

Expanding the Philanthropic Toolbox Webinar Series

Part IV: Program Management

Wednesday, May 11, 2011

Start time: 12:30 ET; 11:30 CT; 9:30 PT; 8:30 AT

Welcome



Moderator

Peter Berliner
Managing Director
PRI Makers
Network



Presenter

Lisa Hiller
Vice President,
Administration
Helen Bader Foundation



Presenter

Kathryn Dunn
Vice President,
Community Investments
Greater Milwaukee
Foundation
(formerly with HBF)

Prior Topics

PRIs: Definition, applications, and benefits.

Getting Started: Alignment, buy-in, policies.

Implementation: Identifying deals, due diligence, closing, documentation.

Today's Topic: Growing and Managing a PRI Portfolio



Agenda

1. Deal Flow: Finding and Assessing Potential Investments
2. Due Diligence, Monitoring, and Work-Outs, and Evaluating Impact
3. Lessons Learned
4. Q and A

Introductions



Lisa Hiller
Vice President, Administration
Helen Bader Foundation



Kathryn Dunn
Vice President, Community Investments
Greater Milwaukee Foundation
(formerly with HBF)

Helen Bader Foundation

Milwaukee, Wisconsin



The Helen Bader Foundation, Inc. strives to be a philanthropic leader in improving the quality of life of the diverse communities in which it works. The Foundation makes grants, convenes partners, and shares knowledge to affect emerging issues in key areas:

Alzheimer's & Aging

Economic Development

Community Partnerships for Youth

Jewish Education

Community Programs & Initiatives

Program-Related Investments





PRI Summary

2009 PRIs:

4 Investments totaling \$549,990

Geographic Area:

Wisconsin

Population(s) Served:

*Populations Align with
Foundation Program Areas:*

Economic Development: Low-
Income Families in Milwaukee

Alzheimer's and Aging: Older
Adults in Wisconsin

Jewish Education: Greater
Milwaukee

**Community Partnerships for
Youth:** City of Milwaukee

Program Related Investments

Broadening Housing Options for
Milwaukee's Older Adults



Program Related Investments

A grant is not the only way to support community efforts to improve quality of life. The Helen Bader Foundation's Program Related Investment (PRI) program supports for-profit and nonprofit efforts that hold promise for furthering the Foundation's charitable mission in Wisconsin.

The Foundation has used PRIs to strengthen the job- and business-development objectives of its Economic Development program area. The Foundation has awarded loans and loan guarantees to ventures and projects with the potential for improving Milwaukee's economic vitality, with a particular focus on the city's struggling neighborhoods.

The Foundation also considers equity investments through PRIs. No matter the form an investment may take, the Foundation gives the highest priority to projects and enterprises where an element of risk may discourage traditional investors. Above all, the Foundation is most concerned with the project's potential for furthering a charitable objective.



**31 PRIs
approved
since
2000.**

- 21 loans
- 5 loan guarantees
- 2 linked deposits (guarantees)
- 3 equity investments, including a \$6 million investment into a \$25 million private equity fund

Deal Flow

- Grantees
- Intermediary Organizations
- Partnerships/Collaborations



Menomonee Valley Partners (circa 2010),
PRI recipient and grantee of HBF.

Negotiating Terms/Expectations

- Reporting requirements
- Payment points
- Financial reports
- External reports
- Meetings/site visits



Menomonee Valley Partners – circa 1999, PRI recipient of HBF.

Tools

- Quality underwriting
- Covenants
- Relationships
- Motivation
- Flexibility
- Patience



Medical College of Wisconsin, PRI recipient and grantee of HBF.

Challenges

- Changes in leadership
- External conditions
- Delays
- Late payments



CA24165/Richard Price/Courtesy of Getty Images

Work Outs

- Act sooner rather than later
- Maintain expectations for repayment
- Continuous communication



Tracking and Assessment



Tracking and Assessment

- What is the organization trying to accomplish?
- What are indicators of success?

Social Indicators

Outputs (immediate and measurable impact of financing activity)

e.g.:

