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The Kresge Foundation is pleased to announce Kresge Community Finance, a $30 million program-related investment (PRI) finance offering to certified Community Development Finance Institutions (CDFI) and quasi-public or private Development Finance Agencies (DFA) expanding opportunities in America's cities. The foundation will select applications through a competitive Request-for-Proposals (RFP). Successful nonprofit applicants also will receive an equity grant, equivalent to 5% of the amount of PRI financing disbursed. Information on how to apply can be found below.

BACKGROUND

The Kresge Foundation is a $3.6 billion private, national foundation that works to expand opportunities in America's cities through grantmaking and social investing in arts and culture, education, environment, health, human services, and community development in Detroit. In 2015, the Board of Trustees approved 371 grants totaling $125.2 million, and nine social investments totaling $20.3 million.

Kresge's Social Investment Practice works to influence and advance how markets work on behalf of low-income people, and those who serve them, in partnership with practitioners, investors, policymakers and government. In 2015, Kresge committed to invest $350 million by 2020 through social and mission-related investments and to leverage $1 billion toward the expansion of opportunities in America's cities.

Through the RFP, the foundation will invest a portion of this new commitment in a standardized loan product available to CDFIs and DFAs, organizations that serve unique roles in the investment and financial landscape of cities.

ELIGIBILITY

This RFP is open exclusively to certified CDFIs and quasi-public or private DFAs that have a minimum of three years of audited financial statements, exhibit an acceptable degree of financial strength and stability, work to expand opportunities for low-income people in America's cities, and have a financing need that is aligned with one or more of Kresge's program focus areas. Other interested organizations are welcome to partner with an eligible CDFI or DFA applicant to request financing for programmatically-aligned projects.

The foundation does not fund individuals or organizations that discriminate on the basis of race, color, religion, gender, national origin, citizenship status, age, disability, sexual orientation or veteran status.

Kresge also does not fund organizations that require membership in certain religions or advance a particular religious faith. Faith-based organizations may be eligible if they welcome and serve all members of the community regardless of religious belief.
KRESGE COMMUNITY FINANCE PROCESS AND TIMELINE

Kresge Community Finance is a competitive request for proposals (RFP) with a two-step selection process. First, applicants will submit a letter of inquiry (LOI). After internal review, the foundation will invite selected applicants to submit full proposals.

The LOI submission period will open on March 31 and close at 5 p.m. (PST) on April 29. Late applications will not be considered. The Kresge selection committee will review LOIs and invite selected applicants to submit full proposals on or about May 27. Invited applicants will have approximately four weeks to submit a full proposal. On or about July 29, 2016, Kresge will publicly announce selected proposals which will receive a commitment letter contingent on a successful loan underwriting and closing. Underwriting and loan closings for selected applicants may begin sooner than July 29 and will continue on a rolling basis concluding no later than March 2017.

Commitment letters issued to selected applicants will expire eight months from issuance, and Kresge’s commitment to disburse funds will expire six months from loan closing. Commitment letters to 501c(3) applicants also will include a commitment for a net asset grant in an amount equal to 5% of the amount of the Kresge Community Finance loan commitment. The final grant amount will equal 5% of the amount of the loan disbursed as of the expiration of the commitment period.

HOW TO APPLY

To begin an LOI for financing through Kresge Community Finance, you will need to log-in to our online portal via Fluxx. The portal is configured to work optimally in Google Chrome and can be accessed here: https://kresge.fluxx.io. First-time visitors will be required to create a new account by clicking on “create an account now.”

Once logged on, click on “PRI Opportunities” on the left-hand side of the screen, and then on the following page select “Start a new PRI RFP” to begin the LOI process. The online LOI can be completed in one or several sessions.

SELECTION PROCESS

Through this RFP, Kresge intends to offer a standardized loan product utilizing an efficient selection process. Selections will be made by an internal selection committee. The committee will consider financing requests that expand opportunity in America’s cities in a manner that is aligned with one or more of Kresge’s program focus areas. Additional weight will be given to applications that leverage other sources of capital, or that demonstrate or scale an innovation.

Following the submission of an LOI through the Kresge online portal, a confirmation of receipt will be emailed to the address(es) specified in the applicant’s profile. The next communication from Kresge may not occur until the announcement of organizations invited to submit full proposals.
## KRESGE COMMUNITY FINANCE TERMSHEET

Terms are of a summary nature, for discussion purposes only and are not all-inclusive.

