

Who is Self-Help?

- **Non-profit CDFI founded in 1980**
- **Mission: Creating and protecting ownership and economic opportunity for all.**
- **Self-Help has invested over \$6 billion in financing to individuals, families and organizations, including more than \$200 million in financing charter schools nationwide since 1997.**



Low Income Investment Fund

LIIF is a leading national community lender with the mission of poverty alleviation. We have invested over **\$1.3 billion** in strategies that support healthy families & communities.

Education Investments & Impact

- **\$369 million** invested
- **69,000 student spaces** created or improved
- **\$1.2 billion** generated in increased income potential for low-income youth

Vision & Mission

LIIF creates pathways of opportunity for low income people & communities.

LIIF is a steward of capital for healthy communities & families. LIIF builds bridges between capital markets & low income places.

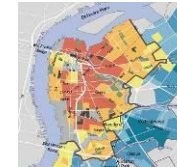
The Reinvestment Fund

The Reinvestment Fund builds wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

Business Lines



Lending and Investing



Policy Solutions



Real Estate Development



PolicyMap

TRF's charter school financing experience:

- Over **\$270 million** to **78 schools**, serving over **38,000 students**
- Serves mid-Atlantic: PA, NJ, DE, MD, DC, and NY

Financing Products

Work with school in all stages of development:

- Predevelopment
- Construction and permanent loans
- Leasehold improvement loans
- Refinance permanent loans
- Energy financing
- New Markets Tax Credits (NMTC)
- Bridge Loans (to start-up funds or committed grants)

Financing for scale

- Start up/early stage schools
- Expansion/replication
- Stand alone/multi-campus
- *(To be refined after next conference call)*

Sara Vernon
Chief Lending Officer
sternans@trfund.com

Established Stage School Financing Options

Karl Jentoft

September- 2013

Background Information

TenSquare, LLC is a District of Columbia company specializing in providing real estate development and consulting services to charter school clients.

Mission - TenSquare strives to provide the highest quality consulting and educational advisory services to charter schools.

Karl Jentoft – Active with charter schools for 14 years

- Developed 19 charter school facility projects, working with schools in 4 states and the District of Columbia
- Projects have comprised over \$80 Million and 500,000 square feet of development work
- Funded projects using banks, a credit union, CDFI's, Bonds, seller take back financing, government guarantees, and NMTC's
- Projects include: Capital City PCS, Yu Ying PCS, Nova Classical Academy, Imagine Andrews, Monarch Academy, Twin Cities German Immersion School and others

There are three main types of financing available for purchasing a facility



Asset-Backed Loans

- Traditional Bank Financing, Credit Unions, CDFI's Bank Held Bonds/BQ Bonds
- Interest rates 4% -5%
- Up to 75% LTV
- 20 – 25 year amortization
- 5 -7 year term
- Requires Substantial Equity

Risks

- Finding equity and sub debt
- Low appraised value
- Refinance risk (Interest rates increase, market demand falls)



Business Cash Flow Loans

- Rated Tax Exempt Bonds
- Lines of Credit
- Interest rates 6% - 8%
- Up to 100% LTV
- 30+ year amortization
- 30 year term
- No Sub Debt/Equity required

Risks

- Bond market is deteriorating
- Timing of transaction
- Ratings are more difficult to obtain



Government Subsidized Loans

- New Market Tax Credits (NMTCs), QSCB's, QZABs
- Interest rates 5%
- Up to 93% LTV
- 20 – 25 year amortization
- 7 year term
- May require additional equity

Risks

- Finding allocation of NMTC's
- Timing of the deal is uncertain
- Refinance risk (Interest rates increase, market demand falls)
- Market for tax credits deteriorates

The deterioration of the Bond Market increases the need for equity and subordinated debt



Sources of Equity:

- Savings - Takes time and diverts money away from operations
- CDFI's/CE Grantees - Only works for schools serving low income populations
- Grants/Fundraising - Takes time and a good development director

Alternatives:

- For-Profit Entities - Expensive and hard to qualify
- Seller Take Back Financing - Property owners providing subordinated debt
- Lease instead of ownership