

## PROJECT PROFILE

Project:	University Preparatory Academy (UPA)
Location:	Detroit, Michigan
Service Area:	Detroit Public School District
Financing Type:	Acquisition Financing
QEI Amount:	\$10,000,000
Financing Partners:	NCC-CDC - \$3,200,000 (Equity Investor) National City Bank - \$6,800,000 (Leveraged Lending)

*"NMTCs enabled us to add an elementary school to our system. By getting urban kids as early as pre-school it gives us a real chance to produce college ready high school graduates 13 years later." - Doug Ross, Superintendent, UPA*

**Projected Impact:** **THE CHARTER SCHOOL**  
University Preparatory Academy (UPA) provides its students with an individualized learning program designed to enable them to graduate high school and be accepted at a college, community college or technical school.

UPA's goal is to graduate at least 90% of each class AND have at least 90% of graduates enroll in college or some other post-secondary educational program - ambitious goals given that in the Detroit school district only 33% of 9th grade students graduate, and only 40% of graduates enter post-secondary institutions.

### THE DEAL

Proceeds of the loan will prepay a 30-year lease on a renovated 3-story, 63,000 square foot warehouse for UPA Elementary School. The Thompson Educational Foundation (TEF), a Michigan charter school benefactor and the landlord, is offering a lease rate of \$4.75/square foot, more than 70% below market rate.

In seven years after tax credits are fully allocated to the investor, **UPA has a purchase option to buy the building for about \$6.8 million or 68% of the value of the building in today's dollars.**

New Markets Tax Credits created a vehicle that effectively reimburses all TEF costs associated with the renovation without pushing any of those costs down to UPA.

### THE STUDENTS

67% of UPA students qualify for free or reduced priced lunch; and 99.6% are minorities.

### RESULTS

UPA students far exceed scores of the general Detroit public school population on the state required test, MEAP. This is particularly impressive given about 40% of students entering UPA in the 6th grade arrive with reading, writing and math skills at least 2 grade levels below their actual grade.

Even more, among 128 freshman enrolled in 2003, only 4 (3%) dropped out compared to a drop out rate of 40% during the same time in the Detroit district. And, the UPA High School academic games team won second place in the state competition in 2004.