

**U.S. Department of Education - EDCAPS
G5-Technical Review Form (New)**

Status: Submitted

Last Updated: 09/02/2021 02:25 PM

Technical Review Coversheet

Applicant: Building Charters Fund, Inc. (S354A210005)

Reader #1: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of Project Design and Significance		
1. Quality of Project Design	35	33
Quality of Project Services		
1. Project Services	15	13
Capacity		
1. Capacity	35	31
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	100	92
Total	100	92

Technical Review Form

Panel #2 - FY21 Credit Enhancement - 2: 84.354A

Reader #1: *****

Applicant: Building Charters Fund, Inc. (S354A210005)

Questions

Selection Criteria - Quality of Project Design and Significance

1. In determining the quality of project design and significance, the Secretary considers—

- (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;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (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;
- (4) The extent to which the project is likely to produce results that are replicable;
- (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;
- (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;
- (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; and
- (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.

Strengths:

(1) The applicant's proof of concept would scale the credit enhancement-supported loan to help obtain other funding sources not typically available for startup charter programs. The fund structure is designed to utilize the credit enhancement funds to secure commercial loans at lower rates. The agency is also able to provide loans at lower rates and this helps drive typical lender sources to become more competitive to lower their interest rates. In addition, the applicant details its joint venture with philanthropic foundations and includes loan loss reserves from earlier program implementation to provide charter schools financial assistance at lower than market rates.

(Pages e19-e27)

(2) The applicant clearly articulates the goals and objectives which include the leveraging and obligation of funds, as well as determining who will be served including appropriating 75% of the Credit Enhancement funds for schools with less than 3 years of documented operating history. This focus allows some schools with traditional limited access to funds a new funding source. (Pages e27-e28, Timeline Attachment 5)

(3) The applicant provides an extensive support system that includes partnerships as well drawing on past Credit Enhancement funds to realistically implement the program. The applicant outlines the responsibility of the management partnership with Civic Builders that will guide the process to expand their number of charter schools. The applicant's school outreach is based on specific criteria to ensure the plan prioritizes the needs of the schools based on pre-set criteria. (Pages e28-e29)

(4) The applicant is using their past experiences to ensure that the use of Credit Enhancement funds is continuing to meet the needs of pre-established criteria that takes into account the needs for students and campuses. (Page e32)

(5) Sound criteria is used for determining charter schools selected for assistance and the applicant discusses the type and amount of financial allocation based on specific criteria which includes not putting programs at-risk for fiduciary decisions. (Page e34)

(6) The different activities include targeting public and private capital designated for charter advancement. The applicant details the use of Credit Enhancement Program funds which will be leveraged 15:1 against [REDACTED] in

capital. This strategic use of funding allows more schools with identified needs, to participate in the program. The applicant provides convincing evidence that it can maximize the amount available from the Credit Enhancement Program funds, to obtain additional funding sources to address the needs of additional schools who may not meet the traditional criteria for securing loans. Based on prior success with the use of Credit Enhancement Program funding, the track record of past charter program implementation, helps justify the use of these funds to grow the program so more students may participate. (Pages e33—e35)

(7) The applicant justifies the development and growth of new charter programs in states where there are strong charter laws which have also been identified based on the National Alliance for Public Charter Schools (NAPCS) state rankings. The applicant shares letters of support from charter and state officials as well as different charter programs to reinforce their commitment to the program. (Pages e36-e37)

(8) The applicant convincingly provides evidence that 100% of the grant amount will be used to leverage additional funding. The applicant discusses that supporting and supplemental costs will be encumbered through different resources including interest earned through the reserve account and the issuance of bonds. This concept allows the applicant to maximize grant funding for the purpose it is being requested. (Pages e37-e38)

Weaknesses:

(4)The applicant does not share how lessons learned from past experiences are incorporated into their plan or how the plan will be revised for replication in the future. With the changes inherent in the educational landscape, it would be prudent to consider other methods, paths, and contingencies to address any issues they may encounter. For example, changes in construction costs may need consideration.

