



Marygrove Conservancy

marygroveconservancy.org

ABOUT THIS PROJECT

The Marygrove Conservancy is the steward of the Marygrove Transformational Project, a \$50 million cradle-to-career campus. The campus features a new, state-of-the-art, \$20 million early childhood center that opened in September 2021, and a K-12 school, The School at Marygrove, that opened in 2019 in a renovated, existing facility. The campus serves as an educational anchor and community development catalyst in the Livernois-McNichols neighborhood in Northwest Detroit and formed in the wake of the closure of Marygrove College in 2019. Both facilities reflect national best practices for educational facilities design that emphasizes bright spaces for active learning, family and community connectivity, community-engaged design, and innovative financing. This guarantee facilitated a New Markets Tax Credit financing for the early childhood center.



WHY WAS THIS NEEDED?

Challenge: High quality early childhood facilities are underrepresented in Detroit neighborhoods. A 2015 report from IFF found more than 28,000 seats were needed to fill the gap. A new state-of-the-art center was a cornerstone of the Marygrove campus project, and like any high-cost community development project, needed a variety of capital channels and providers to complete.

Solution: Kresge's guarantee allowed the financing for the center using New Market Tax Credits. Without the guarantee, lenders were unwilling to take the full faith and credit of the Conservancy to backstop the transaction.

IMPACTED LOCATION  Livernois-McNichols neighborhood, Detroit	YEAR APPROVED 2020 TYPE OF TRANSACTION Guarantee	KRESGE PROGRAM Detroit AMOUNT OF INVESTMENT Up to \$19 million	GRANT SUPPORT \$4 million TERM OF INVESTMENT 1% interest on the loan, seven years
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ABOUT THE BORROWER

The Marygrove Conservancy is a nonprofit that carries on the legacy of Marygrove College after its shutter in 2019 and stewards the Marygrove campus as an anchor and asset for the community. The Conservancy oversees facilities management, operations strategy, capital development, management of the campus master plan, security, event rentals and more. The \$50 million commitment to build the Marygrove campus represents the largest philanthropic commitment to a Detroit neighborhood in the city's history. The campus' three guiding principles are to ensure it: provides access to opportunities for a diverse student population, with an emphasis on minimizing barriers to access, especially for students from the immediate vicinity; offers rigorous, research-based academic programs, so that students are equipped and empowered to define their own futures; and is led by exceptional faculty and staff, who are accountable and receive ongoing development to equip them to become leaders in their field and thus, best serve students and families.

IMPACT MEASURE

140: children the center will serve annually

KEY PARTNERS:

Northern Trust, Cinnaire, Capital Impact Partners, McCormick Baron Salazar

Key Considerations



Aaron Seybert
Managing Director
Social Investment
Practice

- » Kresge provided a full guarantee of the leverage loan provided by Northern Trust, which lent its capital to an LLC (the Investment Fund) along with the tax credit equity created by the sale of the federal tax credits.
- » The Investment Fund invested that capital in three Community Development Entities (CDEs) owned by Capital Impact Partners, Cinnaire, and McCormick Baron Salazar. These investments generated the tax credits sold to Northern Trust.
- » The CDEs lent the invested capital to the Conservancy to repay a construction loan and finish construction on the project.
- » This transaction will generate roughly \$5 million in forgivable equity.