National Charter School Lending Collaborative (NCSLC)

Request to U.S. Department of Education's
Credit Enhancement for Charter Schools Facilities Program

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EXECUTIVE SUMMARY

Four of the country's leading Community Development Financial Institutions (CDFIs), the Low Income Investment Fund (LIIF), Capital Impact Partners (CIP)[1], IFF and The Reinvestment Fund (TRF), have joined forces to form the National Charter School Lending Collaborative (NCSLC). Together, we request a grant of up to $12MM subject to availability under the U.S. Department of Education's (ED's) *Credit Enhancement for Charter School Facilities Program* (CEP). These funds will be used to increase high-quality educational opportunities for low-income students in under-performing school districts nationally. We estimate that we will leverage the CEP grant at least 10:1 with private capital over five years, financing 35 schools and serving 15,750 students.

The four CDFIs that comprise NCSLC cover the entire U.S. through 15 offices and over 75 dedicated lending professionals on the East and West Coasts, in the Midwest, and in the Mid-Atlantic. To date, NCSLC members, on a combined basis, have deployed $1.4B to charter schools, a significant amount of all direct loans deployed to the sector. Loan loss rates are minimal, averaging <1%, demonstrating the CDFIs' deep underwriting experience and value-added technical support programs, especially to new and early-stage schools.

NCSLC will target the highest-need districts in the country as detailed in the Competitive Preference Priority section, while maintaining its members' superior track records of supporting charter schools that are at the forefront of providing students with high quality academic programming. We will intensively focus on using the CEP funds to support higher-risk projects, such as start-up schools (<4 year track record), or to help established multi-school operators that are expanding to new high-need markets and launching new schools (regional start-ups). The latter will include markets where traditional capital sources consider new state charter legislation

[1] Capital Impact Partners (CIP) changed its name in January 2014, and was formerly known as NCB Capital Impact.

to present an above-average credit risk. These include Washington State, Texas and districts undergoing transformative work with charters, such as Memphis, Tennessee.

CEP funds will allow NCSLC members to provide more flexible terms, such as higher loan to values ratios (LTVs), longer amortization periods than available through conventional sources, varied loan terms and amounts, or non-traditional collateral options (e.g., leasehold mortgages or subordinated debt). Each NCSLC member will augment CEP funds with its own capital and will leverage other capital sources to supported projects. Rather than creating a highly-structured, closed-end fund, NCSLC will use CEP funds “a la carte,” allowing for maximum flexibility, leverage, impact, and responsiveness to local circumstances in each market, based on the individual needs of the schools. This highly effective, flexible approach requires strong capacity and “boots on the ground” that NCSLC is well-positioned to deliver.

NCSLC offers unique benefits that only collaboration between the strongest partners can achieve. This partnership enables a national reach combined with the benefit of true local presence and expertise in high-need markets. The organizations are prepared to share human and capital resources to blanket the country, allocating CEP funds and lending dollars to the transactions and areas that need them most. The members have a long history of working together on both formal and informal partnerships. Having a new pool of CE will allow NCSLC members to magnify and focus collaborative efforts on deploying CEP dollars quickly and efficiently. Transactions that would be too large or risky for one CDFI can be shared to spread risk and maximize loan size. Combined, the partners offer a great variety of financing vehicles to charter school borrowers, providing a highly efficient “one-stop shop” that includes construction, a proposed equity fund for school facilities in the Midwest, and a range of permanent facility financing products, such as an expected allocation of long-term capital from the new CDFI Bond

Guarantee Program and New Markets Tax Credits (NMTC). In addition to NCSLC's demonstrated ability to drive significant amounts of capital to the places that need it most, the partnership intends to work together to share and refine underwriting standards for start-up schools and disseminate its findings to other market participants, advancing the field through collaborative learning.

COMPETITIVE PREFERENCE CRITERIA

NCSLC members share a mutual goal of increasing the number high-quality educational opportunities for low-income students in under-performing school districts. Each member has individually been a successful lender to charter schools, particularly those servicing the highest-need communities, with over $1.6B collectively lent to charter schools across the country. With the benefit of local expertise and our members' track records of financing quality academic programs (80+ combined years of experience), NCSLC will create a national platform to focus CEP funds on supporting the highest-need areas in the country. NCSLC expects that at least 70% of our combined lending activity will occur in these high-need communities.

Underlying this platform, NCSLC will develop a methodology for identifying high-need areas in order to ensure that CEP funds support schools in low performing districts with high-levels of low-income students. The methodology will be developed by NCSLC member TRF, a leader in assessing community outcomes and conducting policy-relevant research in fields central to low-income communities. TRF will create a geodatabase, with either national data sources or from individual states, that includes the Competitive Preference Priority criteria:

1) Location of the official state-determined Priority and Focus Title I schools for states that have approved ESEA waivers, or schools identified for Improvement, Corrective Action or Restructuring under NCLB and AYP.

2) Student proficiency on state assessments.

3) Low-income status.

The geodatabase will facilitate a data-based tool to assist in maximizing the impact of the investments by focusing on areas with high concentrations of low-income students in poorly performing schools. This tool will allow lenders to understand which areas meet these criteria and which do not. Once the areas are identified, similar, but more geographically granular data will be gathered in an effort to further focus activity to maximize the number of children served that meet the programmatic objectives.

Together, NCSLC members already cover much of the country, with 15 offices spanning the West, Midwest, Northeast and Mid-Atlantic, where we serve some of the most distressed education markets in 31 states and have plans to expand to new markets. The methodology developed will allow us to create a truly national platform for targeting charter school investment, also carefully considering the strength of state charter school laws and/or the local charter environment (discussed in the Project Design section).

NCSLC's members CDFIs are 4 of the strongest charter school lenders, with a breadth and depth of experience that well-prepares the collaborative to serve markets where there are a) a high proportion or number of Priority and Focus schools, or schools identified for Improvement, Corrective Action or Restructuring, b) where there is a high proportion of low-income children, and c) where students are underperforming on state assessments.

The following are some of the high-need geographies where NCSLC members operate or intend to expand, and that meet these criteria[2]:

[2] Data sources cited:

a) Priority and Focus schools, as well as schools identified for Improvement, Corrective Action or Restructuring sourced from local Department of Education websites.

Chicago, IL

a) Illinois applied for and received an ESEA waiver in 2013, though its plan is currently under review.

b) According to AYP figures most recently reported by the Chicago Public Schools, 55% of schools (375) had been identified for Corrective Action or Restructuring.

c) 86% of students qualify for FRL.

d) According to state assessments, fewer than a third of high school students scored proficient or above in math or reading in 2011—29% in math, and 31% in reading.

e) NCSLC members IFF has financed 82 school projects in Chicago totaling $30MM in direct lending, $210MM in CEP financings, and $9MM in NMTC. CIP has financed 3 schools in Chicago.

Philadelphia, PA

a) The Commonwealth of Pennsylvania received an ESEA waiver in 2013, and its new policy is currently under review. Philadelphia schools account for more than half those flagged in 2013 as among the lowest-performing 5 percent – so-called "priority" schools ("State Unveils School Rating System Now Using Performance Profiles," The Notebook, 12/2013). According to the most recently reported AYP figures, 55% of Philadelphia public schools had been identified for Improvement or Corrective Action.

b) 80.5% of students qualify for free- or reduced-price lunch.

c) Less than 50% of high school students in Philadelphia score proficient or above on math and reading—38% and 44% respectively.

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b) Free/reduced price lunch data sourced from state Departments of Education and includes public charter school students with the exception of Detroit where such information was not readily available.

c) 2011 Achievement data sourced from the New America Foundation, the most recently available national database of student achievement.

d) NCSLC member TRF made its first charter school loan in Philadelphia in 1998, and since then has provided more than $138.8 million in financing to 39 schools.

Detroit, MI

a) Michigan is in Year 2 of its ESEA waiver; 25% of the state's priority schools are in Detroit ("Local Michigan School Report Cards Released," CBS Detroit, 8/12/2012).

b) 79.6% of public school students qualify for free- or reduced-price lunch.

c) Only 23% of high school students tested proficient or above on state assessments in 2011, and 5% in math.

d) NCSLC member CIP has provided more than $55MM of financing to charter schools in Detroit.

Los Angeles, CA

a) A consortium of eight school districts in California, including Los Angeles, received an ESEA waiver in 2013. Together, these districts serve more than 1 million students, more than most states ("Obama Administration Approves NCLB Waiver Request for California CORE Districts," ed.gov, 8/6/13). Of the 159 Priority and Focus schools between all eight LEAs, 101 are in the Los Angeles Unified School District where:

b) 75.2% of students qualify for free- or reduced-price lunch.

c) Among high school students, fewer than half scored proficient or above in math or reading in 2011—44% in math and 46% in reading. To date, LIIF has provided $139MM and CIP nearly $160MM in loans to charter schools operating in Los Angeles.

Atlanta, GA

a) Georgia is in Year 2 of its ESEA waiver implementation. Approximately 50% of the state's Priority and Focus schools—61 schools, including 14 among the Atlanta Public Schools—are located in the 32 districts within the Atlanta metro area.

b) 75.4% of students in Atlanta qualify for free- or reduced-price lunch.

c) Fewer than three quarters of Atlanta's students—68%—score proficient or above in high school math, and 84% in reading.

d) NCSLC member LIIF has supported $68 million in charter school facilities projects in Atlanta and CIP more than $20 million.