(5)Although the applicant states that testing data is not available to determine progress, most schools other than new starts have the ability to project trend data that can be utilized alongside the qualitative designs to assess school quality. Without high stakes testing data from the immediate year, the data from years prior are measurable and verifiable and can be analyzed to help project future outcomes.

(6)The applicant justifies use of funding and emphasizes success but does not articulate why an average of 6 charter schools annually have closed. Applicant needs to provide information and rationale to help understand the closures. (Page e34)

Reader's Score: 33

Selection Criteria - Quality of Project Services

1. In determining the quality of the project services, the Secretary considers—

- (1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- (2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- (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; and**
- (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.**

Strengths:

(1) The applicant qualifies that many charter projects could benefit from this grant support but explains the criteria for selection is based on measures that include needs as well as being financially low-risk, so to not jeopardize fund usage. (Page e24)

(2) The applicant provides an extensive list of stakeholders, organizations, foundations, and lenders to be part of the

discussion to analyze the need for charter school impact. In addition, the applicant shared that feedback was solicited on both a local and geographic basis to include school personnel, businesses and others who could be affected by the Credit Enhancement project. (Pages e40-42)

(3) The applicant justifies their ability to offer significant free technical assistance based on their previous experience with Credit Enhancement Program funds. The applicant specifies the project team's experience and expertise to obtain funds for facility acquisition including the underwriting and leveraging process. The applicant shares one of their philanthropic partners includes a major leading foundation which is an additional source of revenue. Letters of support also justify the applicant's ability to manage this project. (Page e42)

4 The applicant has shared their intent to include early-stage schools who traditionally have issues securing funding. Targeting early-stage schools is typically considered high risk as they do not have a history of facility loans due to not having established a credit history. In addition, they may not have a comprehensive academic record due to minimal years in existence. Other factors that have been a barrier to obtaining early funding is based on the fact enrollment is usually small as they traditionally grow enrollment over a period of years. Early-start charters do not have access to the same funding opportunities as an established charter school program. The applicant supports their own success based on their financial track record submitted with the proposal that includes zero loan losses over twenty years. (Pages e39, 42-44)

Weaknesses:

- (1) Specific charter entities to be served were not designated. Examples shared explained why schools have benefitted but unique needs of specific charters to be funded were not included.
- (2) A list of targeted schools (and their specific needs) was not included.

Reader's Score: 13

Selection Criteria - Capacity

1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers—

- (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;**
- (2) The applicant's financial stability;**
- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
- (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;**
- (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;**
- (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; and**
- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

Note: The 35 available points under this selection criterion will be allocated evenly among the factors applicable to a particular applicant. For example, for an applicant for which none of factors (6)-(8) apply, the 35 available points will be allocated among the first five factors.

Similarly, for an applicant that is a State governmental entity that is a previous grantee under the charter school facilities programs, the 35 available points will be allocated evenly among factors (1)-(5), (7), and (8)

Strengths:

- (1) The applicant shares its short financial history with multiple lenders who provided startup funding. The applicant also discussed the developing partnerships with lending institutions that cater to charter programs. (Pages e44)
- (2) Sound financial techniques and coordination with low-cost commercial capital and donations from the private sector indicates fiduciary responsibility. The ability to raise additional funding from resources such as the Walton Family Foundation presents fiscal opportunities to supplement Credit Enhancement funds. (Page e45)
- (3) The applicant documents the lack of credit losses and bases its successes due to the partnerships with the underwriters (specifically for charters) they have established using a risk management study. (Pages e47)
- (4) The applicant emphasizes its objective to obtain success as it focuses on being responsive to all stakeholders and its commitment to the charter school program. The applicant provides an extensive list of in-house experts who make up a major component of the support team to the charter school program. Since the applicant's sole focus is charter schools, it is reasonable to expect strategic planning and proven implementation processes are used and refined to ensure charter success. (Page e47-e48)
- (5) The applicant provides specific assurances within the grant proposal which include procedures to be reviewed and acknowledged by all staff and board members regarding conflicts or personal compensation. In addition, the applicant includes the Conflict of Interest and Whistleblower Policies in their proposal attachments. Annual required reviews and signing off of both policies reinforces the compliance and the commitment of the Board. (Page e49)
- (8) The applicant shares Civic's success through the CEP Annual Performance Report which tracks previous grant cycles and its success in repayment. The applicant discusses the deployment of all available funds and as well as the repayment of all credit enhancement funds with no defaults or delinquencies. (Pages e40-e50)

