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BlueHub Loan Fund's Expanding Educational Opportunities Project - Narrative

Introduction

How BlueHub Loan Fund (BHLF) Will Use a '21 Award

BHLF, an affiliate of BlueHub Capital, and formerly known as Boston Community Loan Fund, requests a [REDACTED] Department of Education (ED) credit enhancement award (Award). We will use it to support innovative, replicable financing strategies that BHLF has co-developed with charter school partners to meet school operators' needs for flexible, low-cost capital for acquiring, constructing, or renovating facilities and/or for related predevelopment costs.

BHLF will use a '21 Award to target quality schools with the greatest demonstrated unmet need for facilities financing, especially start-up and early-stage schools and schools in underserved, low-income markets where there is insufficient local capital for key projects and where other private and public lenders are hesitant to lend at the terms or volume required to meet operators' needs. Specifically, BHLF will use an Award to *expand BHLF facilities financing in underserved markets in the Southeast and Gulf States*, with a focus on AL, LA, SC, and TX, as well as to *continue* to meet operators' facilities financing needs in regions where BHLF already lends for charter school facilities. We are a *national lender* and we have successfully financed charter school facilities projects in 12 states and DC.

Demand for BHLF's flexible, mission driven charter school lending is evidenced by our current pipeline of 42 charter school facilities projects that need flexible, cost-effective financing that BHLF can only offer with a '21 Award (see Appendix A). We refer to this effort as the **Expanding Educational Opportunities Project** (the Project). If BHLF receives a '21 Award, we will invest \$ [REDACTED] of BHLF capital (100% committed) toward the Project and will draw on our local and national network of financing partners to leverage an additional [REDACTED]. A '21

Award is critical; it allows BHLF to mitigate the risk of expanding lending in underserved and new markets and of financing start-up and early-stage schools. It also allows BHLF to roll-out cost-effective financing strategies with terms and fee structures aligned with schools' needs and to replicate these strategies across our national lending footprint.

Why BHLF will Succeed in Achieving ED Goals/Objectives for Credit Enhancement

BHLF is uniquely positioned to successfully deploy this resource. We are a nonprofit Community Development Financial Institution (CDFI) with a focus on supporting opportunity in low-income communities, and particularly low-income communities of color. We specialize in financing community facilities projects, we have deep and trusting relationships with key stakeholders in the communities we serve, as well as with national funders and advocacy organizations that support low-income communities. As our 47 letters of support demonstrate, BHLF partnerships with commercial banks; philanthropy; private funders; local authorizers, districts, school operators and community partners; and charter school advocacy organizations are effective and positive. These relationships have helped BHLF to support myriad successful charter school facilities projects. We have been financing charter schools for over 20 years and, to date, have lent over [REDACTED] to support 70 loans benefitting 57 charter schools.

BHLF is particularly valued in the charter school lending market because we offer financing that is more flexible and with better terms, rates, and fees than financing offered by commercial lenders and most CDFIs. In addition, few CDFIs have the ability to lend at the scale that BHLF can. Our strong balance sheet ([REDACTED] in Total Assets Q1'21) enables us to make charter school facility loans ranging from \$ [REDACTED] many CDFIs cap project loans at \$ [REDACTED]

Further, through our network of local and national CDFIs, banks, and other lending partners,

BHLF regularly brings in outside capital to ensure that charter school borrowers have all the capital they need for facilities projects. To date, BHLF charter school facilities financing has leveraged an additional \$ [REDACTED] of outside investment.

With support from ED, BHLF offers critical, flexible, cost-effective facilities financing that addresses the national need and increases the number and variety of charter schools assisted. We have received two ED Awards, (in partnership with Nonprofit Finance Fund, NFF) totaling [REDACTED] and have successfully deployed those Awards to support 41 charter schools to date and create 15,608 charter school seats, with a total BHLF/NFF lending of \$ [REDACTED] and leveraging \$ [REDACTED] from outside funders. In addition, between '15, the year we first accessed ED Credit Enhancement to support charter school facility financing, and 6/30/21, BHLF charter school lending has grown dramatically, from \$ [REDACTED] 2015 to \$ [REDACTED] in the first half of 2021. All the schools we have financed have proven financially-sound, mission-driven investments. All have repaid BlueHub and/or are in the process of doing so according to expectations.

I. Quality and Significance of Grant Project Design

Significance

Increasing the Number and Variety of Charter Schools by Leveraging Additional Financing

BHLF's Expanding Educational Opportunities Project will finance schools that are (a) start-ups (i.e. have not yet begun to serve students), (b) early-stage (i.e. enrolled, but operating for three years or fewer and within their first charter) or (c) mature and growing schools. The loan products BHLF will offer with a '21 Award are designed specifically to meet these school types' varied needs for financing and to leverage outside funding.

With an Award, BHLF will take subordinate positions in lending, waive collateral and equity requirements, and finance early costs (predevelopment, acquisition) that other lenders often are unwilling to support. By so doing, BHLF will leverage \$ [REDACTED] in non-Federal investment to support the Project, which is consistent with BHLF's track record for leveraging outside financing for charter facilities in past Awards in 2015 and 2018.

Two-thirds of BHLF's '21 Award will be used to support start-up and early-stage schools, because they experience particular challenges accessing facilities financing, and supporting their growth is essential to increasing the number and variety of charter schools. We are currently experiencing increased demand from these types of schools. In '21 alone, BHLF financed six start-up schools and 31 of the deals in our pipeline are start-up and early-stage schools. To date, BHLF has financed more than 30 start-up and early-stage schools and not had a single loan loss or default. This is because BHLF partners with quality operators to develop lending products that effectively support their growth and ED credit enhancements have supported this lending.

Better Rates & Fees and Flexible Terms Aligned with Charter School Needs

Loan Products, Amount & Type of Assistance and Lending Terms

A '21 Award will enable BHLF to finance the acquisition, construction, or renovation of new or existing facilities, as well as predevelopment costs, with terms and rates that are significantly better than those that charter schools could receive absent Credit Enhancement and that are aligned with charter schools' varied needs and operations. We could not offer these products and terms, particularly our subordinate loans, or loans to start-up schools, without an Award.

With a '21 Award, BHLF will: 1) provide interest rates below market by an average of 200 basis points (2%) for comparable financing (which, without credit enhancement, would more appropriately be filled by high cost mezzanine debt or equity), 2) offer loan-to-values (LTV) in

excess of 100%; 3) provide longer-than-standard interest-only periods to lessen the debt burden on schools that have not yet realized their full revenue potential; 4) not require school equity contributions; 5) offer mini-perm loan terms of up to 10 years and extended amortization periods of 30 years; 6) offer extended (up to 7 years) interest-only periods to support new schools that have not yet reached full enrollment, 7) allow graduated debt service coverage ratios for start-up and early-stage schools starting at 1.05 and growing as schools achieve enrollment. These flexible terms are essential for start-up and early-stage schools with limited cash and growing but not yet stabilized enrollment (which limits the availability of cashflow for debt service.) The Award also will allow BlueHub to 8) offer products not typically offered by lenders, such as leasehold improvement loans. To minimize costs, BHLF also 9) will not charge a credit enhancement fee. BHLF also will offer all Project financing on a fixed-rate basis for the term of the loan, mitigating the risk of rising interest rate environments and improving the ability to schools to forecast that cost of its debt. Chart 1 below details how an Award improves BHLF lending terms and fees.

