ED101 – Economic Development Finance

5 days

Prerequisite: None

The first course in the EDFP Certification Program™, ED101 explores the financial skills required for the successful practice of economic development within the context of an overall economic development finance system. This course provides a conceptual framework for the role of economic development finance in the larger economy and involves participants in analyzing and structuring financing for operating businesses and commercial real estate development projects. Specific topics include:

**Economic Development Finance Overview**
- Financing gaps in the private capital markets
- Underwriting practices of private sector lenders
- Plugging the gaps with economic development financing incentives
- Implementing financing programs through an economic development finance system

**Business Credit Analysis**
- Financial statement spreading and analysis
- Quality indicators and ratio analysis
- Calculating debt capacity

**Fixed Asset Financing**
- Measuring repayment-ability
- Structuring incentive financing

**Real Estate Financing**
- Developer’s pro forma income and expense statement
- Measuring return on investment
- Calculating the financing gap

**Economic Development Finance Programs**
- Programs under the Stimulus
- SBA 504 and 7(a)
- HUD CDBG and 108
- New Markets Tax Credits
- Revolving loan funds and interim financing
- Loan packaging procedures
The second course in the EDFP Certification Program™, ED201 builds upon the skills taught in ED101 and explores advanced financial techniques used to analyze various types of operating businesses. Credit analysis procedures utilized by commercial lenders are tailored to address the unique needs of the economic development lender. Participants analyze the financial statements of numerous real companies—manufacturing, service, and retail—and structure fixed asset and permanent working capital (PWC) financing. Specific topics include:

**Credit Analysis Process**
- Evaluating a company’s strengths and weaknesses
- Refining quality indicator and ratio analysis
- Assessing operating trends
- Measuring a company’s ability to digest growth

**Permanent Working Capital Analysis**
- Determining a company’s operating cycle
- Measuring PWC needs
- Financing a company’s growth

**Cash Flow Analysis**
- Analyzing cash flow management
- Determining debt capacity
- Matching sources and uses of funds
- Identifying fast growth syndrome

**Projections and Forecasting**
- Balance sheet and profit and loss statement projections
- Evaluating financing options
- Break even analysis
- Structuring fixed asset and PWC financing
- Restructuring financing packages
ED202 – Real Estate Finance

The third course in the EDFP Certification Program™, ED202 presents a step-by-step overview of the real estate development process from the perspectives of lenders and investors. Economic development projects are analyzed using the rates of return required by lenders, developers and investors to quantify the financing gap and amount of public financing needed to fill the gap. Participants learn how to generate equity for real estate projects and lower the amount of public investment needed. Specific topics include:

**Real Estate Financing Process**
- Calculating project costs
- Projecting the developer’s pro forma
- Determining debt capacity
- Measuring equity attracted
- Quantifying the financing gap
- Closing the gap

**Return on Investment**
- Cash-on-cash rate of return
- After-tax cash flow rate
- Present value analysis
- Internal rate of return

**Appraisals**
- The capitalization rate
- Three approaches to value
- Reconciling value

**Impact of Taxes on Real Estate Ownership**
- Depreciation
- Leverage
- Tax credits
- Taxable gains and losses
The final course in the EDFP Certification Program™, ED300 integrates the business credit and real estate finance skills learned in previous courses with the creative demands of deal structuring. Participants apply a process for solving problems in order to overcome the myriad obstacles—economic, financial, political, and social—to the successful structuring of business finance and real estate projects. The emphasis of this course is casework. Participants are challenged by case studies that involve complex financial issues such as workouts, business buyouts, and tax credits in real estate projects. Specific topics include:

**Problem Solving**
- Problem solving process
- Negotiation strategies
- Creating “win-win” solutions

**Deal Structuring**
- Valuing tax credits

**Workouts and Buyouts**
- Developing a workout plan
- Business valuation methods
- Structuring a buyout

**Syndications**
- Equity attraction
- Allocation of benefits
- Limited partnership model
ED301 - The Art of Problem Resolution

5 days

Prerequisite: ED101 and ED201

The final course in the Business Credit Focused EDFP Certification Program™, ED301 integrates the quantitative business credit finance skills learned in the previous two courses (ED 101 and ED 201) with the qualitative or non-financial aspects of deal structuring. Participants apply a process for solving problems in order to overcome the myriad obstacles—economic, financial, political, social—to the successful structuring and restructuring of business finance projects. The emphasis of this course is casework. Participants are challenged by case studies that involve complex financial issues such as workouts, and business valuations and buyouts. Specific topics include:

Problem Solving

- Elements of the problem solving process both financial and non-financial
- Devising a negotiation strategy
- Consensus Building
- Creating “win-win” solutions

Deal Structuring

- Structuring and restructuring using conventional credit facilities

Work out and Buy-outs

- Developing a workout plan
- Business valuation methods
- Structuring a buy-out

Syndication

- Equity attraction through New Market Tax Credits (NMTC)
- NMTC Equity as a gap closer