

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

Status: Submitted

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Technical Review Coversheet

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Reader #1: *****

	Points Possible	Points Scored
Questions		
Quality of Project Design and Significance		
Quality of Project Design and Significance		
1. Design and Significance	35	27
Sub Total	35	27
Selection Criteria		
Quality of Project Services		
1. Project Services	15	12
Sub Total	15	12
Capacity		
Capacity		
1. Capacity	35	30
Sub Total	35	30
Selection Criteria		
Quality of Project Personnel		
1. Project Personnel	15	13
Sub Total	15	13
Total	100	82

Technical Review Form

Panel #2 - CE Panel - 2: 84.354A

Reader #1: *****

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Questions

Quality of Project Design and Significance - Quality of Project Design and Significance

1. Quality of project design and significance (35 points). 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, Blue Hub Loan Fund (BHLF) proposes to use its grant funding to enhance the credit of start-up and early-stage charter schools by implementing a longer-term (29.5 year- 40-year) fixed rate, permanent bond financing product, with interest rates and terms comparable to market offerings for Better Business Bureau-rated (BBB) charter schools. The applicant plans to leverage the [REDACTED] award to make [REDACTED] available to assist start-up and early-stage schools, with at least ¾ of the schools being served located in districts where over 75 percent of the students served are low-income and over 50 percent of the low-income students perform below proficiency on state assessments. The proposed business model provides a long-term strategy to address inequities in facilities financing for start-up and early-stage charter schools who may lack the enrollment revenue, cash flow, and/or undervalued appraisals necessary to secure conventional commercial real estate financing at market rates and term.
2. The project goals and objectives are SMART (specific, measurable, achievable, relevant, and time-bound) and are fully discussed in the Logic Model. (Attachment 5) The applicant proposes to meet all of these goals by the end of the 5-year grant period. Their ability to achieve this will be dependent in large part on their successful execution of the business model, which as currently drafted in the opinion of this reviewer, needs additional credit and payment risk offsets to function as planned.
3. The project implementation plans and activities are reasonable and detailed information is presented that tracks

project implementation, from underwriting and school selection, through technical assistance and program replication (E26-31)

4. The proposed project structure is replicable, dependent on external market conditions like inflation. It is also replicable based on the applicant's previous success implementing this same model using previous ED awards. (E31)

5. The applicant proposes to utilize evidentiary-based qualitative and quantitative data to inform the school selection process. (E27-29). The criteria include an evaluation of the school's likelihood of academic success, the school's governance and leadership capacity, their ability to successfully manage real estate projects and their financial strength and ability to repay debt. These are strong evaluative tools and will assist them in identifying, assessing, and mitigating payment risk.

6. The proposal plans to leverage the grant at [REDACTED] and [REDACTED], attracting [REDACTED] in debt financing from private and non-federal funders. This leverage factor acts to increase the amount of funding available in the program and is consistent with program goals.

7. The applicant plans to focus its marketing on states that rank in the top half of the National Alliance for Public Charter Schools and the Center for Education Reform ratings that encourage growth in the number and variety of charter schools.

8. The requested grant amount and project costs are reasonable in relation to project objectives, design, and significance.

Weaknesses:

1. The Forever Financing model presumes financial input from private sources as a source of leveraged capital. BHLF does not present a list of possible sources of capital, nor do they present a plan detailing how they plan to attract this capital. This is a critical missing part of the plan.

2. The BHLF model plans to guarantee the charter school's obligation until the later of (i) first charter renewal OR (ii) 24 months after loan closing, at which time the guarantee will be released if the following conditions are met:

- a. School has 45 days of cash on hand as of the prior fiscal year end,
- b. School meets 110 percent DSC for prior 2 consecutive fiscal years, and,
- c. School has not had a 60-day payment default in the past 24 months.

The funding model would be strengthened significantly by including a debt service reserve account which could be used as an additional source of payment, if the debt service falls below 1.0, which is a default event, as described in the PNC Capital Markets Term Sheet in Attachment 14 of the application. This reserve account would be critical if charter school cash flow was interrupted for any reason. The payment risk offset of BHLF's guarantee is scheduled to unwind after 24 months, leaving considerable credit exposure for the school for the remaining 29-40-year financing term.

3. The applicant is targeting an investment grade rating of BBB in pricing the public bond offering. Bonds with this credit rating carry low-medium credit quality risk, which can be affected by adverse business or economic conditions. The bonds below this credit risk ratings are considered junk bonds, a high-yield, high-risk security. The proposal would be strengthened by targeting a higher rated public bond offering. Regarding project implementation, the applicant does not provide sufficient information about the proposed partners it plans to use in the project, nor are there partnership agreements offered outlining roles and responsibilities of the participants. The letters of support included with the application are boilerplate and do not reference proposed partnerships with charter school market stakeholders other than the schools.

4.

5. Public bond markets are generally less volatile than stock markets; however, the longer the maturity date, the more increased possibility of interest rate fluctuations, lower returns, and change in the issuer's financial stability. These are all factors that can increase the risk of using a 40-year permanent public bond financing structure.

6. More information about the sources of capital and any potential agreement to fund would be helpful here.

Selection Criteria - Quality of Project Services

1. Quality of project services (15 points). 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. BHLF has conducted extensive outreach with proposed charter school partners who both endorse the project model, as well as their mission alignment with providing loan products that meet their facilities lending needs for predevelopment loans, construction term financing, leasehold improvement loans, and permanent financing. (E34-35) Since receiving their first Credit Enhancement award in 2015, the applicant has consulted with and received input from over 250 charter schools, 12 funders, 20 authorizers, 15 state associations, and other stakeholders. (E34)

2. Charter schools and charter school operators provided significant input into the program project design and deliverables. These products address long-standing barriers to effective facilities financing lending--particularly when schools have not had a charter renewal, reached full enrollment, and had cash flow issues. The development and use of a permanent financing option address these issues.