San Antonio, TX

a) Texas' ESEA waiver was approved in 2013, and the replacement system is currently under review. In San Antonio, 75% of public schools missed AYP in 2012, the last reported year.

b) The city includes as many as 17 separate school districts, and citywide, 66% of students qualify for FRL. In the most disadvantaged district, San Antonio Independent School District, 93% of students qualify for FRL.

c) Only 61% of high school students score proficient or above in math, 87% in reading.

In San Antonio, NCSLC member LIIF is working with [redacted] to develop a facilities plan to attract the nation's best charter schools. This project would benefit from CE funds.

New York City, NY

a) New York has designated 700 priority and focus schools under its ESEA waiver. Of those, 50% are located in New York City (and represent 1/5 of all NYC public schools).

b) 80.8% of New York City students qualify for free- or reduced-price lunch.

c) 73% of high school students score proficient or above on state assessments in math and reading.

d) Since inception, NCSLC member LIIF has provided $74.2 million to schools across NYC.

Target geographies will also be those where there is a favorable charter environment, such as a strong state charter laws as in Michigan (Detroit) whose state law received one of only four "A" ratings from the Center for Education Reform (CER), or where charter sector opportunity is growing, such as Texas, which recently raised its charter operator cap by 40%, or Chicago, which is in a poorly ranked state, but where there is a strong authorizer in the Chicago Public Schools.

INVITATIONAL PRIORITY

With an award, NCSLC will actively work to support ED's invitational priority, using grant funds to enhance its members' ongoing efforts to attract new capital providers and actors to charter school financing. With a $12MM CEP award, NCSLC aims to attract at least four new capital providers to the charter school financing space, either within projects financed or as takeout sources for projects financed. New capital providers will be first-time charter school financiers, new participants in a new geography or new participants within a new financing structure. NCSLC members believe this is achievable given our collective track records of lending to successful charter school borrowers and low default rates in the space, along with our ability to rely on strong metrics that appeal to institutional lenders.

For example, LIIF will utilize CEP funds to enter Texas where it is already in discussions with [redacted], a strong local bank that has confirmed its interest in leveraging LIIF's partnership and grant dollars to enter the charter school market. IFF, TRF and CIP are pursuing similar opportunities with strong local capital providers in their respective key markets.

Additionally, NCSLC members have been approached by a major bank to provide conventional debt to charter schools nationally. Similar to JPMorgan Chase's NMTC program for high-performing charter schools described below, this structure would rely on the combination of grant dollars from a national foundation and a subordinated debt position from the CDFI partners in order to secure an important source of capital for a brand new charter market. NCSLC members are also in discussions with a major pension and retirement fund that seeks to enter the charter market for the first time, with a proposed $25MM investment anticipated in 2015. CEP funds would help ensure this flagship investment moves forward.

The consortium has a long track record of successfully using its CEP awards as tools to engage new actors and leverage new sources of capital for charter school facilities financing. For example, in 2009, TRF worked with JPMorgan Chase on a charter school project in Jersey City, which became the prototype for JPMorgan Chase's $325 million NMTC Fund for Charter Schools, a significant new resource for charter school financing for CDFIs across the country. CEP funds were essential to JPMorgan Chase's willingness to enter the charter school market in 2009 as the economy hit bottom, as well as its willingness to continue to serve as the NMTC investor and senior leverage lender with the larger initiative.

Likewise, LIIF partnered with Citigroup on its first charter school fund in 2005; Citigroup is now an active player in the market and a major partner for the work being carried out by Canyon-Agassi. CIP successfully leveraged an $8MM CEP grant to attract long-term capital [redacted] This fund, created in 2005, provides long term, fixed-rate financing for charter school facilities and is designed to provide an alternative to tax exempt bond financing for smaller transactions, which can carry high transaction costs.

IFF is especially experienced in attracting local and regional banks to the charter school financing space. For example, IFF participated with two local banks through its CEP grant that were first-time lenders in the charter school financing space: [redacted] both in Chicago, IL. Neither bank would have participated in the transactions without CEP funds and IFF's involvement. IFF also plans on using CE to attract lenders to leverage a newly formed Charter School Equity Fund, which will bring a new source of capital for charter schools in the Midwest.

A. QUALITY OF PROJECT DESIGN AND SIGNIFICANCE

1. Better Rates and Terms NCSLC will provide financing to charters schools at better rates and terms than they could receive in the market by enabling: i) **access to capital** to strong charter schools for which financing has been unattainable, and ii) **flexibility** to charter schools that have access to financing, but at terms that do not encourage their long-term growth and success.

While there are more players in today's charter school market, the financing offered is only consistently available to the strongest operators that have long track records in their districts—and, when available, this financing often comes with stringent terms that can be difficult for even the strongest schools to manage. As an example, in California, LIIF has increasingly been approached by leading Charter Management Organizations (CMOs) to provide subordinate construction debt in an effort to meet banks' strict 65% LTV policy. While these CMOs are among the strongest operators, providing $3.5MM in cash for each of multiple $10MM deals is not sustainable and undercuts the programming they are able to offer. However, taking a subordinate position is highly risky for CDFIs, particularly when junior to banks that lack CDFI patience and mission-orientation. CIP, IFF and TRF's borrowers face similar challenges. CEP funds become the lynchpin in making these transactions work.

Likewise, early stage charter schools with <4 years of operations continue to have difficulty accessing capital at all, with little or no leverage to push for flexibility in structure. Many of these players offer high-quality educational opportunities; however, they struggle to secure permanent facilities to enable their long-term sustainability due to a lack of access to flexible capital. While the industry has reliable indicators of success for the mature players, underwriting a new operator with limited performance data and no renewal track record requires significant diligence, an activity that is not feasible for institutional players. Further, certain lenders struggle to support schools that serve high-need populations, worried they will lack consistent demand, or teacher and student retention—ultimately leading to poor performance and charter revocation.

NCSLC will use CEP funds to alleviate these two challenges—**access and flexibility**. The partnership will seek to allocate CEP funds in an effort to open up the capital markets to high-quality early-stage operators, leveraging our local networks and collective experience to identify models of success. This includes new single-site operators as well as start-up schools managed by successful, but non-local, CMOs. These are deals that would not be completed at this stage of development without the leadership of the partner CDFIs and the CEP grant.

For example, IFF made a leasehold improvement loan to [redacted] in 2004 when it was a start- up school that had just received its charter. [redacted]es a diverse community in Chicago's southwest side, with approximately 85% of its students qualifying for free- or reduced-price lunch (FRL). With support from IFF, which facilitated bond financing for the school through its CEP grant, [redacted] expanded its site to add a middle school in 2009. [redacted] is nationally recognized for its groundbreaking educational model that combines health and wellness with academic rigor. This project would have not been able to obtain bond financing but for CEP funds.

NCSLC will also allocate CE to support more flexible terms to more mature schools or encourage new entrants into the market. For example, all four NCSLC members used prior grant awards to support the JPMorgan Chase NMTC Fund for Charter Schools, with the bank providing senior leveraged debt. CEP funds brought JPMorgan Chase in at a time when the market was still weak after the economic downturn. An initial tranche of CE was allocated to encourage JPMorgan Chase to lend into the structure and, in one particular project financed by CIP and LIIF, [redacted], additional CE was allocated to allow for greater flexibility, including a longer than standard amortization period, easing the cash flow pressure on [redacted] in its earliest years of building enrollment. Similar efforts will be carried out with the requested CE.

<u>**2. GOALS, OBJECTIVES, AND TIMELINE**</u> The following five overarching goals with measureable objectives will direct our CEP activities and provide a benchmark for measuring success.

<u>Goal 1: Expand access to capital for charter school facility projects to support a greater variety of school borrowers across diverse high-need geographies.</u> **(a)** Measurable Objective: Enable the delivery of $120MM to 35 schools across at least 10 different high-need markets over the next 5 years, with the goal of recycling funds to an additional 25 to 30 schools in Years 6-10. **(b)** Measurable Objective: Increase the types of schools securing financing by focusing on early stage schools (<4 years of operation) as well as established CMOs launching in new high-need geographies. At least 50% of schools supported will be early stage (<4 years) and/or established CMOs launching in new geographies (regional start-ups).

These objectives are achievable. Having deployed $1.4B in financing with collective geographic coverage that spans 31 states, NCSLC members have proven track records of identifying strong charter schools at every phase of growth and have the capacity to more intensely evaluate newer schools with shorter track records.

Goal 2: Offer maximum benefit to charter schools by providing a wide variety of targeted products with favorable terms and/or flexible financing structures. **(a)** Measurable Objective: Provide greater flexibility in *terms* to meet the needs of the borrower and encourages long-term success. A minimum of 75% of loans deployed will include at least one of the following characteristics, as compared to standard loan products in the market: higher LTV, longer amortization periods, variety in loan term and size, or alternate collateral options such as in leasehold mortgage, and subordinated debt. **(b)** Measurable Objective: Provide maximum variety in *financing structures* by leveraging the consortium network to offer multiple product types across diverse markets. To the extent feasible, we will offer the following products in 100% of target markets served: construction, mini-perm, leverage loans, proposed equity fund for school facilities in the Midwest, NMTC (per NMTC-eligible requirements), leasehold financing, and subordinated debt. As partners, our collective product suite offers an impressive variety of financing vehicles, from traditional to more complex structures, creating a one-stop shop for charter schools to quickly identify and access the right product for their organization and project.

