Expanding Impact Capacity with Innovative Financing and Partner Networks

Opportunity Finance Network, Atlanta, 2016

BAKER TILLY

Valued Advisor Fund

ACE

weesta

BBIF FLORIDA

Agenda

2:15-2:20	**Welcome and Introductions**
2:20-2:40	**NMTCs and CDFIs – Basic Introduction**
2:40-2:55	**BBIF CDFI NMTC Case Study**
2:55-3:10	**OWEESTA – Financing Alternatives – Lessons from Tribal Partnerships**
3:15-3:30	**ACE – FHLB as a Resource and Alternative Business finance Opportunities**
3:30-3:45	**Questions and Answers**

BAKER TILLY

Valued Advisor Fund

ACE

weesta

BBIF FLORIDA

NMTCs and CDFIs – Basic Introduction

Legislative Report: NMTC Status

- Extended for 5 years at $3.5 billion a year in December, 2015.
- Major NMTC application rewrite coming soon.
- 2015/2016 awards will be announced fourth quarter 2016.
- The next application round should open in spring 2017.

President's FY2017 Budget/ Senate S591/ H.R. 855

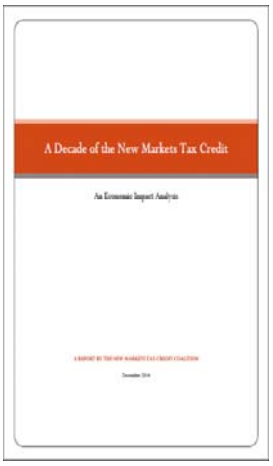
- Make the NMTC permanent
- Provides $5 billion in annual allocation authority

National Economic Impact

- $43.5 billion in NMTC allocation awarded to date
- Over 5,000 projects totaling $75 billion in project costs through 2014

National Economic Impact (2003-2012)

- NMTC Coalition's December 2014 Economic Impact Report
- $31 billion in NMTC financing to 3,800 projects totaling $63 billion in project costs
- Nearly 750,000 jobs (457,487 construction jobs and 286,781 full-time equivalent jobs)
- Jobs and economic activity pay for the cost of the program


A Decade of the New Markets Tax Credit

An Economic Impact Analysis

BAKER TILLY

Valued Advisor Fund

The Valued Advisor Fund

- Baker Tilly Virchow Krause - One of the top 12 accounting and advisory firms in the United States according to Accounting Today's 2014 list of "Top 100 Firms
- Baker Tilly Capital, an affiliate
- We operate our own CDEs
  - The Valued Advisor Fund and the
  - Business Valued Advisor Fund
  - Have received combined allocations totaling $188.4 million in NMTCs
- In aggregate we are one of nation's foremost experts in NMTCs

BAKER TILLY

Valued Advisor Fund

The Valued Advisor Fund

- Assisted in closing 280+ NMTC transactions to date, bringing investment value of over $7.4 billion to distressed communities nationwide through the deployment of $4 billion of NMTC allocation
- Worked with more than 90 CDEs on successfully structuring and closing transactions
- Authored over 45 award winning allocation applications totaling roughly $4 billion in NMTC awards
- Provide back office operations to 9 CDEs managing over $1.7 billion in deployed NMTC

Contact: **Terri Preston** at
tpreston@valuedadvisorfund.com or (312) 307-9550

BAKER TILLY
Valued Advisor Fund
ACE
weesta
BBIF FLORIDA

The Valued Advisor Fund

- The Valued Advisor Fund has a principle vision of providing investments and services that provide for long-term sustainable growth opportunities in our nation's disadvantaged communities
  - Through investment in community prioritized transactions
  - In coordination with partner CDFIs and CDEs
  - Focusing on high quality job creation and placement with low income persons and low income community residents
    - Access to fresh and affordable healthy foods
    - Access to vital community services that expand sustainable qualities of the community served

BAKER TILLY
Valued Advisor Fund
ACE
weesta
BBIF FLORIDA

The Valued Advisor Fund

- Utilizing
  - Direct leverage funding to the QALICB
  - Partner funding with CDFI/CDE partners
  - Loan Pool structures for fresh food and small businesses
- Impacts to date:
  - 32 QALICBs funded supporting 1,678 permanent and 2,880 construction jobs
  - 62,696 Low-income Low Access residents of food deserts served
  - 68,000 low-income persons served with education/medical access