3. The applicant plans to provide 4 loan products to address the facilities financing needs of its charter school partners. In addition to permanent financing, they include predevelopment loans, construction/term financing, and leasehold improvement loans. (E36-37) BHLF plans to offer these products with expanded underwriting and credit parameters to meet specific financing needs in the market.

4. BHLF's outreach efforts, pre-funding screening, and deal underwriting will help to identify school partners who have the greatest need for these funds and are most likely to move forward successfully based on these pre-funding conditions. Examples are provided on pages E35-36 on how predevelopment loans, construction and term financing, and how leasehold improvement loans meet school facilities financing needs.

Weaknesses:

2. There are not specific details regarding input from other stakeholders in the program design. Summary statements are included regarding the number of funders, authorizers, and associations consulted since the initial award, but specific organizations are not identified. (E34)

3. Specific details were not provided on the type, depth, and scope of proposed technical assistance to ensure increased access. References to the proposed technical assistance are summary in nature and speak to program information dissemination rather than specific rendering of T.A. (E30)

Capacity - Capacity

1. Capacity (35 points). 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 has a strong history in providing charter school facilities financing work. To date, BHLF has provided ██████████ in financing for 66 charter schools, over a 20-year period. Since receiving their first Credit Enhancement grant in 2015, they have continually refined their business model and loan products to include features particularly important to early-stage and start-up charter schools. (E29)

2. BHLF has the financial capacity and balance sheet strength to carry out the proposed project. A review of Attachments 8 and 12 containing their audited financial statements is captured in the chart at page E46. Their portfolio at risk, characterized as loans that are 90 days delinquent, troubled debt restructures or real estate owned is ██████████. However, their cumulative net loss ratio (cumulative net write off /cumulative lending is ██████ percent, suggesting a strong loan workout (restructure) process that favors debt restructure. This is measured across all lending sectors including the charter school lending. (E46)

3. The applicant does a good job protecting against financial risk in loan underwriting, portfolio monitoring, and financial management. The applicant has Board of Directors-approved risk mitigation policies, that are updated annually. They also possess Board of Directors-approved credit policy guidelines as well. They also use a tiered Loan Risk Rating system to identify and manage portfolio risk. Their ability to mitigate financial risk is evidenced by the fact that they have never experienced a loan loss or charge off in their charter school portfolio (87 loans totaling ██████████). (E46)

4. The applicant has more than 20 years of experience in education lending, with a cumulative net loss ratio (Cumulative net write off/Cumulative Lending at █ percent). This measure is across all lending sectors. Losses in the charter school lending sector is █ percent. (E46) They vigorously protect against financial risk through sound underwriting standards and active portfolio monitoring. (E46)
5. BHLF has a clear Board approved conflict of interest policy requiring the completion of an annual disclosure statement. The policy requires disclosure of direct or indirect financial or other interests, mandates disinterested decision making and includes corrective actions to be taken in case of violation (E50) The policy guidance around when disclosure is required, procedures for addressing conflicts of interest and consequences for staff and Board members who fail to disclose. (E49-50)
6. N/A
7. N/A
8. BHLF has received three past Credit Enhancement awards. They are successfully deploying these awards on schedule and meeting all compliance reporting requirements. The most recent annual performance reports for these grants are included in the application at Attachment 11.(E50-51)

Weaknesses:

1. Although Public Economics has a considerable history in providing bond/debt financing, they are providing bond financing in this transaction through Transparent Loan Fund. No information is provided on the bond history record of Transparent Loan Fund. It is also not clear exactly what Public Economics will do as a project member.

Reader's Score: 30

Selection Criteria - Quality of Project Personnel

1. **Quality of project personnel (15 points). 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. BHLF's proposed project team is identified, are already on board, and possess over 160 years of collective experience in financing charter school facilities. The team is supported by BHLF's Board of Directors, Loan Committee, Senior Project Advisors and Consultants. Their resumes are appended in Attachment 4.
2. The staffing plan (E51-52) provides specific information about the roles and responsibilities of the team members. Their commercial lending team is well credentialed, presenting prior experience at the Nonprofit Finance Fund, a major stakeholder in the charter school financing space, and the Local Initiatives Support Corporation, (LISC).

Weaknesses:

1. Though senior roles on the project team are covered in great detail in the staffing plan-- further information on the roles and responsibilities of the remainder of the project team would further strengthen the application.

Reader's Score: 13

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Technical Review Coversheet

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Reader #3: *****

	Points Possible	Points Scored
Questions		
Quality of Project Design and Significance		
Quality of Project Design and Significance		
1. Design and Significance	35	31
Sub Total	35	31
Selection Criteria		
Quality of Project Services		
1. Project Services	15	12
Sub Total	15	12
Capacity		
Capacity		
1. Capacity	35	33
Sub Total	35	33
Selection Criteria		
Quality of Project Personnel		
1. Project Personnel	15	15
Sub Total	15	15
Total	100	91

Technical Review Form

Panel #2 - CE Panel - 2: 84.354A

Reader #3: *****

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Questions

Quality of Project Design and Significance - Quality of Project Design and Significance

1. Quality of project design and significance (35 points). 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 targets young charter schools, that typically get limited short-term loans with forced refinancing, difficult to meet loan-to-value ratio requirements. The applicant will offer long-term 30-40 year fixed rate permanent financing, without forced refinancing (p. e15). These conditions are extremely appealing to charters and offer way better rates and terms than they can find elsewhere.