Goal 3: Improve school choice for low-income students in the highest-need districts. **(a)** Measurable Objective: Support schools in districts that are most in need and are lowest performing: 70% or more of supported schools will have at least 70% of the student population qualifying for FRL; At least 70% of supported schools will be in areas where a large proportion of students perform below proficient on State academic assessments; and 70% of schools supported will be located in areas where a large proportion or number of public schools are under performing according to Title I[3]. **(b)** Measurable Objective: Support high quality schools, as demonstrated through data, that are outperforming their peers in regions served. Data metrics the NCSLC will likely focus on include: proficiency scores and high school graduation rates (for supported high schools). Specifically, by Year 5 of financing, 60% of the charter schools supported by this award will have standardized State reading/language arts literacy and mathematics scores exceeding average scores in their district and 75% of high schools will outperform district peers as measured by graduation rates.

<u>Goal 4: NCSLC will increase the level of investment in the charter school market.</u> **(a)** Measurable Objective: Utilize $12MM in grant funds to leverage $120MM of private capital, at a rate of 10:1, within the first five years of the grant. Recycle the grant as loans are repaid and exceed the 10:1 leverage target in Years 6+. **(b)** Measurable Objective: Engage at least eight different capital providers in grant-supported projects; at least four capital providers as 'new entrants' (either new to charter school financing and/or a new participant in a new geography or new financing structure). New entrants will either provide capital to CEP supported projects or provide takeout sources for projects supported by CEP funds (see Invitational Priority).

To achieve the above leverage goal we will utilize the immediate capital pool made available by the four CDFI members and the strong financing partnerships of NCSLC members to encourage additional capital players to participate in loan structures, including new local banks in expansion markets. NCSLC has already obtained financial commitment letters from 13 capital partners; see *Attachment 5* (A-5).

<u>Goal #5: Develop models of success and promote replication.</u> **(a)** Measurable Objective: Strengthen members' vetting processes for charter schools and identify best practices, with a

[3] Title I: Priority or Focus schools, or those identified for improvement, corrective action or restructuring under NCLB and AYP

focus on earlier stage schools (<4 years of operation). Members will develop and refine underwriting strategies, drawing on industry best practices, such as those included in the National Association for Charter School Authorizers' (NACSAs') performance framework, which includes both academic and financial performance-based metrics. NCSLC will publish its cumulative findings on underwriting strategies and the related performance data in Year 5. **(b)** Measurable Objective: Disseminate best practices with charter school community, including published findings, to expand access to capital for schools at every stage of development. Share information in the market via submitting panel proposals at state and national conferences; presenting findings to industry working groups such as the Charter School Lender Coalition (CSLC) or NACSA– Authorizer/Lender Working Group; and/or providing insight to future financing partners.

The below table provides a high-level timeline for carrying out the above CEP activities, including Program Performance Measures and Project-Specific Performance Measures:

Table 1: CEP Timeline, Performance Measures and Expected Results

Program Performance Measures			Project-Specific Performance Measures		
Timeframe	# of Schools Served	Total Leveraged ($)	# of Seats*	# of Start-Ups**	Need for School Choice
Initial Deployment of Capital					
Year 1	8	$ 29,500,000	3,600	4	70% of schools served are high need and low performing areas***
Year 2	8	$ 29,500,000	3,600	4	
Year 3	7	$ 21,000,000	3,150	3	
Year 4	8	$ 26,000,000	3,600	4	
Year 5	4	$ 14,000,000	1,800	2	
Year 5	Publish successful underwriting strategies for Start-Up Schools (<4 years of operation)				
	35	**120,000,000**	**15,750**	**17**	
Years 6-10, First Recycling of Grant Dollars					

** Reflects total seats created and preserved at stabilized enrollment*

*** Defined as Schools with less than 4 years of operations and/or established CMOs launching in new geographies*

**** See Goal #3, Measurable Objective (a) for definition of "high-need and low performing"*

NCSLC will recycle CEP funds in years 6-10, achieving additional leverage and impact for schools and students served. During this time, we project that we will leverage an additional $75MMin capital, serve an additional 20-25 schools, provide 9,000-11,250 additional seats, with 50% of school served defined as startups and at least 70% located high need/low performing areas. Note, performance figures for years 6-10 are subject to fluctuate dependent on terms of initial capital deployed in years 1-5. This is consistent with NCSLC's goal of providing terms that are responsive to the needs of each charter school borrower.

3. PLANS & ACTIVITIES WILL ACHIEVE OBJECTIVES NCSLC believes the proposed program will succeed: **(1)** NCSLC members maintain a long track record successfully carrying out similar activities (see Capacity section) **(2)** NCSLC members maintain a robust pipeline for the very types of projects that we are targeting for CEP funds, and **(3)** the proposed project strategy NCSLC is well-vetted and designed in response to market and borrower needs.

Pipeline: Demand for NCSLC member capital is high. NCSLC members combined pipeline totals 51 operators (>25,000 desks) across 18 states requesting $235MM in charter school financing representing $396MM in total development costs (See A-21). With many pipeline borrowers representing start-ups or strong CMOs venturing into new geographies, CEP funds are an important financing tool to drive these transactions to completion.

For example, LIIF and CIP are currently working with [redacted], a well-known CMO [redacted], on expansion of its model into San Antonio, Texas, based on high concentrations of low performing schools in low-income neighborhoods (>70% FRL) and the estimated demand for a cluster of eight high-performing schools. A key learning for [redacted] in launching in new markets has been the importance of securing and constructing its initial facility earlier in the outreach process in order to generate interest and excitement among local families. CEP funds would enable LIIF to support this riskier transaction and, in the future, secure additional financing from a local bank for future [redacted] schools.

Similarly, TRF is working with [redacted], a high performing PS-8 charter school in Washington, DC [redacted] (FRL >88%), which has been awarded the right to lease the currently vacant former [redacted] Elementary School building. The school is seeking $13 million for leasehold improvements to the facility in order to support [redacted] expansion to a second elementary school campus. Bond financing on the school's current buildings claim the cash flows associated with the existing 516 student body. CEP funds will be an important tool in providing a leasehold improvement loan that supports the school's commitment to growing organically in the [redacted] building. In school year 2013-2014, more than 1,800 students applied for less than 35 open seats. The new space will house 370 elementary students, serving grades most in demand on the school's current waiting list.

Consortium member, IFF and CIP, will use CEP funds similarly. For example, IFF will provide CEP funds to [redacted], an established stand-alone charter school operator in Chicago to construct a new $21MM facility (500 seats, 95% FRL and 99% minority). Likewise, CIP will support [redacted] in Los Angeles to get a permanent facility space (100 seats, 95% FRL).

Pertinent Strategy: NCSLC has structured the program to address what is most needed by the schools: **access to more flexible capital**. This is based, not only on our collective 80+ years of experience in the charter school market, but also feedback from our borrowers and other organizations supporting charters, gathered through a combination of a formal survey process and informal discussions (see Section B. Quality of Project Services).

4. PROJECT WILL PRODUCE REPLICABLE RESULTS NCSLC will utilize CEP funds to produce replicable results. NCSLC presents a unique opportunity for four successful lenders to come together and determine the most effective factors, tools and strategies to measure the success of charter schools, ensuring the replication of models that have the greatest positive impact on our communities. An additional focus will be placed on the evaluation of early-stage schools for which data is significantly more limited. This data will be used to provide a platform to successfully finance early-stage schools (<4 years in operation), often deemed riskier, providing a framework that lenders can rely on when considering supporting these projects.

We will use the consortium structure, which provides a seamless way for us to vet and share underwriting strategies and performance data, to refine best practices. We will publish our cumulative findings on underwriting strategies and the related performance data in Year 5.

5. SCHOOL SELECTION & TYPE/AMOUNT OF ASSISTANCE NCSLC members have a long track record of financing and developing successful charter schools and have developed specialized knowledge and underwriting processes for evaluating charter schools. Collectively, members will utilize existing outreach efforts, spanning 31 states and 15 offices, to identify eligible, high-quality charter schools, with a focus on projects that would not reasonably be financed at favorable terms without CEP grant funds. Each CDFI will apply its evaluation and underwriting process for determining investment-quality charter school projects—standards that parallel each of the organizations' quality benchmarks.

First, we will target investments to charter schools (i) in areas that have the greatest need for choice (according to the % of FRL and/or those designated as Title I[4]), and (ii) that either demonstrate academic quality and results, or for start-up schools, demonstrates the potential for

[4] Title I: Priority or Focus schools, or those identified for improvement, corrective action or restructuring under NCLB and AYP

quality based on the model or performance of its founding CMO. Together, the members hold relationships with a majority of the nation's charter school contacts, CMOs, statewide associations, and authorizers, relationships – that will help identify schools that fit these criteria. Once identified, rigorous evaluation of the school's viability will be applied which includes: (a) historical financial analysis and controls; (b) repayment and refinance risk; (c) the depth of experience and track record of the management team and board directors; (d) school charter and design; (e) the charter school funding environment and local political risk, including quality of authorizer; and (f) collateral. We apply additional evaluation measures to start-up schools (<4 years in operation) and schools undertaking major expansion plans, such as examining local demand, start-up budget, community engagement, growth projections and waiting lists, and authorizer feedback. Additionally, when necessary, we may coordinate a third-party academic and organizational review. Once selected, the school will move forward through a formal approval process and NCSLC members will determine the type and amount of assistance to be given based on: (i) the overall risk factors presented by the project; and (ii) the level of risk mitigation required to secure financing and/or provide favorable terms. Rather than establishing a flat percentage on every deal or pooled across deals with pre-determined structure, NCSLC seeks to be responsive to the needs of borrowers, determining the structure / level of enhancement on case-by-case basis.

NCSLC's approval process is based on each organization's strong experience supporting high-quality, successful charter schools. Since inception, consortium members have originated over $1.4B in charter school financings (including start-up schools) and experienced <1% in losses across our respective charter school portfolios.

