FY 19; 45 days cash on hand each FY thereafter of RUA
Academic Covenant	Maintain Tennessee Value Added Assessment System Level 3 or higher and math and reading achievement levels at or above district average and not be classified as a priority school.
Enrollment Covenant	Minimum 430 students

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