



## Investing in Education

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Red Hook



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capital partners

# Overview



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# BUILDING THE FUTURE

Red Hook Capital Partners (Red Hook) is a real estate investment and development firm focused on the charter school sector. Red Hook works with high-quality charter school operators in a variety of ways. Red Hook helps charter schools identify, acquire, and develop a suitable site to become a permanent home.



## **TURNKEY**

We buy the land, build the space and help you own it



## **DEVELOPMENT**

We build the optimal facility for your needs



## **FINANCING**

We provide financing so you can build

# Key Area of Expertise



Finding & Securing  
a Site



Design &  
Entitlements






Financing

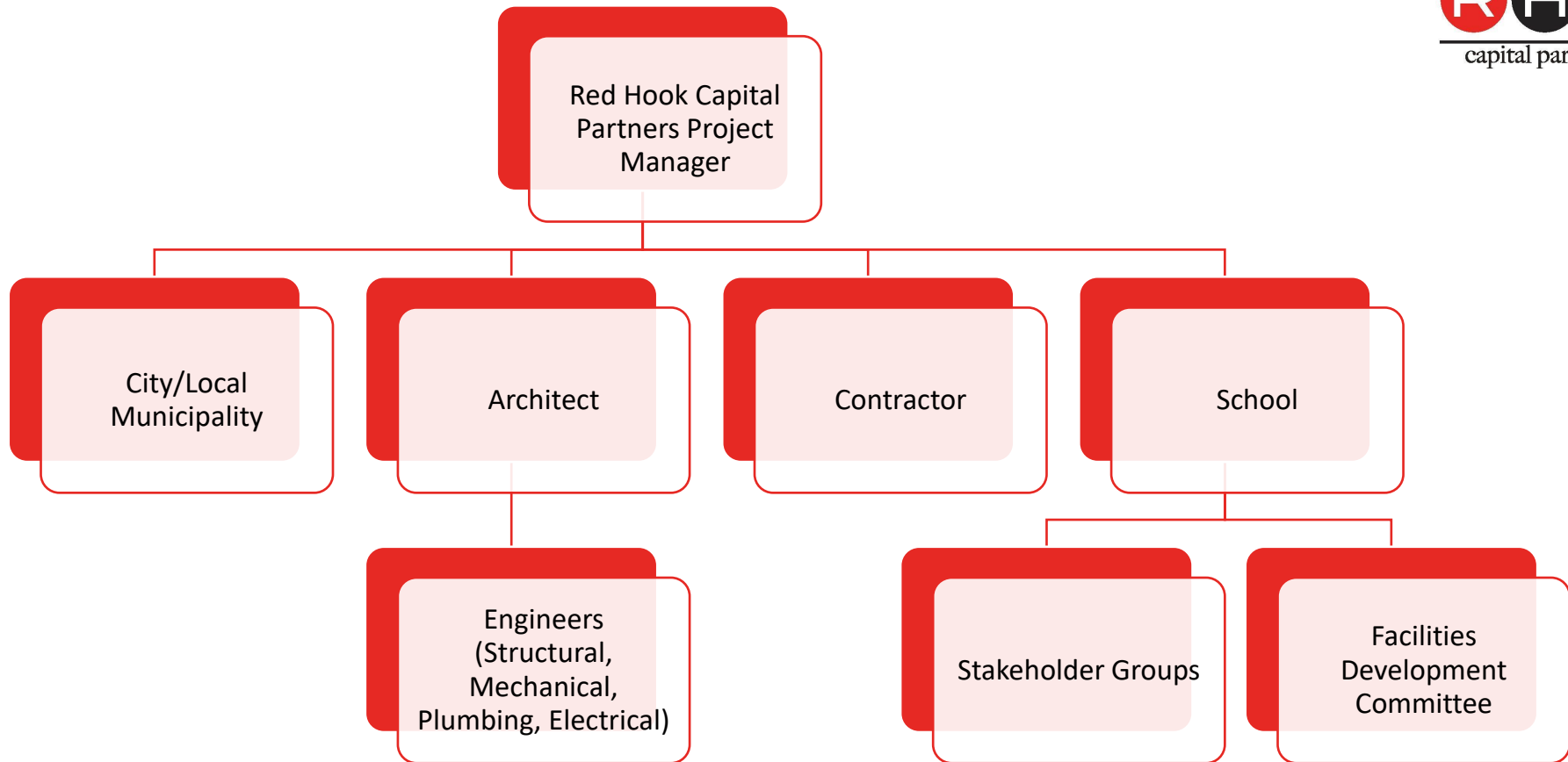


Construction  
Management

# OUR TEAM



TEAM MEMBER	KEY EXPERIENCE
<p data-bbox="783 389 975 414">Craig Underwood</p> 	<p data-bbox="1249 389 2070 512">Two decades of experience in public finance which led him to launch Red Hook Capital Partners in 2014. He has oversight over all financing and fiscal guidance that the firm offers, guiding clients through the treacherous waters of institutional real estate development.</p>
<p data-bbox="783 751 909 777">David Hyun</p> 	<p data-bbox="1249 751 2059 967">Since 2009, had developed and financed over 45 charter schools – totaling over \$400 million in investment – using conventional bank loans, new market tax credits, tax exempt bonds, and various state bonds. In two decades, he’s touched all aspects of the real estate cycle, including investment, construction, development, property management, and corporate accounting. He has oversight over all Real Estate Aspects that the firm offers.</p>
