

Impact Investing for Community Foundations Webinar Series

Part IV: Optimizing and Evaluating Impact Investing Programs

October 12, 2011

Co-sponsored by:



Agenda

- Series Overview
- Today's Focus: Optimizing and Evaluating Impact Investing Programs
- Questions
- Resources

Presenters



Debbie Rooney
Vice President & CFO
The Vermont Community Foundation
www.vermontcf.org



Ann Sewill
President, Community Foundation Land Trust
California Community Foundation
www.calfund.org



Peter Berliner
Managing Director
PRI Makers Network
www.primakers.net



Lisa Richter
Principal
GPS Capital Partners
www.gpscapitalpartners.com

Series Overview

Impact Investing: Financial investments made for social and/or environmental benefits as well as financial return.

Models			
Lead	<ul style="list-style-type: none"> • Foundation • <i>Cleveland</i> 	<ul style="list-style-type: none"> • Donors • <i>Orange County</i> 	<ul style="list-style-type: none"> • Both • <i>Orange County</i>
Source of Funds	<ul style="list-style-type: none"> • Unrestricted funds • <i>California (CCF)</i> 	<ul style="list-style-type: none"> • Donor Advised Funds • <i>Kansas City</i> 	<ul style="list-style-type: none"> • Both • <i>Marin</i>
Expected Return	<ul style="list-style-type: none"> • Concessionary • <i>Boston</i> 	<ul style="list-style-type: none"> • Market-Rate • <i>Atlanta</i> 	<ul style="list-style-type: none"> • Both • <i>Vermont</i>
Asset Classes	<ul style="list-style-type: none"> • Selected • <i>Marin</i> 	<ul style="list-style-type: none"> • Traditional Allocation • <i>Vermont</i> 	<ul style="list-style-type: none"> • Both • NA
Execution	<ul style="list-style-type: none"> • Direct • <i>Baton Rouge</i> 	<ul style="list-style-type: none"> • Intermediaries/Funds • <i>San Francisco</i> 	<ul style="list-style-type: none"> • Both • <i>Kalamazoo</i>
Geography	<ul style="list-style-type: none"> • Local • <i>Barberton</i> 	<ul style="list-style-type: none"> • Global • <i>Seattle</i> 	<ul style="list-style-type: none"> • Both • <i>Seattle</i>

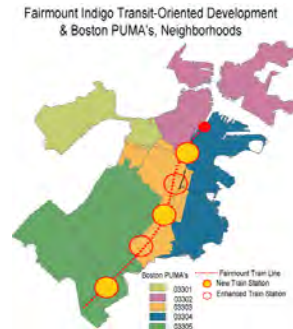
Series Overview

- Part I: Introduction to Impact Investing
 - Definitions, models, legal-regulatory framework
 - Vermont and Marin Community Foundations



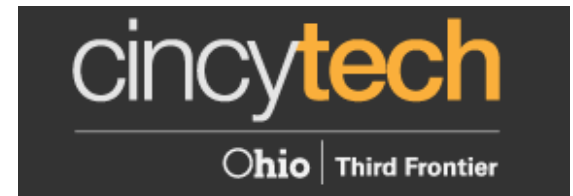
Series Overview

- Part II: Developing and Implementing Place-Based Impact Investing Strategies
 - Neighborhood and nonprofit sector approaches
 - The Boston Foundation, The Community Foundation for Greater Atlanta



Series Overview

- Part III: Establishing an Impact Investing Program
 - Key elements, governance, donor engagement
 - Cleveland, Greater Cincinnati and Orange County Community Foundations



Part IV: Optimizing & Evaluating

- How do you know what's working?
- What challenges or wrinkles have you run into?
- How do you make mid-course adjustments?
- What lessons have you learned?
- What do you hope your programs will look like in five years?



THE Vermont Community Foundation

Mission: Building philanthropic resources that will sustain healthy and vital Vermont communities now and into the future.

Geography: State of Vermont

Total Assets: \$155 million

Investment Returns as of December 31, 2010:

- In the top 20 percent of community foundations for the prior 3 years.
- In the top 10 percent of community foundations for the prior 5 years.