(1) A comparison table shows financing options and terms without Credit Enhancement, versus the financing options available for the previous CE award (21') and the proposed 23' CE grant (p. e18). The applicant proposes significantly longer-term loans (from 10 to 30-plus years), longer amortization (from 30 to 40 years), and a fixed interest rate that does not reset throughout the life of the loan. These enhancements present an excellent deal of better rates and terms, which makes this financing product a top choice for charter operators.

(1) The applicant has a track record of success in lending 87 loans to 66 charters (██████████), strong relationships with key stakeholders—including philanthropy, commercial banks, authorizers, districts, and advocacy organizations (p. e16). The proposed project offers lending with more flexibility, better terms and rates, reduced fees than others, and higher

scale loans (up to [REDACTED] where other Community Development Financial Institutions offer up to [REDACTED]). All of this positions the applicant to be an advantageous lender for funding charter facilities projects, who offers much better rates and terms than other loan institutions.

(2) The applicant proposes to use the CE award as additional collateral for non-rated charters to meet credit rating requirements and ensure loan pool creditworthiness as part of key project outcomes (p. e21). This is an excellent example of a project goal and objective that is clearly established, measurable, and perfectly appropriate for the purpose of the program.

(2) The project goals, objectives, and performance targets are clearly stated and are measurable (p. e22).

(3) The applicant has a strong partnership with Transparent Loan Fund to structure and manage the long-term permanent financing options delivered through the program (p. e17). The already-established partnership and the partner's strong local and municipal presence, adds strength to achieving project objectives, as well as furthering the purpose of the program.

(3) The applicant has a sound methodology with a step-by-step layout of its forever financing program, that will help further the purpose of the program. The methodology starts with the applicant underwriting and approving the loan to eligible charters and continues with the project partner advising charters on their optimum financing options, such as a public bond offering (p. e19). The partner institution issues and manages the bond or other chosen option, while the applicant guarantees the proceeds until certain conditions are met, to demonstrate financial strength and sustainability (p. e20).

(3) The applicant has a documented track record of efficient data collection efforts both at the community level and at the school/project level (p. e31). Data collection starts during the application/underwriting period and continues until the loan is repaid and credit enhancement is no longer needed. The applicant utilizes a prominent information management system to store, and access collected data and reports. These data points make a strong case for the applicant to have an effective project implementation plan and to ensure that project goals and objectives will be achieved.

(4) The applicant's proposed credit enhancement program is an innovative low-risk method to provide charter schools facilities funding that would attract both borrowers and lenders and is worth replicating (p. e22). The applicant proposes multiple avenues to ensure the best practice model is disseminated for replication and adoption in the field (white paper, workshop, conference presentation, 1-1 work with 2-plus lenders).

(5) The applicant established a comprehensive set of criteria to select individual charter schools for facilities funding, including academic outcomes, college acceptance and persistence rates, teacher and staff credentials, student discipline, attendance and retention rates--all disaggregated by race and socio-economic status (p. e28). Additionally, governance and leadership capacity, ability to manage real estate/facilities projects, as well as financial strength and capacity, are all considered and evaluated (p. e29). This approach is highly likely to select strong charter operators for assistance and to best determine their needs for funding.

(7) The applicant is targeting high-quality charter operators in states with strong charter laws strategically, to ensure a higher charter school variety in its funding portfolio (p. e26-27).

(8) The applicant presents a well-thought-out timeline and forecast for both CE transactions and CE leverage (p. e33), assisting 12 schools over 5 years with a multitude of financing options, which presents a strong case for the requested grant funds and project costs to be extremely reasonable.

Weaknesses:

(2) The goals, objectives, and measurable outcomes only address the end-of-year grant period--without any short-term targets or monitoring benchmarks (p. e23-25).

(3) The applicant has listed a thorough set of activities to achieve the intended outcomes (p. e26-32). However, a timeline of when these activities will start and end is not provided. Chart 2 on p. e33 indicates the number of schools to be funded each year, as well as the estimated amount of loans—but there is no timeline provided for the application, selection, loan origination, evaluation, etc. The attachment on p. e157 lists some of these activities, but the timeline is ambiguous, as most of the listed activities will start with the award of the grant and continue throughout.

(4) It is not very clear how the proposed project will produce replicable results by simply evaluating the project and sharing results and information/expertise with other practitioners (p. e31). The application lacks details around what guidance will be provided to other lenders to adopt and replicate these innovative financing products.

Reader's Score: 31

Selection Criteria - Quality of Project Services

1. Quality of project services (15 points). 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 is especially targeting start-up and early-stage charters that have historically had little to no access to facilities funds with low-cost and flexible loans that are long term (p. e35). Owning risky portions of large capital projects by taking subordinate lending positions with private sector and non-federal funders to make co-financing more appealing to such lenders is a novel way to meet the full needs of young charter operators that have not yet stabilized their enrollment and/or had their first renewal (p. e39). In this sense, the project will serve the identified needs of startup and early charters.

(1) The proposed project offers excellent financing options that are most appropriate to the needs of the charters to be served. For example, issuing predevelopment loans which are typically seen as high-risk loans, so they are not funded by traditional lenders (p. e36). Another great example would be how the applicant provides construction and renovation projects full financing through credit enhancement when charter operators exceed 100 percent of the LTV ratio by closing the collateral gap with co-financing options (p. e37). Young charters usually have a hard time getting approved for leasehold improvement loans, as these loans do not appeal to traditional lenders due to limited collateral and high-risk projects. The applicant will provide this type of loan for young charter organizations. Acquisition loans will be offered by the applicant with similar flexible terms and exceeding LTV ratios (p. e38). These examples demonstrate that project services reflect the identified needs of charters well.