Chart 1: BHLF Loan Terms with Credit Enhancement (CE) vs. Standard BHLF Terms

	Leasehold Improvement	Pre-Development	Acquisition	Construction
Borrower Equity	10%	25%	10%	10%
	0%	0%	0%	0%
Max. LTV	80%	N/A	80%	80%
	>100%	N/A	>100%	>100%
Max. Term	7 years	24 months	24 months	7 years
	10 years	36 months	36 months	10 years
Max. Amortization	15 years	Interest only	Interest only	20 years
	30 years	Interest only	Interest only	30 years
Interest Rates	6.25%-8.0%	6.25%-8.0%	6.25%-8.0%	6.25%-8.0%
	4.25%-6.25%	4.25%-6.25%	4.25%-6.25%	4.25%-6.25%
Collateral	First Position Leasehold Mortgage	Unsecured	First Position Mortgage	First Position Mortgage
	Second Position Leasehold Mortgage	Unsecured	Second Position Mortgage	Second Position Mortgage
Fee for Credit Enhancement (CE)	N/A	N/A	N/A	N/A
	0%	0%	0%	0%
Avg CE// Loan Amount	N/A	N/A	N/A	N/A
	10-20%	20%	10-20%	10-20%
Approximate Leverage	N/A	N/A	N/A	N/A
	20x	34x	6x	14x
Comparison to Market	LTV 70%, Equity – 30% Int Rates: 7-9%	Unsecured loans generally not available	50% LTV 50% Equity	Senior Debt Only Equity - 20-30% Interest Rates: 4-8%; Sub debt: Not Available

Key:
BHLF Standard Loan Terms
BHLF Loan Terms with ED Credit Enhancement
Market Loan Terms

A Replicable Model to Meet the National Need for Charter School Facilities Financing

With prior Awards, BHLF has developed innovative loan products structured to meet start-up, early-stage and growing schools’ needs for low-cost, flexible capital. A ‘21 Award allows BHLF to offer these products *at scale* in underserved markets across the country, with a particular *focus on new markets in States in the Southeast and Gulf*. Results from this Project can be replicated in other underserved markets to meet national need.

The proposed Project builds and expands on the *innovative facilities lending products BHLF developed and has been implementing with ED support since ’15*. BHLF will evaluate how financing supported with ED Awards increases resources for facilities and increases the number and variety of charter schools, and we will share lessons learned with other lenders and organizations working to increase the number and variety of charter schools.

Project Goals, Objectives and Performance Measures and Targets

BHLF has developed a *Logic Model* (see Attachment 5) that specifies ambitious and reasonable Project goals and performance targets. We will meet all of these targets by the end of the 5-year Grant period.

Goal #1: Expand Supply of Flexible, Low-Cost Capital for Charter School Facilities, Especially in Underserved Markets

Measurable Objectives/Performance Targets

T1a. BHLF will provide and leverage **at least** [REDACTED] to support the Project.

T1b BHLF will deploy **at least** [REDACTED] *of its own loan capital*

T1c. BHLF will leverage a [REDACTED] Award 15:1, investing [REDACTED] in BHLF capital and attracting \$ [REDACTED] *additional loan capital* from private and non-Federal funders

T1d. BHLF will expand facilities lending in the Southeast and Gulf States, with a particular focus on AL, LA, SC, and TX. We will deploy *at least 20% of the Award and* [REDACTED] *of BHLF charter school facilities financing in AL, LA, SC and TX.*

Goal #2: Increase the Number and Variety of Charter Schools; Effectively Meet Start-up and Early-Stage Schools Needs for Financing

Measurable Objectives/Performance Targets:

T2a. Over the 5-year award period, BHLF ED-supported charter school financing (\$ [REDACTED]) will support at least 27 charter schools.

T2b. This financing will support at least 9 start-up schools.

T2c. This financing will support 9 early-stage schools.

Goal #3: Offer favorable terms, rates, and fees that could not be offered w/o Credit

Enhancement

Measurable Objectives/Performance Targets:

T3a. For every project supported with a '21 Award, BHLF will offer lower-than-market fees and rates. BHLF will:

- *Not charge a credit enhancement fee* (which typically ranges from 1% to 5%); and
- Offer substantially *lower than market interest rates* for debt products with a high-risk profile, i.e., interest rates between 4.25% and 6.25%,

T3b. For every project supported with a '21 Award, BHLF will have *terms* that are *more flexible and aligned with charter school needs than those provided by conventional lenders*. BHLF will:

- Lend at *loan-to-value ratios (LTVs) over 100%*
- Require *no equity contribution from school borrowers*
- For construction-to-permanent loans and leasehold improvement loans, *offer terms of up to 10 years, amortization periods of up to 30 years, interest only periods extend beyond construction completion*
- Offer *interest only periods up to 7 years* to support early-stage schools or schools still ramping up enrollment
- Allow for debt-service coverage ratios of 1.05 – 1.15x , much *lower-than-typical debt-service coverage ratios* for early-stage schools and schools ramping up enrollment.
- Provide *fixed-rate financing for the term of our loan*, allowing schools to lock in low interest rates, and budget based on a fixed cost of debt.
- Have *no prepayment penalty*, allowing schools to refinance BHLF debt at whatever time is

most optimal for the school

Goal #4: Model Replicable, Cost-Effective Financing Strategies and Provide TA

Measurable Objectives/Performance Targets:

T4a. BHLF will provide *at least 50 prospective charter school borrowers with technical assistance* that helps them decide about whether, when and how to engage in facilities projects

T4b. BHLF will support *every charter school operator* that we finance with *detailed analysis of cashflow projections*, including a debt burden and facilities expense analysis, so they can effectively budget and plan for facilities-related costs.

T4c. BHLF will conduct an *evaluation of the innovative financing strategies* we support with a ‘21 Award and produce a research memo that documents effective financing strategies that other financing institutions can replicate to address the national need for charter school facilities.

T4d. BHLF will share related insights *at a minimum of five charter school conferences and training events* over the course of the Award. Based on our experience, we will encourage other CDFIs and financing institutions to replicate effective charter school facilities innovations BHLF piloted with Credit Enhancement.

Goal #5: Finance Facilities for Schools in Low-Income communities where High Percentages of Students Perform below Proficient on State Assessments

Measurable Objectives/Performance Targets:

At least 75% of the schools served through the Project will meet **both** of following criteria:

T.5a. They are in districts in which *over 75% of the students served are low-income/eligible for free or reduced-price lunch*,

T.5b. And, over 50% of the low-income student population performs below proficient on state ELA and/or math assessments

Project Implementation Plan and Activities

Overview

The proposed Project supports BHLF's charter school facility financing for new and growing charter schools in low-income districts in the Southeast, the Gulf and nationally. Demand for this financing is evidenced by BHLF's growing pipeline of 42 charter school projects in need of facility financing and by operators' responses to a recent BHLF survey. School or CMO staff representing 174 schools responded and 90% reported needing facilities financing over the next 1-3 years. Demand for BHLF facilities financing is particularly acute for start-up and early-stage schools in the Southeast and Gulf. 74% of our pipeline projects (31 schools) are start-up and early-stage schools and 76% (32 schools) are in the Southeast and Gulf Region. We also are seeing new and increasing demand from early-stage schools in SC after we presented at a South Carolina Public Charter School District conference. Subsequently, four SC schools approached BHLF requesting financing, and one already is in our pipeline.

