



INSTITUTE *for* CHILD SUCCESS

July 25, 2013 – Goldman Sachs, Urban Investment Group meeting

Participants

Andrea Phillips, VP, Urban Investment Group
Cristina Shapiro, VP, Urban Investment Group
David Gorleku, Analyst, Urban Investment Group
Joe Waters, VP, Institute for Child Success
Megan Golden, Fellow, NYU Wagner
Kevin Mun, Student, NYU Stern (Intern to Megan Golden)

- Questioned 25% penetration rate (50% reach out x 50% program entrance)

GOLDMAN IS WILLING TO CONSIDER COMMITTING

- **\$10 – 15 million Senior Debt** as **Lead Investor**
- Would prefer to have some grant (non-returning equity) or sub-debt behind
- However, would like to keep the structure as simple as possible
- Glad to have a local bank in the potential investor circle
- Interest from Pritzker Foundation continues to be strong; interested in working with GS on another EC deal

Foundations/Potential Sources of Philanthropic Capital

- Foundations in the Carolinas' Investment history: [Have they done many PRIs before?]
- Asking because of GS's past experience of working with the foundations / philanthropists
 - > GS could potentially help when educating the foundations on this issue

Next Steps

- Need to start the financial projections with ICS
- Would like to move quickly to get to a deal; keep the circle of investors small so that we can move quickly
- Need to decide on factors that drive the financial model
 - o (i.e.) Is state buying each full-term birth?
 - o Is the payment based on each pre-term birth reduced or % reduced compared to comparison group
 - o Payment structure / Actual impact metrics / Rationale for payments, etc
- Follow up with event description and invitation list for the August event
- Begin working on mock-up financial models



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July 26, 2013 – Bank of America Merrill Lynch meeting

Participants

Liam O’Neil, MD, Head of GWRS Markets Group
Kristin Hill, MD, GWRS Markets Group
Tyler Brown, VP, Capital Markets Product Origination
Dash Boyer-Olson, VP, Structured Investments
Joe Waters, VP, Institute for Child Success
Megan Golden, Fellow, NYU Wagner
Kevin Mun, Student, NYU Stern (Intern to Megan Golden)

BAML’s goal for participating in the Social Impact Bond space

- Eventually make it as a separate asset class, so that the wealth management clients could invest in the product (commercial investment vehicle)
- Complement to philanthropic giving for their clients
- Leveraged velocity on invested \$

What BAML considers important in preparing a deal

- Sufficient data to support the validity of program and thus, potential returns
- Storyline of the project
- Contractual risk
- Mindset of the payer; difficulties in working with some governments; would want to be very comfortable with government players

Next Steps

- Would like to stay in the loop & come to the events in SC in late August
- Asked for the full deck of feasibility study & studies/data that was used in the feasibility study

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