

# Tortoise QuickTake

## Social Infrastructure Podcast



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**Welcome to the Tortoise QuickTake podcast. Thank you for joining us. Today, senior members of Tortoise provide a timely update on trending topics in the market.**

**Jen Ashlock:** Hi I'm Jen Ashlock, the Chief Marketing Officer at Tortoise. And I'm here today with Jeremy Goff and David Sifford, both managing directors in our social infrastructure platform. We're fresh off our tour of Larchmont charter school in Los Angeles. So we're going to talk about some trends in charter schools and why we think it's a great investment opportunity. Jeremy, let's start with you. Why is Tortoise investing in education, and why now?



**(Tortoise Managing Directors David Sifford (left) and Jeremy Goff (right) touring Larchmont Charter School in the L.A. area)**

**Jeremy Goff:** Thanks Jen. I think you know it's probably pretty obvious to most of the folks listening, but the public education in the United States is really falling apart. And I think that to the extent that we can provide private solutions to public education is going to be critical as we move forward. And I think Larchmont is a great example of a school in Los Angeles that essentially is coming in and creating a better opportunity for local students in the LA unified school district to find a more tailored approach to education. And that's really what we're trying to support is that school of choice, the choice movement in education and allowing parents and students to find what best fits their ultimate goals from an education standpoint.

**Jen Ashlock:** Great thanks. And David, why charter schools in particular?

**David Sifford:** I think it fits well with our platform just because it's a mission-driven theme, and makes a social impact. And, you know, and I think it's important to note charter schools aren't just about going into poverty-stricken environments. It's really about giving a choice where choice doesn't exist for both parents and students.

**Jen Ashlock:** Great, and Jeremy can you talk about some of the risks associated with investing in charter schools?

**Jeremy Goff:** I think the risks we think about since most often are probably, since most of these are funded the same way a public school is funded, so that's a per pupil allocation from the state. There's always the risk that there's a state budget shortfall and that the state is no longer able to fund students at the level that they current are. And I think there's also the risk that there is political headwinds against charter schools in a given area. And I think demographics are obviously very important to what we're thinking about. As David mentioned, these aren't all poverty stricken, but generally speaking the school districts that have the most trouble are generally more challenged demographics in nature such as inner cities or large immigrant farming communities or something like that.

**Jen Ashlock:** Great and David, how does Tortoise mitigate those risks when investing?

**David Sifford:** We do quite a few different things. One, is really understanding who the authorizing body is. So each state has different types of authorizers. Some states have one sole authorizer. Others have every single district. So understanding who the authorizer is and what their track record is one.

Two, is really just understanding the legislation and the political winds in the state and they can shift from time to time and just being on top of that.

And then three, is really understanding your underlying school you're working with, and that means anything from leadership, to board governance, to curriculum to financials. So, it's a lot of work. That's why very few people do it. But if you put the time in I think for the most part you can get it right.

**Jen Ashlock:** Great. And Jeremy, maybe you can talk a little bit about how Tortoise's investments in charter schools are making an impact in the communities.

**Jeremy Goff:** Sure as I mentioned Jen earlier, many of the charter schools that we're investing in are in more challenged demographics and geographies such as inner cities and immigrant farming communities and rural communities in general. And so from that standpoint we're providing a better choice for those students. I also think that many of the students obviously at those schools are users of free and reduced lunch programs and so to the extent that in many cases the meals that these kids get at school are the only meals they are going to get during the day. That's a huge impact in those communities and I think to the extent that's there's positive leadership at these schools and a positive influence for kids in these neighborhoods and these locations, it's also extremely helpful.

**Jen Ashlock:** Great and to wrap it up, David what else do you think investors should know about charter schools.

**David Sifford:** I think as long as there are challenges in traditional education it's going to continue to push the needs for choice. Right? And so, I don't think it's going anywhere anytime soon. I mean if you think about how big this space has gotten. You've got over 7,000 schools now and over 3 million kids in these charter schools across the country. And, I just think it's a movement that can't be ignored and it's going to continue to persist.

**Jen Ashlock:** Great. Well thank you both for joining us today and educating everyone on the charter space and why Tortoise finds it to be an interesting investment opportunity.

**David Sifford:** Thank you.

**Thank you for joining us. And stay tuned for our next cast. Have topics you want covered or other feedback to share? Write us at [info@tortoiseadvisors.com](mailto:info@tortoiseadvisors.com).**

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