Activities – Establishing and Investing Funds from the Reserve Account

BHLF will maintain a '21 Award in a 5-year Treasury investment vehicle, with a conservatively projected interest rate of 0.05% per annum. Funds will be used for guaranteeing debt, consistent with the four statutory purposes permitted for the Award.

Activities – Developing/Expanding on Current Partnerships to Support the Project

BHLF will draw on and expand its network of over 250 charter school advocates, lending partners, authorizers, education consultants, facility developers, policy experts, CDFIs, and CMOs and school operators to identify: a) underserved markets to target for the Project, b) high quality charter schools that have unmet facilities financing needs, c) local and national TA providers, and d) co-investors that support charter school facilities projects. Our partners also will help us e) understand best practices in charter school operations; community engagement and support for proposed projects; and local school financing needs and challenges. For more about direct BHLF partnerships with charter schools, see Section 2, Page 24, and Appendix B.

Activities - Identifying Quality Charter Schools for the Project

Serving Charter Schools in States with Strong Charter School Laws

BHLF will continue to target charter school lending in underserved markets in states with strong charter school laws. When developing strategic plans for expansion, we review the National Alliance for Public Charter Schools (NAPCS)'s and Center for Education Reform (CER)'s ranking of state public charter school laws and consult with national experts (Charter School Growth Fund, Ford Research Solutions and Tandem Learning Partners, etc.) to target markets with strong laws overall and that encourage the growth in both the number and variety of charter schools.

This strategy has been successful. 85.7% of the schools financed by BHLF (60 schools) are located in states that rank in the top half of NAPCS' and/or CER's 2021 charter school laws ranking, 22.9% (16 schools) are in the top 10. *Appendix D* shows state scores and rankings. We also successfully pursued this strategy to inform our strategic expansion into TN, which we supported with our '15 Award. TN was and remains ranked in the top ½ of states for strong

charter school laws and, prior to BHLF investment, had limited resources for facilities projects. Since '17, BHLF financed 13 projects in TN, totaling █████MM, using █████ enhancement and █████ capital.

For our '21 Award, BHLF is targeting expansion in underserved markets in the Southeast and Gulf States, particularly start-up and early-stage schools in AL, LA, SC, and TX, as well as continuing to finance facilities in underserved markets across our national lending footprint. We are targeting AL, LA, SC, and TX for growth because they have demonstrated need, high quality operators, and strong charter school laws. In 2021, NAPCS ranked AL and LA top ten of states in terms of strong charter school laws and CER ranked TX and SC in its top ten in its 2021 Scorecard. AL, LA, SC and TX also received the highest possible ratings from NAPCS for encouraging charter school *variety*.

Selecting Individual Schools (Selection Criteria)

BHLF is a pioneer among CDFIs for the nuanced, holistic assessment of charter schools we engage in before financing. Our selection criteria consider schools' a) likelihood of generating positive academic outcomes for students, b) governance and leadership capacity, c) ability to successfully manage real estate projects and d) ability to repay debt/financial strength.

We use qualitative and quantitative data to inform these assessments. We review enrollment, demographic, test score, and discipline data for schools and local districts and we disaggregate data by race and economic status; we conduct school visits where we interview staff and observe classrooms and school culture; and we attend board meetings and/or review board meeting notes. We also review school surveys of families, students, and/or staff. We supplement these assessments with feedback from outside experts, including charter school authorizers.

Selection Criterion #1 - Likelihood of Generating Positive Academic Outcomes for All Students

BHLF assesses a variety of practices associated with positive student outcomes. All schools eligible for BHLF financing must pass our impact screen, which includes questions about students and families served, recruitment, and family engagement. Our assessment also considers the use of culturally relevant curricula, strategies for nurturing students' social and emotional growth, and discipline practices. We also assess academic supports provided. We also review staff credentials and experience, retention rates, and the representativeness of staff. For schools that have been established long enough to have meaningful test results, we consider assessments of student ELA, math, and science growth and proficiency. We consider results in the aggregate; and disaggregated by grade, race, and economic status; and performance trends over time and make aggregate and disaggregated comparisons to district. When appropriate, we consider college acceptance and persistence. We also assess student attendance and retention.

Selection Criterion #2 - Governance and Leadership Capacity

BHLF assesses the capacity of school leadership and boards of directors. We look for management teams with demonstrated ability to successfully run and oversee growing schools while also managing a facilities project. We consider leaderships' experience in finance and budgeting, school administration, curriculum development, and performance measurement.

We seek schools with leaders who are alumni of BES (formerly Building Excellent Schools), Freedom Fellows Initiative (targeting emerging educational leaders of color), and/or who are local educators with related experience starting up and/or running successful schools. We also assess board capacity and engagement. BHLF looks for schools that have a diverse set of skills

on their boards, including education, finance, real estate, law, human resources, and marketing. We also prioritize schools where boards have meaningful parent and community representation.

Selection Criterion #3 - Ability Successfully to Manage Real Estate/Facilities Projects

BHLF analyzes the degree and quality of planning that schools have engaged in, the appropriateness of the project financing, and the capacity of the key development team members (General Contractor, Architect, Engineers, Owners Representative). We provided technical assistance to assure successful project completion and when needed, we recommend development consultants. Poorly planned or executed facility projects can jeopardize schools' long-term viability.

Selection Criterion #4 - Ability to Successfully Repay Debt/Financial Strength and Capacity

BHLF considers schools' financial strength. BHLF assesses historical financials and operating projections. We stress-test assumptions about enrollment, revenue, salaries, and occupancy costs, and analyze debt service coverage and liquidity ratios. This analysis ensures that financed schools can manage through changing operating conditions. We assess the impact of project financing on schools' operations and financial stability, and whether schools have appropriate financial teams in place. We also work with schools to prepare them to be finance ready.

Activities –Providing Technical Assistance (TA)

BHLF provides or facilitates TA to borrowers and prospective applicants. When necessary, BHLF connects charter school operators with consultants who help them address financial, skill, or experience gaps. These consultants include: owners' representatives, project managers,

environmental engineers, architects, inspectors, zoning experts, appraisers, and real estate development professionals. We often provide guidance on project budgeting, financial modeling, and project planning to ensure that costs are reasonable and feasible, and we regularly advise schools on the cost implications of leasing vs. owning space. BHLF also routinely helps charter school operators obtain financing from other public and private sector financing institutions so that they can amass the needed capital. As our 47 letters of support attest, BHLF is a leader in the CDFI industry for the caliber and depth of the TA we provide.

Activities – Determining the Amount and Type of Assistance BHLF will Provide

If BHLF determines that a school is ready to receive facilities financing, we partner with school leaders to determine the project financing structure. Together, we finalize debt amounts and terms (interest rate, amortization and maturity, interest only periods, etc.) and structure BHLF debt in ways that supports school growth and prosperity.