Weaknesses:

- (2) Although, the applicant discusses the negative net asset value and provides its plan to recoup those funds, the agency should not be considered as completely financially stable until the losses are recovered. It may be difficult for some lenders to justify providing funding even with the Credit Enhancement funds. (Page e45)

Reader's Score: 31

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

- (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; and**
- (2) The staffing plan for the grant project.**

Strengths:

- (1) The detailed information regarding the expertise of project personnel includes qualifications. The applicant includes resumes and vitas for the two key personnel who will serve as leads for this project. Each have impressive experience and knowledge in many different areas. The CEO of Civic has been with the program for more than two decades and his leadership skills and expertise in real estate development, investments, and lending will help provide oversight from the top management level. The other key lead has recently joined Civic and provides oversight to the underwriting process and reviews all the applicant's loans. In addition, each will have teams of sub-contractors and monitor other personnel working to accomplish their mission. (Pages e50-e53)

(2) The applicant presents a grant project team which will make up the staffing plan. Based on the person's current roles and talent areas as well as their credentials, they are qualified and will be instrumental to provide assistance and resources to ensure success. The staff have extensive knowledge in the areas of lending, accounting, underwriting corporate development, and investing. (Pages e50-e55)

Weaknesses:

None noted

Reader's Score: 15

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Technical Review Coversheet

Applicant: Building Charters Fund, Inc. (S354A210005)

Reader #2: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of Project Design and Significance		
1. Quality of Project Design	35	27
Quality of Project Services		
1. Project Services	15	12
Capacity		
1. Capacity	35	29
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	100	83
Total	100	83

Technical Review Form

Panel #2 - FY21 Credit Enhancement - 2: 84.354A

Reader #2: *****

Applicant: Building Charters Fund, Inc. (S354A210005)

Questions

Selection Criteria - Quality of Project Design and Significance

1. In determining the quality of project design and significance, the Secretary considers—

- (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;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (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;
- (4) The extent to which the project is likely to produce results that are replicable;
- (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;
- (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;
- (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; and
- (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.

Strengths:

a.2. On pages e27 and e28, the applicant provides clear and measurable project goals, objectives, and timelines that are consistent with the proposed use of the credit enhancement program, identifying and quantifying target leverage, number of charter schools impacted, and type and age of charter schools, against the backdrop of a multi-year timeline.

a.3. Starting on page e29, the applicant describes its formalized partnership with a proven charter school facility developer and lender, Civic Builders, an existing grantee of the Credit Enhancement program. The partnership heavily leverages the team of Civic Builders, which bolsters the prospects of the proposed implementation plan and activities to achieve the proposed objectives of the applicant.

a.5. The applicant offers on page e33 the use of the underwriting standards of its lead partner, Civic Builders, as part of its selection criteria. Further, the applicant offers on page e28 specific criteria on how it will identify high needs charter schools.

a.6. The applicant articulates on pages e27 and E28 clear targets for leveraging additional financing both through equity and debt. The applicant further describes its track record securing support through the Walton Family Foundation, Bank of America, and PNC. It outlines a plan on page e30 to launch a new round of funding in partnership with Walton Family Foundation and PNC.

a.7. The applicant describes on page e37 how it incorporates the home state of a project into the decision to make a loan, with 73% of its existing portfolio in states that were in the top half of NAPCS rankings in 2020. This data point supports its ability to prioritize states with strong charter laws on an ongoing basis.

a.8. Starting on page e38, the applicant outlines its proposed use of all the Credit Enhancement grant funds to create

credit enhancement except for letters of credit fees charged by bank lenders. It specifically has the support and administrative costs of implementing the credit enhancement included within its operating budget. This proposed use is reasonable given the maximization of the requested grant to support the core use.