(2) The applicant provides strong evidence that the project scope and services were designed with the input collected from many charter schools, charter operators, and authorizers through their past experiences and network built over the years. For example, stakeholder input and market scan revealed challenges of start-up and early-stage charter operators

in terms of facilities funding (not having required equity due to unrealized enrollment potential, short amortization periods, and high interest rates, due to not going through their first character renewal, not being approved for the full amount of projects they need, low-income neighborhoods being underserved by the banks and the financial system, etc.) and designed their innovative funding program to eliminate such hardships for young charter organizations (p. e34). In addition, twenty-four support letters provided by charters they served in the past, is another strong indicator of support for the project from the charter community.

(3) The applicant promises reasonable fees and lending terms such as fixed interest rates at or below market--with a risk-adjusted pricing model, a low origination fee capitalized into the loan amount--reducing out-of-pocket costs, no pre-payment penalties, no cost for required assessments (p. e38). These are all great examples of services providing cost-effective strategies that would increase access to facilities financing.

(4) The applicant chose to offer increased access to facilities funding, primarily in low-income communities, due to historic underperformance and disparities that make real estate undervalued. This causes insufficient collateral for any facilities projects, thereby making loans unattainable by charters and unattractive to lenders (p. e40). Therefore, the applicant's proposed project is focused on assisting charters with the greatest demonstrated need for assistance under the program.

Weaknesses:

(3) The applicant listed several cost-effective strategies for increasing charter schools' access to facilities financing, but there is not enough detail around the type and extent of the technical assistance and other services that the applicant will provide through the proposed project to ensure increased access. Offering workshops to potential charter operators explaining the forever financing program, would have made the application stronger in relation to this sub-criterion.

(3) The proposed technical assistance services are more geared towards meeting the requirements for producing replicable results. Many of them are one-off strategies to inform/educate other lending institutions (p. e41). Their impact on increasing charter schools' access to facilities financing would be limited.

(4) The narrative lacks specific details around identification of specific schools with the greatest demonstrated need. A methodology for outreach and selection of charters that would fit the applicant's target audience, would have made the narrative stronger in response to this sub-criterion.

Reader's Score: 12

Capacity - Capacity

1. Capacity (35 points). 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 primary partner have demonstrated expertise in facilities financing, as evidenced by three CSP-CE grant programs, two of which have already been deployed and one is currently being deployed successfully, meeting all performance requirements (p. e43).

(2) The applicant demonstrates financial strength and stability through its excellent credit rating (p. e42), self-sufficient lending operations, strong history of loan performance, and stable capital structure—with a strong balance sheet, assets, liabilities, prominent bank investors, and reported operating surpluses (p. e45). The applicant's financial statements and audit reports (provided in Appendices) provide further evidence of financial strength and stability (p. e46).

(3) The applicant's cumulative historical loan loss rate is below ■■■ percent across all funded sectors, and its ■ percent in the charter school sector (p. e46). Furthermore, there is no reported risk of loan underwriting on ED Credit Enhancement backed loans. These are convincing data points that the applicant protects against financial risk through rigorous underwriting, active portfolio monitoring, and close financial management.

(3) The applicant has established solid financial policies, procedures, and monitoring guidelines for underwriting standards, portfolio monitoring, and financial management (p. e47-48), which are all contributors to its robust risk mitigation approach.

(4) The applicant has 20 years of experience in providing facilities funding to charter schools, has established a strong data collection and analysis methodology to select successful school operators (p. e49), and had a ■ percent loan loss rate in 66 charter loans, and 96 percent of their funded schools remain in operation today, while also meeting/exceeding their projected enrollments (p. e50). These are excellent data points demonstrating the applicant's expertise in education to evaluate project success.

(5) The applicant demonstrates its ability to prevent conflicts of interest through a board-approved policy as part of its standards of conduct (p. e50). The policy ensures that all key decision makers engage in disclosing conflicts of interest when applicable, describes procedures to address conflicts of interest, and consequences if breaches occur. The organization's CFO and Chief Compliance Officer directly oversee the implementation of this policy. These policies and practices put the applicant in a strong position to identify and prevent potential conflicts of interest.

(6) N/A

(7) N/A

(8) The applicant is a 3-time CSP-CE grant awardee and has included annual performance reports from the first two

grants with deployment complete, where all performance targets have been met on time, and consequently created more than 15,000 charter seats (p. e50). The latest grant is still being actively deployed. These are excellent data points to demonstrate applicant's success in past performance implementing CE grant programs.

Weaknesses:

(1) The proposal lacks details around the outcomes and impacts of the applicant's previous facilities projects. A brief example was provided for only one charter, Blackstone Valley Prep Schools, which presents very limited information (p. e44) on the amount of sourced funding and enrollment growth. Further details around why this is a strong example to demonstrate the applicant's expertise or additional examples would have made this section much stronger.

Reader's Score: 33

Selection Criteria - Quality of Project Personnel

1. Quality of project personnel (15 points). 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 applicant has identified a seasoned project director, who has 20 years of experience in community development finance and has closed over 40 charter school facilities financing projects herself. The project director has also served as the project director for the organization's previous 3 Credit Enhancement grant awards (p. e51). The project director is well-equipped and respected in the charter school financing sector as the project director co-chairs the steering committee of the National Charter School Lenders Coalition (p. e52).

(1) The applicant has identified a strong project supervisor to be responsible for deployment, ongoing implementation, and quality of the overall project, who has 25-plus years of experience in sourcing, underwriting, and monitoring community development projects--including the 3 previously awarded CSP-CE award cycles (p. e52).

