OVERVIEW OF APPLICANT AND RELATED PARTIES

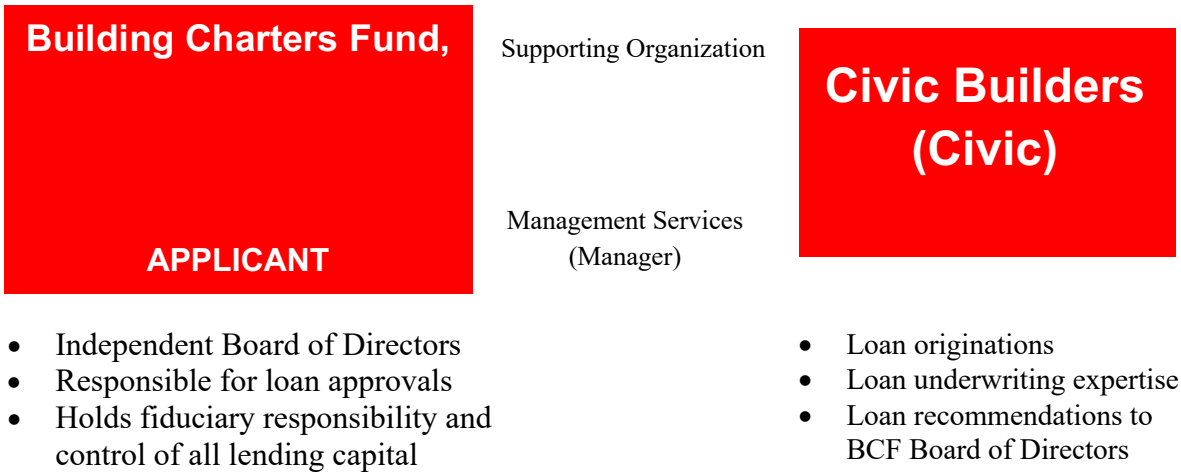
Applicant Corporate Structure

The applicant offers this brief explanation of its corporate structure so that the reader can fully understand the project narrative and the project team for this application. The applicant is Building Charters Fund, Inc. ("BCF"), a nonprofit organization founded in 2017 to make low interest loans to charter schools nationwide. BCF is a supporting organization of Civic Builders ("Civic"), a long-time charter school developer and lender and recipient of two prior CEP awards. BCF was formed to share and support Civic's charitable purpose and its tax exempt status is derived from that of Civic.

Civic provides all management services to BCF, including origination, underwriting, due diligence and asset management. BCF has no employees because it contracts with Civic for all management services. In addressing **Selection Criteria (c) Capacity** and **Selection Criteria (d) Quality of Project Personnel** sections of this application, please note that the Civic team is described. Because BCF has no employees and has a contractual relationship with Civic to provide all services related to underwriting, executing, and monitoring its loans, the Civic team will serve in its management capacity to recommend deployment of any prospective Credit Enhancement Program grant award to the BCF board of directors for approval. Through this relationship, BCF (the applicant) directly benefits from and has access to all of the capabilities, staff experience, and decades of institutional knowledge of Civic.

In summary, Civic has both a management contract with BCF and is also a supporting corporation of BCF. All conflicts of interest that may arise across each organization are managed according to the conflict of interest policy in Attachment 2a—BCF Conflict of Interest Policy.

Please see the diagram below for a summary of the corporate structure of the applicant and its close relationship with Civic.



Why This Structure Was Implemented

This corporate structure was deliberately designed for two reasons.

1. BCF's innovative approach to charter school lending requires a large amount of philanthropic capital (approximately [redacted], including program-related investments and grant capital, has been raised to date). In order to attract large amounts of philanthropic capital required to scale this lending model, Civic designed an independent governance structure and co-founded an independent entity for this initiative. This structure ensures supporters that philanthropic capital provided will not be commingled with Civic capital and will be singularly focused on the intended use.
2. This arms-length separation arrangement—with a separate entity and a separate board of directors—makes it clear to charter schools that their access to BCF's high impact and innovative loan product is separate and distinct from Civic's real estate development work.

Resulting Product of the Corporate Structure

BCF's loan product (the Facilities Investment Fund, or FIF), is a ground-breaking model in charter school lending. This product, born out of Civic's two decades of work in real estate development, is designed with four specific goals:

1. **Early access to capital**: BCF provides a lending solution targeted at schools who are at a stage with their facilities which the market perceives as particularly risky. By providing mini permanent loans for acquisition and construction, BCF is absorbing construction, scaling and early-stage charter school risk that is often eschewed by other low cost lenders in the market.
2. **Lower cost, larger loans:** By offering lower interest rates combined with loan sizes up to three times larger than nearly any other charter school lender can provide, BCF's loan product tackles the high cost of financing that early stage charter schools face, and eliminates the need to aggregate many smaller sized loans. Both of these benefits reduce the need for school capital campaigns and the need to secure multiple sources of funding for a facilities project.
3. **Bridge to permanent financing:** By increasing access to facilities financing for schools that do not meet the traditional underwriting standards of commercial banks (which remain the largest source of commercial lending), BCF's loans allow schools to mature over the five-year term and position them as strong candidates for low cost, tax-exempt bonds and other attractive permanent financing solutions.
4. **Scale to sector:** BCF's loan product provides an efficient and replicable model through which the philanthropic community can partner with commercial capital at a massive

scale to support charter schools facilities financing in service of the highest need areas and the highest need students.

BCF's innovative, credit-enhanced lending model achieves all of these goals.

SELECTION CRITERIA (a)

QUALITY OF PROJECT DESIGN & SIGNIFICANCE

(1) The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program.

This application represents the natural evolution and enhancement of BCF's lending activities and our model. Civic's previous CEP award provided the credit enhancement required for Civic to partner with BCF, design this innovative approach, and successfully experiment with new approaches that will enable BCF to serve the highest need, highest potential schools who serve students in the highest need communities. The focus of this CEP application is the expansion of and tight focus on serving the highest need charter schools at the point in their facilities life-cycle where the market perceives the most risk.

The Challenge

The most urgent real estate problem that schools face is how to pay for acquisition and construction of their facilities. While some established and network schools have access to low cost, long-term tax-exempt bonds, many more schools in earlier stages of operations struggle to find ways to pay for the acquisition and construction of a school building. BCF's lending product is designed to address the following challenges often faced by early-stage schools:

- Construction is considered by lenders one of the riskiest parts of a school building project, when schools must hire and manage design and construction professionals and ensure an on-time and on-budget delivery of a costly and complex project.
- Most charter schools open with a fraction of their planned enrollment, growing one grade per year. Since a school's yearly revenues are linked to enrollment, schools do not realize their revenue potential until they fully enroll all grades. This is a significant risk factor for lenders who expect consistent cash flows for repayment.
- Charter schools, particularly independent schools unaffiliated with a national network, are often perceived as having weak credit profiles due to lenders' lack of understanding of the charter school economic model, the relatively short authorization period (typically five years), and an often limited operating track record.
- In areas where BCF has made loans, project costs and loan amounts are large, requiring multiple sources of capital from multiple lenders, many of whom have lending limits o[redacted] or less, including conventional banks, Community Development Financial Institutions (CDFIs), philanthropic grants and other sources of cash equity. This creates a complex and often expensive transaction that many charter schools are ill equipped to execute.