<p data-bbox="783 1128 924 1153">Enrique Diaz</p> 	<p data-bbox="1249 1128 2048 1313">Has more than 20 years of planning, design, and management experience in the public, private and non-profit sectors. He is developed numerous charter school projects. Enrique is a LEED AP, NCARD Certified, licensed architect in the State of California, and a member of the Design Review Board for the City of Whitter. He previously worked with Keller CMS, Warmington Homes California and ASC Property.</p>



YOUR KEY TEAM MEMBERS

# The Red Hook Difference

Red Hook brings multiple capabilities to a charter school:

## Entitlement Expertise

Red Hook understands entitlement risk and takes the burden on. This process is costly and political. Our team expertise includes (land-use + technical + political + community).

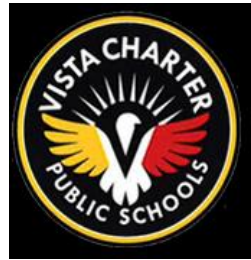
## Turn- Key Development

Developing a charter school (ground-up or tenant improvements) requires time, energy, and resources. Red Hook manages all aspects of development from entitlements to finalized construction, allowing for the school leader to focus on educational programming.

## Long-Term Lease and Option to Purchase

The school has the ability to act quickly and find a permanent home while growing into maturity to purchase the facility from Red Hook.

# Red Hook Clients





# Project Considerations

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- The industry norm is 15%-20% of the schools revenue. What does affordability look like?
- Square footage? What are the program/academic needs?
- When does the school want to move in?
- What are the timing considerations (pre-development + construction) ?
- Is the school comfortable taking on entitlement risk? Construction management?
- What are the parameters (how far east, west, north and south) the school is willing to move - depending on site options?
- What type of funding does the school want? Semi-permanent or permanent?