(2) The organization has a sound staffing plan that includes a qualified team of lenders, portfolio managers, senior advisors, a loan committee, and consultants, all of whom have collective experience in charter school facilities, charter school laws, expertise in prioritized states, advanced degrees in business administration, public and private management, and complex financing structures for charter school facilities (p. e52-54). The governing board has direct monitoring and oversight of operations, which adds more strength to the implementation of the staffing plan, with fidelity.

Weaknesses:

No weaknesses found.

Reader's Score: 15

Status: Submitted

Last Updated: 08/11/2023 04:13 PM

Status: Submitted

Last Updated: 08/11/2023 03:14 PM

Technical Review Coversheet

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Reader #4: *****

	Points Possible	Points Scored
Questions		
Quality of Project Design and Significance		
Quality of Project Design and Significance		
1. Design and Significance	35	31
Sub Total	35	31
Selection Criteria		
Quality of Project Services		
1. Project Services	15	10
Sub Total	15	10
Capacity		
Capacity		
1. Capacity	35	33
Sub Total	35	33
Selection Criteria		
Quality of Project Personnel		
1. Project Personnel	15	14
Sub Total	15	14
Total	100	88

Technical Review Form

Panel #2 - CE Panel - 2: 84.354A

Reader #4: *****

Applicant: BlueHub Loan Fund, Inc. (S354A230016)

Questions

Quality of Project Design and Significance - Quality of Project Design and Significance

1. Quality of project design and significance (35 points). 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 proposal showcases a strong track record of providing flexible financing options for charter school facilities, surpassing the rates, terms, and fees available without assistance through the program. Through successful partnerships with various financial organizations, the applicant has effectively leveraged financial resources to support charter schools. Their previous Credit Enhancement awards have contributed to expanding the portfolio of charter schools that have received successful financing, thereby granting access to additional schools. Notably, the proposed program offers the advantage of securing funding for up to 40 years, eliminating the uncertainties associated with refinancing. These outstanding features demonstrate that the program is poised to deliver financing at superior rates and terms to a broader range of charter schools. (e18-e19)
2. The proposal demonstrates a clear and appropriate specification of project goals, objectives, and timeline, all of which are crucial aspects for the program's success. (e15-e16) The applicant's overarching goals, such as providing financing to school borrowers, creating a replicable blueprint for other funders, and targeting young schools in low-income communities, are well-defined and directly aligned with the grant's purpose. (e21) The proposal also outlines specific expected outcomes, including enabling charter schools to obtain permanent financing, mitigating the risk of refinancing, and offering better rates to young charter schools. (e21) To ensure measurable progress, the proposal establishes appropriate objectives for each goal. (e22-e25) The Logic Model effectively illustrates the interconnections between

inputs, activities, goals, and outcomes. (e62) A timeline for project activities is outlined, forecasting funding transactions over a five-year period. (e33) The timeline chart successfully outlines the sequential events necessary for implementing the program. For instance, the activity of "Providing Technical Assistance" is matched with the timing of "TA to CDFI lenders will begin at the start of the performance period and will continue throughout the performance period." Additionally, Appendix C offers a comprehensive list of goals, objectives, and outcomes to be accomplished through the proposed project. (e194-e199) Overall, the project's goals, objectives, and timeline align with the purpose of this grant program.

3. The applicant's project implementation plan and activities reflect a strong likelihood of achieving the stated objectives, supported by well-established partnerships with a range of agencies, including charter school advocates, education consultants, facility developers, and policy experts. (e26) The project activities outlined in the proposal include crucial steps such as selecting and approving loans, providing advisory services to schools regarding loan options and financing terms, assisting schools in identifying suitable financing options, facilitating the issuance of bonds or other financing instruments, and guaranteeing the school's obligations. (e19-e20) These clearly defined activities demonstrate a well-structured plan for executing the project, indicating the applicant's preparedness to carry out the necessary steps to achieve the stated objectives.

4. The applicant's proposal outlines a concrete plan to develop a replicable product known as the "Forever Financing Program." This program is designed to be adaptable and transferable to any CDFI. The applicant intends to promote replicability by publishing a comprehensive white paper that shares valuable lessons learned throughout the project's implementation. Moreover, the applicant plans to share details of the program through online workshops, presentations, and one-on-one coaching sessions with other agencies. (e21-e22) The applicant's proactive approach to knowledge sharing and capacity-building demonstrates a strong commitment to making the program replicable and accessible to others.

5. The applicant's proposal demonstrates a comprehensive approach to selecting charter schools for assistance and determining the appropriate type and amount of aid. (e26) The applicant has outlined plans to target schools in underserved markets, specifically focusing on the Southeast and Gulf States. This strategic targeting aims to address educational disparities and promote equitable access to financing opportunities. (e26) To ensure the use of appropriate selection criteria, the applicant has identified specific financial indicators, such as days cash on hand, debt service coverage, and payment default history, which will be utilized in the process of choosing charter schools for financing. (e18) Moreover, the proposal highlights a holistic assessment approach that considers various factors, including the school's potential for achieving positive academic outcomes, governance and leadership capacity, real estate project management abilities, and financial strength. (e28-e30) This comprehensive evaluation process supports the appropriate selection of charter schools to receive funding through the program. Additionally, the applicant emphasizes the importance of collaboration with charter school leaders to determine debt amounts and terms. This collaborative process allows for customized financing structures that align with the schools' growth and long-term success. (e30) By incorporating these appropriate selection criteria and involving charter school leaders in the decision-making process, the applicant aims to ensure that the program's assistance aligns with the specific needs and goals of the charter schools, fostering their growth and prosperity.