Furthermore, banks and other lending institutions have strict criteria to be met by a potential charter school borrower:

- Enrollment greater than 400 students, a challenge for smaller or scaling schools.
- Operating history greater than 3 years, excluding many schools from lending products precisely at the time loans are most required.

- Academic performance that exceeds that of the local district, which, for some early stage schools, is difficult to prove before they reach 3rd grade when standardized tests begin.
- Debt service coverage ratio exceeding 1.2x, a difficult metric for many early staged schools to attain.

As a result of these challenges, traditional lenders are reluctant to make eight-figure loans to schools that might have a limited operating record, thin balance sheet and a lack of real estate development expertise; charter schools may be forced to enter high-cost rental transactions just to open their doors on time, or pay higher interest rates on their loans to compensate for the perceived high risk as seen by the traditional lender.

Without a solution, strong charter schools will not be able to grow and replicate and thousands of children will be denied an opportunity to receive a high-quality education, and millions of dollars of committed state funding may go unutilized. **BCF requests a [redacted] grant from the US Department of Education Credit Enhancement Program to help create the solution.**

<u>Better Access, Better Rates for All</u>

BCF's lending product is specifically designed for schools at the most challenging time to receive financing (during construction, scaling and before their first re-authorization) and that do not meet the above criteria. Many charter schools fall into this category and a good portion of those are high potential, high need schools that meet BCF's thorough underwriting standards. But for BCF's ability to provide a credit enhancement-supported loan, these schools would not obtain the financing they need to execute their growth strategy.

BCF exists to offer access to low cost, 5-year loans for schools facing the challenges above. BCF's goal is not only to provide lower interest loans than otherwise available to charter schools, but also at such volume and such a deep discount to current offerings that it influences other

lenders to be more competitive. This moves market interest pricing downward as a whole. When this happens, not only will BCF borrowers benefit from our lower rates, but non-BCF borrowers will benefit from lower prices offered by lenders who have moved to more competitive pricing.

BCF achieves this substantial market impact through a unique fund structure, which itself is enabled through generous philanthropic support. BCF sources capital from three sources:

- Commercial bank
- Philanthropic foundation
- CEP loan loss reserve

Accessing large amounts of commercial bank funds at the lowest possible rate drives BCF's fund structure. Commercial bank capital is important because, if properly incentivized, it can provide far greater amounts of capital than other scarce sources such as philanthropy and other subsidies. BCF has already proven the success of this theory, using philanthropic investments and credit enhancements to secure commitments of [redacted] in commercial bank capital in only 3.5 years since inception.

BCF attracts this capital at unusually low rates via a three pronged approach:

1. BCF pairs the bank capital with 0% interest subordinated philanthropic capital, which protects the bank capital by absorbing the first losses in the case of a default.
2. BCF accesses CEP for loan loss reserves, which provides additional protection to the senior bank lender.
3. Since all capital and reserves are pooled into one entity—BCF—losses are also pooled and the senior lender is further protected by portfolio diversification.

The 0% philanthropic capital also blends down the average interest rate, enabling BCF to offer a lower blended interest rate to schools.

In summary, because of the risk protection offered to the senior lender, and the broad array of charter school projects in a pooled structure that further diversifies risk, the commercial bank is able to provide capital at the lowest possible interest rate. This powerful combination of low cost commercial capital, 0% interest foundation subordinate debt, and CEP loan loss reserve enables BCF to develop a large-scale lending program that offers charter school facilities loans with an interest rate that is substantially below the current market. Furthermore, BCF serves schools that are not yet positioned to access a permanent debt solution, such as a tax-exempt bond, but still require a low cost, high LTV capital solution. Often, schools cannot go directly to the bond market due to a short operating history, ongoing enrollment growth or multiple projects that the school hopes to bundle into a single bond offering.

BCF's innovative capital structure provides immediate benefits to borrowers:

1. **Below-market rates:** The philanthropic subordinate loan capital absorbs first losses and lowers the commercial lending rate by reducing perceived risk. This lower commercial lending rate is blended down further with the foundation's 0% interest rate. BCF passes on these lower rates to schools, producing interest rates that are at least 20% below interest rates offered to early-stage schools by Community Development Financial Institutions (CDFIs), which are the primary lenders who serve this market.
2. **Flexible terms:** FIF offers amortization up to 30 years, loan amounts up [redacted] and a loan to value (LTV) ratio up to 90%. While CDFIs sometimes have a more flexible LTV ratio, maximum individual loan sizes are typically between [redacted]

BCF's access to commercial loan capital, allows for loans at least **three times as large** as those of other lenders.

BCF focuses on the financing gaps of high potential, high need schools, and delivers an efficient senior capital solution to schools that would otherwise struggle to afford a building.

Proof of Concept

BCF's scale and track record offer evidence that this method works. BCF's sole lending product, the Facilities Investment Fund (FIF), is designed to address the significant financing challenges faced by charter schools by offering 5-year loans with below-market rates and terms compared to other financing products available to early-stage charter schools.

In only three years since the first BCF loan closed, BCF has already completed two rounds of funding totaling [redacted]. As of this writing, BCF has soft commitments for an additional [redacted], which are on track to close at the end of this calendar year. The following statistics highlight BCF's stellar track record in just three years, and an itemized portfolio is available as Attachment 10—BCF Loan Portfolio:

- 19 loans to schools in 8 states
- [redacted] in total lending volume
- [redacted] average loan size
- 9,800 seats financed
- No defaults or delinquencies to date
- Average 80% of students qualify for free or reduced-price lunch

BCF's current pipeline of potential borrowers continues on this theme. It is geographically dispersed and has a high percentage of students qualifying for free and reduced lunch.

Attachment 11—BCF Loan Pipeline offers a detailed pipeline that includes projects in at least five additional states and the District of Columbia.

High Potential, High Need--Example

In 2020, BCF provided the high potential El Paso Leadership Academy a[redacted] that financed a new 71,000 square foot school facility that created seats for students in grades 6-8 in El Paso, Texas. In 2020, El Paso Leadership Academy served a student population that was:

- 92% eligible for free or reduced price meals
- 99% Hispanic
- 58% English Language Learners

The school reports that many students enter their school (6th grade) at a 2nd or 3rd grade reading level. Despite these challenges, they have managed to be in the top 25% middle schools in the state for Comparative Academic Growth for 3 consecutive years (SY17 through SY19) as rated by the Texas Education Agency. The need for such high quality middle schools and high schools is high as only 25% of students in El Paso graduate from college. The FIF loan represented a savings of nearly $[redacted] in debt service annually for the School relative to other financing options available. Those dollar savings on debt service will now be invested in the school's academic program and student success initiatives in these critical years of growth.