BAKER TILLY Valued Advisor Fund

NMTC at a Glance

- Established in 2000
- Implemented in 2003 with first 6 transactions funded in December of that year
- Oversight from Treasury – Specifically the CDFI Fund
- Competitive Program – typically an annual allocation process

BAKER TILLY Valued Advisor Fund

Overview

- What is a “low-income community”?
  - Based on census tract data – median income and/or poverty rate
  - Qualifying vs. “Higher Distress”
    - Includes unemployment, rural areas, Brownfield areas, designated Hot Zones, medically underserved areas, food deserts, Colonias and HUB Zones (to the extent business is certified)
  - Qualifying census tracts in non-metropolitan counties automatically qualify as “higher distress”
  - Qualifying census tracts can be located using the mapping program located on the CDFI Fund website at www.cdfifund.gov

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Overview

- What is a “Community Development Entity”?
  - CDEs come in a variety of forms:
    - An affiliate of a municipality to promote economic development
    - An affiliate of a bank to help meet the bank’s community reinvestment goal
    - Non-profit and for-profit entities with a mission to serve low income communities
  - CDEs have defined geographic service areas and are charged with evaluating each potential NMTC transaction for community impact
  - CDEs can be found using a search engine on the CDFI Fund website at www.cdfifund.gov
  - CDFIs can auto-qualify so long as they maintain certification and submit a request to be designated as a CDE to the CDFI Fund

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

NMTC Program Benefits

- Economic Benefit To Recipient
  - Capital to fund projects, business expansion or debt refinancing
    - Tax credits are monetized to bring additional capital to the capital structure
  - Low cost of capital
  - Flexible loan terms including longer amortization and higher LTV ratios
  - Debt Conversion
    - At the end of the 7-year compliance period a significant portion of the NMTC benefit may be converted to equity or carried as debt by an affiliate of the borrower or the borrower itself, depending on the circumstances of the transaction.

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

NMTC Program Benefits

- Community Benefit
  - Create additional economic development for the local community
  - Attract and retain skilled workforce
  - Bring new goods or services to underserved communities
  - Capital investment to underserved, qualified Low-Income Communities (LIC)

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Community Development Entity

- CDEs have a primary mission of providing investment capital for low-income communities and are accountable to the residents of that community through a governing or advisory board
- Responsibility for ongoing monitoring and maintenance of Sub-CDE
- CDEs earn fees from deploying and managing the allocation, and those affiliated with banks are commonly eligible for Community Reinvestment Act (CRA) credit

BAKER TILLY Valued Advisor Fund

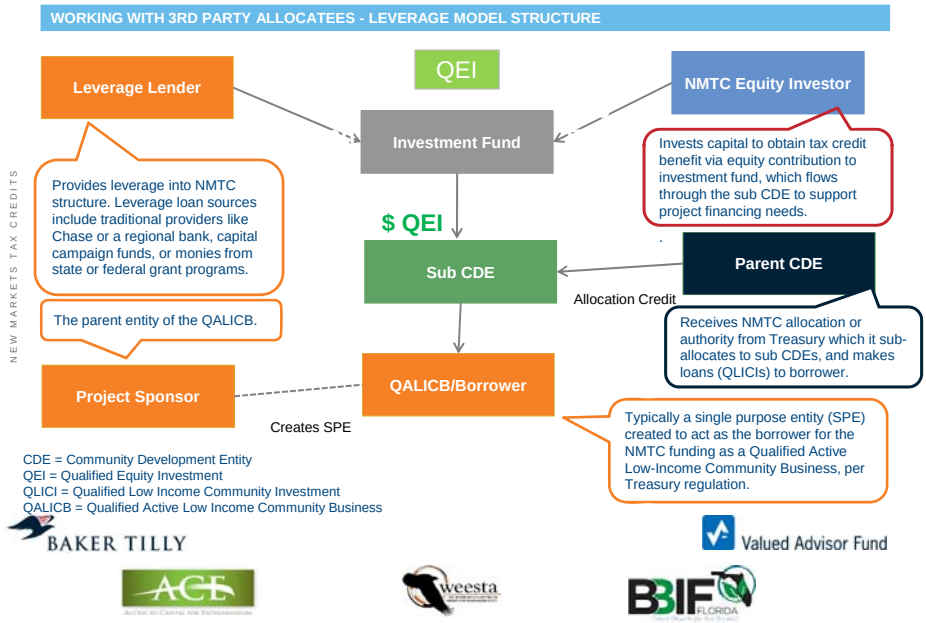
Critical Distinctions

Unlike other tax credit programs, the NMTC does not "belong to" the qualified borrower. It was awarded to the CDE, to be monetized, with the proceeds invested in (or loaned to) a business that qualifies for the subsidy.