6. The proposal strongly emphasizes leveraging private and public sector funding to maximize the impact of the program and increase the number and variety of charter schools assisted in meeting their facilities needs. (e30) To accomplish this, the applicant presents a well-defined plan that entails pooling charter school obligations and funding loads with public bonds. This strategic approach allows for the consolidation of resources, enabling charter schools to access larger funding amounts and benefit from more favorable terms. Leveraging both private and non-federal funding sources significantly enhances the program's capacity to support a greater number and diverse range of charter schools. The proposal outlines clear goals aimed at surpassing market standards. It includes objectives such as offering lower-than-market fees, substantially reduced long-term fixed interest rates, and flexible terms tailored to charter school needs. Additionally, it provides options for prepayment and refinancing without penalties, further enhancing financial flexibility for charter schools. The program's financing options go beyond those typically available from conventional lenders, featuring loan-to-value ratios exceeding 100% and no equity contribution requirements. Extended interest-only periods accommodate early-stage schools or those experiencing enrollment ramp-up, allowing for better long-term planning and a fixed cost of debt. (e24-e25) Overall, the proposal's comprehensive strategy underscores its commitment to leveraging private and non-federal funding effectively, resulting in an expanded capacity to assist a greater number and variety of charter schools in meeting their facilities needs.

7. To determine the strength of state public charter school laws, the applicant plans to review rankings provided by reputable organizations such as the National Alliance for Public Charter Schools and the Center for Education Reform.

Additionally, the applicant intends to consult with national experts, including the Charter School Growth Fund, to further inform their assessment. (e26-e27) Furthermore, the proposal highlights the applicant's recent success in funding charter schools located in states with strong charter school laws. This demonstrates their ability and commitment to supporting schools in environments conducive to charter school success. (e27)

8. The proposal demonstrates a careful consideration of the requested grant amount and project costs in relation to the objectives, design, and potential significance of the project. (e38-e39) The applicant's outlined financing plan for schools participating in the program includes fixed interest rates throughout the loan's duration, low origination fees, and reasonable third-party fees. These cost structures aim to ensure affordability and sustainability for the charter schools receiving financing. (e38-e39) Additionally, the applicant emphasizes their commitment to minimizing the use of award funds for their own operating expenses, with the primary goal of maximizing funding for schools. This approach signifies a responsible and cost-conscious approach, ensuring that most of the grant funds are directed towards supporting charter schools and their financing needs. (e38-e39) By aligning the requested grant amount and project costs with the project's objectives and design, the applicant demonstrates a reasonable and judicious use of resources, optimizing the potential significance of the project and its impact on charter school financing.

Weaknesses:

1. No weaknesses noted.
2. While the proposal includes a timeline outlining the expected activities and sequence of events, it is lacking specific dates and responsible parties. The absence of names/titles and dates could present challenges in monitoring progress and ensuring accountability for the project. While the proposal mentions partnerships with Transparent Loan Fund and PNC Capital Markets, it does not provide comprehensive information on other project activities or additional partnerships that may contribute to achieving measurable objectives. The plan does not provide annual goals to support progress toward final grant goals. Providing more details on these aspects would provide a clearer picture of the project's implementation plan and activities.
3. No weaknesses noted.
4. While the proposal mentions various activities to share lessons learned and promote the Forever Financing Program's adoption by other lenders, it does not provide specific details on the timeline, scope, or resources dedicated to these efforts. Providing more concrete information on the planned whitepaper, online workshops, one-on-one engagements, and conference presentations would strengthen the proposal's feasibility and potential for replication. (e21-e22)
5. No weaknesses noted.
6. No weaknesses noted.
7. No weaknesses noted.
8. No weaknesses noted.

Reader's Score: 31

Selection Criteria - Quality of Project Services

1. Quality of project services (15 points). 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 proposal effectively recognizes the identified need of young charter schools for long-term financing. (e16-e18) To address this need, the applicant has designed the "Forever Financing Program," offering charter schools the opportunity to secure funding for extended periods, ranging from 29.5 to 40 years. This aligns with the identified need for long-term financing solutions. (e16-e18) Through extensive outreach efforts to school operators, the applicant has gained insights into the significant funding challenges faced by new and young charter schools. These challenges include a lack of equity, incomplete enrollment, and hesitancy from lenders to support schools without charter renewal. (e34-e35) In response to these identified needs, the applicant has developed a comprehensive program specifically tailored to address these challenges and provide the necessary support.
2. The applicant has actively engaged charter schools and chartering agencies in the design of the project, ensuring their involvement and garnering support. (e34) To gather input and feedback, the applicant has sought perspectives from a broad range of stakeholders, including more than 250 schools, 12 funders, and 20 authorizers. This extensive engagement demonstrates a commitment to incorporating diverse perspectives and insights into the program's development. (e34) Furthermore, the proposal includes 18 letters of support from charter schools and an additional 6 letters of support from financial institutions. These letters provide tangible evidence of the high level of support and endorsement received for the proposed program. (e168-e192) The active involvement of charter schools, as well as the support garnered from both charter schools and financial institutions, showcases the collaborative approach taken during the design phase and highlights the confidence and backing received from key stakeholders.
3. The proposal incorporates a range of cost-effective strategies to significantly enhance charter schools' access to facilities financing, with a strong emphasis on ensuring the reasonableness of fees and lending terms. (e30) To achieve this, the applicant provides technical assistance (TA) that focuses on implementing efficient and effective financing models. By publishing a white paper, facilitating webinars, presenting at conferences, and sharing documents and recommendations, BHLF aims to disseminate information and best practices, enabling other lenders to adopt and implement similar financing programs. (e41) By doing so, the program aims to streamline processes, reduce administrative costs, and increase charter schools' access to affordable facilities financing. (e30)
4. The applicant's intention to fund 10 to 15 charter schools with the grant award and their existing pipeline of 34 charter schools in need of funding highlights their commitment to assisting schools with a demonstrated need for financial support. (e41-e42) In selecting schools to receive funding support, the application outlines several key factors that are considered. These factors include assessing the number of days cash on hand, evaluating the school's debt service coverage, and examining any history of debt payment default. This financial evaluation ensures that the charter schools selected are financially stable and have the potential for success. (e20) Furthermore, the applicant plans to target schools where at least 75% of students come from low-income backgrounds and over 50% of low-income students perform below proficient levels on state assessments. By focusing on schools with these characteristics, the proposal ensures that assistance is directed to those with the greatest need for support. (e25) The combination of financial evaluation and targeting schools with significant low-income student populations and academic challenges demonstrates the applicant's commitment to assisting charter schools with the greatest need and the likelihood of success. By tailoring their services to address these specific needs, the proposed grant project can make a meaningful impact on charter schools requiring assistance.

