

PRI Institute

Presented by PRI Makers Network

The Ford Foundation, New York

Lodging: Millennium UN Plaza Hotel

Lead Trainers: Greg Ratliff, Bill and Melinda Gates Foundation and

Lisa Richter, GPS Capital Partners

October 15-17, 2007

The PRI Institute is a new forum for illuminating the possibilities – best programmatic options as well as innovative tools and strategies. This two-and-a-half-day, intensive training is designed for grantmakers already engaged in the productive use of program-related investments (PRIs) or who are committed to learning how to develop and implement a philanthropic strategy that includes PRIs.

Curriculum: The curriculum for the PRI Institute incorporates a full range of case studies, expert presentations and hands-on learning opportunities. Participants will gain a broader understanding of how PRIs are currently used to further outcomes in disciplines such as conservation, community and economic development, social enterprise, health, arts, children and families, and education. In addition to gaining hard skills such as underwriting and sourcing PRIs, participants will achieve the following objectives:

- Discover the range of ways PRIs can be used, including vehicles (debt, equity, deposits, real estate, leases, guarantees), beneficiary institutions (CDFIs and other financial intermediaries, small businesses, nonprofit organizations), and markets (urban, rural, domestic, international);
- Understand the unique processes for underwriting various types of PRIs and other social investments through the spectrum of concessionary to market rate instruments;
- Appreciate how deal types relate to each other and offer the potential to support program guidelines;
- Maximize important relationships with other foundation staff, officers, and trustees, as well as connections with other PRI Makers and experts; and
- Deliberate the philosophical implications of Mission-Related Investments (MRIs) and Program-Related Investments (PRIs) and understand the important role that PRIs play in fulfilling philanthropic goals.

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Who Should Attend: The PRI Institute is open only to staff and trustees of PRI Makers Network member foundations in the process of making PRIs or considering the development of a social investment program. Although not mandatory, participants should possess some basic financial analysis skills as well as underwriting experience. Enrollment will be limited to 25 participants. *Eligible foundations may become full or introductory members of the PRI Makers Network at the time of registration for the Institute.*

Registration: The registration fee of \$2,000 per participant includes all training material, some meals and coffee breaks. Attendance at the PRI Institute is limited to members of the PRI Makers Network and registrations will be accepted on a first-come, first-served basis while space allows. Registration forms and payment received from ineligible individuals' organizations will be returned to the sender. Registration deadline is September 14, 2007. Please make checks payable to Neighborhood Funders Group.

When:

Begins: 10:00 am* -- Monday, October 15, 2007

Ends: 12:00 noon – Wednesday, October 17, 2007

**Registration and continental breakfast begin at 9:00 am.*

Where:

The Ford Foundation
320 East 43rd Street
New York, NY 10017

Trainers: Greg Ratliff, Bill and Melinda Gates Foundation, and Lisa Richter, GPS Capital Partners, developed the curriculum and will facilitate an interactive learning environment that includes topical and national experts. GPS works with foundations to identify, structure and implement program and mission related investments and investment strategy in the context of a foundation's mission, strategy and resources. Greg Ratliff (a GPS cofounder) spent ten years at the John D. and Catherine T. MacArthur Foundation where he directed and managed a \$15 million grant program and a \$190 million PRI portfolio of program-related investments. He recently joined The Bill and Melinda Gates Foundation as Senior Program Officer in U.S. Special Initiatives. GPS cofounder Lisa Richter brings twenty years of development finance, fund management and consulting experience from ShoreBank Corporation to GPS consultancies, where her work supports PRI/MRI strategy with a broad range of large and small foundations and other institutional investors.

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Lodging:

Participants are responsible for their own travel, lodging, evening meals and incidental costs. A block of rooms has been reserved at the Millennium UN Plaza Hotel at a special group rate of \$309.00 per night (plus taxes). This hotel is conveniently located within walking distance of The Ford Foundation. Rooms will be released after September 14, 2007. When making your reservation, please mention **PRI Makers** to receive the special rate.

Millennium UN Plaza Hotel
One United Nations Plaza
44th Street Between First and Second Avenue
New York, NY 10017-3575
Tel: 212.758.1234
Fax: 212.702.5051

Cancellation Policy:

Substitutions will be accepted at any time. Cancellations will be subject to a \$100 processing fee through September 14; *there will be no refunds after that date*. All cancellations and substitutions must be in writing and e-mailed to kim@nfg.org or mailed to: PRI Makers Network, Neighborhood Funders Group, 1301 Connecticut Avenue, NW Suite 500, Washington, DC 20036.