Activities – Leveraging Private Sector and Other Non-Federal Capital

By providing predevelopment and acquisition financing that other lenders are reticent to offer and financing the riskiest parts of facilities projects by providing subordinate debt, BHLF catalyzes substantial financing from other private-sector lenders. BHLF will leverage a '21 Award proceeds 15 times to leverage ████████ in capital. (See *Chart 3 on page 19* for leverage assumptions and calculation). This leverage ratio is reasonable based on BHLF past performance on prior ED Awards. As of July 2021, BHLF originated lending used credit enhancement from its '15 and '18 Awards to leverage private capital at a ratio of 18:1.

Activities –Collecting, Storing and Reporting Relevant Performance Data

BHLF’s four-star, policy plus AERIS impact rating (the highest) indicates that BHLF has “effective processes and systems that track output and outcome data on an ongoing basis.” Assessment of ED program and project-specific performance measures requires BHLF to collect both community-level data and school/project level data. Data will be collected in a manner consistent with BHLF’s regular data collection and reporting. BHLF first gathers data during the application and underwriting processes and continues until the loan is repaid and credit enhancement is no longer required. We source this data from: 1) documents and materials submitted by borrowers, 2) reliable public data sources 3) site visits, and 4) third parties, which include authorizers and funders. More detail on the data sources and collection schedule are described in *Appendix C*. All related data will be stored in BHLF’s Management Information System: Salesforce. This enables BHLF to generate reports to document the impact of both of individual loans and of the Project in the aggregate.

Activities - Replicating Results

BHLF will replicate results achieved with a ’21 Award and earlier ED Awards as we expand our financing for facilities projects to young schools in new and underserved markets across the country. Our proposed approach to market expansion and some of the products we will offer already are a replication and expansion of products we developed with earlier Awards. BHLF continues to target markets with high quality operators, strong charter school laws, capital constraints, and demonstrated need for school choice; to work with consultants to analyze local market need; and to cultivate relationships with key local stakeholders. We pursued this strategy

successfully as we led our and NFF's expansion into TN in '17 (where BHLF now has invested ████████ to support 13 schools) and we are implementing it as we expand into AL, LA, TX and SC.

We also will encourage broadscale replication by evaluating the Project and providing charter school practitioners, funders, and advocacy organizations with information and guidance about the innovative financing products we developed with an Award. We will share learnings with current national and regional charter support organizations, such as New Schools for Baton Rouge, New Schools for Alabama, Charter School Growth Fund, as well as CDFIs interested in supporting charters, but not sufficiently risk-tolerant or resourced to provide the depth and/or terms BHLF will offer with an Award.

Timeline for Activities and Transaction Forecast

A timeline describing BHLF's plans for engaging in the abovementioned activities is included as *Attachment 14* to this application. Charts 2 and 3 below provides specific details about how and when we will deploy a '21 Award for the four statutory purposes for which reserve account funds may be used, and about projected leverage of the Award.



II. Quality of Project Services

Involving Charter Schools in Developing the Grant Project

The loan products BHLF offered with prior ED Awards and will offer using a '21 Award reflect BHLF's 20 years of experience successfully partnering with charter schools on facilities projects, our intentional outreach to start-up and early-stage schools, and feedback from current and prospective charter school borrowers. Since receiving our first ED Award in '15, BHLF has spoken with and gotten input from over 200 schools, 12 funders, 20 authorizers and 15 state associations and other charter support organizations. In the past six months, we have spoken with 50 charter schools and surveyed operators representing 174 additional schools. BHLF responsiveness to operators' needs is reflected in the enthusiastic endorsement we receive from them and other and lending partners. 47 of these partners provided letters of support endorsing BHLF and the loan products proposed for a '21 Award (see Appendix B). The following quotes from those letters are two among many that demonstrate how BHLF stands out among mission-driven facilities financiers: "BlueHub is unequivocally, the standout leader among CDFI's lending to charter schools. They are a sophisticated lender who understands the complexities of charter school finance – from early-stage, single site schools to charter management organizations with multiple campuses – and they are able to work through any and all challenges that arise. BlueHub consistently delivers on their commitment to develop terms outside of standard underwriting in order to find the best structure for our school clients." "BlueHub's mission-alignment, creativity, diligence and understanding of the needs of a new school in a new environment were all unique factors that differentiate it from other CDFI lenders."

According to a survey BHLF recently conducted to assess charter schools' financing needs, operators are challenged by *high interest rates* they cannot afford, and *infeasible collateral and equity requirements*. Over 1/3 of respondents seeking facilities financing reported these challenges. Several also noted that having *low appraised values coupled with many lenders' unwillingness to lend over 90% LTV limited their ability to access needed capital*.

Further, through targeted outreach to school operators, BHLF learned that *demand* for flexible and low-cost facilities financing is *acute for start-up and early-stage schools*, because they *do not have required equity and have not yet reached full enrollment*. These operators also lament *lenders' reluctance to lend to schools that have not gone through a charter renewal and/or to provide leasehold improvement loans*. Many operators also report that *short amortization periods* are problematic, particularly for new schools still ramping up enrollment. Finally, borrowers regularly share challenges accessing the full *amount of capital they need for facilities projects*.

Operators also note that demand for flexible facilities financing is especially high in low-income markets in the Southeast and Gulf. Operators in these Regions, such as Memphis Business Academy, Resurgence Hall Charter School, Crescent City Charter School, Gestalt Community Schools, and Mobile Area Education Foundation (MAEF) Public Charter Schools, all of which also provided letters of support endorsing BHLF, report that their areas are *underserved by local banks*, and that other CDFIs are unwilling or unable to lend at the scale or with the terms necessary to meet demand in the Region.

BHLF Loan Offerings Address Needs Charter Schools Identified & Benefit Schools

BHLF has incorporated the needs charter schools articulate into our cost-effective lending products; the flexible terms we offer are specifically targeted to meet the needs and challenges

operators have identified. We are targeting 2/3 of a '21 Award specifically to support early-stage and start-up schools in response to operators' reports limited financing availability for those types of schools. We also are targeting the Southeast and Gulf Regions in response to operators' reports of unmet need for facilities financing in those areas. Please see Page 7 and Chart 1 for BHLF Loan Product Summary.

Cost-Effective Products that Increase Access to Financing & Benefit Schools

1. Predevelopment Loans

Facility projects require significant expenditures during predevelopment to establish feasibility, obtain site control and move to construction. Few charters have sufficient equity to invest in the predevelopment process. ED-supported BHLF Project loan products address this challenge. BHLF's credit-enhanced predevelopment terms are more flexible than conventional sources with interest payments capitalized for the life of the loan, so that borrowers can conserve their resources. BHLF offers this product on an unsecured basis with no equity requirements. E.g., BHLF offered predevelopment financing to support KIPP Academy-Lynn (KAL). KAL's construction financing package was so delayed that it threatened to derail the construction schedule of a critically needed facility. KLA did not have funds to keep the project moving, and conventional lenders were unable to make a loan due to a high LTV and uncommitted take-out sources. BHLF provided a \$ [REDACTED] loan that enabled KLA to acquire land, complete site work and stay on schedule.