Weaknesses:

a.1. While the applicant describes a proposed way to improve financing availability and financing terms otherwise accessible to charter schools, those improvements are described generically. When pointing to its lending track record, details around financing terms are limited, so it is also not clear how credit enhancement will improve financing terms relative to its own existing financing terms.

a.4. While the applicant points to its track record in lending, it is silent on its use of credit enhancement to date in its current lending activities, so it is not clear if its track record is in fact informative of its ability to create replicable results. The applicant would make a stronger case had it described its experience with credit enhancement in its existing lending activities, and, to the extent that it was not present, what other peer organizations engaged in credit enhancement it looks to as a replicable model to implement and emulate.

Reader's Score: 27

Selection Criteria - Quality of Project Services

1. In determining the quality of the project services, the Secretary considers—

- (1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;**
- (2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;**
- (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; and**
- (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.**

Strengths:

b.1. The applicant clearly outlines on page e40 the need for loans by charter schools that exceed traditional amount limitations by CDFIs, a key lender within the charter school facility space. This juxtaposition effectively demonstrates the need in question.

b.2. The applicant describes the makeup of its board on page e42, which reflects various stakeholders and constituencies that reflect involvement of both charter schools and chartering agencies in the design and demonstration of support. Additionally, the applicant offers 9 letters of support that are reflective of a diverse set of charter school, charter school authorizer, and other charter harbormaster and charter support organizations.

b.4. The applicant references its plan to continue basing underwriting and selecting criteria and processes through Civic Builders underwriting processes and criteria (page e44) and cites Civic Builders' track record and project success and loan performance as evidence of its ability to identify schools with a likelihood of success.

Weaknesses:

b.3 While the applicant has offered and proposes to continue offering technical assistance to charter schools as needed on page e43, the assistance is described generically. The applicant's response could have been stronger if it had offered an example of specific technical assistance to be offered to a charter school that will be leveraging credit enhancement as part of its facility financing, the implications, considerations, and other best practices.

Reader's Score: 12

Selection Criteria - Capacity

1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers—

- (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;**
- (2) The applicant's financial stability;**
- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;**
- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;**
- (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;**
- (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;**
- (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; and**
- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.**

Note: The 35 available points under this selection criterion will be allocated evenly among the factors applicable to a particular applicant. For example, for an applicant for which none of factors (6)-(8) apply, the 35 available points will be allocated among the first five factors. Similarly, for an applicant that is a State governmental entity that is a previous grantee under the charter school facilities programs, the 35 available points will be allocated evenly among factors (1)-(5), (7), and (8)

Strengths:

c.1. Starting on page e48, the applicant provides an overview of its team, including its expertise and current portfolio, that is reflective of significant experience to implement the credit enhancement programs.

c.3. The applicant offers its current track record of no loan loss on page e50, which supports its ability to protect against unwarranted risk. This combined with its use of underwriting processes and criteria of key partner Civic Builders, an experienced charter school finance developer and lender, further bolsters the applicant's ability to mitigate risk.

c.4. The applicant provides ample evidence of the professional experience of its team along with key partner Civic Builders starting on page e50 in understanding and evaluating charter schools and their likelihood of success, which lends support to the applicant's ability to identify successful schools

c.5. The applicant describes conflict of interest policies and practices on page e49, which position it to limit involvement of staff and board members in transaction decisions where a conflict may be or is present. Together, these lend credence to the applicant's ability to mitigate and address any conflict of interest.

Weaknesses:

c.1. The applicant's expertise and experience are derived largely through individuals' work outside of the organization. While the applicant provides an extensive number of charter schools financed, it has only operated for three years and its experience and expertise is largely derivative through individuals' work outside the organization. To this end, it does not clearly articulate whether performance to date is reflective of an early portfolio that has not had time to degrade or reflective of that team expertise and experience coming to bear on behalf of the applicant.

c.2. The applicant identifies that it has negative net assets on page e45, which is slated to turn positive over the next several years as the loan portfolio performs. The ability of the applicant to lever its own balance sheet with negative net assets is not addressed, and the applicant would have made a more compelling case if it had offered contingency plans or examples of similarly situated organizations and their launch or some sort of guarantee in place by its partners to uphold or support the work should it become financially challenged.