### Other Funding Sources

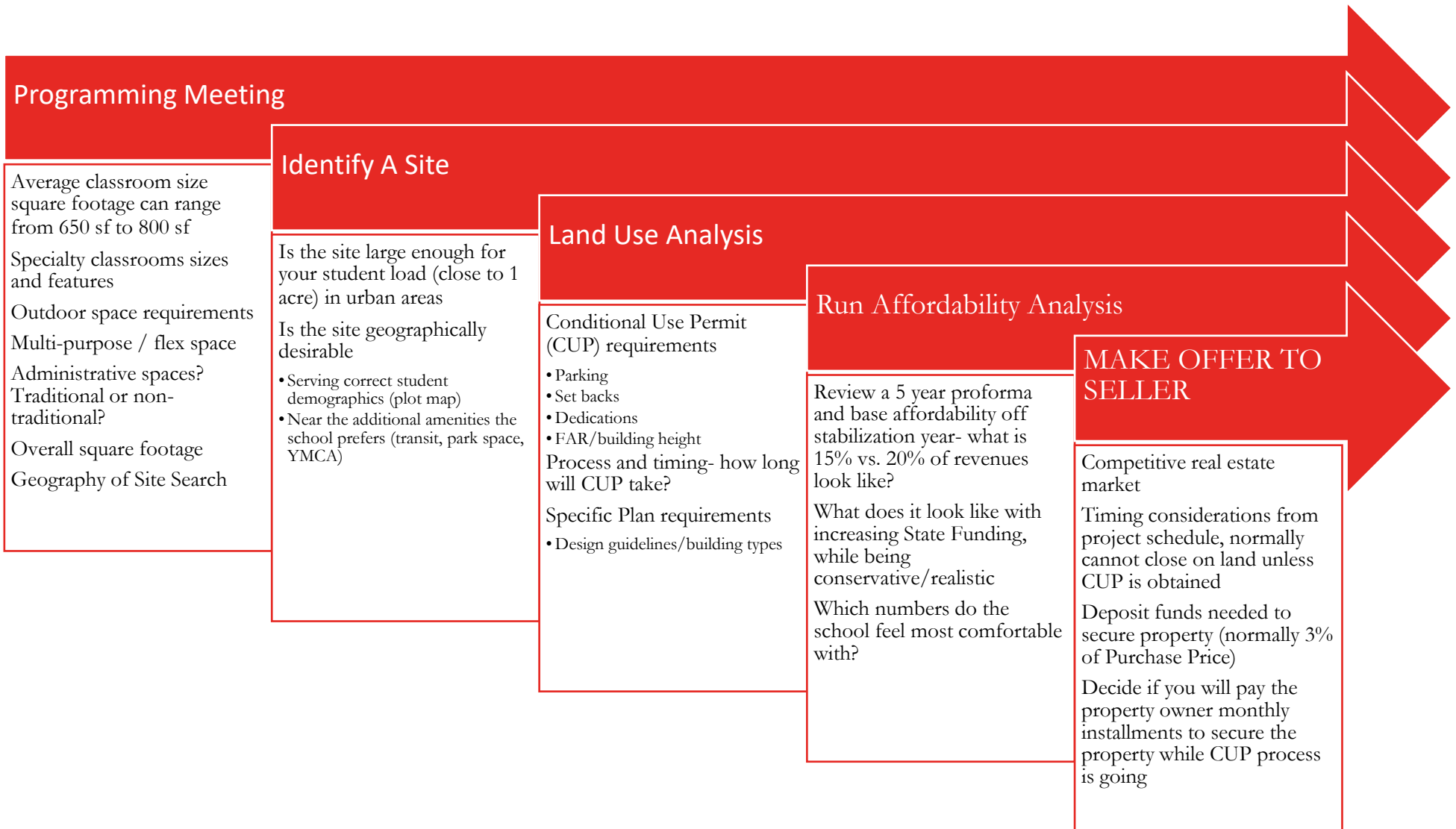
- Bond Financing – 4-6 month process (no pre-development or site selection included)
- New Market Tax Credits – 6-9 month process
- Commercial bank financing – at least 3 months (15% to 30% down-payment needed)
- Grants/Philanthropy – need all/majority of funds on hand (not just pledges)
- Commercial Lease: very competitive and likely will not include TI's
- Most traditional funding does not include entitlement (pre-development) costs.

### Red Hook Capital Partners

- RH finances schools that are <5 years old
- RH is 100% financing
- RH has capital in hand and the ability to close quickly on property
- RH funds pre-development and entitlements costs
- RH sites are turn-key and include all development and financing
- RH manages the entire process from site selection- pre-development, construction and financing

## Comparison: *Other Funding vs. Red Hook*

# The Development Process (Site Acquisition)



# The Development Process (Pre Development & Construction)

After the Site is under contract, it typically takes another 6-12 months before you receive all your entitlements (i.e. all City approvals to build your project)

- Shorter if an educational use can be developed on the parcel “by right” (i.e. the parcel is pre-approved from a zoning perspective for a school)



Construction typically is another 9 -12 months



# The Red Hook Approach

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## Red Hook approach:

- RH provides 100% financing (including pre-development)
- The School enters into a long-term (up to 30 years) lease
- RH gives the School the option to purchase the building. in year 4 to 7 of the lease
- RH is 100% responsible to deliver the School a turn-key school building