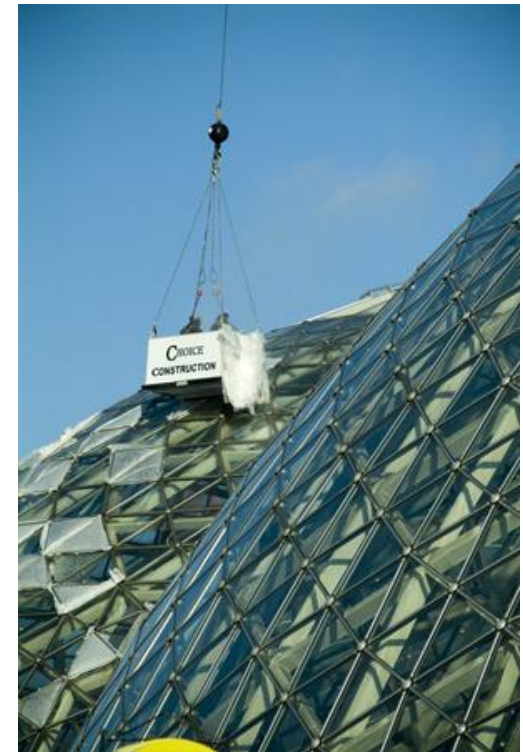
of loans disbursed

of housing units created

of childcare slots created

of businesses financed

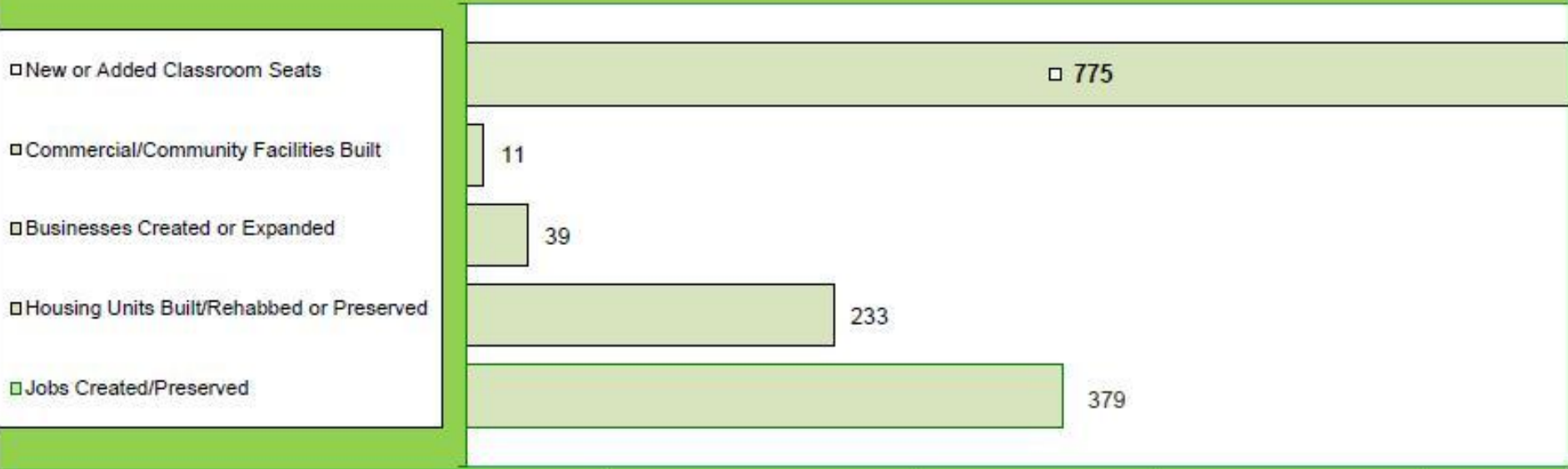
of jobs created



Choice Construction/ Generation Growth Capital,
PRI recipient of HBF.

HELEN BADER FOUNDATION
 SOCIAL RETURNS ON INVESTMENT

Social Return on PRIs and Investments (SROI) 1996-2009



- HBF PRI portfolio has also leveraged more than \$41.2 million in investments in housing and \$4.6 million in investments in inner city businesses
- HBF's investment in Generation Growth, Inc. leveraged \$30 million for investment in businesses owned by minority entrepreneurs or providing goods or services to, or hiring from Low to Moderate

Other

- Organizational impact
 - growth
 - profitability
 - sustainability
- Community engagement/impact
- Market impact
- Policy and practices
- Evaluative studies



Financial Indicators

- Accountability
(Are the funds being used as intended?)
- Leverage
(Did it attract additional financing?)
- Repayment (on schedule?)

Lessons Learned

Helen Bader Foundation

- Borrowers aren't always clear on the nature of the "new" relationship
- Decide up front policies around collateral, collection, charge offs
- Decide up front policies around securitization and willingness to pay for legal
- Invest in staff capacity
- Decide what is important as outcomes and how to track /report

Lessons Learned

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- Never be alone in a deal if you can help it
- Each PRI is unique; few opportunities for cookie cutters
- Make risk-adjusted decisions
- Guard the reputation of your PRI program
- Make sure your documents do what you need

Resources

PRI Makers Network E-Newsletter

PRI Institute

November 9-11, 2011

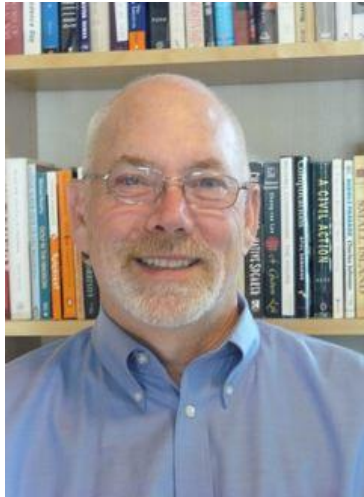
Princeton, New Jersey

www.primakers.net

www.primakers.net

- Investment policy statements
- Loan documents and other templates
- Guides for use of PRIs
- PRI Activity Database
- Deals Clearinghouse
- E-networking
- Articles and books

Q and A



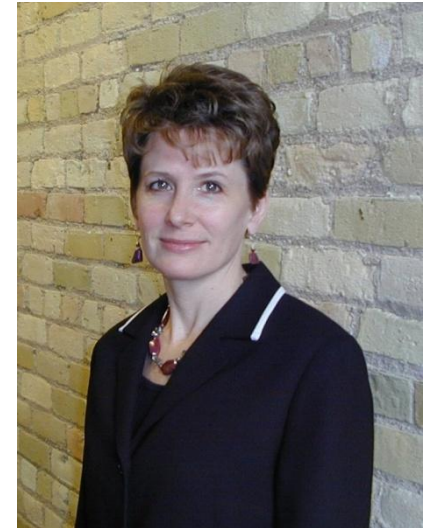
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