Exploring Innovative Structured Loan Funds

Moderator: Brenda Loya, Nonprofit Finance Fund

Panelists: Scott Sporte, Capital Impact Partners; Noni Ramos, Enterprise Community Loan Fund; Norah McVeigh, Nonprofit Finance Fund
Enterprise Community Loan Fund: Golden State Acquisition Fund Overview

- $93 million housing fund
  - 75% CDFI capital
  - 25% California Department of Housing and Community Development

- Statewide

- 5-year Fund; up to 5-year origination period

- Loan product for affordable housing

- Closed on December 14, 2012

Banning Villa Apartments
Los Angeles, CA
Preservation Partners Development and Clifford Beers Housing
Golden State Structured Participation/Syndication Features

- Public sector capital is available to participate in deals in a first loss position
- CDFIs originate loans and participate an agreed upon percentage of the deal with the public sector
- Develop and establish underwriting criteria
- Roles
  - Fund administrator
  - Originating lenders/loan servicers
- All lenders own their share of the loan
- Loan approval/closing is managed by the originating CDFI with streamlined process with the public sector
Nonprofit Finance Fund: Community Resilience Fund Overview

- Program to provide technical assistance, debt and change capital grants to NYC human service providers to support business model adaptation.

- Debt was an off balance vehicle of $50 million with bank, city and CDFI capital and foundation guaranty

- Finance working capital loans (lines of credit and term debt) to provide cash flow support and medium term capital for investments in organization

- Program launched in August 2013 with TA; change capital applications to be announced November 2014. Loan fund did not materialize as envisioned.
Community Resilience Fund
Capital Stack Stack Waterfall

- Bank Senior Debt
  - $49 MM

- Nonprofit Finance Fund Sub Debt
  - $1 MM

- City and NFF First Loss
  - $13 MM

Additional Credit Enhancement of $1.25 MM Foundation Guaranty to be tapped after the First Loss and NFF Sub Debt
Capital Impact Partners: California Fresh Works Fund Overview

- $125 million structured fund
  - $100 million senior debt
  - $25 million subordinate debt
  - $7.5 million debt service reserve

- Statewide retail grocery
  - Designed 2010
  - 10 year transactions
  - Fixed interest rate
  - Equipment, facility, inventory
Fresh Works Fund

Term Debt
$125 Million

Senior Debt $100 M (80%)
$100M Banks & Insurance Companies

Sub Debt $25 M (20%)
$25M Nonprofit Orgs

Grant $7.5M

Loan
Loan
Loan

Individual Credit Enhancement
Lessons Learned

- Market timing
- Structuring
- Financial constraints
- Outreach
- Alignment of capital with product and market demand
- Transaction costs