Reader's Score: 29

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

- (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; and**
- (2) The staffing plan for the grant project.**

Strengths:

d.1. The applicant provides an overview of the project personnel to be involved, with the team largely reflective of staff at lead partner Civic Builders. All the identified staff have significant experience in charter school finance, charter school lending, and school facility development, which bodes well for the applicant's prospects.

d.2. The staffing plan is adequate for the proposed grant project because key functional areas specific to lending (credit, legal, portfolio monitoring) are represented in one or more staff.

Weaknesses:

No weaknesses present.

Reader's Score: 15

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Technical Review Coversheet

Applicant: Building Charters Fund, Inc. (S354A210005)

Reader #3: *****

	Points Possible	Points Scored
Questions		
Selection Criteria		
Quality of Project Design and Significance		
1. Quality of Project Design	35	33
Quality of Project Services		
1. Project Services	15	14
Capacity		
1. Capacity	35	29
Quality of Project Personnel		
1. Project Personnel	15	14
Sub Total	100	90
Total	100	90

Technical Review Form

Panel #2 - FY21 Credit Enhancement - 2: 84.354A

Reader #3: *****

Applicant: Building Charters Fund, Inc. (S354A210005)

Questions

Selection Criteria - Quality of Project Design and Significance

1. In determining the quality of project design and significance, the Secretary considers—

- (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;
- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;
- (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;
- (4) The extent to which the project is likely to produce results that are replicable;
- (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;
- (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;
- (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; and
- (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.

Strengths:

(1)The applicant, Building Charters Fund, Inc. (BCF) has developed a lending product that is designed to provide better access and better rates for all schools that qualify. BCF intends to use capital from a commercial bank, a philanthropic foundation and the Credit Enhancement Program (CEP) loan loss reserve to provide a three pronged approach to lower interest rates and more access to larger amounts of loans. The 0% philanthropic capital blends down the average interest rate, enabling BCF to offer lower interest rates. The support of BCF will provide access to commercial loan capital to allow for loans that are at least three times as large as other lenders. These processes will ensure that better rates and terms will be made available. (Page e19-26)

(2)The applicant clearly identifies four measurable goals that are linked effectively with measurable objectives. For example, Goal two: Obligate Credit Enhancement Funds on behalf of 30 charter schools, will be measured by obligating credit enhancement funds on behalf of six charter schools in each of Years 1-5. (Page e27) Other measurable goals include leveraging ██████████ in senior commercial bank debt at the rate of 15:1 and obligating Credit Enhancement funds on behalf of 30 charter schools that demonstrate one or more high need criteria. These goals and objectives are clearly appropriate for the purpose of the program. (Page e28)

(3)The proposed project implementation plans are likely to create a clear pathway to achieve the measurable goals and objectives that have been identified. The partnership between BCF and Civic Builders(Civic) demonstrates a high level of experience, expertise and economics of scale not commonly achieved by other lenders. The philanthropic partners will enhance the partnership between BCF and Civic to provide a strong pipeline for funds that will reach out to successful charter schools. As part of the implementation plan, BCF will use funds from the CEP to establish a loan loss reserve. The implementation plan will include school outreach based on a prioritization of schools that includes early stage, high potential, high need, financial constraints, and strong demand. (Pages e28-e31 and letters of support Pages e325-336)

(4)The applicant clearly demonstrates that current and past successful school loans through BCF will be the basis for the likelihood that this proposed project will also be able to be replicated. (Page e32) BCF will have closed ██████ in school loans at the conclusion of 2021. This proposed project will enable BCF to expand the number of schools and focus on high potential, high need schools. The applicant anticipates deploying ██████ of recycling of grant funds during the next 12 months. (Page e340)