Next Stage of Funding

BCF's 3.5-year track record of financing high potential, high need charter school projects around the country has succeeded in coaxing other lenders to offer lower cost debt to the market. Yet the need continues and, while market rates are lower than in the past, there is still a discrepancy between the sheer volume of affordable capital needed and availability of low cost debt such as

that offered by BCF. The bond market for charter schools offers reliable indicators of the scale of facilities financing need:

- In 2019, the charter school tax-exempt bond sector registered a record volume year with issuance exceeding $[redacted] up from $3[redacted] in 2018--a robust 25% increase.
- This record volume was the 7th annual record out of the last eight years.
- 2019's 153 transactions were up from 130 in the previous year.
- In May 2021 alone, there were 14 primary market charter school transactions amounting to over [redacted] in par value.

This robust charter school bond volume underscores another important point: the bond market is working. It is providing affordable long-term permanent debt to charter schools at a very large scale. BCF targets its lending efforts to short term debt for schools most in need precisely when that need is greatest, at acquisition and construction. This is the part of the lending market which is working less well and which therefore requires innovative and scalable solutions.

To meet the urgent need, BCF has raised [redacted] to date, and is finalizing terms for further commercial debt so that more schools have access to the BCF loan product. With a philanthropic partner also committed to another successful round of funding, the strong BCF track record and the inclusion of additional CEP loan loss reserves as proposed in this application, BCF has negotiated an 85 basis point reduction in interest rate from its commercial bank partner, the benefits of which will be passed along to our charter school borrowers.

But for the credit enhancement provided by CEP funds, BCF would not be able to provide facilities financing to high potential, high need charter school operators such as El Paso Leadership Academy, who need permanent facilities to grow the number of seats available to children in their communities. CEP funds will allow BCF to attract the most cost effective and

flexible commercial bank capital and deliver low cost loans to schools that would be unable to otherwise secure affordable financing terms.

(2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program.

BCF's investment guidelines prioritize funding to high potential, high need schools, defined as schools that serve student populations with a majority eligible for free and reduced price lunch, where academic performance is stronger than that of the traditional public schools that students would attend in the absence of the public charter school, that are fiscally sound and operationally strong, as measured through BCF's underwriting criteria, and that have strong community support and demand for services. BCF's innovative lending program, capital sources, and access to Civic's experience and robust infrastructure will ensure that the following measurable and achievable goals and objectives for the CEP grant will be achieved over a five-year timeline:

- **Goal One:** Leverage [redacted] in senior commercial bank debt at a rate of 15:1 within the first five years of the grant.
  - Measurable Objective: Leverage between [redacted] and [redacted] in debt and equity in each of Years 1-5
- **Goal Two:** Obligate Credit Enhancement Funds on behalf of 30 charter schools.
  - Measurable Objective: Obligate Credit Enhancement Funds on behalf of 6 charter schools in each of Years 1-5.
- **Goal Three:** Expand access of high potential, high need, early stage schools to charter school facility financing by obligating 75% of Credit Enhancement funds to secure access to capital for charter schools with less than three years of documented operating history.

- Measurable Objective: By the end of Year 5, at least [redacted] or 75% of Credit Enhancement funds deployed will support charter schools with less than three years of documented operating history.

- **Goal Four:** Obligate Credit Enhancement funds on behalf of 30 charter schools that demonstrate one or more of the following high need criteria: 1. A charter school that serves 50%+ economically disadvantaged student populations (defined as students that are eligible to receive free or reduced-price meals or state education department-equivalent metric for economically disadvantaged); or 2. A charter school that is physically located within a district that performs below state average proficiency levels (determined by comparing average ELA and math proficiency levels or other state-defined accountability measurement for all grades); or 3. A charter school that is physically located in a distressed census tract (defined as income at or below 80% of AMI or poverty rates greater than 20%).
- **Measurable Objective:** By the end of Year 5, obligate Credit Enhancement funds on behalf of 30 charter schools that meet one of the high-need criteria listed in Goal Four.

The four goals for BCF's requested [redacted] CEP grant will be achieved over a five-year period as described in Attachment 5 - BCF 5-year Cash Flow Pro Forma, which includes a timeline of deployment.

(3) The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program.

<u>BCF-Civic Partnership</u>

Between BCF and Civic (which operates as BCF's strategic partner, fund manager, and supported organization as described in the introductory overview), the applicant has a strong

history of execution in both development and lending. Civic has a nearly 20-year track record of solving diverse facilities-related needs of public charter school communities through innovative real estate and finance solutions. In 2002, Civic launched an innovative non-profit development model for charter schools and has executed well on that model:

- 40 schools built and funded
- First competitive New Markets Tax Credit (NMTC) allocation awarded in 2013
- [redacted] in NMTCs to seventeen projects in eight states and the District of Columbia

Civic established BCF in 2017. Since then BCF has achieved the following:

- [redacted] BCF charter loan commitments within 3.5 years
- Additional [redacted] in loans to be committed by 12/31/ 2021
- [redacted] in capital commitments from bank and philanthropic partners, with an additional [redacted] in soft commitments to be closed by year end.

Together, BCF and Civic bring a level of experience, expertise, and economies of scale that has not been achieved by other sector lenders.

BCF's philanthropic partner, the Walton Family Foundation (WFF), provided the grant capital necessary to launch this innovative initiative and has since invested [redacted] in 0% subordinate debt and reserves to support the initiative. WFF's steady support for the lending product has been crucial to the success of the program. Civic and BCF brought together WFF and Bank of America for a [redacted] low cost loan fund in the first quarter of 2018, with funds fully committed by the end of 2019. In 2019, BCF sourced another [redacted], this time from WFF and PNC, and has successfully deployed [redacted] to date with a strong pipeline that will absorb the remaining funds in FIF 2.0 by the end of 2021.

BCF is again partnering with Civic, WFF and PNC Bank to launch a third round of funding for 2022, and the timeline in Attachment 6 - BCF 5-year Deployment Timeline, outlines expected deployment of loan funds and allocation of CEP reserves. BCF's trusted partnerships have created a strong foundation for the success of this application and the next iteration of the BCF lending product.

Implementation Plan—Fund

BCF's third [redacted] round of credit-enhanced loan capital for charter schools will be ready to deploy by January 2022. Terms with the bank and foundation subordinate lender have been finalized. The implementation plan requires documenting these terms by 12/31/2021. This process has already begun and, since both PNC Bank and WFF are trusted partners with whom BCF has an established working relationship, the process for finalizing the terms of the fund is already in place. Obtaining the CEP loan loss reserve is a key feature of the implementation plan.