A NMTC Allocation ≠ Cash

BAKER TILLY Valued Advisor Fund

Players In a Leverage Model Structure



The Math

- Here's How It Works:

The Math (estimated)	
NMTC allocation	$10,000,000
NMTC rate	39%
Tax credits	$3,900,000
Investor monetization ($0.82 per credit example)	$3,315,000
Less estimated closing costs & fees	$775,000
Net NMTC cash to the project:	$2,540,000

Numbers above are intended for purposes of an example only

BAKER TILLY
Valued Advisor Fund
ACE
weesta
BBIF FLORIDA

NMTC Investor

- Tax credit buyer, typically a financial institution, receives the benefit of the NMTCs and community reinvestment act credit
- Credits purchased from a CDE and realized over a 7 year period
  - Years 1-3: 5%
  - Years 4-7: 6%
  - Total benefit of 39%
- Investor currently pays about $0.83-0.88 in this market for NMTCs (Math on prior slide is based on $0.85)
- May act as leverage lender
- No economic interest in the QALICB
- Main concern is to avoid recapture

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Qualifying Business or Development

- Ineligible activities
  - Residential rental property
    - Mixed use is permitted so long as over 20% of the rental income is derived from commercial tenants
  - Straight acquisition or refinance of rental property – must have "substantial rehab" (25% of acquisition basis) or be owner occupied
  - Certain businesses:
    - Race tracks & gambling facilities
    - Golf courses & country clubs
    - Liquor Stores
    - Farming
    - Massage & tanning businesses
    - Undeveloped land holding

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Qualifying Business or Development—the "QALICB"

- Geographic restrictions
  - Business located in a Low-Income Community
  - Determined by census tract (see www.cdfifund.gov)
    - Or Google: Baker Tilly NMTC Mapping Tool
- Technical requirements
  - Over 50% of gross income is derived from the business activity located within a Low-Income Community
  - Over 40% of the tangible property of the business is located in a Low-Income Community
  - Over 40% of the services are performed by the employees are in a Low-Income Community
  - Must not have more than 5% in either collectibles or non-qualified financial assets

BAKER TILLY Valued Advisor Fund

Specific Value Points for CDFIs

- CDFIs can utilize the NMTC equity to structure loan pools – with the residual value converting to their balance sheets
  - Typically this is structured using the CDFI's own capital as leverage for the pool

BAKER TILLY Valued Advisor Fund

Specific Value to CDFIs:

- Leverage Structures provide not only access to (admittedly limited) fee income both upfront and over the compliance period
- They also increase the CDFIs track record of lending which increases the likelihood and amount of allocation that a CDFI may win through the NMTC program in future rounds.

BAKER TILLY Valued Advisor Fund

Specific Value to CDFIs:

- CDFIs (and CDEs) that have not prior received and allocation or have not received an allocation for 3 years or more can be funded by other allocatees through a waterfall structure
  - Applicants may have the ability to receive a higher amount of allocation based on committing to use this innovative structure in their allocation application
  - CDFI's that receive an allocation through the waterfall will increase their balance sheet activity which will potentially enable the entity better access to PRI and other sources of capital through reflection of a wider and deeper entity both in terms of capital and in terms of programmatic capacity

BAKER TILLY Valued Advisor Fund

Specific Value to CDFIs:

- In the event of capital return, an allocatee can invest in a CDFI without risk of recapture based on rules and regulations issued by the Fund -

  Specific terms and conditions apply to this opportunity and timing does act as a driver as well – however, this can be an opportunity for CDFIs to access capital that otherwise would go into transactions that may not have significant " But For" needs in order to meet the 12 month rule for redeployment

BAKER TILLY Valued Advisor Fund

VAF: Bank Enterprise Awards (BEA)