6. LEVERAGE FUNDING AND INCREASING # /VARIETY OF SCHOOLS NCSLC will leverage the grant dollars at a ratio of 10:1 over the initial five years of the grant program through a combination of accessing: (i) the capital pool immediately provided by the four CDFI members and (ii) the members' strong participation networks of other capital providers, including new entrants to the market. Funds will be recycled in Years 6-10, with an estimated additional $75MM capital leveraged. The partnership will enable a national reach with the added benefit of local expertise and technical assistance (TA) to assist in vetting schools at every stage of development from early-stage schools to mature operators.

We are confident in our ability to greatly leverage a CEP award. To date, the consortium has received a combined $70MM in CEP grants. Each organization continues to surpass its annual leverage benchmark.

As noted in the Invitational Priority, NCSLC will actively seek opportunities to engage other capital players in the charter school space. We are committed to engaging at least 8 different capital providers in grant-supported projects, including 4 new entrants. We are confident in our ability to successfully leverage private capital. Together, we have long-standing relationships with virtually every major financial institution in the country (e.g., JPMorgan Chase, Bank of America, US Bank) and numerous philanthropic foundations (e.g., Gates, MacArthur, Walton, etc.). We have already received 13 financial support letters from investors (See A-5).

For example, all consortium members used prior CEP funds to partner with JPMorgan Chase in the $325MM NMTC Fund for Charter School. Without CEP funds and the subordinated debt provided by CDFI lenders, JPMorgan Chase would not have financed the schools. Another example includes, CIP, which provided $1MM of capital to provide CE in order to leverage a $15MM commitment from Gates Foundation and Schwab Foundation to support a $93MM tax-exempt bond issuance for nine California schools operated by [redacted]. This extraordinary 93:1 leverage provided significant benefit for the 9,000 students enrolled in [redacted] schools, resulting in financing that saved the schools over $800,000 in annual interest expense, savings that can be applied to educational programs for underserved students.

Of note, this same consortium of CDFIs is also contemplating a CDFI Bond application. This will allow members to provide long-term, fully amortizing capital to charter schools that might not otherwise be able to access the capital markets. CEP funds may be a critical component of that strategy as the Secondary Loan Requirements dictate LTV of 80%. This grant would allow NCSLC members to provide sub-debt that can effectively increase the LTV from 80% to 90%, thereby making the CDFI Bond program a viable source of funding for high-performing charter schools and a source for public sector leverage.

7. SERVING STATES WITH STRONG CHARTER LAWS NCSLC will target CEP funds to qualified schools in states with strong charter laws, consistent with the following three criteria: (1) The State is accountable (in the terms of the schools' charters) for meeting clear and measurable objectives for the educational progress of the students attending the school; (2) The State has multiple authorizers or a strong appeals process; and (3) The State ensures charter schools have a high degree of fiscal autonomy.

To evaluate how NCSLC target states perform against the above criteria, we utilize the 2013 Center for Education Reform's (CER) guidance, and the National Alliance for Public Charter Schools (NAPCS) 2013 state rankings (see A-10 for rankings and A-7 for coverage geography). NCSLC may also target schools in states that do not meet these criteria but where there is a strong pro-charter environment and CEP resources could help build momentum.

We are confident that we will target CEP grant funds to states that provide the most supportive and compatible laws and policies for charter schools. Together, NCSLC reaches each of the top 10 states in the 2013 CER rankings, including: Washington, D.C., Michigan (Detroit), New York (NYC), Missouri (Kansas City and St. Louis), and California (Los Angeles). In examining NAPCS's data, we see similar positive results, with NCSLC overlapping 10 of the top 11 states identified (including Minnesota, Indiana, and Louisiana).

NCSLC will also target historically weaker markets that are currently trending toward improvement. For instance, in 2013, Texas lawmakers passed the largest charter school expansion since 2001, increasing the charter operator cap by over 40%. Similarly, Tennessee continues to show signs of positive pro-charter school laws and policies. In June of 2013, in high-need Memphis, nine charter operators were approved to open schools in the state-operated Achievement School District. Illinois recently established the Illinois State Charter School Commission to allow denied charter school applicants a fair appeal process.

8. PROJECT COSTS ARE REASONABLE NCSLC believes its CEP request and associated project costs are reasonable. The deployment of the CEP over the 5-year program period is achievable. On average, this equates to 1 to 2 loans and $6MM in lending volume per year for each CDFI. Given the track record and pipeline of each CDFI, these are realistic and achievable lending goals. The project costs estimates are based on each CDFI's experience as lenders on the actual cost of underwriting loans and deploying / managing capital. Each CDFI has the necessary staffing and systems in place and we can start deploying the CEP immediately and efficiently, at no additional cost. NCSLC also absorbs all administrative costs associated with CEP, allowing the entire grant to benefit schools. NCSLC's conservative projections show the financial viability of the project design over the 5-year program period. Key assumptions of the cash flow *pro forma* (A-4) are presented in detail and summarized below:

Transaction Volume: Assuming a $12MM CEP award, NCSLC will fully deploy the funds over the 5-year program period to finance an estimated 35 transactions. NCSLC's financial model assumes a range of loan types and sizes based on historical trends, input from charter operators on financing needs, and the goals set forth in the project design of the program. The actual number of transactions may vary depend on the average size of the loans. NCSLC anticipates that it will serve additional schools through recycled funds after Year 5.

Leverage: NCSLC will achieve a 10:1 leverage over the five-year program period. The $12MM CEP is anticipated to facilitate at least $120MM in lending over the five years. NCLSC anticipates further leveraging of the CEP with recycled funds after Year 5.

Loan Losses: The financial model assumes a loan loss reserve of 0.50% of outstanding loans. Should the charter schools incur no loan losses, the funds will be retained in the reserve account.

Revenue: Projected revenues through the program include origination fees, earned interest income on outstanding loans, and interest earnings on reserve account funds.

Expenses: Expenses include underwriting, servicing, and out-of-pocket expenses such as legal fees and audits. NCSLC assumes that expenses will be covered by origination fees and net interest income generated by the loan.

9. PROJECT IS SUPPORTED BY STRONG THEORY NSCLC's proposed activities are supported by a solid rationale and a logic model (A-3). Based on our successful track record of utilizing CEP funds for charter school financing, we propose a strategy for utilizing grant funds that will result in meaningful outcomes and impact to students served. As mission-motivated lenders, we will continue to serve people and places that need the most help. Our past CEP awards have been critical to helping us underwrite the risk associated with supporting schools in high need communities. A new award is crucial to enabling us to do more of this important work. Our model requires three primary inputs: **(1)** a CEP grant, **(2)** our combined capacity, and **(3)** leveraged private capital.

Based on our individual past performance, we believe we will achieve the following high-level outputs with CEP funds: **(i)** Expanded access to flexible capital for markets most in need; **(ii)** Favorable structuring for projects; **(iii)** Access to a capital pool that can handle larger / more complex financings; **(iv)** 10:1 leverage with private/non-governmental capital recycled over a five-year period; and **(v)** New capital entrants, new geographic markets, and new types of financing structures. These outputs, as indicated in the logic model, will support the following outcomes (projection data based on historic achievements): **(a)** Finance 35 charter school projects in 5 years, providing greater educational choice and opportunity for 15,750 students attending 35 schools and **(b)** Attract at least 4 new capital sources in the market.

B. QUALITY OF PROJECT SERVICES

1. SERVING THE NEEDS OF CHARTER SCHOOLS Each NCSLC member is at the forefront of the industry, supporting the expansion of high quality charter schools in our respective markets. Collectively, we have supported schools that educate close to 300,000 students across the country; on average, schools we financed serve a population in which more than 70% of students qualify for the federal FRL program. Together, we have the capacity to immediately deploy capital where it is needed, when it is needed, and how it is needed.

To the extent feasible, we will offer the following products in 100% of target markets served: (1) Construction, acquisition, mini-permanent and permanent financing, (2) Leasehold financing, (3) Subordinate debt; (4) NMTCs, and (5) the anticipated dedicated charter school

Equity Fund. These products are both in high demand among charter schools and ones that NCSLC members are well-versed in providing. In addition, special products and services such as the Equity Fund are available to some markets. CDFI bond financing may become available. Each of these products will meet charter schools' need to access financing at all stages of the life-cycle, from start-up to maturity.

NCSLC members have strong histories of supporting successful start-up schools (< 4 years in operation) and will work to strengthen the vetting and assessment of schools with limited track records in order to establish best practices that will be shared over time with the charter school community via conference sessions, coalitions and associations such as CSLC and NACSA and other future financing partnerships. NCSLC members' hands-on approach means that schools benefit from feedback on their operating projections and project budgets and can be secure that their financing is appropriate for their needs and that their lenders have a mission-driven interest in their schools' success.

1) Construction, acquisition, mini-perm, permanent financing: Quality charter schools that need financing to construct or expand facilities often find that conventional banks insist on several years' track record. In established markets, where project costs can be high, banks can limit LTV when they offer financing, requiring large amounts of equity or subordinate debt for projects to advance. Through a one-stop shop model among NCSLC members, we will have the capacity to immediately deploy capital for construction, acquisition, mini-perm, or permanent financing with favorable terms and can partner for larger financings.

2) Leasehold financing: NCSLC will utilize CEP to support leasehold financing. Charter schools often begin in leased space (by necessity or choice) to get into buildings quickly or into premium spaces that owners will not sell. Leasing can allow for phasing in additional space as enrollment and financial resources grow, controlling costs while stabilizing operations and building cash reserves. However, leased space usually requires significant renovations, especially to be ready to meet the life safety requirements of school use and technology needs of a quality educational program. Leasehold improvement financing is difficult to obtain, since lenders typically view these as unsecured loans.

