

Banking on academic results

Hmong academy to add high school with bank's assistance

The Business Journal of Milwaukee - April 20, 2007 by [Jennifer Batog](#)

A Milwaukee elementary charter school plans to add a \$10 million high school and community center by fall of 2008 with Mitchell Bank providing some financing.

The Hmong American Peace Academy, 1418 S. Layton Blvd., caters to Milwaukee's Hmong residents.

When the school opened in 2004, Mitchell Bank, which has its headquarters on Milwaukee's south side, provided a \$400,000 to \$500,000 line of credit and a \$270,000 loan.

Now the school has 330 students in 4-year-old kindergarten through seventh grade, a year-long waiting list, and 40 employees.

School officials want to add an eighth grade this fall, a ninth grade in fall 2008 and successive grades after that.

They haven't decided yet whether to buy land and build a new school or renovate the existing building, but the school has clearly outgrown its space, said principal Chris Her-Xiong.

The expansion will cost about \$10 million. Besides adding classrooms for more grades, officials want to create a community center at the school that would serve adults, she said.

Because school officials haven't decided all the details, bank officials haven't yet determined whether Mitchell Bank will supply a loan and a credit line, or something else. But it will offer some form of financial assistance, Mitchell Bank president Jeff Bowman said.

"What they proved to us is that in their community there was a demand for their product," he said. "That's one of the things that made it easy for us to support" the expansion.

The school also has shown strong academic results and is financially sound, he said.

In standardized writing and math tests in 2006, the school scored higher than the Milwaukee public school district as a whole. The tests involved students in the fourth through seventh grades.

"If that's not the best barometer of its success, I don't know what else to look for," Bowman said.

Fund partnership possible

The bank also is considering a partnership with a third-party lender, the Illinois Facilities Fund, which provides loans to nonprofit organizations such as charter schools, Bowman said. Bank



Scott Paulus

Chris Her-Xiong (center, with Mitchell Bank president Jeff Bowman and student Mai Vang) ... "Without them, we would not be able to open our doors."

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officials, school officials and fund representatives met in January, although the academy has not yet formally applied for a loan, said Robin Toewe, a spokeswoman for the fund.

"They're an ideal applicant for the type of lending that we do," she said.

School officials also haven't yet decided whether to apply for a loan from the fund, Her-Xiong said.

Academy leaders turned to Mitchell Bank for help with the school expansion because, when forming the school four years ago, the bank was the only financial institution willing to provide funding assistance, Her-Xiong said.

"Without them, we would not be able to open our doors," she said. "The reason we're going with them again is their willingness to serve the community and say, 'We believe in your dreams.'"

The bank's involvement in the school goes beyond financial support. Bank executives meet with school leaders regularly, hold home-buying seminars for students' families and school employees, and have established banking relationships with many school employees, Bowman said.

Maintaining connections to the school and its people gives the bank more than 300 potential customers, he said.

The Hmong are immigrants from Laos, which was a U.S. ally during the Vietnam War. Many left Laos after the war ended. Large numbers of Hmong settled in California, Minnesota and Wisconsin. There are 49,880 Hmong in the state as of 2005, and 20 percent, or 10,593, live in the Milwaukee area.

"They'll think, 'Mitchell Bank helps us at the school, but Mitchell Bank will also help you buy a house,'" Bowman said. "You hope if you make a good impression and provide top level service, people are going to call us."

Illinois fund crosses state lines

An Illinois nonprofit firm that grants loans to nonprofit organizations has begun lending to Milwaukee-area organizations as part of a four-state expansion.

The Illinois Facilities Fund, Chicago, closed its first two out-of-state loans in Milwaukee in the fall of 2006. It also has met with officials from Mitchell Bank, Milwaukee, and the Hmong American Peace Academy, about funding the Milwaukee charter school's expansion.

Founded in 1990, the fund has lent \$150 million to Illinois nonprofits through 500 loans. The fund provides capital loans for projects such as buildings, renovations, computers, playground equipment or vehicles.

The organization closed its first two Milwaukee loans, worth a total of \$1.3 million, in September and November 2006. The loans were to Seeds of Health, a Milwaukee charter school, said fund spokeswoman Robin Toewe.

The fund's success in Illinois prompted executives to expand to other states, she said.

Fund representatives plan a April 23 presentation for nonprofit organizations at the Helen Bader Foundation in Milwaukee. Because so many people signed up, the foundation has run out of room for the meeting and is planning a second one.

Fund officials also plan to meet with Milwaukee's charter school community in May.

"That just speaks volumes for how what we do is so needed in the area," Toewe said.

The foundation can offer loans banks are unable to take, such as small loans or loans worth up to 95 percent of a project's value, for example. The fund often collaborates with banks on a loan, which might be the case if the fund works with Mitchell Bank and the Peace Academy, Toewe said.

Collaborating gives the banks a way to retain their relationship with customers, while also sharing the risk on some loans that they normally wouldn't undertake, she said.

"We fit side by side with them," she said.

-- Jennifer Batog

ILLINOIS FACILITIES FUND

Based: Chicago

Founded: 1990

President and chief executive officer: Trinita Logue

Loans: 500 loans worth \$150 million

Market: Lends exclusively to nonprofit organizations. It also offers facilities development and facilities planning.

States: Illinois, Indiana, Iowa, Missouri and Wisconsin

Loans: From \$10,000 to \$1 million per capital project

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