





TMF: The Proven Model for Texas Business and Community Development

- Business loans for “growth-oriented” businesses with needs that may qualify for only partial financing through traditional lending institutions.
- Affordable housing loans to nonprofits and for-profits
- Community facility financing for nonprofits

2



Celebrating 10 years: TMF Statewide Impact

- **\$45 million in loans to 144 businesses, 16 affordable housing developments, and 11 non-profits in 59 Texas communities.**
 - 50% Minority-owned
 - 8% Women-owned, non-minority
 - 71% eligible low-income census tract
- **Leveraged more than \$165.9 million from banks and other lenders, providing a total of \$211 million in new capital to Texas businesses and communities.**
- **Assisted in the creation of 1,664 new jobs through business financing**
- **Financed 507 affordable housing units.**

3



Celebrating 10 Years Operating May 1999 – 2009

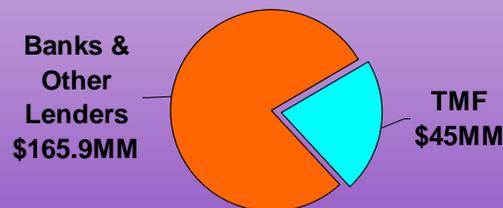
- For-profit and statewide fund created by a consortium of financial institutions
- \$14 million Community Development Financial Institution or “CDFI”
- Awarded \$25 million New Markets Tax Credit through U.S. Dept. of Treasury – only Texas-based CDFI in 2008 round

4



The Proven Model: Collaboration

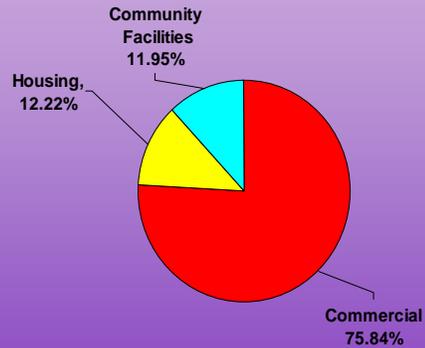
\$211 Million Aggregate into Texas



5



TMF Lines of Business



6



TMF Business Loans

- Fast-growing or stabilizing companies needing creative financing
- Up to \$500m: Partially qualifying for bank financing thus needing additional source to obtain 100% financing needs
- Up to \$300m: TMF as sole lender
- Term debt: expansion financing – permanent working capital &/or R/E; equipment; business acquisition

7



Why refer a deal to TMF?

- Working capital constraints
- Qualifying for bank revolving lines of credit but needing some level of term debt, that is, permanent working capital
- Bank looking to lower LTV (R/E expansion or revolving borrowing base formula)
- Higher-than-acceptable leverage under traditional and tightening underwriting criteria

8



Bank & SBA 504 Medical Practice Expansion

\$ 1,020,600 Bank, 1st lien, to convert to permanent
568,300 *Bank, 2nd lien Bridge w/SBA 504 take-out
\$ 225,000 *TMF, 3rd lien Bridge, w/SBA take-out iao
\$ 205,540 Equity Injection @ requisite per SBA 15%
2,109,440 Total Project Cost

- *\$793.3m SBA 504 take-out into 20 yr. permanent loan
- Bank @ 75% LTV through construction phase
 - Minority-owned Internist practice expanding to double space and into new urgent care
 - 4 new jobs

9



Business Acquisition

\$750m Bank revolver w/1st on A/R & Inventory

\$400m **TMF** w/2nd on A/R & Inventory

- 3-year old distribution company: rapid growth to \$8.9mm in revenues; solid profitability; but resorting to expensive factoring
- Tandem structure eliminated factoring
- TMF provided permanent working capital to complement bank's RLOC, thus total financing solution for prior and new growth capital
- Community Impact to San Antonio: CDFI Investment Area & Economic Development Hot Zone
- Company revenues now @ \$16 million & profitable - 2 years later

10



Bank & SBA 7(a) Child Care Business

\$271,000 Bank SBA 7(a) to purchase R/E

\$ **69,000** **TMF** consolidated business-related credit cards

30,000 Equity Injection (seller carry)

\$370,000 Total Project Cost

- Bank @ 90% LTV on R/E w/benefit of SBA Guaranty
- TMF with 2nd lien business R/E (abundance of caution) & otherwise unsecured exposure
- < 1 yr. woman-owned child care business, self-financed (credit cards)
- Both lenders raced to closing to beat foreclosure against R/E owned by landlord and saved business.