2. Construction /Term Financing,

Many charter schools need financing for construction or renovation of facilities they own, but they struggle to generate the required school equity contributions or appraised property values needed to attract conventional capital. Others are viewed as too risky to finance because they have not yet reached stabilized enrollment or successfully renewed their charter. With a '21 Award, BHLF will provide flexible construction/term debt with LTVs that exceed 100%, providing senior lenders with a mitigant for minimal school equity and/or low, single-purpose real estate collateral values and thus catalyzing their financing. *E.g.*, Freedom Prep in TN was seeking to acquire and renovate a property for its early-stage elementary school. The acquisition and renovation cost was \$ [REDACTED] and the school had \$ [REDACTED] to put toward the project (0.6% equity). With an as-complete appraised value of \$ [REDACTED] Freedom Prep needed financing with an 117% LTV. To address the collateral gap, BHLF co-financed a \$ [REDACTED] subordinate loan, backed by ED credit enhancement, which facilitated a \$ [REDACTED] 60% LTV senior loan from Pinnacle Bank.

3. Leasehold Improvement Loans

Start-up and early-stage schools frequently lease spaces that require improvements. These schools also have constrained cash flow because they have not reached full enrollment, and lease and tenant improvement costs are high relative to revenue. Further, leasehold loans offer limited collateral which makes them unappealing to bank lenders. With the Award, BHLF will offer leasehold improvement loans, senior or subordinate, with flexible terms that meet the facilities financing needs of new and start-up schools as they grow and ultimately meet enrollment targets and build a sustainable revenue base. *E.g.*, To add space for their middle school, MAEF Public Charter Schools in AL undertook a [REDACTED] renovation project. MAEF was unable to

attract traditional bank debt for this project. BlueHub assembled and led a team of lenders and, supported by our '18 Award, lent the full amount needed despite the 110% LTV.

4. Acquisition Loans

BHLF will provide schools with acquisition loans up to or exceeding 100% LTV with support from a '21 Award. *E.g.*, Purpose Prep in Nashville, TN wanted to acquire for their leased facility because the purchase price was increasing rapidly. The property's value was [REDACTED] financing needed resulted in a 116% LTV. With our '15 Award, BHLF co-financed [REDACTED] subordinate loan, which helped attract a \$ [REDACTED] senior loan from a commercial bank at 85% LTV. Without BHLF credit-enhanced financing, Purpose Prep would not have been able to afford to purchase its facility.

Reasonable Fees and Lending Terms

An Award reduces lending risk, and this is reflected in BHLF flexible and cost-effective Project loan pricing and terms (*See Chart 1*). We will not change loan terms and conditions, even if interest rates fluctuate over the course of the Award. Charter schools receiving credit enhancement will benefit from:

- **Interest rates** fixed at loan closing that are set *at or below market rates* based on a risk-adjusted pricing model.
- **Low (1%) origination fee** that may be capitalized into the loan amount, so a school does not have to pay out of pocket.
- **Reasonable third-party fees** for legal, appraisal, and environmental reports.
- **No cost for BHLF required academic assessments.**

- **No prepayment penalties.**

BHLF will minimize use of the Award for BHLF operating expenses and maximize its use by charter schools. BHLF will use the 2.5% fee allowed to support the administration of the Project. Expenses above the 2.5% will be borne by BHLF and are not included in the program budget. The 1% origination fee and interest collected on loans cover BHLF's cost of funds, staff costs and overhead associated with underwriting, closing, and monitoring for each loan.

Catalyzing Investment from Private Sector and non-Federal lenders

All BHLF Project loan products are designed to the challenge that charter schools have attracting capital so that they can meet the full cost of facilities projects. By taking on subordinate lending positions, meeting schools' need for suitable facilities while they grow and stabilize, embracing the riskiest parts of deals, BHLF ED-supported lending "de-risks" investment for banks and other funders so that they are willing to co-finance key projects. E.g., in 2017, BHLF was asked by Gestalt Community Schools (GCS) to provide [REDACTED] to secure a commercial plaza that housed their high school and had vacant space for their growing elementary school. BHLF reached out to a local bank and offered it the senior position in the loan which they took, at 35% LTV which enabled them to provide GCS a very low interest rate. BHLF provided \$7MM subordinate debt. BHLF assembled and led a subordinate lending team of CDFIs and engaged GCS to engage a strong development consultant for the project.

Targeting Schools with Great Need for Flexible, Cost-Effective Facilities Financing

BHLF's partnerships with and experience financing charter schools informed the type of charter schools BHLF will support through the Project. Our charter school partners indicated that it is particularly difficult for *start-up and early-stage schools* to access the capital they need for facilities. Our charter school partners also report that it is particularly difficult for all types of *schools in low-income economically and racially segregated communities* to obtain facilities financing. These often are districts in which other public schools are under-performing and where charter schools offer critical choice and opportunity. Newer schools in these communities may not have the equity or track record required to lease and fit out space or to acquire real estate and construct facilities. These schools are typically viewed as risky by banks because of their locations in districts that have long struggled to improve academic performance; because they have little spare capital to put towards facility projects; because they often lack extensive fundraising capacity and the real estate values cannot support the amount of debt required. Bank lenders are uncertain about these schools' ability to meet enrollment targets, achieve charter renewal, and develop additional cash reserves for debt service. Even mature schools have difficulty accessing financing because these communities are areas where historic disinvestment has resulted in under-valuation of real estate and collateral.

Technical Assistance (TA) that Reduces Cost and Burden and Benefits Schools

BHLF offers TA that reduces project costs and burden associated with developing, financing and overseeing complex real estate projects to charter borrowers. BHLF TA also ensures that facilities projects are completed on-time and on-budget. BHLF TA is not restricted to schools who plan to borrow from BHLF. For instance, Charter School Growth Fund recently referred BHLF to the Chattanooga Girls Leadership Academy in TN to help them assess whether the

offer they had for financing was reasonable. In addition, New Schools for Alabama has asked BHLF to begin early work with a number of schools that are still waiting to be authorized.

Reasonableness of Grant Project

BHLF projects that a [REDACTED] Award will support [REDACTED] in financing from BHLF and [REDACTED] from other private-sector and non-Federal funders for 27 charter schools over the next five years. These estimates are reasonable based on our current pipeline of 42 schools and our past performance on ED-supported Credit Enhancement Awards ([REDACTED] in CE supported [REDACTED] in charter school facilities financing from BHLF+NFF and leveraged [REDACTED] and supported 41 schools). In partnership with NFF on prior Awards, BHLF led the collaborative's expansion into the Southeast and Gulf, which are a focus for our '21 Award. In addition, the depth of BHLF relationships with operators and charter school support organizations in these regions (see the 18 letters of support from Southeast and Gulf state charter operators, financial institutions, and support organizations and 8 letters from early-stage and start-up schools) gives us confidence that we will be able to achieve performance targets related to growth in those areas and to serving newer schools.