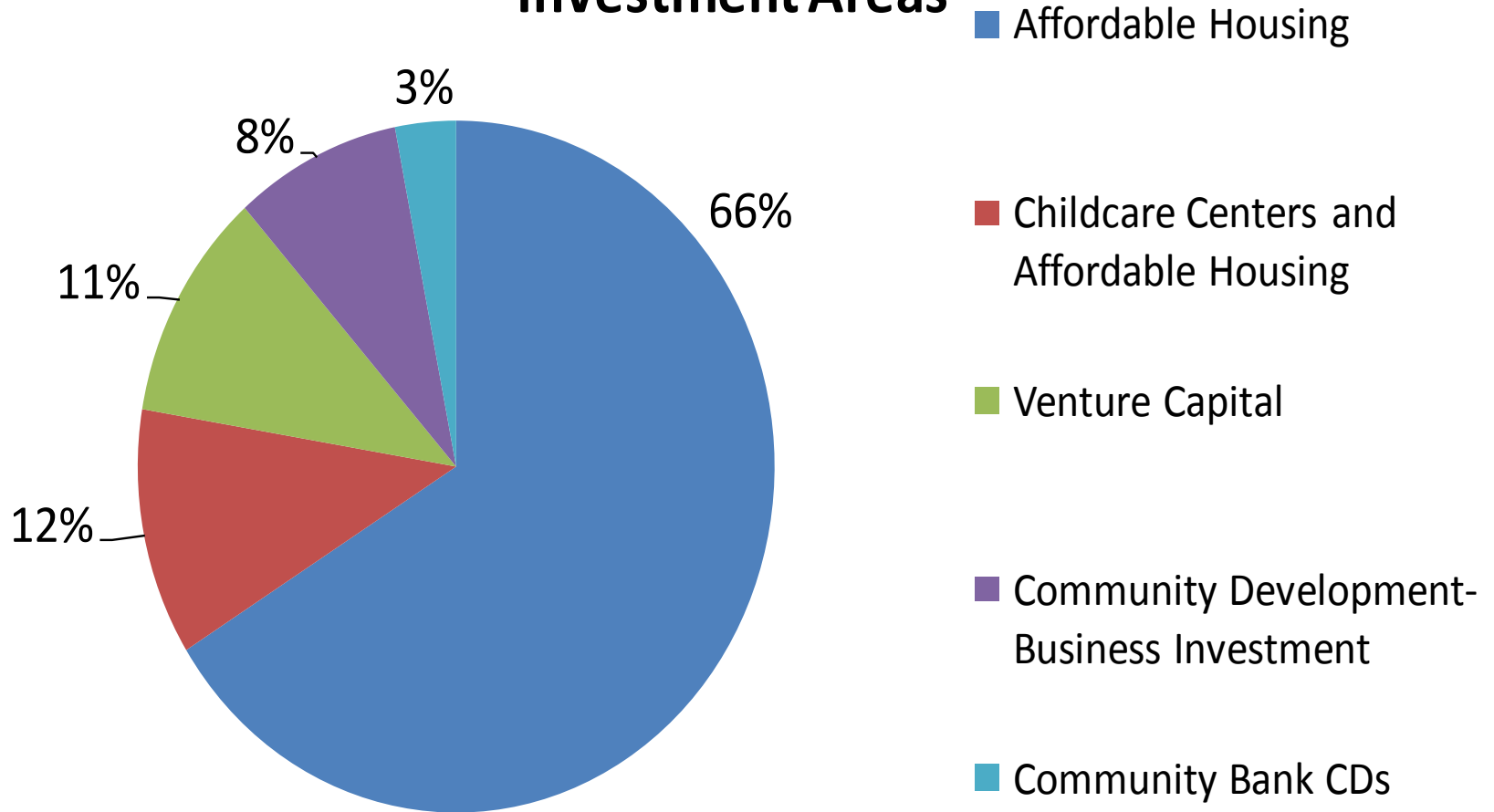


Impact Investments + Active Ownership

- Vermont Investments: Board resolution, 2001
 - Objective: Invest at least 5% of Foundation pooled assets to support and promote healthy and vital Vermont communities via investments in Vermont institutions or institutions that will invest in Vermont.
 - \$6.5 million of assets invested
- Local Bank Cash Management
- Recoverable Grant – Donor Engagement
- Active Ownership:
 - SRI Screened Fund - \$10.3 million; Proxy voting; Shareholder resolution co-filer



Investment Areas





THE
Vermont
Community Foundation

Deposits

Community Banks
Credit Unions



Fixed Income Investments

Bonds
Calvert Notes



Equity Investments

New Businesses
Technology Innovation





- Keys to Success of Vermont Investment Pool:
 - Initially viewed as a geographic bond portfolio with low risk investments with expectations for low returns.
 - Primary investment strategy designed to complement the bond nature of the Vermont Investments.
 - Used intermediaries for investment and third parties for due diligence (lower risk and lower costs).
 - With successful history, looking to expand asset classes and investment structure.