- The BEA Program Provides:
  - Grants to Banks for their Investments in CDFIs
  - Based on Increases in Activity in This Year over Last Year
  - Opportunities to Connect with your Local Banks
- BEA Requires:
  - Substantial Activity by the CDFI in Qualifying Census Tracts
  - CDFI Must be Certified
  - Census Tracts Higher Threshold than CDFI Program
  - Application is Simple

BAKER TILLY Valued Advisor Fund

VAF: Capital Magnet Fund

- Capital Magnet Fund Provides:
  - Large Grants to CDFIs and Housing Organizations
  - Areas of High Housing Need
- Capital Magnet Fund Requires:
  - Housing Activities
  - Goal is to Diversity of Affordability Levels and More Affordable Units or More Units at Deeper Levels of Affordability
  - Leverage of at least 10 to 1

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

VAF: JPMorgan Chase Foundation

- JP Morgan Chase – Partnership for Raising Opportunity in Neighborhoods (PRO Neighborhoods) Provides:
  - $125 Million over 5 Years
  - Focus is on LMI Neighborhoods, Families, and Small Businesses
  - Annual Competition – last application was due 5/16/16
  - Grants up to 3 years and up to $5 million
  - Loan capital to serve LMI individuals and small businesses (under $1 million in revenue)
- JP Morgan Chase – Pro Neighborhoods Requires:
  - CDFI Collaboratives: 2 to 5 CDFIs and Evaluation Partner
  - CDFI must have less than $75 million in assets
  - Solutions to Grow Small Businesses, Build Health and Educational Facilities, or Open Retail Centers and Support Community Services

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

VAF: Wells Fargo

- Wells Fargo - Diverse Community Capital Provides:
  - $75 million - $50 million loan and $25 million grant over 3 years (loans: $100,000 – several million; grants $50,000 - $1 million)
  - To CDFIs serving businesses owned by African-American (primary focus), Asian, Native, Hispanic/Latino, Multiracial, Female, Veteran, or LGBT owners
  - Will offer social capital as well – mentorship and peer learning
  - Next round opens 11/1 – Interest Forms are Due 12/1
- Wells Fargo - Diverse Community Capital Gives Priority to:
  - CDFIs serving African-American Owned Businesses
  - CDFIs led by People of Color
  - CDFIs in the states where Wells Fargo has a retail banking presence.

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Black Business Investment Fund

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Black Business Investment Fund (BBIF)

Mission and Vision: As an allocatee, BBIF provides NMTC enhanced pooled and equity equivalent products to primarily minority owned businesses that create accessible jobs and generate new capital assets in low-income communities. They fund in sizes from $500,000 to $5MM on average. BBIF expanded its footprint to cover all of FL in 2015.

- **Total Awards: $20 Million in 2014** (Serving 4 County footprint)
  - $8MM in pooled small business investment
  - $12MM in leverage structures
  - $8MM already closed to QEIs
- **Target States and Areas: 100% Florida Based**
- **Current Target Market: The entire State of Florida**

BAKER TILLY Valued Advisor Fund

BBIF Accomplishments (to 10/21/2015)

- Historically BBIF has utilized a capital base of $22.5MM to support 105 businesses (over 70% MBE) :
- Creating/maintaining:
  - 2,076 Permanent FTE jobs
    - 2,324 Quality Jobs with benefits
    - 1,031 Construction jobs
    - 1,758 Low-Income Accessible positions based on skill set
  - Serving 9,485 Low-income Residents as Unique Patients per year
  - Providing healthy food options to 5,951 low-access food desert residents
- Technical Assistance to over 2,650 businesses per year

BAKER TILLY Valued Advisor Fund

BBIF: Case Studies

- BBIF recently closed the Aspire Project in Orlando, Florida
  - Located in an area:
    - with 1.54 times the national unemployment rate
    - Poverty above 38%
    - Incomes below 56% of the Area Median
    - That has been designated as Medically Underserved
  - Total project costs in excess of $6.5MM
  - Supported by a $6MM Allocation in a leveraged structure
    - Driving the provision of behavioral health services to over 2,100 new patients per annum (90% low income)
    - Utilizing workforce training and placement