(5)The BCF lending product has effectively prioritized high potential, high need schools, that are fiscally sound and operationally strong, have strong community support, and demand for services. BCF uses thorough quantitative analysis of a school's internal progress, metrics, and qualitative evaluation of curriculum, operations, governance as well as other quality indicators. This will give BCF a clear picture of the potential success for the school. (Page e32-33)

(6)The applicant demonstrates clearly that CEP funds will be leveraged at 15:1, at least 30 additional schools will meet their facility needs, and at least 12,750 more new students will be served. This is a significant increase of students and schools served. If the funds for this proposed project would not be available, the lending product would need to be scaled down, reaching fewer facilities and students. Also, schools would be required to provide larger amounts of their own funding as equity and more costly loans would mean higher costs for schools. (Page e34-e36)

(7)BCF has four criteria that will be used, effectively, to ensure that the state in which a charter school is located provides a pro-charter environment. Those criteria include that the state has clear and measurable objectives for the educational progress of students attending the charter school, the state ensures charter schools have a high degree of fiscal autonomy, and the state provides equitable access to capital funding and facilities. (Page e37)

(8) The grant amount and the project costs are reasonable in relation to the objectives, design, and significance of the proposed project. The ██████ will be leveraged at 15:1 and at least six schools per year will benefit from the loans. These are reasonable approaches for the use of the funds. The only expenses charged to the grant are letter of credit fees charged by bank lenders; all other expenses are absorbed in the operating budget. (Page e38)

Weaknesses:

(1)Although the applicant indicates that the plan would produce interest rates that are at least 20% below interest rates offered to early-stage school by Community Development Financial Institutions, the applicant does not give an estimation of what that rate might be. (Page e23)

(5)The applicant's criteria for schools could be appropriately enhanced by a rubric that indicates the strengths of each of the elements. Without that rubric, it is difficult to determine which criterion will have the most weight in determining the selection.

(8)The applicant does not clearly state the amount that is contracted to Civic Builders, Inc. for the work that organization completes for the project. Therefore, it is difficult to determine if that portion of the budget is reasonable. (Budget narrative)

Reader's Score: 33

Selection Criteria - Quality of Project Services

1. In determining the quality of the project services, the Secretary considers—

(1) The extent to which the services to be provided by the project reflect the identified needs

of the charter schools to be served;

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

Strengths:

(1)The applicant clearly demonstrates that services to be provided by the project have and will reflect the identified needs of the charter schools to be served. BCF has determined that low cost five-year facilities loans were most needed due the early years of a school's growth when the school is most vulnerable. The products that BCF has developed will meet the needs of these schools by providing lower interest rates and higher loan-to-value increases. (Page e40)

(2)The applicant indicates that the Walton Family Foundation and Bill and Melinda Gates Foundation funded an initial market study and research that included interviews with 14 schools, foundations, lenders, and other key stakeholders. That team also consulted national charter school stakeholders such as the National Association of Charter Schools Authorizers. The original BCF board included a former executive director of the Walton Family Foundation and the former executive director of the National Association of Charter Schools Authorizers. Input was also obtained from a range of charter school experts. These efforts ensure that appropriate involvement was used to design the program. (Page e41-42 and Letters of Support)

(3)The applicant demonstrates the use of some effective strategies for providing schools technical assistance. The project team offers free technical guidance on project affordability, enrollment plans, forecasting, and personnel strategies. BCF has fees and lending terms that are cost effective and reasonable. For example, the origination fee is 1%. (Page e43)

(4)The applicant includes clearly developed materials for review that include academic performance based on academic test results, charter authorizer ratings and notations of specialized academic programming. The review of these materials will enable the likelihood of success of the charter school and provide an appropriate identification of the schools for which services will be provided. (BCF Credit Manual, Page e282) The applicant identifies clearly that early stage schools face challenges in securing finances and how the proposed project services will meet those needs. (Page e43)

Weaknesses:

(3)The applicant does not provide specific interventions that will provide technical assistance to schools regarding facilities financing. The applicant mentions offering technical assistance but does not include specific examples of that technical assistance regarding such elements as facilities financing strategies. (Page 43)

Reader's Score: 14

Selection Criteria - Capacity

- 1. In determining an applicant's business and organizational capacity to carry out the project, the Secretary considers—**

- (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;
- (2) The applicant's financial stability;
- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;
- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;
- (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;
- (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;
- (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; and
- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.