## Costs associated with RH approach:

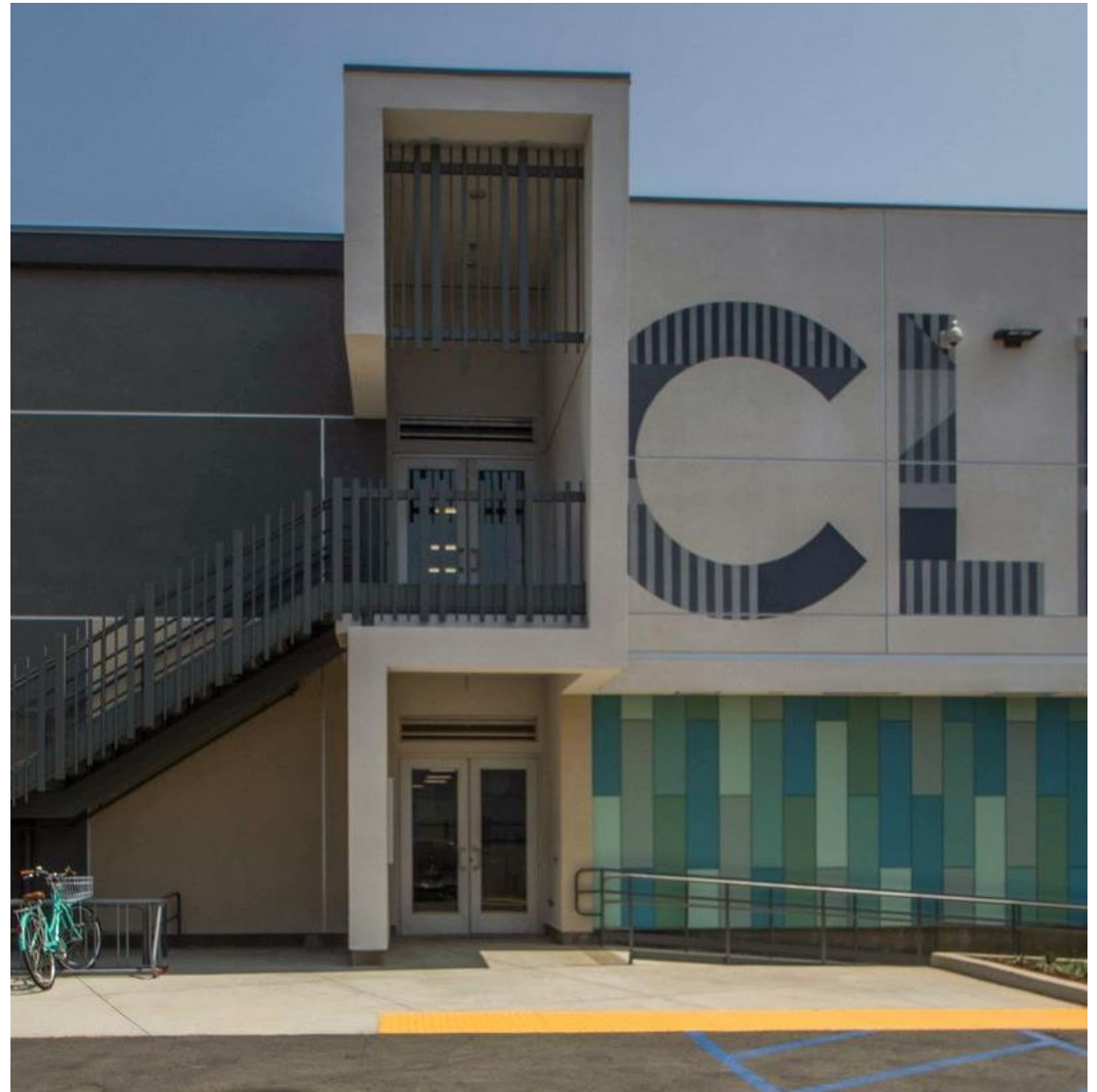
- 8.50% initial base rent (year 1)
- 11.5% IRR purchase price

# The Red Hook Case Studies

# City Language Immersion Charter School

## Project Summary:

In early 2015 Red Hook started an 18 month entitlement process through the City of Los Angeles planning department. In May 2016 the conditional-use permit was granted and construction began. The project is a 2-story new construction building with roughly 18,000 square foot building that includes 18 classrooms and outdoor eating and play area. Construction was completed in August 2017, which allowed the CLIC to open on time and on schedule.