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

BBIF: Case Studies

- Aspire Project Impacts
  - Enabled the renovation of 20,000 SF of hospital space
  - Creation of 18,000 SF of recreational space for in-patients
    - Supported a 60% increase in in-patient capacity
  - Driving the provision of behavioral health services to over 2,100 new patients per annum (90% low income)
  - Maintained 388 positions
  - Created 38 additional positions
    - Of which 60% on average are accessible to persons with limited education
    - All of which are considered Quality jobs based on wages at or over $18 per hour plus benefits
  - Supported 31 quality temporary FTE construction jobs

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

BBIF: Case Studies

- BBIF anticipated closing $8MM of its allocation into loan pool structures
  - $3MM is currently structured to close with a third party CDFI providing the leverage debt
  - $5MM is being structured with BBIF as the leverage lender

OWEESTA – Financing Alternatives – Lessons from Tribal Partnerships

First Nations Oweesta

- First Nations Oweesta Corporation is the only National Native CDFI intermediary offering financial products and development services exclusively to Native CDFIs and Native communities.

BAKER TILLY

Valued Advisor Fund

ACE

weesta

BBIF FLORIDA

Oweesta: Indian Country's Infrastructure Needs

- Housing Shortages/ Overcrowding
- Larger infrastructure needs are often difficult to solely finance for Tribal Entities
- Lack of growth opportunities from outside sources

BAKER TILLY

Valued Advisor Fund

ACE

weesta

BBIF FLORIDA

Oweesta: Native Focused Partnership Efforts

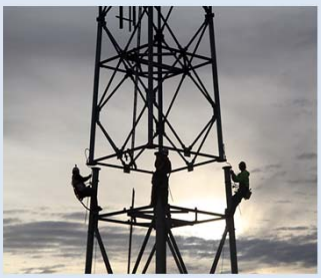
- Alaska Growth Capital
- Lower Brule Community Development Enterprise
- Travois

BAKER TILLY

Valued Advisor Fund

Oweesta: Alaska Growth Capital

- AGC's NMTC projects and direct loan products have historically, and will continue, to help remedy problems related to poverty through strategic investment in:
  - Healthcare
  - Manufacturing
  - Infrastructure/community & Multi-use buildings
  - Power-generation
  - Education



GCI – Terra Project Alaska

BAKER TILLY

Valued Advisor Fund

Oweesta: Maniilaq Elder Care Facility

- The organization's cultural services include:
- Food Preservation
- Traditional Food Harvesting
- Tribal Doctors
- Childcare Center
- Education
- Subsistence
- Advocacy

BAKER TILLY Valued Advisor Fund

Oweesta: Pacific Gateway Center

- Pacific Gateway Center used the New Markets Tax Credits financing to complete building renovations on their King Street facility.
- This project created 35 jobs during construction and created 22 permanent jobs.

BAKER TILLY Valued Advisor Fund

Oweesta: Travois

- Housing
  - Total Projects:183
  - Total Homes: 5138
  - Total Costs: $866,301,966
  - Total Investor Equity:$617,416,405
- Economic Development
  - Total Projects:22
  - Total Costs: $406,272,878
  - Total Investor Equity:$75,494,493
- Total Native Organizations: 87

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Oweesta: Minnewukan Public School

- Native Organization: Minnewaukan Public School District
- Date closed with investor: 2012
- Project Status: Complete
- Total Investor Equity: $3,490,158
- Total Project Cost: $13,200,000

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Oweesta: Little Big Horn Heath & Wellness Center

- Native Organization: Little Big Horn College
- Environmental Services Client
- Date closed with investor: 2011
- Date Completed: 2012
- Development Type: Community Center
- Project Status: Complete
- Total Investor Equity: $2,368,080
- Total Project Cost: $10,300,000

BAKER TILLY

Valued Advisor Fund

ACE

Oweesta

BBIF FLORIDA

Oweesta: Pascua Yaqui Education Center

- Native Organization: Pascua Yaqui Tribe
- Date closed with investor: 2011
- Date Completed: 2013
- Development Type: Education
- Project Status: Complete
- Total Investor Equity: $2,442,960
- Total Project Cost: $8,700,000

BAKER TILLY

Valued Advisor Fund

ACE

Oweesta

BBIF FLORIDA

Oweesta: Turtle Mountain Housing Authority

- Native Organization: Turtle Mountain Housing Authority
- Date closed with investor: 2011
- Date Completed: 2013
- Development Type: New Construction
- Project Status: Complete
- Total Homes: 30
- Total Project Cost: $6,792,725
- Total Investor Equity: $4,132,371