3) Subordinate debt: Even when schools secure permanent financing from conventional lenders, a gap between the debt offered and the project costs may require the school to make a larger equity contribution. Conventional lenders, and particularly underwriters of letters of credit, will frequently accept only a 60-80% LTV. NCSLC members provide financing in a subordinate position, bringing the total financing up to 90% or more of the completed project value and leveraging the senior financing. It is much riskier, but a necessary position for many projects to work. CEP funds are critical to NCSLC members' ability to provide sub-debt, without which many charter school facility projects would simply not be financially viable.

4) NMTC Loans: NCSLC members have collectively received more than $1.1B in NMTCs, of which, over $400MM have been used for charter schools. NMTC financing provides significant opportunity for schools to secure ownership of their facilities. These loans offer very high LTV (commonly 95%, sometimes over 100%). We will seek to use CEP funds with NTMC as we did in the successful Chase NMTC Fund for Charter Schools (described on Page 4).

5) Equity Fund: NCSLC member IFF is in preliminary discussions with investors to establish an equity fund for school facilities development. If established, the fund will leverage equity from investors with debt from lenders. Qualified charter operators in the Midwest would be able to purchase, renovate, and finance 100% of their charter school facilities and enter into a lease or similar arrangement or purchase the facilities when the schools are fully enrolled and can obtain financing. IFF believes that the CEP can be used as a tool to attract lenders to the fund at more flexible rates and terms.

6) CDFI Bond financing: NCSLC members are also planning to collectively apply for bond issues totaling at least $100MM through the U.S. Department of Treasury CDFI Fund's Bond Guarantee Program. Access to this capital will allow us to offer charter schools access to long-term capital when the traditional capital markets are not available. However, because Secondary Loan Requirements limit LTV to 80%, CE will help schools access such long-term capital by allowing NCSLC members to provide the necessary sub-debt.

2. SCHOOL AND AGENCY INVOLVEMENT In developing the project design, NCSLC solicited input from 30 charter school operators and developers as well as authorizers in our markets through both email surveys and phone interviews. The results helped us refine and reaffirm the value of our products—a wide array of tools critical to schools in the earliest stages of development as well as to established operators expanding to new geographies. Additionally, the 53 letters of support (A-5) from charter schools, authorizers and other stakeholders confirm the value each CDFI offers through its charter school financing program.

The assistance needed when charter operators are conceptualizing their school is twofold. First, finding financing is challenging, as commercial banks typically have strict requirements related to operating history and equity contributions. Eighty percent of operators and developers we surveyed cited equity requirements as one of the biggest challenges faced when seeking facility financing. Second, schools are often overwhelmed by the technical decisions surrounding facility selection and construction budgets. Three-quarters of survey respondents indicated that leasehold improvement and TA with facility financing are pressing needs, particularly for early-stage schools undertaking facility projects. NCSLC members meet these challenges by combining products with flexible features with strong TA. Seventy percent of operators surveyed cited both a lack of credit history and loan size limits as barriers to finding facilities financing. As operator [redacted] indicated, schools seeking facility financing prioritize "*long-term affordability while balancing short-term cash flow availability*." High-cost, inflexible financing can impact the overall health of a school. As authorizer [redacted] said, *"A school that has too much debt— and therefore is financially unstable—is unlikely to be approved to replicate or expand, and is likely to be cited during the renewal process."* To that end, those surveyed listed the following CDFI financing features as advantageous: higher LTV/lower equity requirements, lower fees and acceptance of variety of collateral.

Of those surveyed, 90% cited their CDFI lender's deep understanding of charter schools as key to the financing they received. [redacted] said that until they started to partner with a CDFI, they had to "*always wrestle with banks who did not understand our mission and the risks involved in operating schools."* The survey confirmed that our products are consistent with charter schools' needs. Loan size limits and cash-flow constraints remain the biggest challenges that schools face in finding facility financing; TA with the facility project is a necessity; understanding of charter schools, higher LTV and lower equity requirements are highly valued.

3. TECHNICAL ASSISTANCE (TA) AND OTHER SERVICES NCSLC will provide TA tailored to support the needs of charter schools; such services better prepare borrowers for success and mitigate risk for the lenders. TA will be paid for through interest earnings. NCSLC members traditionally work with schools on facilities project planning, finance, management and governance, as illustrated below:

LIIF, for example, worked with borrower [redacted] charter school for nearly two years as it worked to expand from a 300 student middle school operating in a former motel located on church-owned property. LIIF helped [redacted]e develop operating projections and evaluate alternate future scenarios in enrollment and the challenging California funding environment. LIIF also helped [redacted] work with the City of San Jose to ensure valuable redevelopment funds were preserved for the project.

IFF has provided a broad range of TA to charter schools, authorizers, and other organizations involved in assessing school quality throughout the Midwest. In 1996, IFF started working with Chicago Public Schools on its authorization review process and has conducted workshops and one-on-one sessions with Chicago charter school applicants. IFF provides its TA in various cities through support from the Walton Family Foundation, and in Detroit with support from the Skillman Foundation. IFF's Real Estate Services group also provides assistance to charter schools, authorizers, and others on a broad range of facilities needs.

TRF focuses its TA on real estate feasibility and organizational assessments. Most charter school operators lack experience to undertake a facilities project and often need assistance navigating the development process. In 2009, TRF helped [redacted] move from a cramped facility it had been renting to a newly acquired space that required significant renovation. TRF closely worked with the school through the development process, arranging for construction oversight and an energy expert to review their plans, which helped them secure financing for the project's energy-efficiency components. TRF also often supplements its expertise with consultants charter school experts to assist with an overall management assessment, student performance goals and accountability plans, and curriculum design. These assessments help schools prepare for renewal.

CIP, like the other CDFIs, provides TA to charter schools, particularly construction due diligence, where costs can quickly skyrocket when an inexperienced charter school operator selects a general contractor lacking sufficient prior experience in projects of similar size and scope. CIP performs a preliminary feasibility analysis and assists charter school operators with site selection, plan and cost review, and contractor and subcontractor selection.

3. LIKELIHOOD OF SUCCESS AND DEMONSTRATED NEED NCSLC members focus on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance. Charter schools, especially startup schools that have yet to undergo their first charter renewal, face challenges in securing financing, as many conventional banks are not comfortable with the uncertainly of renewal. To assess a charter's capacity and potential for both financial and academic success, NCSLC looks at such factors as strength of the school's management team, the history of the operator, and the academic model.

For example, in 2010, TRF and LIIF partnered to lend $4.2MM (enhanced with CEP funds) to [redacted], a new startup school in Baltimore, MD. Given that as a new school it had no track record, [redacted] could not obtain traditional financing. However, since the founder, [redacted] was an existing TRF borrower and because the new school would be based on a sound model, TRF and LIIF had confidence capacity and academic potential of the startup. After three successful years, TRF provided the school another $1.7MM loan to expand. In this time, [redacted] built a consistent academic track record—in 2012-2013, the school met or exceeded the MD State Assessment average for proficiency in each grade and subject area.

In 2012 CIP financed the creation of an elementary school for [redacted] in Los Angeles. This startup school with <3 years of operating history showed academic promise for a very high-risk, low income population in an underserved area, but did not have a long track record. More than 95% of the 220 enrolled students qualified for the FRL program and more than 90% speak a language other than English at home. CIP saw the potential in this school and utilized CE to help mitigate the risk of the transaction.

C. CAPACITY

1. AMOUNT AND QUALITY OF EXPERIENCE NCSLC unites four of the strongest CDFIs in the country LIIF, CIP, IFF, and TRF, to create a highly dynamic platform unrivaled in the field that will deploy charter school financing to quality projects in areas of the country where it is most needed. Each CDFI has received the top CDFI Assessment and Rating System (CARS) rating, a rigorous, third-party assessment of financial strength and impact performance. Jointly, NCSLC members have deployed $1.4B in charter school financing, in turn supporting 604 schools across 23 states. This group has also been collectively awarded $70MM in CEP funds and has efficiently and fully leveraged these dollars (see Table 2).

Charter school lending is a core lending competency of each CDFI, as shown in Table 2 below. Each member organization prides itself on providing school financing in distressed communities or in underperforming school districts, while experiencing minimal losses. Likewise, as mission-driven organizations, each CDFI has actively supported the creation and expansion of high quality charter schools that are leaders in innovating public education and improving educational outcomes and opportunities for disadvantaged students. NCSLC members work with both stand-alone and CMO charter schools alike, and each has worked at the local, state and national levels to advocate for responsible charter school policy.

NCSLC members also work collectively and creatively to stimulate private investment into the charter school sector, through long-standing relationships with public and private investors, as well as by collecting and disseminating data about our shared, positive lending experiences. For example, in 2011, LIIF and TRF, along with another CDFI partner, spearheaded an industry-wide survey to examine charter school loan performance on a national basis over the last 10 years—reflecting >$1.2B in charter school loans. This report was widely distributed, with an emphasis on prospective capital providers. The low rate of delinquencies and defaults provided solid underwriting data, which potential lenders could rely on when entering the sector. Each CDFI member actively participates in the CSLC, a national alliance of community developers that encourages increased funding for charter school development; LIIF chairs this alliance.

As illustrated in the below table, NCSLC partners demonstrate strong track records in using CEP Funds to support higher risk charter school projects.

