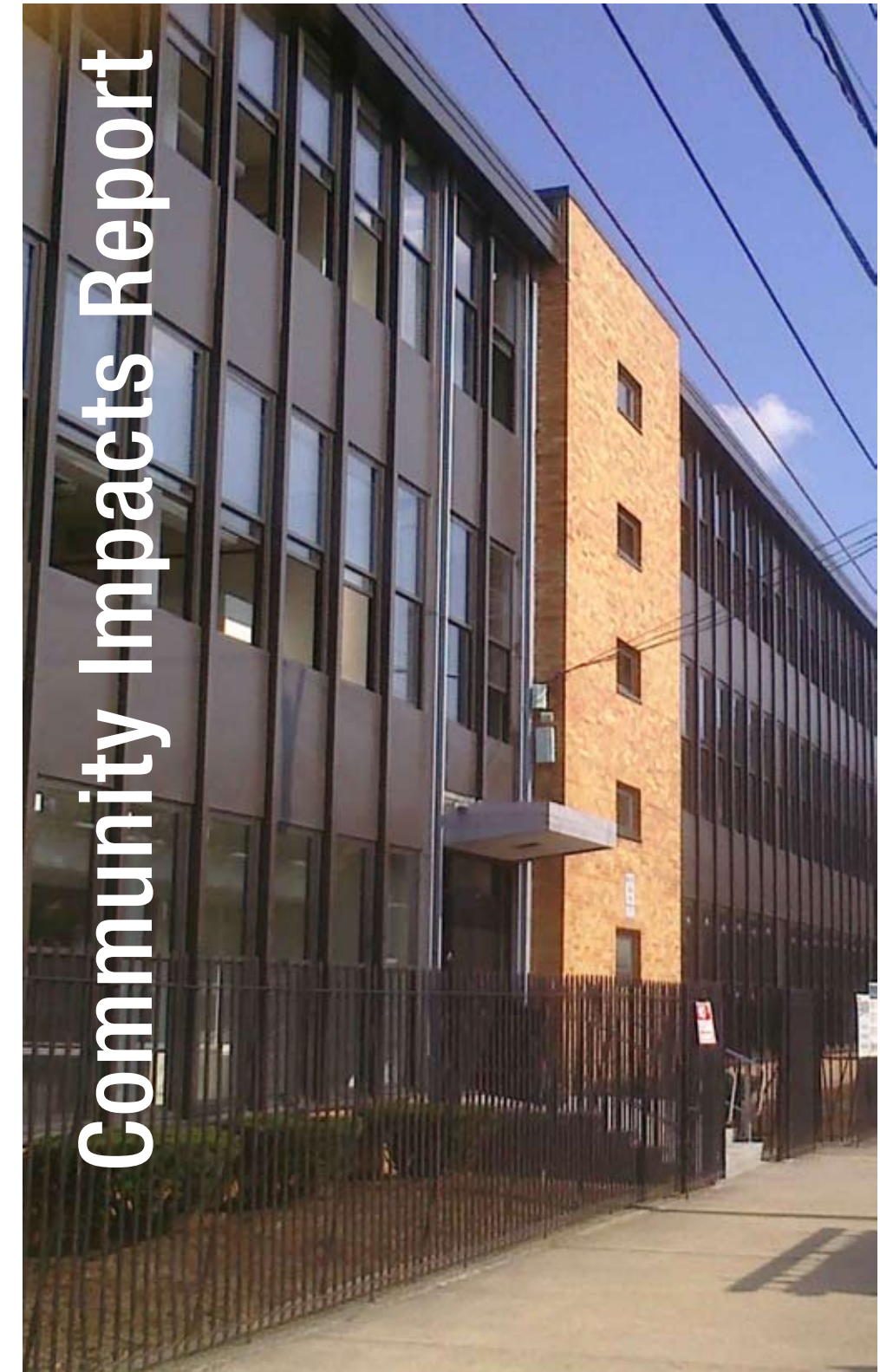


NEW K-8 CHARTER SCHOOL BROOKLYN SCHOLARS CHARTER SCHOOL



Brooklyn Scholars Charter School
2635 Linden Boulevard, Brooklyn, NY 11208



SITE DESCRIPTION

The Brooklyn Scholars Charter School project will bring a new K-8 charter school to an economically disadvantaged area of east New York. Inside Public School District #19, where Brooklyn Scholars Charter School will be located, 41% of students are below proficiency in math and 60% are below proficiency in English Language Arts. The Brooklyn Scholars Charter School will incorporate an educational system managed by National Heritage Academies, which manages another program in New York that was recently recognized by the New York State Education Department as a “high performing/gap closing” school.