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Testimonials from Previous Institute Participants:

I highly recommend the Institute, both for those who are just starting out or considering PRIs, and for those who have some experience. The workshops are quite valuable, with leading PRI experts available for in-depth discussion and questions. And the opportunity to interact with PRI makers from different foundations is invaluable, as it allows sharing of experiences, questions, and innovative approaches. It is definitely a worthwhile investment of time.

- Rick McGahey, Program Officer, The Ford Foundation

The PRI Institute offered exactly what we needed to give us the skills and information, along with an instant network of colleagues, to jumpstart our PRI program. We've referred many times to the training materials and called on fellow classmates as we've closed two new PRIs. I highly recommend this training to any foundation launching a PRI program or training new staff. We plan to make the PRI Institute an ongoing part of our staff development.

- Sandra Mikush, Assistant Director, Mary Reynolds Babcock Foundation

From a trustee perspective, I found the PRI Institute to be extremely beneficial. Having the opportunity to sit around the table with some of the biggest players in the PRI arena resulted in invaluable learning, allowing me to work more effectively with our staff and my fellow directors to better shape our efforts as a relatively new PRI maker. Most importantly, I discovered how broad the spectrum of PRI making is – and that there is no one size fits all strategy. The trainers did a terrific job of pulling out and illuminating those differences, both great and nuanced. Also, as an investment professional, I'm used to focusing on financial returns. However, because the Institute forced me to think on multiple levels, I came away with the important realization that mission, as opposed to finance, serves as the primary inspiration for PRI makers. I would highly recommend other foundation trustees to attend this training.

- Adam Gibbons, Trustee and PRI Committee Chair, Rasmuson Foundation

For more than five years, the Helen Bader Foundation has operated a PRI Fund to further our philanthropy in Wisconsin. The PRI Institute offered us a valuable opportunity to learn from foundations of all sizes, as well as exchange ideas with leading thinkers from across the nation. We walked away with concrete applications to creatively utilize PRIs in advancing our mission, including practical tools for rating risk, managing risk, reporting data, and more.

- Lisa Hiller, Vice President – Administration, Helen Bader Foundation, Inc.

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The Ford Foundation, New York

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Registration

Please complete and return with registration fee of \$2,000 by September 14, 2007. Space may not be available after that date. Please duplicate this form as necessary to register more than one person from the same organization. Fee includes all scheduled meals and materials but does not include hotel, airfare, lodging and travel to and from the airport or any other incidental expenses.

Name _____

Title _____

Organization _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

Lodging and Travel

Participants are responsible for their own lodging and travel. Hotel rooms have been reserved at the Millennium UN Plaza Hotel at a special group rate of \$309.00 per night (plus taxes). Call 1.212.758.1234 and mention **PRI Makers** to receive the special rate.

Special Needs

Please specify any dietary or other special needs you may have. _____

Membership in PRI Makers Network

If you do not have a current membership in PRI Makers Network but would like to attend the PRI Institute, you may join now. Membership is limited to foundations or other charitable funders who make PRIs. Membership dues are based on PRI activity (please see www.primakers.net for a list of dues options).

Grantmaking organizations that meet the eligibility criteria but that have not yet made a PRI or developed a formal PRI or social investments program may join as an **Exploratory Member for \$250 for the first year only.**

Please submit your membership dues with your PRI Institute registration fees.

Registration Fee: \$2,000 Membership Dues (if applicable): \$_____ Total: \$_____

If you have any questions, please email Kim Honor at kim@nfg.org.

PRI Makers Network • Neighborhood Funders Group
1301 Connecticut Avenue, NW Suite 500 • Washington, DC 20036
202.833.4690 ext. 7 Fax 202.833.4694 www.primakers.net

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Monday, October 15

9:00 am INSTITUTE REGISTRATION AND CONTINENTAL BREAKFAST

10:00 am WELCOME AND INTRODUCTIONS

Who is in the room and what do we plan to accomplish in the PRI Institute? What is the legal definition of a PRI? Why make PRIs? How do PRIs relate to a Mission-Related Investing (MRI) strategy? Some historical understanding about the origin and breadth of PRIs will be part of the materials that participants will have read prior to the Institute.