- Success of VCF's impact investing in five years:
 - Increase diversification, resulting in more capital to create and expand Vermont business opportunities and jobs.
 - Influence impact investing with CDFIs or other intermediaries.
 - Increase community impact by leveraging national financing sources for Vermont.
 - Creatively work with CDFIs to establish loan guarantees or other structures to reduce costs and increase impact dollars.
 - Connect impact investing with program grants to leverage impact.



California Community Foundation

Mission: Strengthening Los Angeles communities through effective philanthropy and civic engagement.

Geography: Los Angeles County

Total Assets: \$1.1 billion

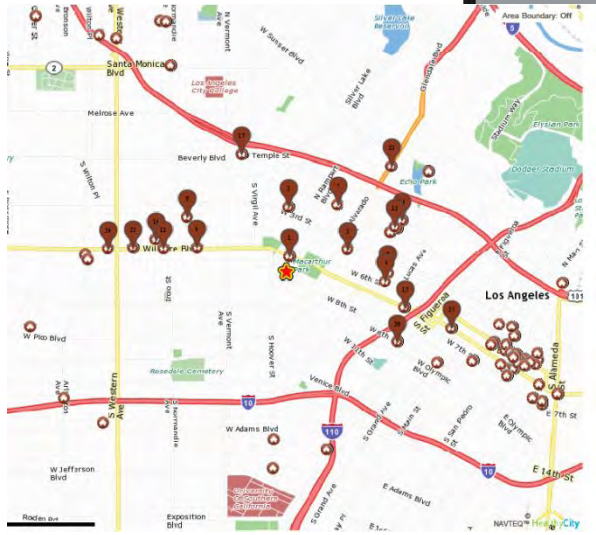
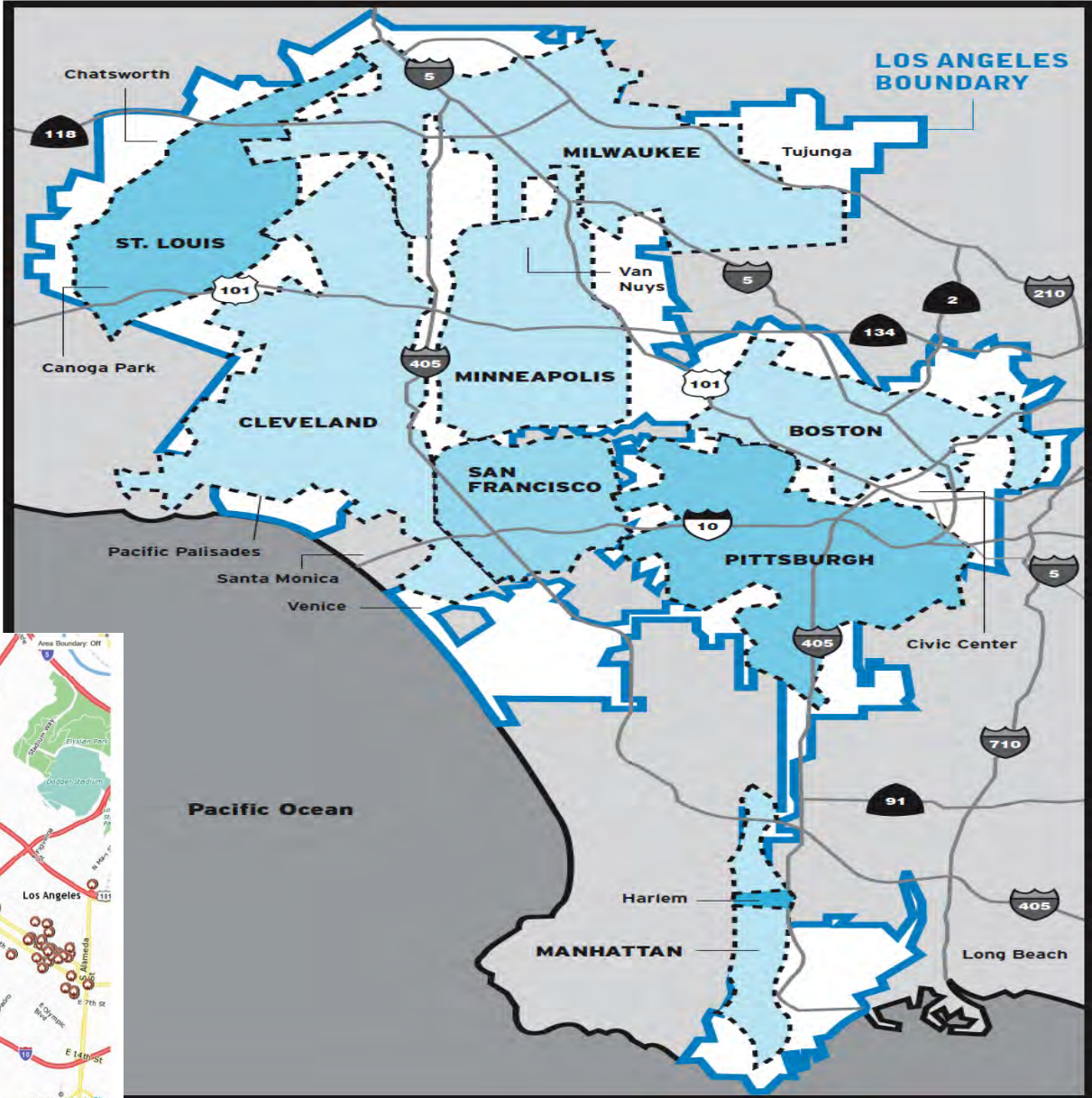
Began lending in 1983