Note: The 35 available points under this selection criterion will be allocated evenly among the factors applicable to a particular applicant. For example, for an applicant for which none of factors (6)-(8) apply, the 35 available points will be allocated among the first five factors. Similarly, for an applicant that is a State governmental entity that is a previous grantee under the charter school facilities programs, the 35 available points will be allocated evenly among factors (1)-(5), (7), and (8)

Strengths:

(1)The applicant and its partner Civic have established high quality experiences in enhancing the credit on debt issuances and facilitating financing for charter schools. Civic has deployed ██████████ in allocations within multiple award rounds and has expanded its lending footprint to support 17 projects in eight states and the District of Columbia. These experiences are appropriate in support of the capacity for the applicant to complete the proposed project. (Page e44-45)

(2)The applicant has been able to meet its fund expenses in each of the 3.5 years of operations. (Page e45)

(3)The applicant has developed several methods of successfully protecting against unwarranted risk in its loan underwriting portfolio monitoring and financial management. As outlined in the BCF Credit Manual, the Fund Manager will leverage its in-house capacity to perform underwriting. (Page e277) BCF uses the services of the Civic's team of three asset managers and a senior manager to ensure that all assets receive an appropriate level of detailed oversight. BCF also works with third-party construction consultants to monitor project progress at least monthly. These efforts will ensure protection against unwarranted risk. (Pages e46-47)

(4)The proposed project is clearly supported by expertise in education to evaluate the likelihood of success of a charter school. An example of the support is that one of the governing board members has extensive experiences in education, specifically in charter schools. (Page e267-270) The leadership positions at Civic include individuals who have demonstrated skills and understanding of charter schools. For example, one of the leaders who is a VP of Lending was a program director that founded a national technical assistance initiative for charter schools using a federal grant. (Page e531 and Page e48)

(5)The applicant clearly defines how BCF will prevent conflicts of interest for the organization. (Page e49) This is clearly outlined in the BCF Conflict of Interest Policy and BCF Whistleblower Policy. Each year the staff and board members review these policies, and each board member completes and signs a questionnaire regarding potential conflicts. (Page e61-65)

(8)Civic, a FIF fund manager for BCF has fully deployed a ██████████ grant and has recycled those funds into new

projects. Civic has a track record of 100% repayment of credit enhancement funds deployed. This organization is now working with BCF and will continue the success that has been gained. (Page 50)

Weaknesses:

(1)The applicant has not clearly defined any experiences with guaranteeing leases.

(2)The application lacked details to demonstrate the financial stability of BCF. The applicant does not provide clear evidence of the projection of the financial stability of the newly formed organization. The audit indicates a negative asset value due to the early years of the organization. (Page e45)

Reader's Score: 29

Selection Criteria - Quality of Project Personnel

1. In determining the quality of project personnel, the Secretary considers--

- (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; and**
- (2) The staffing plan for the grant project.**

Strengths:

(1)The qualifications of project personnel, including the project manager and other members of the project teams, show appropriate relevant training and experiences. For example, the key leadership roles include members of Civic who have experiences in underwriting, finance, construction, and K-12 education. Several members have specific experiences in charter schools and in grant administration. (Page e50 and Resumes).

(2)The staffing plan for the grant project includes specific job descriptions for key lead positions. The number of people is appropriate for the scope of the project. (Page e55) The applicant includes an organization chart of the persons involved in the project. It gives a clear chain of command for those included in the chart. (Page e278)

Weaknesses:

(2)The organizational chart includes several leaders; however, the VP of lending was not included in that chart. Therefore, it is not clear how the person in that position fits into the organization. That individual will be completing several of the key activities within the proposed project. (Page e278 and Page e48)

Reader's Score: 14

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