10:30 am INTRODUCTION TO PRI UNDERWRITING

Even more than grantmakers, PRI Makers must acquire a thorough competency in financial vocabulary and analytical skills. Lenders must confidently assess credit-worthiness using information in the form of financial statements, including balance sheets and statement of activities. What are the key financial documents and ratios investors use to understand the potential risks and returns of various PRI asset classes? What the numbers really mean – how liquid or secure or qualified your potential investment is – can mean the difference between a good and bad investment. Participants will work in groups to capture due diligence “headlines” from investee financials.

12:00 pm LUNCH: PRI IMPACT IN THE FIELD

What types of organizations benefit from PRIs? How can a PRI impact the success of a nonprofit or grant strategy? Hear from three investee executives how they use PRIs in their own organizations and how PRIs impact their operations and their outcomes.

2:00 pm INTERMEDIARY INVESTING (CDFI CASE STUDY)

Using a case study approach, participants will practice each of the steps of making PRIs – from sourcing to underwriting, structuring, documenting, closing and monitoring a deal. In this session, participants will apply underwriting skills to analyze and structure a PRI investment in a Community Development Financial Institution (CDFI) intermediary. Participants will work in groups to develop possible investment scenarios.

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3:30 pm BREAK

3:45 pm CRAFTING A PRI STRATEGY

What are fundamental elements for successful PRIs and a successful PRI program? What are critical sourcing, underwriting, monitoring, and grants program link practices? What are the keys to decision-making for making a *deal* versus a *grant*? Hear from experts on when they underwrite PRIs to intermediaries versus directly to best advance the foundation's particular mission.

5:00 pm ADJOURN FOR THE DAY

5:30 pm RECEPTION AT CIBO

767 Second Avenue (41st-42nd Streets)

Informal networking for participants and speakers at a restaurant around the corner from The Ford Foundation. Others from the New York metropolitan area will be invited including PRI Makers Network members and PRI recipients.

7:00 pm DINNER ON YOUR OWN

See list of options for group dinners presented onsite.

Tuesday, October 16

8:00 am CONTINENTAL BREAKFAST

8:30 am PRI DEALS: STRUCTURE AND DOCUMENTATION

Participants will focus on intended charitable outcomes, recipient core capacities and challenges, and review the range of alternative PRI deal structures, terms and documentation requirements. Armed with templates and examples, participants will focus on the legal aspects of structuring, negotiating, documenting and closing a deal.

10:00 am BREAK

10:15 am EQUITY INVESTING (CASE STUDY)

When is a PRI equity investment most appropriate to fulfill mission objectives? Hear from an expert about key factors to consider when investing in equity funds and for-profit entities. Participants will work in small groups to explore the details of an equity investment opportunity and work through all aspects of its implementation.

12:00 pm LUNCH

Participant networking and informal discussions.

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1:30 pm REAL ESTATE INVESTING (CASE STUDY)

What are some classic and innovative ways in which PRIs are used to facilitate real estate development? Hear from an expert about the ways in which PRIs are currently being used. Participants will work in small groups to identify a range of risk analysis issues, and will learn about how these vary between housing, commercial and facilities transactions.

3:15 pm BREAK

3:30 pm MANAGING AN EFFECTIVE PRI PROGRAM

What are the methods for funding a PRI program, including links to program areas and grants budgets? What are the pros and cons of various deal types such as debt, equity and guarantees? What makes an effective collaboration? How can a PRI capture its full range of impacts? What infrastructure does a foundation need for a PRI program? When might dedicated staff be needed and when is outsourcing recommended? What are keys to presenting and vetting deals? What types of monitoring and reporting systems are essential to both manage the PRI portfolio and comply with foundation IRS requirements?

5:00 pm ADJOURN FOR THE DAY. FREE EVENING; DINNER ON YOUR OWN

Wednesday, October 17

8:00 am CONTINENTAL BREAKFAST

8:30 am WORKOUTS

What happens when a deal goes south? Participants will hear from an expert using actual cases of PRI deals requiring workouts and the range of options depending on the circumstances. Through examination of workout options, participants will explore procedures and outcomes and also review how to anticipate and avoid complications from the outset. This session may be the most important for grantmakers serious about making successful PRIs.

11:00 am THE PRI MARKETPLACE

How can PRI Makers maximize impact, efficiency and industry collaboration? What steps might be taken to encourage collaboration between PRI-making foundations and social investors? How can foundations and social investors leverage conventional capital and also measure impact? How can PRI makers better coordinate efforts with grant programs? Participants will discuss the ways in which PRIs impact their philanthropy and also have the opportunity to ask questions and discuss any of the themes and issues raised during the Institute.

12:00 pm INSTITUTE ADJOURNED