Weaknesses:

- (1) No weaknesses noted.
- (2) While the proposal mentions the number of schools, funders, authorizers, and associations engaged, it does not provide specific details on the nature and extent of their involvement in the design of the project. Providing more specific examples of how their input influenced the development of the loan products would strengthen the proposal's effectiveness in demonstrating the involvement of charter schools and chartering agencies. The proposal does not mention any ongoing collaboration or partnership with charter schools and chartering agencies. It would be beneficial to highlight how BHLF plans to continue engaging with these stakeholders throughout the project's implementation and

beyond, ensuring ongoing support and alignment with their needs. (e34)

(3) The proposal provides a brief overview of the planned TA activities, such as publishing a white paper, facilitating webinars, and sharing documents and recommendations. However, it lacks specific details on the depth and scope of the technical assistance to be provided. Clarifying the specific areas of support, the level of engagement with CDFI lenders, and the resources allocated to these activities would enhance the proposal's effectiveness in demonstrating the cost-effectiveness of the technical assistance strategies. (e34-e35)

(4) While the proposal highlights the need to assist charter schools with the greatest demonstrated need, it lacks specific details about the selection criteria used to identify these schools. Providing more information on the specific criteria, such as academic performance, financial viability, and other relevant factors, would enhance the proposal's ability to demonstrate the alignment of the services provided with the program's objectives. The proposal mentions partnerships and experiences with charter schools but does not provide detailed information on the outreach and engagement strategies used to identify and connect with schools in need. Including information on the methods used to engage with schools, such as collaborations with charter school authorizers, districts, and charter school support organizations, would strengthen the proposal's ability to demonstrate a targeted approach towards schools with a likelihood of success and the greatest need for assistance. (e40)

Reader's Score: 10

Capacity - Capacity

1. Capacity (35 points). 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. BHLF has a solid track record and 39 years of experience in providing flexible, low-cost capital for facilities projects in low-income communities and communities of color. Their experience spans various sectors, including charter schools, affordable housing, childcare, and community health centers. This extensive experience demonstrates their capacity to successfully implement the proposed activities. BHLF is well-respected by private sector financing partners, investors, and community organizations for their flexible underwriting, risk tolerance, creative financing structures, and track record. Their established partnerships and reputation in the industry indicate their ability to effectively carry out the proposed activities. The partnership with Transparent Loan Fund brings additional expertise in structuring complex municipal financing and advising charter schools on bond issuances. With over [REDACTED] of bond and debt financing for charter schools, including tax credit bond financings, their experience adds credibility and knowledge to the project. (e43-e44)
2. BHLF has been rated A/ Stable by S&P Global Ratings, indicating strong creditworthiness. This rating reflects their financial position, effective portfolio management, and excellent loan health. The strong credit rating demonstrates their financial stability and ability to fulfill their financial obligations. BHLF has been self-sufficient since 2005, generating operating surpluses averaging over [REDACTED] for the past five years. This indicates their ability to cover operating expenses and generate surplus funds, further strengthening their financial stability. BHLF has a stable capital structure and has formed partnerships with reputable bank investors, including JP Morgan Chase, Wells Fargo, Bank of America, TD Bank, Eastern Bank, and Citizens Bank. These partnerships provide additional financial support and demonstrate the confidence of these investors in BHLF's financial stability. (e45, e70, e76-e78)
3. The applicant demonstrates a robust ability to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management practices. (e46) With a charter school loan portfolio consisting of 87 loans totaling [REDACTED], the applicant boasts an impressive track record of zero loan losses. Their cumulative loan loss rate across all sectors stands at a mere [REDACTED]. These statistics highlight the applicant's rigorous underwriting processes, active portfolio monitoring, and close financial management, which collectively contribute to their ability to mitigate risks. (e46) The proposal provides detailed insights into the applicant's underwriting standards, including a thorough review process by the Loan Committee, strong credit policy guidelines approved by the board, and a robust evaluation process for potential charter schools. (e46-e47) Moreover, the applicant conducts annual reviews of all funded charter schools to assess their financial health, potential credit risks, enrollment trends, and academic performance. (e48) The responsibilities of the Loan Committee and the Board of Directors are outlined in the proposal, highlighting their active involvement in regular portfolio evaluation, financial management, and risk mitigation policies. (e48-e49) Furthermore, the inclusion of a rating review from Aeris, indicating an exceptional rating of AAA, further confirms the applicant's financial strength, performance, and risk management practices. (e67-e68) Taken together, this information underscores the applicant's robust risk management practices, including rigorous underwriting, active portfolio monitoring, regular evaluations, and strong financial management, ultimately showcasing their ability to protect against unwarranted risk.
4. The applicant's extensive expertise in education lends credibility to their ability to evaluate the likelihood of success for charter schools. With 20 years of experience in educational lending, the applicant is well-positioned to assess both the financial and academic potential of charter schools. (e49-e50) An impressive track record supports the applicant's expertise, as 96% of the charter schools they have funded are still in operation. The applicant's loan loss rate of [REDACTED] on their education lending demonstrates their ability to select high-quality schools that can successfully repay their debt. This success rate highlights the applicant's ability to identify charter schools with a high likelihood of achieving sustainability and long-term success. (e50) By leveraging their substantial experience in educational lending, the applicant can effectively evaluate the financial and academic aspects of charter schools, enabling them to make informed decisions regarding potential funding recipients.
5. The applicant demonstrates a strong commitment to preventing conflicts of interest, including those involving employees and members of the board of directors in decision-making roles. (e50) The proposal highlights the applicant's clear standards for disclosing conflicts of interest, ensuring transparency and accountability in their operations. Furthermore, the applicant has established a comprehensive conflict of interest policy, which outlines the procedures and protocols to be followed in case of any violation. (e50, e63-e66) By having a well-defined policy in place and incorporating measures for corrective action, the applicant demonstrates their proactive approach to preventing conflicts of interest and upholding ethical decision-making practices.
6. N/A
7. N/A