11



Expansion Capital: Leasehold Improvements

Company Profile:

- Cookie dough manufacturer in East Austin wholesaling to food brokers, distributors; opportunity to diversify to fundraising brokers (cookie dough buckets vs. cookies)
- Rapid growth in prior year: \$7mm in FY99 to \$14mm in FY00
- \$1.250m capital expansion--leasehold improvements to double sf capacity & achieve ABA certification
- Existing SBA eqpt. financing @ max. of SBA guaranty
- 18 months sufficient DSC
- Highly leveraged

12



Expansion Capital: Leasehold Improvements

- | | | |
|--------------|------------------|--|
| • Bank | \$1,000,000+ | New Borrowing Based Line |
| • Bank | \$900,000 | SBA Eqpt. Loan, 8 yrs. |
| • TMF | \$500,000 | * 2nd Lien: A/R, inv., FF&E
* TMF @ 5-yr, fully amortizing loan;
* subordinated to bank in lien & repayment
* TMF also standby (select circumstances) |

Economic Development Impact:

- ❖ Grew to gross \$40mm by FY2005
- ❖ Created 168 jobs with 75% held by individuals of LMI
- ❖ Business located in LMI
- ❖ **Company sold for \$40m in FY05 to Otis Spunkmeyer**

13



EXPANSION CAPITAL: Capacity

- **\$200m TMF** for electrical & plumbing to install new 6-row corn line and replace 2-drop flour line with 4-drop flour line in tandem with \$1.2mm in equipment lease
- In tandem with **\$2.3mm Bank/SBA 504 R/E financing**
- **(TMF had also provided 1st Round \$300m bridge loan against 1st bldg. for down payment towards 2nd bldg.; paid off from sale of 1st bldg.)**
- Based on pro forma cash flow from projected new sales with benefit of efficiencies from new building & new equipment capacity & supported by past sales and profit trends
- 54 year old business & demonstrated success in building business from retail storefront into wholesaler of tortilla products with regional and local distribution
- Personal financial creditworthiness of parents and sons as owners and operators
- Became fully bankable with move to new bank paying off TMF
- Grew from \$14mm to \$22m in four years

14



Bank & TMF Working Together

- 30+ yr retailer of apparel, 5-store chain located serving low income communities
- Asked to move \$1.3mm relationship as newly designated “undesirable line of business”
- Sound financial profile and profits for successive years
- Looking for a new bank

15



Bank & TMF Working Together

- \$1.1mm revolver
- \$250m from TMF
- Together moved relationship
- 42-month loan from TMF provides permanent working capital with objective to reduce leverage given sales contraction and need to reduce inventory

16



TMF in Tandem with a Major Bank and TMF Investor

Lien Position:	1st	2nd	Other	TMF Loan	# of Loan:
SBA 7(a) & Conventional	11,017	1,784	1,210	1,962	14
Pd Loans from 504 Takeout	15,642	6,864	3,165	3,151	14
On Books Now w/504 take-out	14,070	5,952	1,085	2,800	8
<u>To Date</u>					
Total in tandem w/Bank	40,728	14,600	5,460	7,913	
Grand Total with Bank	60,788			7,913	36

17



HOW TO WORK WITH TMF?

- Deal doesn't quite make the cut for 100% of need from Bank
- Usually LTV
- Worthy deal but not quite fitting into box?
- Reach out! 214-943-5900 Theresa x102 tlee@tmfund.com Doug x103 dbrown@tmfund.com
- How much is the gap to make the deal come together?
- Bank 1st lien, TMF junior; possible to further subordinate in select circumstances