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Larchmont Schools




High School Financing Update

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Facility Loan: Potential Lenders

	LIIF Low Income Investment Fund	NFF Nonprofit Finance Fund	PacWest Pacific Western Bank
			
Type of lender	Nonprofit community development financial institution (CDFI)	Nonprofit community development financial institution (CDFI)	Commercial bank
Headquarters	San Francisco	New York	Los Angeles
Assets	\$166 million (2011 annual report)	\$107 million (2011 annual report)	\$5.5 billion
Footprint	Projects in 26 states, majority of work has been on the East and West Coasts	Nationwide \$250 million in loans, \$30 million in re-grants, \$1.4 billion in leveraged capital	14th largest bank in California
Other	Invested "\$1 billion in communities to provide 1 million people with new opportunities to lead fulfilling lives" (2011 annual report)	\$70 million in education loans, \$30 million in new market tax credits for schools; nationwide projects	Subsidiary of PacWest Bancorp (PACW)

Facility Term Loan Options – Revised Offers

	LIIF	NFF	<i>PacWest</i>
Amount	\$1,300,000	\$1,300,000	\$1,300,000
Term	8.5 years, fully amortized	7.5 years (90 months from closing); 15 year schedule	7.5 years (90 months from closing), 15 year schedule
Interest Rate	6.25% fixed	Construction, 6 mos: Greater of Prime Rate plus 2.5% or 6.5% Permanent, 84 mos: Greater of Prime Rate plus 2.5% (2.5%) or 6.5%, reset at 36 mos. to prime plus 1.0% or 6.5%	Lender's base rate (4.0%) plus prime (1.5%, variable) 5.5%
Borrower Equity	\$300,000 to be spent prior to receipt of funds		
Repayment	Interest only during construction; P&I fully amort. during remainder of term	No payments during construction phase, P&I amort. during permanent term	6 mos. interest only, P&I fully amort. during remainder of term
DSCR requirement	1.30		1.35
Collateral	Leasehold mortgage, in the first position. Full recourse to LS.	Assignment of rent, second priority interest in all LS assets	All business assets
Fees	Origination: 1.0% (13,000, \$5,000 with LOI signing), legal/document, 3 rd party reports/costs	Facility fee: 1.0% (\$13,000, \$4,050 with CL signing), 3 rd party reports/costs	.25% loan fee of \$3,250 plus \$500 processing fee
Other Requirements	DSCR account (6 mos.)	All other debt subordinate to NFF, legal opinion, committee approval of revised request + underwriting	PCSD funds control monitoring (advances, budget review, regular inspections, etc.)

Facility Term Loan Options – Revised Offers

	LIIF	NFF – 15 yrs	PacWest – 15 yrs
Amount	\$1,300,000	\$1,300,000	\$1,300,000
Term	8.5 years	7.5 years (90 months from closing)	7.5 years (90 months from closing)
Interest Rate	6.25% fixed	Construction, 6 mos: Greater of Prime Rate plus 2.5% or 6.5% Permanent, 84 mos: Greater of Prime Rate plus 2.5% (2.5%) or 6.5%, reset at 36 mos. to prime plus 1.0% or 6.5%	Lender's base rate (4.0%) plus prime (1.5%, variable) 5.5%
Payments – construction/initial term	6 mos. interest only: 6,771 / month	6 mos. interest only: 7,042 / month	6 mos. interest only: 5,958 / month
Annual payments – P&I permanent term	17,243 / month 206,910 / year	11,556 / month 138,671 / year	10,858 / month 130,302 / year
Total interest, fully amort.	395,909	534,376	447,168
13-14 payments Assume repayment starts July 1	144,080	111,586	100,901
Balloon payment 7.5 years (Dec. 2020)		821,427	799,303
		No penalty for early, additional payments	No penalty for early, additional payments

Working Capital Options – Revised Offers

	LIIF	NFF	PacWest
Amount	No offer	\$1,000,000	\$750,000
Term		1 year, with two-year renewal	1 year
Interest Rate		6.25% on drawn funds 0.5% on undrawn funds	Lender's base rate (4.0%) plus prime (1.5%, variable) 5.5% on drawn funds
Fee		1% facility fee (10,000), No fee on renewal	\$500 processing fee
Security/Collateral		UCC broad form filing, 1 st position	UCC broad form filing, 1 st position (in place currently)
Use/process		Draws: 80% of receivables due within 90 days (receivables defined in loan documents) 72 hours to process	Approved signer e-mails bank, instant transfer
Other		30 day clean-up period in every 12 months; committee approval of revised request + underwriting	30 day rest period required after repayments