



Texas Mezzanine Fund

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What is TMF?

- For-profit revolving loan fund with New Markets Tax Credit Program (NMTC)
- Dallas-based with a statewide market
- Community Development Financial Institution (2002)
- Community Development Entity (2002)
- Texas C Corp. with a 15-member board and 18 stockholders
- Capitalization: 90% equity (70% stockholders, 20% retained earnings)
10% debt
- Currently 6.5 employees with industry peers averaging 15.7



Revolving Loan Fund

- \$75 million loaned since inception, with \$2.6 million charged off
- Product lines
 - Commercial 78.40%
 - Community Facilities 11.57%
 - Affordable Housing 10.02%
- Ethnicity
 - Asian 11.24%
 - Black 19.28%
 - Latino 18.88%
 - Female & non-minority 11.65%
 - Male & non-minority 38.96%



Revolving Loan Fund

- Industry segmentation
 - Restaurants 7.6%
 - Retail/service 19%
 - Manufacturing/B2B/wholesale 20.3%
 - Hotel 2.5%
 - Medical 3.8%
 - Car washes 7.6%
 - Housing 13.9%
 - Churches 7.6%
 - Community facilities & daycares 17.7%
- Maximum loan size - \$750,000 per transaction



Revolving Loan Fund

- Average loan rate
- Average loan size
- In-tandem lending (subordinated lending)
- Will fund stand-alone transactions



New Markets Tax Credit (NMTC) Program

- Awarded five consecutive rounds totaling \$170 in allocations (2008-2012)
- Deployed tax credits in 17 transactions throughout the state of Texas, including Amarillo, Dallas, Irving, Fort Worth, Paris, San Antonio, Houston, Missouri City, McAllen and Elsa
- Types of transactions
 - Gas transport module manufacturer
 - Repositioned mall
 - Grocery stores
 - Bakery products manufacturer
 - Logistics and distribution company
 - Hospital administration building



New Markets Tax Credit (NMTC) Program

- Types of transactions, cont'd
 - Food bank facilities expansion
 - Western arts museum
 - Omega-3 manufacturing plant
 - Veterans Administration outpatient clinic
 - Telecommunications company
 - Internal NMTC Loan Funds (3)
- Benefits TMF derives from NMTC Program
 - Helps generate internal growth thereby increasing funds to lend
 - Provides another product offering thereby increasing community development impact



Unique Aspects of TMF

- Does not profit-maximize (pricing, no prepayment penalty)
- Non-competitive
- Completely collaborative
- Product innovation
 - '00 Non-profit or for-profit
 - '03 Affordable Housing Developers
 - '03 Community facilities
 - '08 New Markets Tax Credits
- Industry Advocacy
 - Texas Association of Community Development Corporations
 - Opportunity Finance Network
 - New Markets Tax Credit Coalition



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