Implementation Plan—Sector Partnerships in States with Strong Laws

On a programmatic level, implementation involves creating awareness of the low cost funds for schools in states with **strong** charter laws. BCF will continue to achieve this via partnerships with local charter support organizations, authorizers, and charter associations. The following is a sample of organizations with which BCF works closely and who have written letters of support for the BCF's CEP application (Attachment 13 – Letters of Support):

- Oklahoma Public School Resource Center (OPSRC)
- California Charter School Association (CCSA)
- State University of New York (SUNY)
- New York State Education Department (NYSED)

- The Facilities Resource Center, National Alliance for Public Charter Schools (NAPCS)

Additionally, BCF partners with CDFIs such as Nonprofit Finance Fund (NFF), Local Initiatives Support Corporation (LISC) and BlueHub Capital. These trusted partners allow BCF to bring complete, affordable financing packages to each school transaction. CDFI letters of support are also included in Attachment 13 – Letters of Support.

Implementation Plan—School Outreach

The BCF loan product offers an affordable financing option for schools and is in high demand. BCF has a robust pool of schools interested in its loan product, with a pipeline of approximately [redacted] in near term potential transactions across 10 states and the District of Columbia, and [redacted] in overall pipeline (Attachment 11 – BCF Loan Pipeline). Ongoing marketing activity consistently adds schools to this pipeline. BCF prioritizes outreach to schools with the following features:

- **Early stage:** schools with less than three years of operating history;
- **High potential**: strong academic performance;
- **High need:** high percentage of students identified as economically disadvantaged;

Additional considerations include the following:

- **Financial constraints:** the need for innovative financing to address facilities needs;
- **Strong demand:** better options by communities with under-performing public schools;
- **Strong charter school laws:** evaluating states where the transactions are located.

Attachment 13 – Letters of Support, shows letters of support from BCF-financed charter schools that match the features above, and offers a representative sample of the high quality schools BCF supports.

(4) The extent to which the project is likely to produce results that are replicable.

BCF has closed [redacted] in school loans with expectations to deploy an additional [redacted] by the conclusion of 2021. As a result of the success of the first and second rounds of funding over 3.5 years, BCF is in the process of replicating the lending product with a third round of funding, which speaks to the strong demand for the BCF loan product. Furthermore, the current pipeline of more than [redacted] in potential projects seeking funding demonstrates the need to continue offering the lending product using expanding sources of capital. The CEP award will enable BCF to expand the number of schools that can access low cost loans by focusing on high potential, high need schools that do not meet traditional underwriting standards. Through CEP credit enhancement, more high potential, high need schools can access the facilities they need.

(5) The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given.

Selection Criteria

BCF has expertise in selecting school partners who produce life-changing outcomes for their student populations, and BCF applies this selection criteria developed from the years of experience the team and partners bring to the table. The BCF lending product prioritizes high potential, high need schools, defined as schools that serve student populations with a majority eligible for free and reduced price lunch, where academic performance is stronger than that of the traditional public schools that students would attend in the absence of the public charter school, that are fiscally sound and operationally strong, as measured through BCF's underwriting criteria, and that have strong community support and demand for services.

BCF has deployed [redacted] in loans, including nearly [redacted] during the pandemic, without compromising its underwriting standards and while identifying schools with the greatest need. The COVID pandemic has changed how lenders evaluate school quality, still one of the most reliable indicators of risk in charter school lending. Where state testing data has been unavailable for schools, BCF amplifies its quantitative analysis of the school's internal progress metrics and a qualitative evaluation of curriculum, operations, governance, and other quality indicators. This analysis has always been a key component of BCF's underwriting, but, in the absence of state testing data, takes on a greater role in evaluating a school's quality.

BCF's Robust Underwriting

BCF will utilize CEP funds to support facilities projects for high potential, high need charter schools as defined above and in our goals and measurable objectives. The core focus areas of BCF's underwriting criteria, as detailed in Attachment 12 – BCF Credit Manual, are as follows:

- Local market and political landscape in which schools operate;
- CMO and school governance and management structure and capacity;
- Enrollment history and demand characteristics;
- Academic performance outcomes and performance against authorizer criteria;
- School financial health, including the affordability of the proposed project; and
- Facilities project feasibility.

In addition to these core principles, the CEP-funded investment portfolio prioritizes projects located in markets with the following characteristics:

- Designated as Focus Districts under the Elementary and Secondary Education Act (ESEA);
- Schools located in districts where 60% or more students are performing below proficient on state assessments;

- 50% or more students are economically disadvantaged; and/or
- Demonstrated need for new, high quality seats based on demographic analysis.

Sizing Allocation

The amount of enhancement provided to a specific project or program will vary. BCF will target deploying an amount not to exceed 7% of the senior lending capital.

In sizing BCF's CEP grant request of [redacted], the team looked at the metrics of BCF's portfolio since inception. Please refer to Attachment 5 – BCF 5-year Cash Flow Pro Forma:

- Average number of charter schools closed per year (6)
- Amount of subordinate debt and equity typically seen in a BCF-financed project (10%)
- Amount of CEP loan loss reserves deployed per loan (7%)

Using this data, BCF calculated that a minimum of [redacted] in CEP funds is required to continue supporting low interest rate debt and advancing the lending program at the current pace.

(6) The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program.

The proposed activities for a [redacted] CEP award leverage substantial commercial and philanthropic funds. Based on BCF's existing strong track record of leveraging public and private capital for the benefit of charter schools, we will achieve the high impact results and leverage listed below:

- CEP funds will be leveraged 15:1 against [redacted] in additional private capital from commercial sources.
- This activity will help at least 30 additional schools meet their facilities needs and serve at least 12,750 students.

- Without the program, at least 30 new, high potential, high needs schools will struggle to access low cost loans because they do not meet the standards of traditional lenders as described on p. 5.

Strong Track Record

In 2019, Civic Builders was awarded $[redacted] of CEP funds and earmarked half of this award to support BCF. BCF has already drawn on $[redacted] to support $59.5[redacted] in total project capital, for a leverage ratio of 27:1. As stated above, the additional [redacted] allocation requested by BCF would be leveraged 15:1 against [redacted] in additional capital.

In its short history, BCF has accessed [redacted] of commercial and philanthropic capital and has soft commitments for an additional [redacted] of capital, which it anticipates closing before year end. The CEP grant will help BCF to expand its scope of activity both in terms of the number of schools served and serving a wider cross section of charter schools. As stated above, the BCF lending product serves schools that are not yet positioned to access a permanent debt solution, such as a tax-exempt bond, but still require a low cost, high LTV capital solution. Often, schools cannot go directly to the bond market due to a short operating history, ongoing enrollment growth plan or timing of multiple projects that the school hopes to bundle into a single bond offering.