8. The applicant has a proven track record in implementing prior Credit Enhancement (CE) awards, having received three such awards in the past. (e50-e51) These include an [REDACTED] award in 2015, a [REDACTED] award in 2018, and a [REDACTED] million award in 2021. The most recent annual performance reports for these grants demonstrate BHLF's successful deployment of these awards according to schedule and compliance with reporting requirements. Moreover, BHLF has met or exceeded all targets specified in performance agreements. The proposal includes a table on page 59 that highlights the number of charter schools served under previous CE grants, showcasing the applicant's performance. The table reveals the following information:

- i. 36 charter schools served through all CE grants.
- ii. 23 charter schools served that have provided education for three years or less.
- iii. 13 charter schools that received funding specifically for leasehold improvements.
- iv. 11 charter schools served through Charter Management Organizations (CMOs).

This data demonstrates the applicant's experience and success in supporting a diverse range of charter schools, including those at various stages of development and those requiring assistance for leasehold improvements. It also signifies their ability to collaborate effectively with Charter Management Organizations (CMOs) to extend support to additional schools. By showcasing the number and variety of charter schools served under prior CE grants, the applicant demonstrates their expertise and capacity in implementing similar programs successfully.

Weaknesses:

1. While the proposal highlights the overall experience and success of BHLF in providing financing to various projects, it lacks specific details on the outcomes and impact of their previous charter school facilities projects. Providing more specific information on the success stories, lessons learned, and measurable outcomes achieved in charter school financing would strengthen the proposal's ability to demonstrate the quality of their experience in carrying out the proposed activities. (e43-e44)
2. No weaknesses noted.
3. No weaknesses noted.
4. No weaknesses noted.
5. No weaknesses noted.
6. N/A
7. N/A
8. No weaknesses noted.

Reader's Score: 33

Selection Criteria - Quality of Project Personnel

1. Quality of project personnel (15 points). 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 project personnel associated with the proposed program possess impressive qualifications, relevant training, and substantial experience, which positions them well for successful implementation. (e51) The project director, who has previously served in the same role for three prior ED Credit Enhancement Awards, brings a proven track record of success and expertise in this area. (e51) With over 20 years of experience in community development funding and being

the organization's in-house charter school expert, she provides valuable insights and leadership. Furthermore, the project supervisor is a recognized national expert in financing products for nonprofits and has been actively involved in the deployment of the three prior grant awards. Their extensive experience and knowledge contribute to the team's capabilities. (e51) The applicant is supported by lenders and portfolio managers who possess deep experience in community development funding and have expertise in structuring complex transactions for charter schools. (e52-e53) This expertise ensures that the project team is equipped with the necessary financial acumen to effectively manage the program. The organization's leadership is bolstered by an 11-member board of directors with experience in charter school lending and leadership, ensuring strategic guidance and oversight. Additionally, a 10-member external loan committee, supported by senior advisors and consultants with experience in education and charter school facilities funding, oversees all charter school facilities lending activities. (e54) The resumes of key leaders within the organization demonstrate many years of success in related employment roles, further showcasing their qualifications and expertise in the field. (e221-e249) Collectively, the qualifications, experience, and demonstrated success of the project personnel provide assurance that they possess the relevant training and expertise to successfully implement the proposed program.

2. The proposal includes a well-defined staffing plan that outlines the key personnel responsible for implementing the grant project. (e213-e214) The organizational chart provided in the proposal illustrates the structure and relationships among the individuals and agencies involved in providing funding under the program. (e205) At the top level, there are key staff members, including a chief administrative officer, chief financial officer, and chief operating officer, all reporting to the CEO. This clear division of responsibilities and reporting lines suggests that the applicant has carefully considered the staffing needs and has identified personnel with the relevant expertise and experience to effectively manage the grant program.

Weaknesses:

(1) No weaknesses noted.

(2) The proposal would benefit from providing more comprehensive details regarding the roles, responsibilities, and specific qualifications of other staff members involved in the project. The current presentation mainly focuses on top-level staff members and their qualifications, leaving some uncertainty about how the entire organizational structure will be managed and whether the staffing plan is adequately equipped to handle the project's demands effectively. (e207)

Reader's Score: 14

Status: Submitted
Last Updated: 08/11/2023 03:14 PM