Current pool: \$16 million

- Committed: \$14 million
- Disbursed: \$6 million



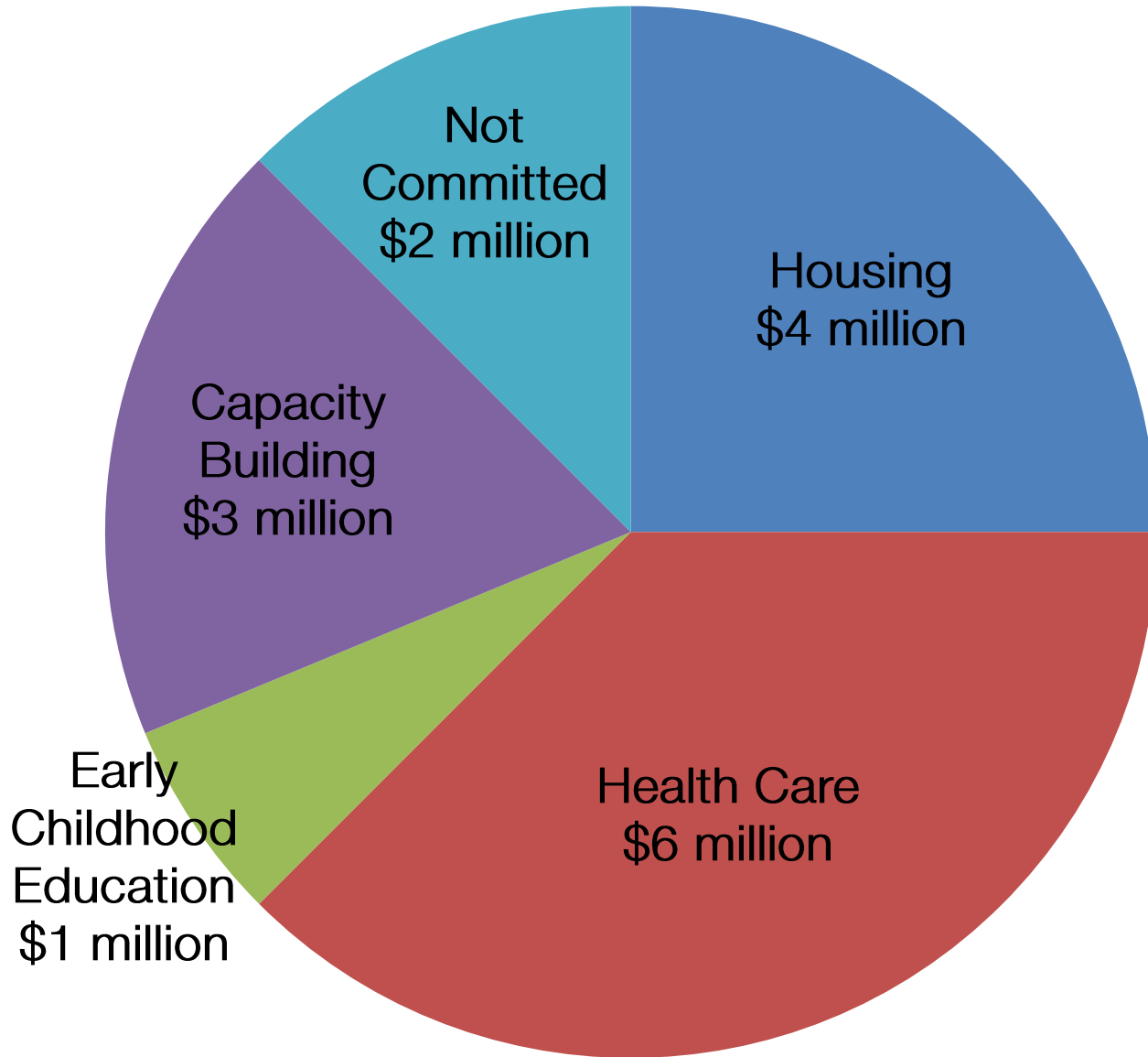
California Community Foundation



Original Source: Los Angeles Times/Developed by Hershey Cause



California Community Foundation



California Community Foundation

- Impact investing history:
 - Early direct loans and guarantees strengthened housing organizations and financed nonprofit facilities
- Outcomes through 2007:
 - 4,507 units of affordable housing for families, homeless men and women, veterans, HIV/AIDS patients and developmentally disabled adults
 - More than 300,000 square feet of community facility space
 - Created Community Foundation Land Trust



California Community Foundation

Community Foundation Land Trust

- Started in December 2002 with \$3.8 million gift for affordable housing
- Supporting organization
- Board of outside experts and CCF board members
- CCF's goals included testing land trust model as a means of ensuring permanent affordability, building wealth for low-income families, and leveraging CCF's ability to mobilize partnerships of private and public sectors to change or improve delivery systems.





California Community Foundation

- Adjusted strategy in 2007; new Guiding Principles:
 - Direct link to program priorities and Community Foundation Land Trust (CLFT)
 - No duplication of existing market resources
 - High leverage of private capital, and tool to move the market
 - Build capacity of grantees/nonprofits, intermediaries, and lenders
 - Mobilize foundation and financial services support for LA County
 - Responsive to changing needs / opportunities



California Community Foundation

- Guiding Principles:
 - Risk management and preservation/recycling of capital
 - Continued innovation and leadership within the foundation community nationally
 - Meaningful commitment to targeted sectors(s)
 - Staffed by department head plus consultants, with involvement of program officers
 - Support expansion of intermediary loan programs and capacity of nonprofits to use loans as well as grants to increase program impact.

Questions?