Table 2: NCSLC Members' Financing Track Record

	LIIF	TRF	IFF	CIP
Began Lending Charter Schools (year)	1998	1998	1996	1994
$ - Schools Financed	$395MM	$265MM	$149MM	$600MM
# - Schools Financed	161	78	168	285
# - Schools Financed Using CEP Funds	32	42	13	38
Cumulative CEP Lev	23:1	17.8:1	14:1	10.2:1
Total # Of Students Served	>70,000	>38,000	>36,000	>100,000
Charter School Lending Footprint	National - 10 U.S. states + DC	mid-Atlantic - PA, NJ, DE, MD & DC	Midwest	National - 16 U.S. states

NCSLC partners have deep experience working alongside each other to: carry out complex deals; structure funds dedicated to financing charter schools; deploy NMTCs to support higher-risk charter school transactions; and raise equity and debt capital to fill market needs. Together, we are leaders in crafting and implementing creative solutions and working together to support our target schools in our target geographies—simple or complex, single transactions or financing pools—as shown in these three brief examples: **(1)** LIIF, CIP, TRF and IFF all used a portion of CEP funds to participate in JPMorgan Chase's national NMTC Fund for Charter Schools, together providing more than $168MM in NMTC financing nationwide. **(2)** TRF, LIIF, CIP and three other organizations led the creation of the Charter School Financing Partnership (CSFP) to give schools access to and better pricing in the bond market. As a result of assembling a strong deal pipeline, combined with CEP funds and the depth of lending experience, TRF, LIIF and CIP themselves successfully deployed >95% of the CSFP funds. **(3)** TRF and CIP worked together to create one of the first regional structured funds—the Charter School Capital Access Program Fund (CCAP)—which leveraged $6.4MM in CEP funds. CCAP was a syndicated bank pool that provided long-term facilities financing (up to 20 years) for charter schools. Syndicated by Chase, 10 banks collectively provided $35MM of senior debt. TRF and CIP each provided $5MM in subordinated debt, and used the CEP funds as first loss funds.

In sum, the consortium has a substantial track record and experience in financing charter school projects, enhancing various types of loans in support of the charter school sector, and working cooperatively to achieve common goals.

2. FINANCIAL STABILITY NCSLC members have a combined $1.83B in assets under management, $772MM in balance sheet assets and a combined 115 years of operating history. Indeed, each CDFI is among the largest and most financially stable CDFIs in the country, as evidenced by their identical CARS ratings.

CARS is a comprehensive ratings system widely recognized by the investor community that provides an independent, third-party analysis of CDFI financial and impact performance. Each NCSLC member has individually received the highest financial strength and performance rating and the highest impact rating. The Financial Strength & Performance Rating is based on a rigorous, independent assessment of CDFI financial condition and performance, as well as the quality of lending assets, financial and lending controls, and caliber of management and the Board leadership. The impact rating is an assessment of how well the CDFI meets its mission.

As shown in Table 2, LIIF, TRF, IFF and CIP demonstrate strong net worth with equity to total assets ranging from 30-50%. NCSLC members have the ability to withstand substantial operating and/or loan losses, if they were to occur. At the same time, the quality of each respective loan portfolio is superior. Charge-offs have been minimal—at < 0.9% across all sectors, while charter school loan losses are even lower. As of FYE 2013, each lending member has loan loss reserves (LLR) upwards of 5% and each carries out exemplary due-diligence and underwriting processes.

Members' balance sheets reflect a variety of capital sources, including net assets, loans, and grants. Investors in NCSLC include the largest banks (e.g., Bank of America, Citibank, JPMorgan Chase, Goldman Sachs, Wells Fargo); regional banks (e.g. First Republic Bank, PNC, BMO Harris); major foundations (e.g., Ford, Gates, MacArthur, and Walton); insurance companies (e.g., MetLife, Prudential); and other groups, such as religious organization investors and government entities. Investor renewal rates for each respective organization are >80%, reflecting continued support of our programs, degree of social impact, and superior financial management.

Our respective investors and lenders require us to meet strict financial covenants, particularly around net worth and liquidity, to ensure financial stability. We report on these covenants quarterly and monitor covenant compliance closely.

Table 3: Snapshot - Financial Health of NCSLC Members

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

*Unaudited information, 12/31/2013;
** The average of (annual charge offs less recoveries/simple average of annual loans outstanding) from inception to date.;

(a) CARS Definition, (b) Five Year Average 2009-2013

<u>3. PROTECTION AGAINST UNWARRANTED RISK</u> The strongest testament to NCSLC's collective ability to manage against unwarranted risk is its historic record of minimal losses and superior portfolio quality. Our common, disciplined approach to underwriting, combined with rigorous portfolio management has helped maintain low delinquency rates.

All CDFIs maintain strong written policies and procedures, protecting the organization from unwarranted risks in making loans to borrowers, and governing loan underwriting, servicing, portfolio monitoring activities and financial management. These policies and procedures are approved by the Board and regularly reviewed to ensure continued responsiveness to borrowers' changing needs and market conditions. Each CDFI's risk-management policies and lending procedures are so thorough and effective that major financial institutions—such as Chase —have accepted them, enabling the CDFIs to originate and manage loans on their behalf. These policies and procedures will be applied to projects receiving CEP funds.

<u>Below is a summary of risk management functions common among the four CDFIs. Each CDFI's detailed written policies included as attachments.</u>

Underwriting Standards for Charter Schools Each CDFI has developed demonstrated expertise in understanding and responding to the needs of organizations that present unusual or unconventional characteristics, such as charter schools, which often have limited borrowing history, uneven revenue streams, and heavy dependence on public revenues or subsidies. This expertise utilizes the same technical skills, rigor, and discipline as conventional lending institutions; however, each CDFI's underwriting is distinguished by a willingness to assume a higher degree of risk, flexibility to structure loans to meet individual borrower needs, and additional time and TA given to each borrower. For example, we will lend against revenue streams, such as future fundraising, which would not be acceptable to private sector financial institutions. Each CDFI will underwrite loans outside of conventional standards, such as lower debt service ratios and higher LTV requirements than traditional lenders.

Unlike highly-defined bank products, each CDFI's flexibility enables us to innovate new lending structures that respond to ever-changing charter facility financing needs. Moreover, we invest considerable time with borrowers, providing TA on basic elements of finance, appraisals, budgets, *pro formas*, feasibility analysis, and financial structuring. This time-intensive work enables critical projects to go forward and improves the likelihood of loan repayment, resulting in the historically strong portfolio performance.

Lending Limits and Reserve Policies Each CDFI follows a number of risk mitigation strategies. Each CDFI has Board-approved limitations on individual loan size and borrower concentration as well as a rigorous and conservative LLR policy, which stipulates general and specific reserve levels depending on the type of loan, and borrower profile.

Portfolio Monitoring At the time of origination, loans must meet each CDFI's risk rating standards as underwritten, which may include an LLR depending on the loan type and credit strength. Loans and risk ratings are reviewed quarterly, semi-annually, or annually. Review frequency and level depends on such factors as phase of development being financed or risks specific to the transaction. After each review, each CDFI approval body approves risk rating classifications and LLR percentages. Each CDFI has internal policies to classify delinquent loans as those for which any payment of principal and/or interest is a certain time period past due (e.g. ≥30 days past due). Typically, any loan ≥90 days past due is classified as "Non-Accrual." The CDFI may also classify current loans as Non-Accrual if it believes there is a reasonable likelihood of principal loss on the loan.

Each CDFI's loan monitoring efforts include regular communication with charter schools about their project and financial conditions, site visits, and monitoring of industry developments (e.g., changes in state or federal funding). Staff also regularly assess risks related to repayment to ensure that any cash flow difficulties or operational weaknesses are detected early and remedied before a loan becomes delinquent or in default. Loan monitoring activities also include managing and approving loan disbursements according to detailed requirements and funding conditions.

In the event of a write off, each CDFI balances the objectives of full repayment recovery and avoidance of losses with support for borrowers. Each CDFI will work with a school's efforts to cure defaults in a reasonable and timely manner before moving to call a loan or proceed to foreclosure. Working with legal counsel, if necessary, each CDFI has procedures for performing loan work-out functions and pursuing remedies to collect on the loan or collateral. When a portion or all of a loan is deemed uncollectible, that portion will be written off.

Financial Management/Risk Mitigation Each CDFI operates with comprehensive written policies and tight internal controls to prevent the occurrence of any financial malfeasance or mismanagement. Each CDFI's superior track record in financial management rests on (i) establishing proper segregation of duties, (ii) contracting for regular, independent reviews of key systems by a qualified auditor, and (iii) closely managing oversight of these key systems, both internally and externally. Each CDFI's books are audited annually by an independent accounting firm in accordance with board approved policies and reporting structures. For example, in some cases, the accounting firms may report directly to the Audit Committee of the Board of Directors. Each CDFI also maintains an internal audit rotation schedule approved by the Audit Committee, consisting of third-party independent auditors and/or reviewers who review each of the CDFIs' major functional risk areas. All findings from internal audits, if any, are quickly addressed by management with management actions reported to the Audit Committee or appropriate oversight body. Each CDFI operates with sophisticated, state-of-the-art industry-leading software packages and customized applications to track lending, impact of our products and services on the communities we serve, project data, investor capital restrictions, donor requirements and financing and development services activities. Each of these software systems generate numerous reports that the CDFIs use to manage day-to-day business most of which are produced and reviewed on a monthly, quarterly and annual basis.

4. EXPERTISE IN EDUCATION NCSLC members will thoroughly evaluate charter school applicants according to well-established criteria that have been successfully tested and proven. Consistent with past experience, NCSLC members will support only projects that are likely to result in high performing, high quality schools.