Lending Without CEP

Without CEP, BCF's lending program would face constraints that would force it to serve a more limited set of schools. The traditional criteria of major lending institutions and banks with respect to charter schools would limit BCF's ability to serve earlier stage, single site operators and the rates BCF could offer these schools. The lack of CEP loan loss reserves would have the following effects on the BCF lending product:

- Scarce philanthropic resources would be redirected to loan reserves for the senior lender instead of being used as low cost subordinated debt causing an increase in the effective interest rate BCF can offer to schools;
- BCF would be forced to offer less attractive terms;
- BCF's loans would be less available to schools with limited operating history or weaker balance sheets;
- BCF's lending product would scale more slowly as current pipeline would not meet the stricter lending criteria;
- Schools would be required to provide larger amounts of their own funding as equity;
- School would be more reliant on costlier loans that would translate to higher facilities costs for schools;
- Fewer dollars would be available for the school's academic program.

All of these factors would severely impact the growth of schools and hinder BCF's ability to meet school facility needs. But for the ability of BCF to use credit enhancement as a reserve for lenders, fewer schools would meet underwriting criteria, fewer schools would be built, and fewer new seats would be created.

(7) The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA.

BCF will continue to target CEP funds to qualified schools where there is a pro-charter environment consistent with the following four criteria:

1. The State is accountable 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;

3. The State ensures charter schools have a high degree of fiscal autonomy; and
4. The State provides equitable access to capital funding and facilities.

To evaluate how the states that BCF serves perform against the above criteria, BCF utilizes the National Alliance for Public Charter Schools (NAPCS) state rankings and NAPCS data on the health of the charter movement in the states in which we work. BCF balances state charter ranking with local circumstances, individual school performance and the needs of the specific school being evaluated. To date, BCF has made loans to charter schools in 8 states, and 73% of the BCF portfolio to date consists of loans to schools in states in the top half of NAPCS's rankings as of 2020. One loan to a school in Arkansas represents the result of BCF's strong due diligence that concluded that a school may thrive, and indeed have a greater need for a low cost loan, in a state with weaker access to funding. BCF's future pipeline includes schools in Florida (ranked 7), the District of Columbia (ranked 10), and Nevada (ranked 11).

In addition to considering the impact of state charter school laws as ranked by NAPCS, BCF also taps into local partnerships and other resources that may impact the operating environment. For example, certain cities may have specialized support and local quarterback organizations that compensate for shortfalls in the policy landscape at a state level.

BCF supports states with strong charter laws because a strong policy environment and healthy operator/authorizer relationships lead to more consistently high quality schools. As BCF conducts its lending due diligence, BCF considers all of these factors in its analysis.

(8) The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.

BCF incurs no additional staffing expenses and does not charge schools for use of the CEP grant. CEP grant funds will be used to support BCF's existing loan product and will not further burden

its expense budget. Civic's prior experience managing CEP grant funds ensures an efficient execution on BCF's behalf.

BCF's conservative projections show the financial viability of the lending project over the five-year program period. Key assumptions of the cash flow pro forma are summarized below:

- **Transaction Volume:** Assuming a [redacted] CEP award, BCF will deploy the funds over the five-year program period to finance an estimated 30 FIF transactions. BCF's financial model assumes a range of loan sizes based on historical trends, input from charter operators on financing needs, and the goals set forth in the project design. The actual number of transactions may vary depending on the average size of the loans.
- **Leverage:** BCF will achieve a [redacted] total leverage ratio (on commercial bank debt only) over the five-year program period, supported by the anticipated [redacted] in CEP funds.
- **Transaction Velocity:** BCF's history of rapid deployment of loan capital, [redacted] 3.5 years, informed the assumption that at least six schools per year will benefit from BCF's innovative loans, of which [redacted] will be supported by CEP.
- **Revenue:** Projected revenues include earned interest income on outstanding loans, and interest earnings on reserve account funds.
- **Expenses:** The only expenses that are charged to the grant are Letter of Credit fees charged by bank lenders. All other expenses related to the administration of the grant are absorbed in BCF's operating budget.

With BCF's ongoing access to commercial bank and philanthropic capital, the requested grant amount is not just reasonable but necessary to meet the needs seen in the marketplace.

SELECTION CRITERIA (b)

QUALITY OF PROJECT SERVICES

(1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;

Vulnerable Charter Schools

In developing its lending product, BCF determined that low cost 5-year facilities loans were most needed by charter schools. Acquisition and construction during the early years of a school's growth are the most vulnerable periods for a school and its financial credit. Once schools have borrowed and successfully repaid BCF loans, they have the following characteristics:

- at least five years of operating history;
- are seasoned borrowers in the eyes of the capital markets;
- no construction or growth risk;
- more than likely received at least one charter renewal (depending on jurisdiction).

At this point, the BCF borrower is primed for the bond market, which historically has been the best source of low cost, long-term debt for charter schools. BCF is the first stop on a school's trajectory toward financial stability.

Filling the Need: Among the several ways BCF distinguishes its lending product, the most consequential for charter schools is low interest rates. Because of BCF's innovative fund structure and access to philanthropy, BCF provides loans at interest rates significantly below those offered by others in the market. For example, in 2020, when CDFIs were charging 5-5.5% for loans with similar risk characteristics, BCF made loans to Urban Dove Charter School, Stockton Collegiate International Schools, and Tulsa Honor Academy at a fixed rate of 3.44%. Across the country, and particularly in states where charter operators receive low per pupil funding amounts, schools are unable to pursue permanent facilities unless they have access to

extremely affordable financing sources. BCF's five-year, fixed-rate loan, at 90% loan to value (LTV) up to $[redacted] per project is a very attractive source of financing to charter operators. At one end of the spectrum, commercial banks may be able to offer a charter operator a similar interest rate but are typically limited to 65% - 75% LTV. At the other end of the spectrum, CDFIs are often able to lend up to 90% LTV, but have a maximum loan size of approximately [redacted] to charter schools and with a traditionally higher cost of capital. BCF combines the best of both offerings by making facilities for charter operators possible, and by limiting the number of dollars spent outside the classroom to pay for facilities financing costs. By leveraging CEP funds in combination with BCF's experience and other resources, BCF is able to provide affordable capital for schools at the beginning of their operating history.