Debbie Rooney
Vice President & CFO
The Vermont Community Foundation
www.vermontcf.org



Ann Sewill
President, Community Foundation Land Trust
California Community Foundation
www.calfund.org



Peter Berliner
Managing Director
PRI Makers Network
www.primakers.net



Lisa Richter
Principal
GPS Capital Partners
www.gpscapitalpartners.com

www.primakers.net

Apply your registration fee to membership today!

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

Network Resources

PRI Makers Network Webinars

PRI Institute: Building Healthy Communities

November 9 - 11, Princeton, New Jersey – sold out

Stay tuned for 2012 dates and locations

PRI Makers Network & More for Mission

National Conference

May 8 – 10, 2012, Seattle, Washington

Other Resources

Equity Advancing Equity: How Community Philanthropy Can Build Racial and Social Equity Through Mission Investing. Bernholz, Lucy, and Lisa Richter, Blueprint Research + Design, San Francisco, CA, September 2009.

Unscrambling 'MRIs' and 'PRIs', Levitt, David, *Philanthropy Journal*, April 5, 2011, [http://www.adlercolvin.com/pdf/DAL's%20Article%20\(00319112\).PDF](http://www.adlercolvin.com/pdf/DAL's%20Article%20(00319112).PDF)

Grantmakers In Health Guide to Impact Investing. Richter, Lisa, Grantmakers In Health, Washington, DC, May 2011.

Solutions for Impact Investors: From Strategy to Implementation, Godeke, Steven and Pomares, Raul, Rockefeller Philanthropy Advisors, 2009.

Philanthropy's New Passing Gear: Mission-Related Investing – A Policy and Implementation Guide for Foundation Trustees. Rockefeller Philanthropy Advisors.

Program-Related Investing: Skills & Strategies for New PRI Funders. GrantCraft.

The PRI Directory: Charitable Loans and Other Program-Related Investing by Foundations. The Foundation Center, 2009.

Program-Related Investments: A User-Friendly Guide. David S. Chernoff, Associate General Counsel, The John D. and Catherine T. MacArthur Foundation (focuses on private foundation regulation).

These and other resources and materials are accessible via:
www.primakers.net/publications_articles_and_transcripts