# City Language Immersion Charter School

## School Details

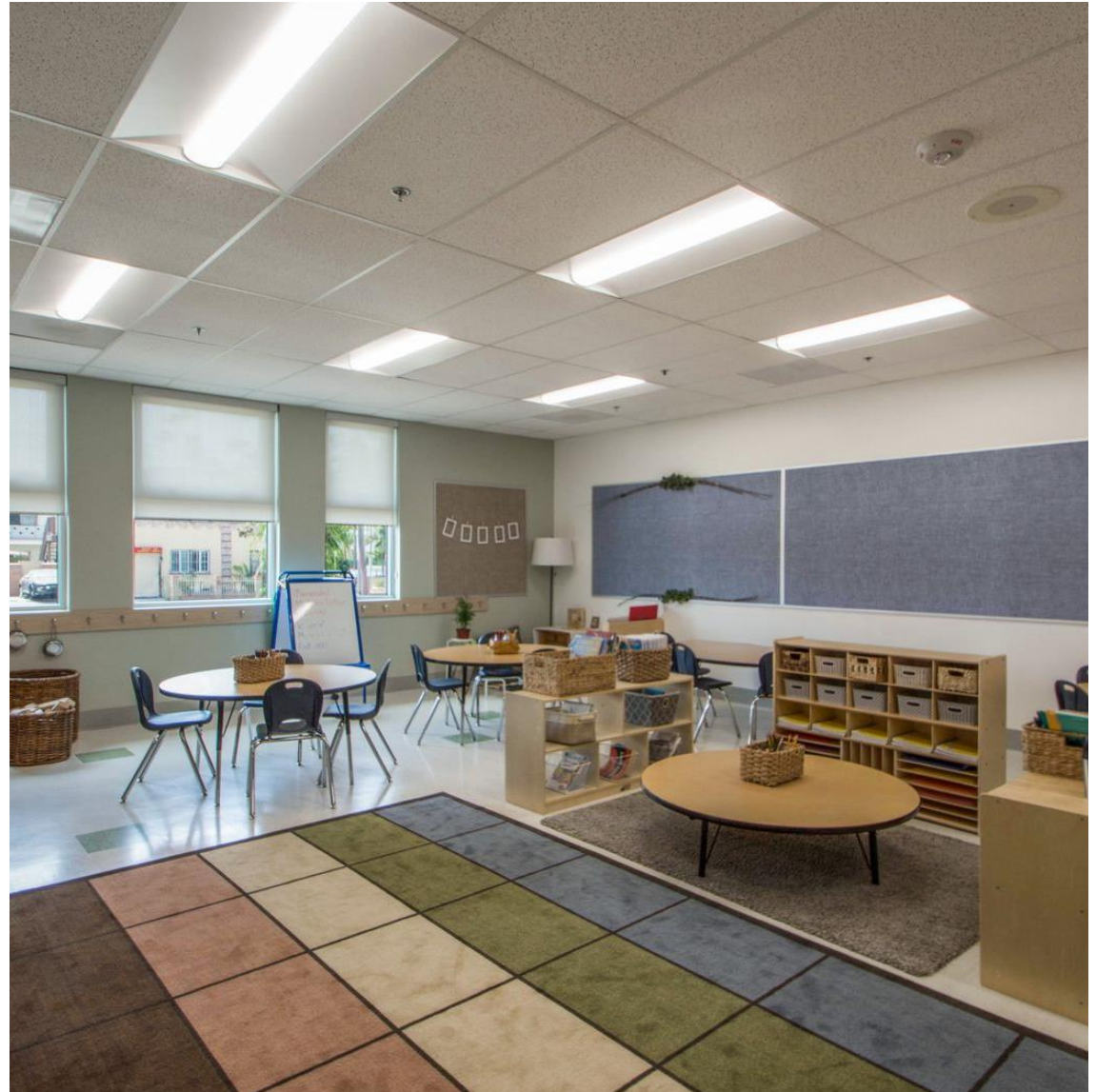
Investment Date: October  
2015

Exit Date: October 2017

School Grades: TK-5

Full Enrollment: 435  
students

Type: New Construction





## Coral Academy of Science – Las Vegas

### Project Summary:

The Property consists of a high quality two-story 36,205 Square Foot Class-A office building situated on 2.22 acres of land. The building was constructed in 2005 and was most recently occupied by the University of Phoenix. The Tenant operates three campuses with over 1,500 students enrolled. Coral has successfully operated its charter schools for the past nine years, and has a growing demand. Coral currently has a wait list of over 2,700 students. Coral located its newest elementary school to the Property effective August 1, 2016 and is open with 600 students the maximum load the building can hold.



# Coral Academy of Science – Las Vegas

## School Details

Investment Date:

February 2016

Exit Date: December 2017

School Grades: TK-5

Full Enrollment: 600  
students

Type: Tenant

Improvement



# REAL Journey Academies – New Vision Middle School & Entrepreneur High School

## **Project Summary:**

The project is currently under construction and will include 15 middle school and 26 high school classrooms, along with a large shared multipurpose room, indoor gym, black box theater / presentation hall, cafeteria and student commons.. Both schools have their distinct entrance elements connected by a shared, shaded colonnade that can serve as outdoor eating space for the culinary program. The reduced parking requirements allow for outdoor play and eating areas for all students.



REAL Journey  
Academies – New  
Vision Middle School  
& Entrepreneur High  
School

School Details

Investment Date:

September 2017

School Grades: 6-12

Full Enrollment: 1,100  
students

Type: Tenant

Improvement



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# Contact Information