Credit enhancement is the scarce resource that limits BCF; below is an example of the high potential, high need schools that the CEP-enhanced BCF lending product helps to support:

Amber Charter School: In February 2021, BCF closed on a [redacted] loan to Amber Charter School, the first Latino-led public charter school in New York City. Amber serves a high need population with 86% of students qualifying for free or reduced price lunch. The school offers a dual language program, with instruction in Spanish as a second language from grades K–5, in addition to common core curriculum art, music, physical education, and technology. BCF funds allowed the school to renovate a new 60,000+ square foot facility, which allows Amber to serve 923 students in grades K-8 at full capacity. Amber's flagship campus in East Harlem has historically outperformed Community School District 4 and New York State in Math and ELA, and the first testing grade at Amber's Kingsbridge campus also significantly outperformed the state and district. During school year 2021, the school received 6.8 applications per seat and a

waitlist of 982 students indicating robust demand. **The BCF loan enabled the school to save about [redacted] in interest expense as compared to other financing options.**

(2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for the project;

From its initial conception, BCF was informed by the needs of charter schools and chartering agencies. BCF and Civic worked with a range of stakeholders to create a school-centric product. Initial market study and research and development work was funded by the Walton Family Foundation (WFF) and the Bill & Melinda Gates Foundation, and included interviews with 14 schools, foundations, lenders and other key stakeholders across the sector. The team also invited feedback from local quarterback organizations, organized to curate school choice opportunities in given geographic areas (typically cities or counties). This entailed recruiting school operators to provide a spectrum of educational models and areas with the highest need. Finally, the team consulted other national charter school stakeholders like the National Association of Charter School Authorizers (NACSA), Charter School Growth Fund and non-profit developers to ensure that the product terms would create the desired impact for schools.

BCF's original board included:

- Buddy Philpot, former executive director of the Walton Family Foundation, one of the largest philanthropic funders of charter schools in the nation;
- Greg Richmond, former Executive Director of the National Association of Charter School Authorizers; and
- Brahm Cramer, Civic Builders' Board Chair.

In 2020, Greg Richmond was replaced by Scott Pearson, former Executive Director of the District of Columbia Public Charter School Board. These sector leaders were critical in shaping

the design of BCF and its lending program. In addition to the intensive input provided by its expert board, BCF sought input and counsel from a range of charter school experts, including independent charter schools, charter management organizations, state authorizers, quarterback support organizations and many other sector leaders. BCF's partners and supporters have provided letters indicating their ongoing support of the BCF lending product (listed in alphabetical order):

El Paso Leadership Academy - Independent Charter School

Enterprise Community Capital – Lending Peer

Future School of Fort Smith – Independent Charter School

Nonprofit Finance Fund – Lending Peer

Persistence Preparatory Academy Charter School – Independent Charter School

The California Charter Schools Association – State Support Organization

The National Alliance of Public Charter Schools – National Support Organization

The New York State Education Department – State Authorizer

The State University of New York – State Authorizer

These partnerships have helped BCF develop a CEP product that provides maximum benefit to schools (see Attachment 13 – Letters of Support).

(3) The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools' access to facilities financing, including the reasonableness of fees and lending terms.

Technical Assistance

BCF provides a significant amount of free technical assistance to schools seeking facilities solutions. BCF is grant funded for this work by one of the nation's leading philanthropic

foundations and provides this assistance to schools free of charge. Understanding that charter school operators are often encountering thorny facilities issues for the first time, BCF provides assistance beyond simply underwriting and funding a loan. The project team supporting the BCF lending efforts also assists the school in securing subordinate debt and equity sources, when needed, and offers technical guidance to schools on project affordability, enrollment plans, forecasting, and personnel strategies. BCF works with schools in a partnership, aligned in the goal of achieving academic and financial success for the school.

Reasonable Fees and Terms

BCF's fees and lending terms are cost effective and reasonable. The BCF origination fee is a standard 1%. What makes BCF's loan terms unique is that it delivers a conventional bank lender interest rate and loan amount and a high, CDFI-level LTV. Given the onerous metrics discussed earlier around how traditional lenders underwrite school operators, BCF believes that lenders do not appropriately price charter school risk. BCF delivers a financing solution that more accurately prices the borrowing risk of charter schools. This not only reflects BCF's track record but also the industry experience of low loss rates, especially with disciplined underwriting.

(4) The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.

BCF targets its innovate product directly at high potential, high need charter schools, especially early stage schools that face challenges in securing financing as outlined on p. 4-6. These earlier stage schools have a great-demonstrated need for assistance that can be met by BCF, and the CEP program is extremely valuable to this category of schools.

To address the likelihood of success of a school and project and to help mitigate these risks associated with early-stage schools, BCF utilizes Civic's nearly 20 years of experience as well as BCF's own successful track record with no loan losses, along with rigorous underwriting processes (as further outlined in Attachment 12 – BCF Credit Manual).

SELECTION CRITERIA (c)

CAPACITY

(1) The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;

In its short history, BCF has gained tremendous experience lending to charter schools. As noted earlier, since 2018 BCF has committed [redacted] in low interest loans to 19 charter schools across the country. BCF has expertly executed this lending initiative because of its partnership with Civic, which provides all management services to BCF, including origination, underwriting, due diligence, and loan administration.

Civic's own history as a charter school-focused lender dates back to 2013, when Civic first provided a New Markets Tax Credit (NMTC) leveraged loan into a charter school transaction. In total, Civic has deployed [redacted] in NMTC allocations over multiple award rounds, which allowed the organization to expand its lending footprint beyond the Northeast and expand its lending activities nationwide to support 17 projects in eight states and the District of Columbia.

Civic continued to expand its lending business by establishing BCF, which has so far brought [redacted] of new capital to the sector specifically to support school growth and replication. Additionally, BCF is in final negotiations for a third round of funding. Of the

total commitments across both FIF funds, BCF has committed [redacted] in charter school loans and has an immediate pipeline of approximately [redacted] and a total pipeline of [redacted]. BCF's ability to build deep connections in a variety of markets, and track record of financial innovation, helped to secure this work and has paved the way for the strong pipeline of school interest.

(2) The applicant's financial stability.

BCF has developed a model which balances fund financial sustainability with driving benefit to schools in the form of below market interest rates. Because of its unique access to low cost commercial capital and free philanthropic capital, BCF is able to meet its fund expenses and enjoy a surplus each year of operations. In its 3.5 years of operations, BCF has proved its ability to originate loans and manage its cash flows to confidently cover fund expenses. Further, in its short history, BCF has proven its ability to raise philanthropy if required. Should the presented operating model require additional grant funding, BCF would first look toward its deep relationship with the Walton Family Foundation for grant funds. If required it could also source grants from other sources. BCF has confidence in its operating model and does not anticipate needing additional grant funding.

Note that while BCF's audit shows a negative net asset value. This is due to incurring Fund start-up costs in its early years that will be recouped with future interest income.

(3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management.

BCF's role as non-profit lender makes it a particularly strong capital partner in the charter sector. Civic's detailed, on-the-ground understanding of real estate development strengthens its lending practice, and this has informed its relationship as BCF's fund manager in charge of

origination, underwriting, due diligence, and loan administration. In its nearly 20 years of operations Civic has not experienced a credit loss.