For example, TRF has been underwriting charter schools since 1998. Its relationships and experiences financing exemplary schools have exposed its lenders to specific practices that lead to successful charter schools such as [redacted] in Washington, D.C.; [redacted] in Philadelphia, PA; and [redacted] in Jersey City, NJ. Moreover, TRF's Chief Lending Officer spent five years teaching in urban public school classrooms and working alongside rural classroom teachers. Members on TRF's Board of Directors and Community Advisory Board also bring significant charter school expertise.

TRF also has a unique ability to target and finance start-up schools; for example, of the 26 schools TRF served with its 2005 $10MM CE grant, 12 had been open for ≤ 3 years at the time of financing. For untested start-ups or schools with a mixed but improving track record, TRF supplements its expertise with third-party consultants, such as Foundations Inc., to assess the school's performance and leadership. TRF also actively tracks school performance on state assessments as well as year-over-year performance compared to district and charter school peers. TRF's loan committee reviews academic performance for potential for academic success at underwriting and continually as part of its annual portfolio review. TRF also considers other factors, such as student demographics, security and community involvement.

Similarly, for potential school borrowers new to LIIF, a consultant is hired to underwrite the education quality of the school, including effectiveness of curriculum, organizational structure, strength of the Board and other important evaluative markers. LIIF strives to channel investments to high performing charter schools or start-up charter schools that show strong indicators for success. For instance, LIIF has supported several start-up schools managed by emerging CMOs when they didn't have significant financial strength or track record, that have since grown into strong school operators that demonstrate high academic achievement and operate multiple campuses. These include [redacted] in San Jose, CA, and [redacted] in Los Angeles, CA.

Likewise, with over 18 years of successful lending to high-quality charter schools, CIP has developed an ability to evaluate and choose charter schools that have a strong likelihood of succeeding. Indeed, CIP has lost only $600,000 of the $600MM loaned to charters to date. CIP's underwriting criteria are specifically geared toward borrowers located in economically distressed areas. Typically, the underwriting process consists of a comprehensive evaluation of the applicant's management, the project's purpose, feasibility and repayment ability, sources and uses statements, cash flow analysis, review of other financing sources (as appropriate), and collateral valuation. Lenders are skilled in underwriting transactions of varying size and complexity. Moreover, they are acutely aware of the deep, systemic problems and challenges of working with charter schools.

IFF brings a similar rigorous approach when assessing charter schools. IFF evaluates the quality of educational programs by analyzing academic performance, including state test results, state standards or "rating" systems, authorizer assessments, actual enrollment against targets, attendance, and graduation rates. When schools in IFF's portfolio do not meet academic benchmarks or growth targets, IFF engages in a deeper investigation of the school and pro-actively collaborates with the school, its authorizer, and potentially a third party to ensure that an actionable plan is in place to address the underlying issues.

IFF works closely with authorizers and provides a broad range of TA to authorizers and other organizations involved in education reform in assessing school quality.

Since 2003, IFF has been a leader in studying the distribution of performing schools in urban school districts, using its distinct methodology to publish reports and spur educational reform in Chicago, St. Louis, Kansas City (MO), Denver, Milwaukee, Washington, DC, and Indianapolis. Findings from IFF's studies have played an instrumental role in attracting quality school operators to the areas of highest need within these communities.

5. CONFLICTS OF INTEREST Each NCSLC member maintains rigorous standards for code of conduct and conflicts of interest and a Conflict of Interest Policy along with guidance on the varying scenarios that qualify as conflicts of interest (See A-18). These policies require the disclosure of direct and indirect financial or other interests, mandate disinterested decision-making and indicate corrective actions to be taken in the event of violation. The Consortium members have also agreed to a NCSLC Conflict of Interest Policy (See A-1), outlining how CE decisions will be made if a member is determined to have a conflict or appearance of a conflict.

6. CONTRIBUTION OF CONSORTIUM MEMBERS Each consortium member will contribute specific resources, serving unique roles to ensure NCSLC's success. (1) ***Grant Administration &***

Performance Reporting**:** LIIF will administer the CE grant and will be responsible for performance reporting. LIIF has 30 years of experience evaluating the performance of high-impact programs, has substantial experience tracking and monitoring impact data and adhering to significant reporting and compliance requirements from investors, state and local governments and foundations. LIIF produces approximately 300 reports each year for investors, funders and public entities including both financial data and programmatic impact data. LIIF has carefully administered and reported on current ED grants, adhering to compliance guidelines and reporting timelines. (2) ***Data Collection & Analysis:*** TRF is a recognized leader for its pioneering approaches to using data to assess, track, and analyze community development outcomes. TRF operates a dedicated internal department, Policy Solutions, that monitors the community outcomes of its financing and technical assistance and conducts policy-relevant research. TRF will play the lead role in using data to identify and target areas with a strong need for charter school investment. Specifically, TRF will develop a geodatabase, compiled from either national data sources or individual states, that includes each Competitive Preference Priority criteria. This will help NCSLC maximize the impact of its investments by focusing on areas with high concentrations of low-income students and poorly performing schools. (3) ***Training, Local & National Marketing:*** IFF and CIP will be jointly responsible for coordinating the NCSLC's efforts around communications and marketing so that our processes, learnings, and findings can be widely shared and replicated in the charter school community. IFF and CIP will jointly coordinate NCSLC's activities at national conferences, with advocacy groups (e.g., CSLC), and working groups (e.g., NACSA), including determining a dissemination strategy for the anticipated publication in Year 5 of the grant. (4) ***Underwriting, Deployment & Portfolio Management****:* Each NCSLC member will work to quickly deploy the requested $12MM CE. We are confident in achieving rapid deployment due to our national footprint, extensive experience, substantial interest from third-party investors eager to increase commitments to NCSLC partners, and a long list of contacts in the charter school industry, including a $xx pipeline representing xx schools. Moreover, together, we have experienced charter school loan officers available to serve most major regions of the country, sharing transaction exposure and working collaboratively to assure that the funds are delivered to generate the highest impact. Once CEP funds are deployed, the four partners will use their experienced portfolio management teams to perform annual site visits and carry out quarterly financial statement analysis and detailed annual reviews, all of which will contribute to ensuring strong credit quality and minimal risk of losses.

7. PAST PERFORMANCE Each NCSLC member is a past recipient (individually or in partnership) of CEP grants and has consistently achieved performance benchmarks, as summarized below.

LIIF has been awarded $8MM in CEP funds: $3MM in 2002 and $5MM in 2007. LIIF has fully used and redeployed grants, directly enhancing 26 loans and supporting 32 charter schools and over 13,200 student spaces. While LIIF originally projected leverage of ~$72MM by the end of 2013, LIIF more than doubled this target with ~$186MM in private capital leveraged. LIIF used its 2002 award to raise private capital from seven investors to create two funds totaling $71MM. Fund investors, two of them new to charter schools, included Citigroup, Prudential, Wells Fargo, and Annie E. Casey Foundation, among others. With the $5MM award, LIIF created a $25MM construction line of credit (LOC) for PCSD with sole investor [redacted], partnered with investors to create a $15MM acquisition LOC for PCSD, and participated in the Chase NMTC Fund for Charter Schools.

IFF was awarded two CEP grants totaling $18MM: $8MM for charter schools in Illinois (2005), and $10MM for charter schools in Illinois, Indiana, Missouri and Wisconsin (2007).

Since inception through CYE2013, including recycled funds, IFF has deployed $24MM of CE, leveraging $350MM in private financing, creating >5,800 seats. CEP grants allowed IFF to launch an innovative bond financing program for larger charter facilities projects, and also enabled charter schools access to other types of financing for larger projects such as private bank debt and NMTC financing at more affordable rates than they otherwise may be able to access.

TRF has been awarded four CE grants. The 2003 and 2004 awards totaled $10MM and were shared with CIP. The 2003 $6.4 MM award helped raise >$35MM in private capital to create CCAP, a syndicated pool of 10 bank investors that provides long-term facilities financing (up to 20 years) for charter schools. TRF and CIP each provided $5MM in sub-debt, and used the CE as first loss funds. TRF used its $1.8MM portion of the $3.6MM 2004 award to provide CE for shorter-term loans in order to revolve the funds to serve more borrowers. To date, TRF has provided $39.3MM in financing through this award to 13 schools. In 2005, TRF received a $10MM CE grant, through which it has provided $86.3MM in direct financing to 29 projects for 26 schools, leveraging a total of $178.2MM in financing for these transactions (through CYE 2013), supporting a maximum combined enrollment of 13,168. Eighty eight percent of schools report that they serve a majority FRL population. This award made it possible to create TRF's NMTC facility with JPMorgan Chase, in which $2.13MM of CE supported $39MM in direct financing to four schools, serving over 3,000 students. In 2013, TRF received a $6MM CEP grant; a performance agreement with ED is pending.

CIP is the direct recipient of $18MM in CEP funds, which have leveraged $211MM in investor capital and have reached 48 schools serving over 18,000 students. CIP is a partner in two other programs that have together received another $25MM in CEP funding and have leveraged, or will leverage, another $210MM in investments for charter school facilities. In addition to the CCAP program developed with TRF described above, CIP used an $8MM CEP grant to create The Enhancement Fund, a program providing long-term fixed rate debt through a religious pension fund, designed to provide an affordable, competitive alternative to tax-exempt bond financing. In addition, CIP is a partner with the California Charter Schools Association (CCSA), the lead grantee, which was awarded a $10MM grant from CEPCS in 2005. CIP's role in the partnership is to co-market the program with CCSA and provide underwriting, loan approval and asset management. CEP funds are currently leveraged 12:1.