BAKER TILLY

Valued Advisor Fund

ACE

Oweesta

BBIF FLORIDA

Oweesta Turtle Mountain Multi-Family Site

- Native Organization: Turtle Mountain Housing Authority
- Date closed with investor: 2014
- Date Completed: 2015
- Project Status: Complete
- Total Homes: 25
- Total Project Cost: $4,821,967
- Total Investor Equity: $3,957,005

BAKER TILLY

Valued Advisor Fund

ACE

Oweesta

BBIF FLORIDA

Oweesta: Fort Berthold-Three Affiliated Tribes

- Native Organization: Fort Berthold Housing Authority
- Date closed with investor: 2008
- Date Completed: 2008
- Development Type: New Construction
- Project Status: Complete
- Total Homes: 28
- Total Project Cost: $4,828,733
- Total Investor Equity: $3,992,160

BAKER TILLY

Valued Advisor Fund

Oweesta: Thank You!

- Follow us on Twitter!
- @Oweesta
- Follow us on Facebook!
- First Nations Oweesta Corporation

BAKER TILLY

Valued Advisor Fund

ACE – FHLB as a Resource and Alternative Business Finance Opportunities

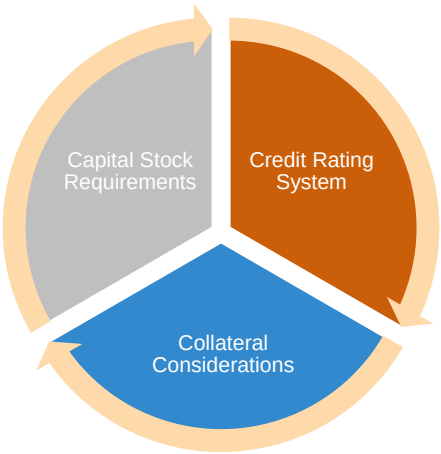
ACE: FHLBank of Atlanta Overview

Products and Services

- Advances (Loans)
- Letters Of Credit
- Interest-rate Risk Management Tools
- Cash Management Services
- Community Investment Products:
  - Affordable Housing Program (AHP)
  - Community Investment Program (CIP)
- Letters of Credit

ACE: How We Work Together

Doing Business with the FHLBank Atlanta



BAKER TILLY

Valued Advisor Fund

ACE

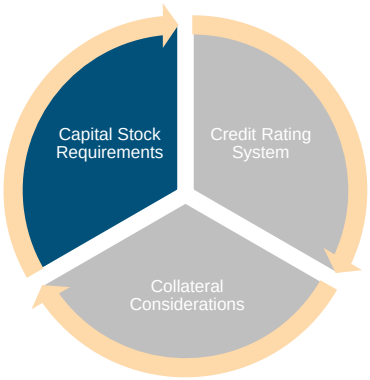
weesta

BBIF FLORIDA

55

ACE: Doing Business with the FHLBank Atlanta

Capital Stock Requirements



B1 ("Membership Stock")	Lesser of 9bps of total assets or $15mm as of most recent year-end
	Recalculated every year
B2 ("Activity Stock")	4.25% of total advances; not LOCs
	Repurchased on a daily basis

BAKER TILLY

Valued Advisor Fund

ACE

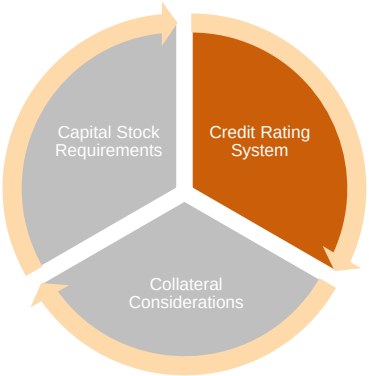
weesta

BBIF FLORIDA

56

ACE: Doing Business with the FHLBank Atlanta

Credit Rating System



Methodology	Model assigns ratings from 1 through 10
	Based upon increasing probability of default
	Credit Analysts review credit ratings each quarter
	Uses key financial ratios covering asset quality, earnings performance, capital adequacy, and liquidity
Components	Total risk based capital ratio
	Four-quarter weighted-average ROAA
	Liquidity ratio
	Adjusted loans 30-89 days past due
	Modified Texas ratio
	Institution asset size

