MEMORANDUM

To: Tom Carruthers, City of Greensboro

From: Kim Cameron, Self-Help Ventures Fund

Date: November 11, 2015

Re: City financing for Renaissance Shopping Center renovation

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This memo describes the current status of the loan from the City of Greensboro to support the redevelopment of the Renaissance Shopping Center, and then describes the structure for proposed additional financing and a request for the City to support it.

A. CURRENT STRUCTURE

The City made a $2 million loan to Self-Help Ventures Fund ("SHVF") to enable SHVF to acquire and redevelop the Renaissance Shopping Center (the "Property"). Title to the Property is held by SHVF Renaissance, LLC (the "Owner"), which is a limited liability company currently owned and managed 100% by SHVF. The Owner provided a guaranty of the City's loan to SHVF, and to secure that guaranty, granted a deed of trust on the Property to the City.

B. PROPOSED ADDITIONAL FINANCING

SHVF and the Owner have received a commitment for additional financing, using the Federal new markets tax credit ("NMTC"), that will be sufficient to complete the renovation of the Property. This form of financing comes at lower cost to the Owner than conventional financing, which in turn will allow the Owner to offer more favorable lease terms to tenants at the Property. Here is a description of the financing (all dollar figures are estimates at this stage, but we do not expect material changes):

SHVF will make a loan of $4,096,340 (the "Leverage Loan") to a to-be-formed entity known as the "Investment Fund." The Investment Fund will also receive an equity investment of $2,102,660 from Wells Fargo, the NMTC equity investor. The Investment Fund will then have $6,200,000.

The Investment Fund will use the $6,200,000 to make two separate equity investments that will be qualified equity investments ("QEIs") under the NMTC program. The first one will be for $5,000,000 into Opportunity Fund III, LP ("OFN CDE"), which is be a community development entity certified by the U.S. Treasury Department, controlled by Opportunity Finance Network. The second will be for $1,200,000 into a limited liability company ("Wells Fargo CDE"), which also must be a community development entity certified by the U.S. Treasury Department, controlled by Wells Fargo. OFN CDE and Wells Fargo CDE are called the "CDEs."

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OFN CDE will then make a loan of $4,850,000 to a limited liability company controlled by South Carolina Community Loan Fund ("SCCLF Sub-CDE"), which must also a community development entity certified by the U.S. Treasury Department. Wells Fargo CDE will then make a loan of $1,200,000 to SCCLF Sub-CDE, resulting in SCCLF Sub-CDE receiving approximately $6,050,000. Both of these loans will be qualified low-income community investments under the NMTC program, and are called the "QLICI Qualifying Loans."

Finally, SCCLF Sub-CDE will make a loan of $6,050,000 to the Owner. This loan will also qualify as a low-income community investment under the NMTC program, and is called the "QLICI." The Owner will use the QLICI to pay for the costs and expenses of renovation of the Property. SHVF will transfer a 5% interest in Owner to Self-Help Community Development Corporation, which is an affiliate of SHVF. The Owner will be a qualified active low-income community business (a QALICB) under the NMTC program.

The paragraphs above trace the flow of money to the Owner, and are shown on the attached diagram. Now I will describe the collateral for the loans that are in financing structure, going in the reverse direction. First, the QLICI Loan will have a first position deed of trust on the Property. Next, the CDEs will receive a pledge of the QLICI Loan as security for the Intermediate Loans. SHVF will receive a pledge of the Investment Fund's ownership interest in the CDEs as security for the Leverage Loan.

This type of structure is commonly used for NMTC projects, and has been implemented in hundreds of projects across the U.S.

C. REQUEST TO THE CITY

SHVF requests a modification of its loan from the City in order to obtain the additional financing described above. There are two elements of the request:

First, SHVF requests that the City release the guaranty of the City loan that the Owner provided. In connection with this release, the City would also release the deed of trust that the Owner granted to the City to secure the Owner guaranty.

Second, SHVF would pledge to the City, as substitute collateral for the loan, the Leverage Loan. Thus, if there was a default by SHVF on the City loan, then the City would have the right to receive all payments due to SHVF on the $4,096,340 Leverage Loan. By tracing the flow of funds from the Leverage Loan, to the Investment Fund, to the CDEs, to SCCLF Sub-CDE, and finally to the Owner, there is an indirect, first position lien in favor of the City on the Property.

If the City agrees with our request, we will be happy to work with you to implement the revisions. I will be happy to address any questions or comments you may have at your convenience. Thank you for your attention.

SHVF Renaissance, LLC NMTC Structure Chart—Exhibit A