CIP, TRF and LIIF are also three of six partners in CSFP. This innovative program created a breakthrough product using credit enhancement to improve access to the tax-exempt bond market for charter schools. Due to strong pipeline and depth of lending experience, LIIF, CIP and TRF successfully deployed >95% of the CSFP funds.

D. QUALITY OF PROJECT PERSONNEL

NCSLC has assembled a highly qualified, integrated team to successfully oversee and implement CEP Funds. Collectively and individually, each CDFI brings its greatest resource—people, including diverse members of their respective nonprofit Boards; executive leadership staff to provide the strategic vision and accountability; and knowledgeable lending professionals with proven track records in successfully deploying capital to charter schools.

1. STAFFING PLAN ***Grant Administration & Reporting*** LIIF will administer CEP funds and will be the primary point of contact for the grant. ***Data Collection & Analysis*** TRF will bring its strength in data and policy analysis to this collaborative, and will play the lead role in using data to identify and target areas with a strong need for charter school investment**.** ***Training, Local & National Marketing*** IFF and CIP will be jointly responsible for coordinating the NCSLC's efforts around communications and marketing so that our processes, learnings, and findings can be widely shared and replicated in the charter school community. ***Underwriting, Deployment & Portfolio Management*** While closely coordinated, all four NCSLC members will conduct their own underwriting, business development activities and portfolio management.

2. EXECUTIVE LEADERSHIP NCSLC brings together four senior, executive leaders with an unparalleled depth of experience managing a broad range of financing programs that efficiently and effectively deploy capital to charter schools in high-need regions across the nation. These four CEOs bring a collective experience of 100 years in community development investing. They include: 1) Nancy Andrews from LIIF, under whose leadership, LIIF has nearly tripled its net assets and has grown its total managed and available capital to over $800MM; 2) Don Hinkle-Brown from TRF, an industry leader and a widely recognized expert in developing and capitalizing innovative, high-impact lending programs; 3) Terry Simonette from CIP, under whose guidance the CDFI has grown its assets from $50MM to nearly $1B in on- and off-balance sheet assets; 4) Joe Neri from IFF, who brings over 25 years of comprehensive community development experience with significant financing expertise.

3. SUMMARY OF PROJECT STAFF The following brief summaries highlight key individuals from each CDFI; detailed resumes can be found in the attachments, along with additional staff who will have direct responsibilities related to the grant.

LIIF Staff: Kimberly Latimer-Nelligan, COO and EVP, Ms. Latimer-Nelligan will work closely with LIIF Regional SVPs to build and manage a pipeline of charter school projects nationwide, and ensure high need schools are receiving support. She has overseen the deployment of $240MM to schools in her six year tenure at LIIF; led LIIF's involvement in the $325MM Chase NMTC Fund for Charter Schools; led the creation of "The Charter School Loan Study," an industry-wide survey on sector loan performance; is on the Board of the Charter

School Financing Partnership; and previously chaired the Charter School Lenders Coalition. Before joining LIIF, she was with Citibank for over 20 years, where she oversaw their $3B community development business.

Judi Kende, SVP, Eastern & Central Regions: Ms. Kende serves as SVP of lending in the East and Central US. She has 9 years' experience working with charter schools; has deployed over $230MM in investments to 48 high-performing schools; and has extensive relationships with CMOs and nationally recognized charter schools—*e.g.*, Uncommon Schools, Achievement First, Civic Builders, and Democracy Prep, among others. Prior to joining LIIF, she was the VP and Director of Citibank's $350MM nonprofit portfolio. She has vast experience with NMTC transactions, an important tool for charter schools, deploying >$260MM in credits to date.

Amy Laughlin, Associate Director of NMTCs and National Charter Schools: Ms. Laughlin will be responsible for underwriting CEP funds for eligible projects, administering the grant on behalf of the Consortium, and leading the annual performance reporting to the U.S Department of Education. She has closed >$100MM in charter school transactions and currently manages LIIF's $8 mil of ED credit enhancement. She has worked with leading charter schools organizations including: Green Dot; Aspire Public Schools; Rocketship Education; Alliance; PCSD and Civic Builders.

Other LIIF staff that will have grant responsibilities include: Don Lofe, CFO, who will oversee compliance covenants for CEP funds; Wanda Chin, CCO, who will review and approve charter school loans and will have responsibility for reporting, and Liz Tracey, SVP, Western Region who will oversee the use of CEP funds in the western US.

Capital Impact Partners Staff: Scott Sporte, Chief Lending Officer: Mr. Sporte manages all of CIP's lending activities and has overseen more than $500 million in charter school lending during his tenure, leading a national team of experienced lenders. CLO since 2005, Sporte has developed and implemented more than twelve lending programs, including two NMTC funds for charter schools totaling $80 million. He is Program Manager for the organization's two ED. Sporte has over 20 years' experience in community development finance. Prior to CIP, he spent five years in Michigan's Upper Peninsula with Northern Initiatives, a nonprofit organization providing start-up and expansion financing to entrepreneurial businesses.

Virginie Arnaud Le Pape, Director of Underwriting: Ms. Le Pape manages CIP's underwriters, as they develop technical capacity to assume direct lending responsibilities. Previously, she was a Senior Loan Officer with an emphasis on charter school borrowers and will act in that capacity on projects associated with the CE grant. In partnership with LIIF, she managed the origination, underwriting and closing of three Revenue Anticipation Notes (RAN) transactions for two CMOs, providing working capital financing to bridge state payment deferrals. She has 15+ years of lending experience, including NMTC, construction and acquisition, bridge and working capital financing.

Other CIP staff with CEP grant responsibilities include: Cindy Stewart (Senior Credit Officer) who works closely with CIP's Chief Risk Officer and manages reporting for $18MM in previous CE grants; Ian Wiesner (Senior Loan Officer and Business Development Lead) who manages CIP's business development strategy, including marketing/outreach, and originates loans to charter school in the Detroit area. Eli Kennedy, CEO of Pacific Charter School Development, serves on CIP's board and provides guidance on charter school activities.

IFF Staff*:* Tanya Vartivarian, Senior Director, Structured Finance: Ms. Vartivarian joined IFF in 2004 and has served as IFF's Program Manager for its CEP funds since 2010. Ms. Vartivarian is responsible for leading and managing structured finance programs, including equity fund, NMTC, CEP, and specialized loan products. Prior to her current position, Ms. Vartivarian served as IFF's Director of School Services, where she managed and coordinated IFF's school financing programs, totaling >$300 MM in direct and leveraged school financing. She was also responsible for overseeing school evaluation and selection services.

Andy Alt, Director of School Services: Mr. Alt joined IFF in 2013 and is responsible for coordinating IFF's school planning, real estate, and policy work across its regional footprint. Prior to joining IFF, Mr. Alt worked for a large charter school network in Chicago, Illinois, where he successfully managed the opening of several new campuses. Mr. Alt's history in designing, implementing, and managing community outreach and support programs for charter school networks gives him a deep understanding of the inner workings of grassroots development for nonprofit charter schools.

Andrea Underwood, Assistant Director of School Services: Ms. Underwood is responsible for IFF's nonprofit school lending. She has underwritten numerous schools participating in complex facilities financing structures, including NMTC, CEP funds, and private bank loans. She also provides school evaluation services to charter school authorizers. Prior to joining IFF in 2011, Ms. Underwood worked at a national CDFI where she was a program officer and managed a $4.2MM portfolio of education and recreation facilities.

Additional IFF staff who will have CEP grant responsibilities include Matt Roth, COO, who will provide day-to-day executive oversight of grant activities, Lloyd Shields (Chief Financial Officer), and Lucy Tuck (VP of Capital Solutions).IFF Board Member John Sassaris, SVP at MB Financial Bank, has extensive experience in charter school financing.

TRF Staff: Sara Vernon Sterman, Chief Lending Officer: Ms. Sterman serves as TRF's Program Manager on all current ED awards and will lead this ED award project for TRF. As

CLO, Ms. Sterman leads business development, originations and relationship management, including charter schools. She grew TRF's charter school portfolio to >$265MM and is a sought-after speaker and a published writer on the topic. She also leads a new William Penn Foundation-funded early childhood education initiative. Prior to joining TRF in 1999, Ms. Sterman taught elementary school in NYC and Washington, D.C., with Teach For America and served as a program director in eastern NC.

Molly Melloh, Loan Officer: Ms. Melloh has focused on underwriting and originating loans to charter schools for TRF since 2008. She was lead underwriter for charter schools financed through the Chase NMTC Fund and is adept at providing budget and pro forma assistance to early stage charter schools. She frequently presents at local, state and national conferences. Ms. Melloh previously worked for Fiscal Management Associates, where she assisted NYC charter schools preparing for external and state audits.

Additional personnel with responsibilities include: Michael Crist, CFO, who leads fiscal oversight, budgeting and financial projections, and financial risk management. Nancy Wagner Hislip, EVP, Capital Structure and Lending Operations, oversees loan policy, credit approval and risk mitigation, and portfolio management. Bevin Parker-Cerkez, Loan Officer, focuses on underwriting and loan origination to schools. Carl Kunda, Impact Assessment Research Analyst, will lead NCSLC's work to target areas with strong need for charter school investment.

TRF's Board includes members with relevant experience: Simran Sidhu is the Executive Director of YouthBuild Philadelphia, which provides out-of-school youth with the tools to earn high school diplomas. The Community Advisory Board, which guides TRF's business operations to maximize impact, includes member Andrea Thomas-Reynolds, who has >15 years' experience developing and expanding quality educational options for public school students.