BAKER TILLY

Valued Advisor Fund

ACE

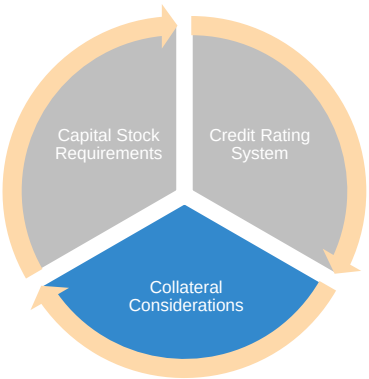
weesta

BBIF FLORIDA

57

ACE: Doing Business with the FHLBank Atlanta

Collateral Considerations



Loan Collateral	1-4 Family Residential
	Multifamily
	Commercial Real Estate
	HELOC / Closed-end Seconds
Securities Collateral	Treasuries
	Agencies
	SBA Pools and Certificates
	Non-Agency MBS
	CMBS
	Municipals

BAKER TILLY

Valued Advisor Fund

ACE

weesta

BBIF FLORIDA

58

ACE: AEO's TILT Forward Initiative

AEO Association for EnterpriseOpportunity — THE VOICE OF MICROBUSINESS

- National trade association for microbusiness and microfinance in the US
- 400-plus member and partner organizations provide capital, training and resources to entrepreneurs in low-wealth communities across the United States

Sam's Club

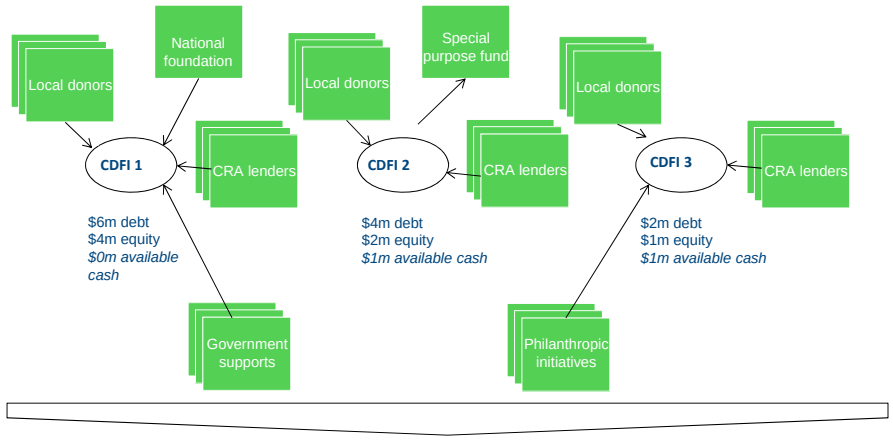
- Sam's Club Giving Program established by the Walmart Foundation
- Launched 5-year Small Business Economic Mobility Initiative in 2015
- >$18 million in grants to nonprofits to help local businesses since 2010

TILT Forward

- **Objective:** Move capital to *every* Main Street by bringing technology-enabled product, marketing and capital solutions to mission-focused lending to enable access, availability and innovation
  - **Network:** Largest, most diverse (and newest) CDFI small business lending innovation network in US committed to testing and adoption of innovations
  - **Project CUE:** Connecting bank declines to CDFIs
    DreamFund: Innovative capital solution for small business lending in low wealth communities

BAKER TILLY — Valued Advisor Fund — ACE — weesta — BBIF FLORIDA

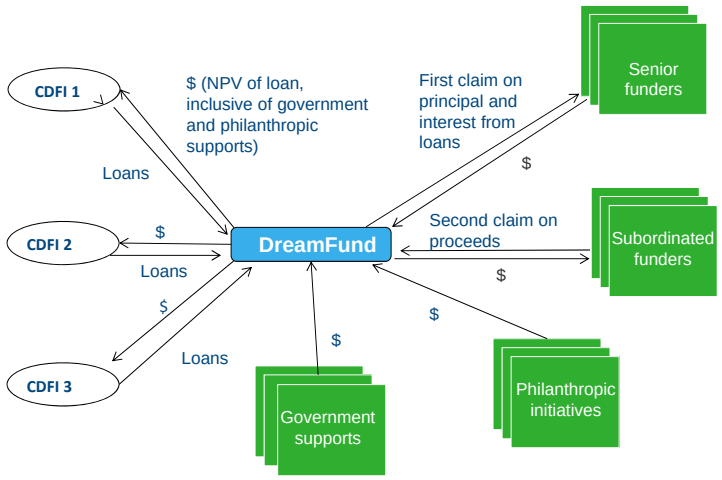
ACE: Context-Current Approach to Funding CDFI Small Business Lending