III. Capacity to Implement Proposed Project & Expertise in Capital Markets Financing

BHLF has demonstrated capacity necessary to implement the Project. BHLF has 37 years' experience providing flexible, low-cost capital for facilities projects sited in and serving low-income communities and predominantly communities of color. Since inception, BHLF has provided \$ [REDACTED] in financing and leveraged over [REDACTED] for charter schools, affordable housing, childcare and early education facilities, community health centers, facilities that house

youth services organizations and other nonprofits. We are well-respected by private sector financing partners, investors, and community organizations for our flexible underwriting, risk tolerance, creative financing structures, and track record. We have a seasoned team and time-tested processes to effectively underwrite and close loans, and to monitor complex projects with elevated risk profiles. We have an A- Credit Rating from S&P Global Ratings. BHLF also successfully has deployed two ED Credit Enhancement Awards to date (both in partnership with Nonprofit Finance Fund, NFF): a [REDACTED] in '15 and a [REDACTED] in '18.

Capacity Factors

Factor #1 - Amount and Quality of Experience in Carrying out Proposed Activities

BHLF has two decades of experience partnering with charter schools and *providing loan products such as those proposed for the Project* and *leveraging financing* from private-sector lending institutions to ensure that charter school facilities projects have all of the capital required. To date, BHLF has provided \$ [REDACTED] in financing for 57 charter schools.

Experience offering debt with the flexible, cost-effective features proposed for the Project

BHLF was founded to offer loan products with flexible features to benefit low-income communities. In '15, when BHLF received our 1st Credit Enhancement, we refined our standard loan products to include terms and features targeted to meet charter schools' needs, such as LTVs over 100%, below-market interest rates, and extended interest-only and amortization periods. Over the past six years, we have enhanced these offerings further to include features particularly important to early-stage and start-up charter schools.

Experience providing technical assistance (TA) to charter schools

BHLF provides comprehensive TA to current and prospective borrowers. We help them to determine whether they are ready to engage in facilities projects; connect them to facilities and operations experts; provide assistance with budgeting; and catalyze financing from outside funders. We have been providing charter school operators with this kind of TA for over 20 years; the caliber and volume of BHLF's TA has contributed to our reputation as a true and supportive partner to our borrowers which has supported our ability to grow and sustain charter lending volume. To date, BHLF has provided technical assistance to more than 100 charter schools.

Experience leveraging additional financing for charter schools

To date, BHLF alone has leveraged a total of \$ [REDACTED] investment for charter schools from its national network of private sector funders and nonprofit financing partners (CDFIs, foundations, etc.) E.g., BHLF has invested \$ [REDACTED] supporting the growth of the network of Blackstone Valley Prep Schools, a diverse-by-design CMO in RI. Our loans supported 4 school facilities and leveraged financing of \$ [REDACTED] This network now serves 2,800 students annually.

Experience creating loan products that can be replicated to meet national need.

BHLF has experience replicating innovative financing products that are customized to meet the needs of new, early-stage and growing charter schools. The low-cost, flexible loan products proposed for a '21 Award are an expansion and replication of products we developed with our '15 and '18 Awards. With a '21 Award, we will replicate and build on our success lending [REDACTED] with ED Credit Enhancement for comparable loan products to charter schools. We deployed both prior ED Awards in a manner similar to the proposed Project, using the credit enhancement to

provide subordinate debt; acquisition, construction, and leasehold improvement loans; and risk mitigation for expansion into states with emerging charter school movements. We have fully deployed our 2015 Award and have met all performance requirements. We are on track to fully deploy our joint 2018 Award ahead of schedule and meet all performance requirements.

Factor #2 - Financial Stability and Strength

BHLF has the **financial track record, resources, and balance sheet strength necessary** to carry out the proposed Project. Our financial strength comes from our self-sufficient lending operations, contributed sources (primarily the CDFI Fund) and the strength and stability of our parent organization, BlueHub Capital (BHC).

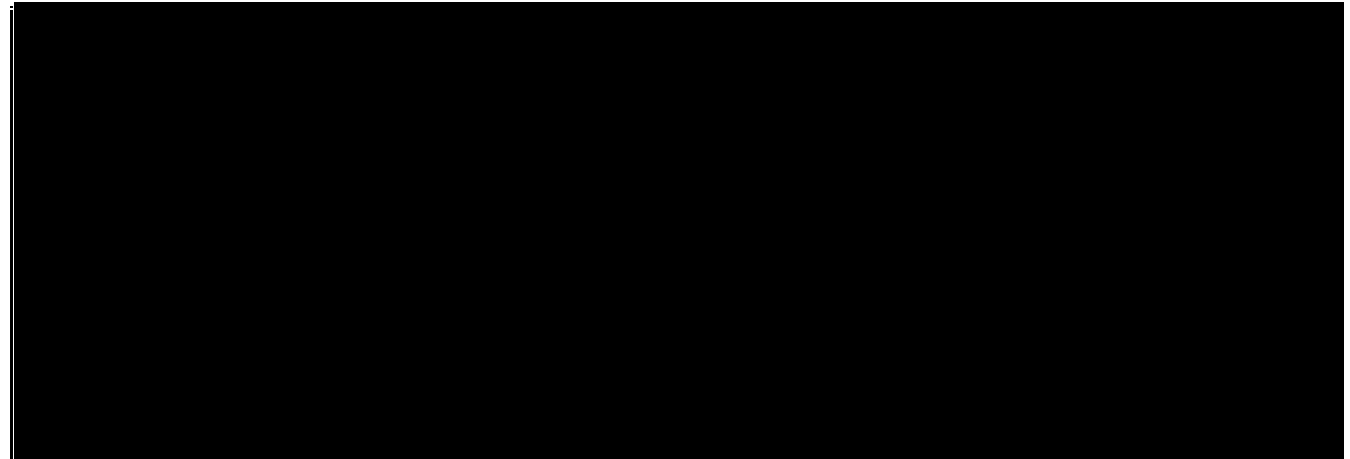
Credit Rating: BHLF is rated A- with a stable outlook by S&P Global Ratings, indicating strong credit worthiness. S&P cited financial position, effective portfolio management, and excellent loan health, noting our “lean business model” and “strong history of loan performance.” *See Attachment 7.*

BHLF has been 100% self-sufficient since 2005 and has generated operating surpluses averaging [REDACTED]

[REDACTED] loans payable (for e.g., loans to charter schools); liabilities are predominantly financing-related loans from banks and socially-oriented lenders.

All financing required for BHLF to lend [REDACTED] of its balance sheet capital to support 27 charter schools with a ‘21 Award are fully committed and available. We do not need to raise additional loan capital to meet this [REDACTED] financing commitment. Our bank investors include JP Morgan Chase, Wells Fargo, Bank of America, TD Bank, Eastern Bank, Citizens Bank – to name a few. As of 3/30/21 we had cash and current availability under our bank facilities of

██████████ Key indicators of BHLF’s financial stability and strength (as of FYE20) are summarized below and Attachments 8 and 12 contain audited financial statements and Form 990s respectively:



*Portfolio-at-Risk is defined as loans that are: 90+ days delinquent, on non-accrual, classified as trouble debt restructures (TDR), or real-estate owned (REO)

**BHLF investors require a 5% minimum Loan Loss Reserve, despite much stronger portfolio performance.

Factor #3 - Ability to Protect Against Unwarranted Financial Risk in Loan Underwriting, Portfolio Monitoring and Financial Management

BHLF has never experienced a loan loss or charge off in its charter school loan portfolio (70 loans, ██████████ financing), nor have we ever called on an ED Credit Enhancement Guarantee. In 37 years of lending, BHLF’s cumulative loan loss rate is 0.27%. BHLF successfully protects against financial risk through rigorous underwriting, active portfolio monitoring and close financial management. BHLF has formal, written, Board-of-Directors-approved policies that manage risk, including credit policies and underwriting and portfolio management guidelines. BHLF also has policies that mitigate key financial management risk, including cash

management, investing, liquidity, and asset-liability matching policies. Loan policies and procedures have been in existence since BHLF was first established. The Board reviews and updates these guidelines annually. BHLF's loan underwriting, monitoring and financial management policies and procedures are included as *Appendix E*.