BCF has a strong interest in ensuring that the schools that it chooses to work with will become pillars of their community over the long-term. BCF has established a comprehensive underwriting structure that serves to both identify potential risks to the long-term viability of individual schools and manage those risks to the satisfaction of capital providers. In its operating history, BCF has not experienced a default.

Operator Underwriting

BCF has built strong in-house practices for comprehensively underwriting school partners across all of its service areas. BCF assesses schools based on the market landscape where they operate; their governance structure and capacity; enrollment and demand characteristics; academic performance outcomes; financial health and sustainability; and proposed construction projects. While each area of underwriting has specific and distinct inputs, BCF's deep collective experience working with charter schools provides the appropriate perspective for understanding how risks in one area may affect success in other areas over the long-term. The credit manual for FIF is attached as Attachment 12 – BCF Credit Manual to this submission for reference.

Close Monitoring of Assets

BCF receives the services of Civic's team of three asset managers overseen by a senior manager to ensure that all assets under management receive the appropriate level of detailed oversight during the monitoring phase of a loan. BCF works closely with third-party construction consultants to monitor project progress not less than monthly and carefully tracks loan disbursements against the original project budget.

Once schools are operational, BCF monitors the portfolio using standard milestones including the close of the fiscal year, the date that the annual budget is completed and board-approved, the date on which state testing results are received and the cadence of any communication with the authorizer related to the school's reauthorization. This close monitoring allows BCF to identify potential issues early and take proactive corrective steps.

This risk management strategy has been successful. BCF has never defaulted on any of its financial obligations, nor experienced a payment default from any of its charter school partners.

(4) The applicant's expertise in education to evaluate the likelihood of success of a charter school.

Beyond managing the financial risks associated with facilities projects described above, BCF's ultimate obligation is to the communities that it seeks to serve to ensure that the charter school operators are successful at increasing access to high quality education.

In-House Expertise

Because BCF focuses solely on charter schools, it has amassed substantial intellectual and human capital that it brings to bear when assessing academic programming and likelihood of success. BCF's team is staffed with a range of individuals with high caliber experience across the full spectrum of charter school needs including lending, real estate development, academic performance measurement, operations and governance. Furthermore, five staff members have experience as founding board members of charter schools. (See Selection Criteria (d): Quality of Project Personnel and Attachment 15 – Resumes – Curriculum Vitae for additional details and team member resumes).

BCF benefits from Civic's leadership team, which has continued to build on the following diverse areas of professional expertise during their time at Civic:

- Ryan Alexander, SVP of Corporate Development co-founded a successful educational technology platform to support literacy in schools and served as the Chief Financial Officer of Success Academies Charter Schools in New York.
- Angela Guerrero, VP of Capital Solutions, led Fitch Ratings' charter school rating portfolio, helping national investors to understand individual credit and sector-wide risks of charter schools within the broader US Public Finance landscape.
- Shannon Kete, Civic's Chief Operating Officer was previously the Chief Operating Officer at Success Academies Charter Schools in New York, one of the highest performing charter school networks in the country.
- Eva Schweitzer, VP of Lending was previously Director of Lending at Local Initiatives Support Corporation (LISC) and directed Lending and Portfolio Management at Building Hope, a charter school developer and lender.

BCF and Civic's singular focus on charter schools and long history in the sector have helped to forge deep relationships and connections that support BCF's capacity to assess a school's likelihood of success. BCF is committed to deploying CEP in markets where strong local knowledge and connections to local stakeholders, including quarterback organizations, are in place. Access to local experts in all of the locations where BCF is proposing to leverage CEP is a key input to understanding each market and allows BCF to specialize its underwriting process to reflect local market realities.

(5) The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role.

BCF has included its Conflict of Interest and Whistleblower Policies as Attachment 2a – BCF Conflict of Interest Policy and Attachment 2b – BCF Whistleblower Policy. These policies prohibit any BCF employees or board member from seeking or accepting any type of compensation in exchange for receipt of any financial product administered by BCF, including credit enhancement grants. Each year, staff and board members review the policies and each board member completes and signs a questionnaire regarding potential conflicts.

(6) If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project.

Not applicable – BCF is not applying as part of a consortium.

(7) For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities.

Not applicable – BCF is a 501(c)3 non-profit organization.

(8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.

Civic, as FIF fund manager on behalf of BCF, has included its most recent annual Performance Report as Attachment 14 – Civic CEP Annual Performance Report.

Civic has fully deployed the [redacted] grant awarded in the 2007-08 cycle and has recycled the funds into new projects as original deployments are successfully returned. The 2019 grant award has fully deployed available funds released. Civic is proud of its track record of 100% repayment on credit enhancement funds deployed (no defaults or delinquencies). This record speaks to Civic's ability to successfully underwrite projects with the potential to create high quality new seats in a financially responsible manner and to manage the risks associated with utilizing grant funds directly for the benefit of primarily early stage schools that would otherwise have limited access to long-term facilities space. Civic has been exceptionally judicious in its application of CEP funds, deploying enhancement only to the extent required to meet the goals of a particular project. Civic's performance versus the initial performance plan for the 2008 and 2019 grant awards reflects this conservative approach, which will be carried forward with the requested additional grant funding.

SELECTION CRITERIA (d)

QUALITY OF PROJECT PERSONNEL

(1) The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors;

The BCF staff's combination of non-profit, education, real estate and lending expertise in the charter sector is unparalleled. BCF's team possesses a comprehensive set of skills including underwriting, finance and lending, construction, and K-12 education.

As described in the first section of this narrative, BCF utilizes the team at Civic to underwrite prospective BCF loans and to recommend deployment of CEP funds. Accordingly, David Umansky, CEO and Co-founder of Civic, and Eva Schweitzer, VP of Lending for Civic, will be project leads

for the program. David Umansky has led Civic since 2002 and is deeply involved in all investments. David will oversee the program at a high level. Eva joined Civic in 2021 and has oversight over the underwriting process and reviews all BCF loans from a credit standpoint.

In addition to program management by David Umansky and Eva Schweitzer, a broader team from Civic will originate, underwrite, develop and asset manage all Credit Enhancement Program (CEP) projects. The full list of involved staff, roles within the CEP projects, and qualifications follows below in (2) The staffing plan for the grant project.

BCF's Board of Directors has deep experience in real estate, lending, and education (See Board of Director biographies in Attachment 8 – BCF Board Membership). The BCF Board of Directors previews each transaction and then holds final approval over any investment. The robust underwriting by Civic staff is sharpened and confirmed through Board level review and approval.

(2) The staffing plan for the grant project.