- Inefficient capital allocation
- Heavy lift for each small institution to fund balance sheet
- Sub-optimal risk management
- Under-utilization of government and philanthropic supports

BAKER TILLY — Valued Advisor Fund — ACE — weesta — BBIF FLORIDA

ACE: Innovative Capital Solution: DreamFund



BAKER TILLY
Valued Advisor Fund
ACE
weesta
BBIF FLORIDA

ACE: DreamFund - The (Large) Fine Print

Participating lenders

- Loans must be underwritten through approved methodologies (e.g., TILT Forward products)
- DreamFund purchases each loan at a price determined as the net present value of the loan's expected cash flows (inclusive of credit losses and government/philanthropic supports), discounted at DreamFund's applicable all-in cost
- Lenders bear no ongoing risk once a loan is sold

Funders

- DreamFund is organized as a 501(c)(3) (application pending) and structured so that loan economics, net of servicing costs, are passed on to funders
- Funders specify what they want to fund: permissible loan characteristics (screening methodology, loan size etc.), borrower attributes (e.g., geography, veterans), nature of interest (senior, equity)

BAKER TILLY
Valued Advisor Fund
ACE
weesta
BBIF FLORIDA

ACE: DreamFund-Who Benefits?

Small Business Owners

- Cost savings vs market rates
  - Low cost of capital
  - Reduced fees via DreamFund license agreements
- Trusted guidance from a CDFI vs commercial broker

Community Development Lenders

- Expanded product set to meet needs of more businesses
- Improved resource allocation opportunities (e.g. more time and resources for clients)
  - Pre-screened platforms
  - Operational economies of scale
  - Special pricing
- Earned income opportunities

Investors

- Opportunities to deploy capital at scale
- Structure guarantees of mission-focus and social impact with limited risk (and diligence)
- Tax advantaged structure of 501(c)3 with investor safety features of for-profit Special Purpose Vehicle (SPV)

Communities

- Turn-key solution for small business access to responsible and affordable capital
- Vehicle for efficient deployment of under-utilized government supports

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

ACE: DreamFund Enables Transformation and Scale of US Microfinance

Now	Future
Finance ▪ Duplicative, subscale Treasury functions ▪ High marginal cost of funds (30% equity/total capital, difficult for lenders to assess risk, concentrated portfolios) ▪ Capital scarcity and hoarding	*Finance* ▪ Leverage DreamFund as industry utility ▪ Low marginal cost of funds (lenders not exposed to institution-specific risks, access to wholesale capital, geographic diversification) ▪ Capital on demand
Community impact ▪ Narrow product set: constrained to underwriting methodologies each lender has internally vetted, size and risk individual balance sheets support ▪ High overhead per client served	*Finance* ▪ Broad product set: leverage all underwriting methodologies supported by DreamFund; individual lender size not a constraint ▪ Broad product set expands clients who can be served with existing infrastructure and team
Government and philanthropic support ▪ Initiatives to support certain loan types impose significant cost and have small impact on volume ▪ Difficult to assess how resources are being used	*Finance* ▪ Initiatives immediately reflected in loan pricing and yields; minimal administrative cost ▪ Funders can link support to easily assessed operating metrics (e.g., loans made)

BAKER TILLY Valued Advisor Fund ACE weesta BBIF FLORIDA

Q & A

Thank You For Serving Our Nation's Distressed Communities

Please feel free to contact:

Terri Preston: tpreston@valuedadvisorfund.com

Alice Veenstra: Alice.Veenstra@bakertilly.com

Inez Long: ilong@bbif.org

Joshua Brackett: brackett@aceloans.org

Chrystel Cornelius: chrystel@oweesta.org

To distress your project, please use the following link:

http://www.bakertilly.com/insights/new-markets-tax-credit-and-low-income-housing-tax-credit-mapping-tool/