The project is occupying the site of a former parochial school located in a distressed community in Brooklyn. The 58,700 square foot building is comprised of a two-story building with a gym, 27 classrooms, administrative office space and meeting space.

LOW INCOME COMMUNITY METRICS

- + Unemployment Rate: 2.3 times the national average
- + Poverty Rate: 24%
- + Median Family Income: 60.2% of benchmark
- + CDFI Hot Zone

PROJECT GOALS

- + Rehabilitate a vacant school building that will serve up to 700 students in an underserved, distressed community
- + Offer new educational resources to address specific performance issues in School District 19: elementary/secondary English Language Arts and Mathematics
- + Contract with local area businesses for approximately \$85,000 annually for services such as maintenance, food service, and groundskeeping
- + Maintain a founding school board with members that represent a cross section of the community and have expertise in areas of community service, business management, administration and education

ECONOMIC IMPACTS SUMMARY

The allocation of \$11 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$11.1 million and complete financing for a project that, but for the tax credits, could not move forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the Brooklyn Scholars Charter School project is anticipated to create \$42.3 million in total economic impact, and \$5.2 million in federal and state fiscal impacts.

BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$11 million in NMTC on the Brooklyn Scholars Charter School project, the federal government has effectively foregone the collection of \$4.29 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 162 construction and permanent jobs, \$17.2 million in wages, and \$3.4 million in new federal taxes during construction and the first ten years of operations.

“Education is an ornament in prosperity and a refuge in adversity.”

— Aristotle

NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

METHODOLOGY

The economic, employment and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses “input-output accounting” and closely follows the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Results shown in this report are based on total construction costs and a New Markets Tax Credits allocation amount that are not final. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The community impacts contained herein are based on the total project cost. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent. The fiscal impact figures represent the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during the discrete construction period and the first ten years of facility operations. The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impacts figure does not include the fiscal impact, which is considered separately. All output is in 2009 dollars.

United Fund Advisors serves as the financial consultant for Portland Family of Funds Holdings, Inc. (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, National Community Fund I, LLC.



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3BLSM

United Fund AdvisorsSM is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.

TRIPLE BOTTOM LINE RETURNS

FINANCIAL UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a small business, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

SOCIAL While a single UFA project cannot change the fortunes of a city or the world, strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

ENVIRONMENTAL Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

PARTNERS IN THE COMMUNITY MEDICAL CENTER PROJECT:

- Brooklyn Scholars Charter School
- National Heritage Academies, Inc.
- Charter Development 2, LLC
- US Bancorp Community Development Corporation
- National Community Fund I, LLC
- United Fund Advisors, LLC

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

Location	2635 Linden Boulevard, Brooklyn, NY
Development Type	K-8 Charter School
Size	58,700 SF
Developer	Charter Development 2, LLC
Total Project Cost	\$11,100,000
Allocation Required	\$11,000,000
CDE	National Community Fund I, LLC
Low Income Community	
Project Timeline	Unemployment Rate: 2.3 times the national average Poverty Rate: 24%
LEED Certification Level	Median Family Income: 60.2% of benchmark
	Project Completed: Fall 2009
	None, however several energy efficient systems will be incorporated

JOB^S*
+162

WAG^ES*
\$17.2M

FISCAL IMPACT*
\$5.2M

TOTAL IMPACT*
\$42.3M

* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see www.unitedfundadvisors.com for more information.

+ ADDITIONAL COMMUNITY IMPACTS

- + The charter school will collaborate with local stakeholders such as neighborhood organizations and police precincts to provide a safe community resource for all residents
- + The addition of the school to the area will increase business, educational and recreational opportunities, which will enhance property values and general neighborhood livability
- + The project developer will employ energy efficiency systems, which will include upgrading to energy efficient light fixtures and low-flush urinals, a high-efficiency HVAC system, high-efficiency windows, and other improvements