Grant Project Team

David Umansky, Co-Founder and Chief Executive Officer

Qualifications and CEP Role: David Umansky is Co-Founder and CEO of Civic and proposed Director of the CEP team. As CEO, David is responsible for the overall strategy and direction of Civic. Under David's leadership, Civic has expanded to support the growth of 40 schools through both real estate development and lending services. David has overseen the investment of all Civic CEP funding to date and has deep experience with the program. Over the last 19 years, Civic has been recognized with the Social Entrepreneurship Award from the Manhattan Institute, the Social Capitalist award from Fast Company/Monitor Group, and is the recipient of design awards for excellence in school facilities. David serves as a member of the Low Income Investment Fund's Eastern Region Advisory Committee and a member of the Goldman Sachs New Markets Tax Credit

Community Development Entity. David holds an MBA in Finance and International Business from New York University, and a B.A. with Honors from the University of California at Santa Barbara. Additionally, David is a Leadership New York Coro and Pahara Fellow.

Shannon Kete, Chief Operating Officer (COO)

Qualifications and CEP Role: As COO, Shannon manages the operations of Civic and its various product lines. For the CEP team, Shannon will oversee the compliance and reporting team, comprised of Frank Buccola and Jenny Heumann. Shannon has led scaling and growth strategies for several high growth, highly ambitious education enterprises. Shannon served as COO of Amplify's curriculum business. Previously Shannon was COO at Success Academies, one of the highest performing and highest growth charter networks in the country, and PLTW, a national leader in project-based STEM curriculum. She began her career as an M&A analyst at Goldman Sachs, and later served as the Chief of Staff for the US PWM business. Most recently, she served as Chief Delivery Officer for CLS Bank. Shannon brings her passion for excellent public education to her Board service as a Board member with Zeta Charter Schools. Shannon holds an MBA from Harvard Business School and was a Morehead-Cain Scholar at UNC Chapel-Hill.

Frank Buccola, Vice President of Accounting

Qualifications and CEP Role: Frank Buccola serves as Civics' Vice President of Accounting and serves as the Reporting and Compliance Manager for the CEP grant. Frank has worked with Civic since 2002 and has deep institutional knowledge of the organization. In his tenure with the organization, Frank has managed the compliance and reporting requirements for the organization's 2008 CEP grant and has over 10 years of experience managing CEP investments. Frank is deeply familiar with the program and will steward disbursement and reporting for any future grant dollars. With over twenty years of accounting experience, Frank manages all aspects of accounting at Civic

including general ledgers, budgets, audits, tax returns, financial statement presentation, and grantor financial reporting. Frank also assists with loan negotiating, compliance, and construction budgeting. Frank graduated with a BS in Accounting from Georgetown University.

Eva Schweitzer, Vice President of Lending

Qualifications and CEP Role: Eva Schweitzer will serve as school and transaction underwriting expert for the CEP grant. Eva comes to Civic Builders with a depth of finance and community development experience. Most recently she was Director of Lending at Local Initiatives Support Corporation (LISC), where she created and led the SchoolPrint initiative that offers facilities and finance technical assistance to charter schools. She previously served as Deputy Director of LISC's Educational Facilities Financing Center. Eva also directed Lending and Portfolio Management during her time at Building Hope, a charter school-focused developer and lender, and before that she was a Vice President of Lending at City First Bank of DC. Eva began her community development career as an originator at Capital Impact Partners, where she transitioned her private sector finance and structuring experience into investments in charter schools, small businesses and health centers. She earned a BA from Yale University and an MBA from the Yale School of Management.

Ryan Alexander, Senior Vice President of Corporate Development

Qualifications and CEP Role: Ryan Alexander will manage business development and loan origination for the CEP grant. Through his work to date, Ryan has partnered with hundreds of schools across the country to understand their facilities needs. Ryan has extensive experience in the education sector, through support organizations and high performing CMOs, such as Success Academies. As Co-Founder and President of LightSail Education, he grew the company to serve 500 schools representing more than 300,000 students. Previously, as the CFO of Success Academies, Ryan helped manage the rapid expansion of NYC's highest performing and fastest-growing charter

organization from an annual budget of [redacted] to more than [redacted] in three years. Previously, Ryan was Managing Partner at Argyle Holdings and was also President and COO of the enterprise messaging company Omnipod Inc. and worked for several financial services firms. Ryan graduated with honors from Lafayette College with a BA in economics and psychology.

Angela Guerrero, Vice President of Capital Solutions

Qualifications and CEP Role: Angela Guerrero will lead investor relations for the CEP grant. Her experience with charter school finance began as a Consultant at Public Financial Management, Inc., where she worked as a financial advisor to a wide range of education and non-profit institutions on capital planning decisions and the best means of accessing capital, either through a debt issuance in the capital markets or a loan from commercial bank lenders. She continued to grow her knowledge of the facilities finance landscape for charter schools as a Director at Fitch Ratings, where she participated actively in the management of the company's charter school ratings portfolio. Angela also brings her passion and expertise to Valence College Prep, a Queens, New York-based charter school where she is the Chairperson of the Board of Directors. Angela holds an MBA in Finance and Leadership & Change Management from the NYU Stern School of Business and an BA in Government from Harvard College.

Daniel Arndt, Investment Manager

Qualifications and CEP Role: Daniel will execute facility financing transactions for the CEP grant. Prior to joining Civic Builders, Daniel was a Program Director at New Jersey Community Capital, where his responsibilities included overseeing all aspects of the organization's NMTC program, which received [redacted] in allocation over the most recent four years, as well as lending to high impact community and economic development projects across the state of New Jersey. Daniel holds a Master of Public Affairs and Politics with a concentration in community and

economic development from the Bloustein School of Planning and Public Policy at Rutgers University, as well as a Master of Political and Administrative Sciences from the University of Konstanz.

Robert Ross, Investment Manager

Qualifications and CEP Role: Robert will lead the underwriting of prospective investments for the CEP grant. Prior to joining Civic Builders, Robert served as General Counsel for an oil and gas company based in New York where he managed all transactional and compliance matters. He is also an experienced real estate investor, having spent over a decade in principal roles on deals across multiple asset classes, closing transactions with total enterprise value of over [redacted]n. Robert started his career as an attorney with the firm KMZ Rosenman and spent several years with the real estate investment banking group at Morgan Stanley. Robert holds a B.A. in Political Science from Yale University, as well as a Juris Doctor and a Masters in Real Estate from New York University.

Jenny Heumann, Asset Manager

Qualifications and CEP Role: Jenny will be responsible for loan closing transactions and post-closing management for loans under the CEP. Previously, Jenny spent six years in the Alternative Investments Group with Bank of America Merrill Lynch. As an Assistant Vice President, Jenny oversaw the customized investment portfolio team. She developed custom investment allocations across hedge funds, private equity and real estate for foundations, endowments, institutions and high net worth individuals. She focused on meeting each client's individual investment goals and objectives. Jenny graduated Cum Laude with a B.S. degree in Biometry and Statistics from Cornell University. She holds the Series 7 and Series 66 securities license certifications.