Policies and Procedures - Underwriting Standards

BHLF's lending is governed by formal, board-approved credit policy guidelines that mitigate risk. BHLF also has an external Loan Committee to approve loans larger than [REDACTED] all members of the Loan Committee have expertise in community development and commercial lending. Six out of ten committee members have expertise in charter school financing, operations, and/or school facilities construction. In addition, BHLF has a charter school underwriting supplement that provides guidance for assessing the credit worthiness of charter schools and that specifies criteria for approving and managing ED Guarantees.

As part of underwriting, lenders assess potential charter school borrowers' schools and operations: governance; leadership and organizational capacity (particularly with respect to engaging in a facilities project); financial health and systems for financial oversight; enrollment trends/demand for seats; pedagogical approach; academic performance and track record; and ability to effectively serve low-income and BIPOC students. BHLF requests current and historical audited financial statements, financial projections, cash flow projections, project budgets, board and management lists with bios, corporate documents, and detailed information on school funding sources. We perform a detailed assessment of the proposed facilities project and consider demand; financing need and need for credit enhancement; and project strength, financial condition, repayment sources and long-term sustainability. Our underwriting process

includes independent research, at least one site visit and conversations with senior management and other key stakeholders including authorizers.

Policies and Procedures - Portfolio Monitoring

BHLF monitors all charter school loans by conducting annual reviews that assess borrowers' financial health, potential credit risks, enrollment, and academic performance; and by conducting annual loan covenant tests and collateral reviews. BHLF also uses a tiered Loan Risk Rating System to identify and manage portfolio risk. This System assesses individual transaction risk and cumulative portfolio risk, shapes BHLF's loan monitoring schedule, and helps BHLF determine appropriate levels of loan-loss reserves. BHLF's Board of Directors and Loan Committee evaluate and approve BHLF's Loan Risk Rating System annually and they review portfolio quality quarterly. BHLF portfolio monitoring staff review strong credits annually and weaker credits at least quarterly. BHLF holds weekly internal meetings to strategize about how to address delinquent loans, plan for upcoming maturities, and support borrowers who have potential of compromised credit quality.

Description of Portfolio Performance/Quality

BHLF's strong credit, underwriting and portfolio management policies has resulted in a long history of excellent portfolio performance. Evidence of BHLF's ability to protect against unwarranted risk in its charter school portfolio includes BHLF's historical write-off rate of 0.0% of total cumulative charter school lending. Despite the fact that BHLF often supports early-stage charter schools and charter schools with limited equity, we have not experienced any debt loss

with our charter school borrowers. At FYE20, not a single charter school was considered “At Risk”; every school in our portfolio has an Acceptable Risk Rating and is paying as agreed.

Policies and Procedures - Financial Management/Risk Mitigation

BHLF has written policies and practices to mitigate against financial management risk, including cash management, investment policies, and liquidity management. See Appendix E.

-Likely Reserve Account Investments: BHLF currently invests ED Reserve Account cash in a segregated account at Eastern Bank. The interest rate as of 5/31/21 was 0.05%.

-Additional Risk Mitigation Strategies: BHLF mitigates risk of the overall portfolio through **diversification** (geography, loan purpose, and repayment structure) and by quarterly examination of loan risk ratings and loan loss reserves, portfolio concentration risk, and portfolio trends. Additionally, BHLF limits its lending as follows: no more than 15% of its capital to any one Sponsor, no more than 10% of its total capital to any one Project. BHLF also reduces risk by conducting monthly internal reviews of **financial reporting/statements** to assess activity and to compare performance against budget. On a quarterly basis, financial statements are reviewed at the board level, and distributed to investors and stakeholders. Additionally, BHLF is in compliance with all applicable rules, regulations, and covenants, and performs audits and files the Single Audit (formerly the A-133) annually with no significant deficiencies or material weaknesses cited.

-Staffing: BHLF has a CFO who manages a 4-person finance/compliance department that is responsible for compliance with the aforementioned policies as well as compliance reporting to federal and other funders.

Factor #4 - Expertise in Education to Evaluate the Likelihood of Success of a Charter School

BHLF has 20 years of expertise in education lending that positions us well to evaluate the likelihood of charter schools' ability to successfully 1) finance and complete facilities projects and 2) achieve enrollment targets and operate schools that support students' academic growth and proficiency and social and emotional well-being. To date, BHLF and affiliates have provided ██████████ in debt and NMTC allocation to 57 charter schools and leveraged an additional ██████████ from outside, private sector and non-Federally funded sources. Our loan loss rate on those financing, 0.0%, illustrates our ability to select high quality schools that are able to successfully repay our debt, as does the fact that 96% of these schools remain in operation and are achieving projected enrollment and results.

Factor #5 - Ability to Prevent Conflicts of Interest - Standards of Conduct

BHLF has clear standards of conduct that require disclosure of direct and indirect financial or other interests, mandate disinterested decision-making and indicate corrective actions to be taken in case of violation. These standards are delineated in BHLF's Conflict of Interest Policy, which describes how BHLF prevents conflicts of interest by employees and board members in decision making roles. This Policy provides guidance regarding when it is necessary to disclose conflicts (i.e. duty to disclose), procedures for addressing conflicts of interest, and consequences for staff/Board members who fail to disclose conflicts of interest. It also requires BHLF Board Members and staff in decision-making roles to review and complete conflict of interest disclosure statements annually. These policies have been in effect since '09 and BlueHub's Chief Financial Officer and Compliance Manager currently oversee this policy, and related reporting and compliance. For the complete policy and sample statements, see *Attachment 6*.

Factor #6 - Past Performance Implementing ED Credit Enhancement Grants

BHLF has received two ED Credit Enhancement Awards, at ██████████ in '15, and a ██████████ in '18. We applied for and are deploying both Awards in partnership with NFF. *The most recent annual performance reports from both grants are included in Attachment 11.* We are successfully deploying both Awards ahead of schedule, complying with all reporting requirements, and meeting or exceeded all targets specified in performance agreements. To date, we have used these Awards to leverage a total of ██████████ facilities financing to 41 charter schools. Leveraged capital came from non-Federal and private sector funders, including BHLF and NFF and it created 15,608 charter school seats. *See Appendix H for a list of all schools served, amount credit enhancement and BHLF financing received, financing leveraged, etc.*

IV. Quality of Proposed Personnel

BHLF Project Team's Charter School Facilities Financing and Education Experience

The proposed core implementation team includes 15 staff who, collectively, have over 160 years' experience financing charter school facilities. They have experience financing charter schools at both commercial banks and CDFIs; consulting in real estate development; and/or teaching at, serving on boards of, and/or evaluating charter schools. This team will be supported by BHLF's Board of Directors, Loan Committee, Senior Project Advisors and Consultants. See Appendix I, BHLF's Project Staffing Plan, and Attachment 4, Staff Resumes.

Staffing Plan

Project Director, Kathryn McHugh

Kathryn McHugh will serve as Project Director. She will help identify and cultivate markets for the Project; develop relationships with regional CMOs, local operators, and charter support organizations; and lead or oversee project loan origination, underwriting, and financing efforts. She also will supervise other lending staff supporting the Project. This role is a continuation of her engagement on the past two ED Credit Enhancement Awards.

Kathryn is BHLF's Senior Vice President of Charter School lending and has 22 years of experience in community development finance. She is BHLF's in-house charter school expert and lead, and she has led over 40 charter school facilities financing projects. Kathryn presents regularly on innovations she has developed to encourage the replication of cost-effective, flexible charter school facilities financing strategies. She co-chairs the steering committee of the National Charter School Lenders Coalition and co-represents BHLF in the CDFI Collaborative on Racial Equity in Education.

Kathryn has a well-established reputation for the depth and impact of the technical assistance she provides and for creating financing products aligned with charter school operators' needs. Kathryn also is respected and trusted in the CDFI and finance industries, as evidenced by the fact that she regularly brings in other partners to finance charter school facilities projects. Kathryn has a Master's in Public Policy with a focus on community development.

Project Supervisor, Michelle Volpe

Michelle Volpe, BHLF President, will have ultimate responsibility for project implementation and quality. Michelle has 30 years of experience sourcing, underwriting, and monitoring community facilities projects, as well as several decades of experience overseeing community development financing staff. Michelle is a national expert in financing products that support nonprofit

operators' needs for flexible, patient capital that catalyze financing from private-sector funders. Michelle is responsible for raising capital to support BHLF's charter school lending. Under Michelle's leadership, BHLF has increased its facilities financing for charter schools from [REDACTED] the first six months of '21. Michelle has supervised BHLF's engagement on the prior two ED Credit Enhancement Projects. She has a Master's in Public and Private Management from Yale University, with a focus on community development finance.

Charter School Quality and Impact Expert, Catherine Dun Rappaport

Catherine Dun Rappaport, BlueHub's Vice President of Learning and Impact Measurement will oversee efforts to assess charter school academic quality and ability to effectively support students from a range of economic, racial, and cultural backgrounds. She also will supervise related research, data collection and analysis, and reporting. This role is a continuation of her successful engagement on prior ED-supported Credit Enhancement projects.

Catherine is BlueHub's expert in measurement and evaluation, and she has over 20 years' related experience. She specializes in assessing programs that promote educational and economic opportunity, and she is an internationally recognized leader in the CDFI and impact investing fields. She also was a founding member of the CDFI Collaborative on Racial Equity in Education, and she is a Senior Advisor to Impact Frontiers, the Greater Boston Evaluation Network, and Impacto Impact Investing. Prior to BHLF, Catherine was a senior consultant at Abt Associates, where she led and supported projects for ED and other Federal clients. Catherine has a Master's in Public Policy from Harvard Kennedy School with a specialty in Economics, Labor, and Education. Catherine also worked for 5 years in public schools in low-income neighborhoods in New York City, and Bridgeport and Hartford, CT.

Lenders

Sarah Kitterman, Michael Nilles, Julie Shea, Elisabeth Davis, and Johvanna Sampson will support the Project. Sarah Kitterman and Michael Nilles are both Senior Vice Presidents of Commercial Lending, with 20+ years of experience in community development lending. Both are experts in structuring complex transactions for charter schools utilizing Tax Exempt Bonds, New Markets Tax Credits, Qualified Zone Academy Bonds, and Qualified School Construction Bonds, and both hold Master's Degrees in Business Administration. Johvanna is a Vice President of Commercial Lending at BHLF and has over 15 years of experience lending for community facilities projects nationally, with a strong focus on AL and LA. She also has an MBA. Julie and Elisabeth are Assistant Vice Presidents of Commercial Lending. Both have MBAs with a focus on nonprofit management and finance. They have been at BHLF for 3 and 7 years, respectively.

Portfolio Managers

Mei See Law-Sandson, BHLF's Senior Vice President of Portfolio Management, and her team of four analysts and construction management staff, will oversee portfolio monitoring and loan servicing. They will assess risk and adjust loan loss reserves as needed. Mei See has over 20 years of portfolio management experience and has successfully monitored and serviced the 42 charter school facilities projects financed with BHLF's prior ED Credit Enhancement Awards.

Grant Reporting and Data Collection Support

Emily Kaminsky, BlueHub's Compliance Manager, will ensure that ED compliance reporting is completed accurately and on-time. Emily has been serving in this capacity at BHLF for five

years, and she effectively supported BHLF's prior Credit Enhancement Awards. Emily also will ensure that BHLF complies with the Performance Agreement and, in partnership with Catherine Dun Rappaport, that BHLF accurately tracks and reports on performance measures that speak to its success in achieving targeted goals for the Project. Ariana Mattice-Lybrand, BHLF's Impact and Operations Analyst, will support these efforts.

BHLF Board of Directors

BHLF is governed by a 12-member Board of Directors. This Board has been involved in developing, implementing, and monitoring BHLF's charter school facilities financing for over 20 years and oversees BHLF deployment of all Federal Awards. DeWitt Jones, BHC's Executive Vice President, has Board-level oversight regarding BHLF's Charter School lending. In addition to having 35 years of community facilities financing experience, he served as the Board Chair and a Trustee of Boston Day and Evening Academy, a public charter high school serving overage students. He has a Master's from Harvard Kennedy School.

Senior Advisors, Loan Committee, and Consultants

BHLF charter school facilities lending also is overseen by a 10-member external Loan Committee and is supported by other Senior Advisors and consultants. These include experts in geographic regions targeted, as well as in education and charter school facilities financing.

Two Loan Committee Members, David Stolow and Jennifer Pinck, have over 25 years' experience in school curriculum and development and school facility construction, respectively. In addition, Norah McVeigh, Managing Director of Finance at NFF, has 20+ years charter school facilities financing experience. Senior Advisor Katrina Malone, Chief Program Officer at Hope

Credit Union, supports BHLF growth in charter school facilities lending in the Southeast and Gulf Regions and has 15 years of experience in community facilities and real estate finance.

BHLF also will continue to engage Ford Research Solutions and Tandem Learning Partners as consultants who perform landscape analyses of new lending markets and help BHLF cultivate relationships with high performing charter school operators. Jim Ford, President of Ford Research Solutions, has 30 years' experience in charter schools, including serving as the primary author of Washington DC's charter school law and as the Charter School Program Director for Raza Development Fund. William Haft, Director of Tandem Learning Partners, has served as the Associate Director and Vice President for Authorizer Development at the National Association of Charter School Authorizers and has decades of experience supporting the growth of high-quality charter schools.