<table>
<thead>
<tr>
<th>Charitable Purpose</th>
<th>To provide capital to CDFIs and DFAs working to expand opportunities in America’s cities, particularly to those whose work is aligned with Kresge’s program areas including: Arts &amp; Culture, Community Development in Detroit, Education, Environment, Health or Human Services.</th>
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<tbody>
<tr>
<td>Qualified Applicants</td>
<td>Certified Community Development Finance Institutions (CDFI); and, quasi-public or private Development Finance Agencies (DFA), that have at least three years of audited financials and are working to expand opportunity in America’s cities. Other interested organizations are welcome to partner with a qualified CDFI or DFA applicant to request financing for programmatically aligned projects.</td>
</tr>
<tr>
<td>Loan Amount</td>
<td>$500,000 to $3,000,000</td>
</tr>
<tr>
<td>Rate</td>
<td>Commensurate with the proposed use of funds, 2% minimum.</td>
</tr>
<tr>
<td>Term</td>
<td>As supported by the proposed use of funds, 10-year maximum.</td>
</tr>
<tr>
<td>Principal Amortization</td>
<td>One third of total disbursed amount in each of the final three years; earlier amortization may be considered as supported by the proposed use of funds. Prepayments permissible without penalty, but with 90 days advance notice.</td>
</tr>
<tr>
<td>Position</td>
<td>General recourse, non-subordinated.</td>
</tr>
<tr>
<td>Commitment to Lend and to Disburse</td>
<td>Any commitment to provide PRI debt through this RFP will expire 8 months from the date of the Kresge Community Finance commitment letter. Kresge Community Finance loans must be fully drawn, through one or two draws, within 6 months of loan closing, with any undrawn commitment expiring at that point (including any corresponding net asset grant commitment).</td>
</tr>
<tr>
<td>Covenants and Reporting Requirements</td>
<td>Standard financial covenants may include liquidity, income, leverage, equity, delinquency and losses. Quarterly and annual reporting will include financial statements, portfolio performance and covenant compliance. Annual reporting also will include a narrative update focused on use of funds and progress toward meeting the identified charitable purpose.</td>
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INQUIRIES

For questions regarding the use of Kresge's online portal, Fluxx, or for completing a letter-of-inquiry submission, please contact grantsmanagement@kresge.org.

For other questions related to Kresge Community Finance, please contact socialinvestments@kresge.org.

Please direct all questions or inquiries to one of these two email addresses.

Kresge will hold two webinars to provide technical assistance, which will be recorded and made available for download:

- April 15, 1 pm EST geared toward CDFI applicants. To register: https://attendee.gotowebinar.com/register/6544347458206811651

To receive email updates about Kresge Community Finance, and this RFP process, follow our website: http://kresge.org.
ARTS & CULTURE PROGRAM OVERVIEW

Kresge’s Arts & Culture Program seek to build strong, healthy cities by promoting the integration of arts and culture in community revitalization.

We focus on creative placemaking, a comprehensive community development approach that embeds arts and culture in stabilizing disinvested communities.

Arts and culture are an integral part of life and, when embedded in cross-sector revitalization activity, contribute to positive and enduring economic, physical, social and cultural change in communities. We seek to make arts and culture a central element to equitable strategies for rebuilding and reinvigorating metropolitan areas such as urban planning, housing, transportation, and economic development.

We use the term creative placemaking to refer to the deliberate integration of arts and culture in revitalization work. This approach supports our belief that all community members should benefit from community revitalization activity and from the integration of arts and culture into such efforts. We welcome applicants committed to our brand of creative placemaking and improving life circumstances for low-income and underrepresented people.

We invest through these focus areas:

ADVANCING PROVEN APPROACHES

We invest in national community development organizations committed to the adoption of creative placemaking practices within their organizations and programs. Through the adoption of creative placemaking into their networks, we anticipate the practice will become an embedded element in the community development field. We expect the spread of successful practices and learning will come through adaptation rather than replication.

We also are a founding funder of ArtPlace America, a collaboration working to accelerate creative placemaking across the United States. Grant opportunities available through ArtPlace are another way to seek Kresge support.

HARVESTING LEADING PRACTICES

We support efforts that deepen, capture and share knowledge from established creative placemaking practitioners in disinvested communities. We believe that sharing lessons about how and when creative placemaking contributes to revitalization is crucial to the community development field.

PIONEERING NEW APPROACHES

We fund projects that test the integration of arts and culture within municipal systems and other non-arts disciplines. By supporting and documenting cross-sector approaches, we expect to bust silos and gain a deeper understanding of the multi-faceted nature of creative placemaking, including the systems at play, the barriers to adoption, and the diversity of creative interventions that can be widely employed.
DETROIT PROGRAM OVERVIEW

The Kresge Foundation's steadfast commitment to Detroit is embodied in this program. The foundation was established in Detroit in 1924 and has consistently invested in this community for more than 90 years.

Detroit has been one of America’s most iconic cities since the early 20th century, and today it is a place of contrasts. Its many assets and visible signs of renewal are juxtaposed with ongoing challenges that affect the daily lives of many of its people. However, there is an emerging sense that by working together, we can solve some of our most intractable problems. Recent progress is evidenced by growing regional cooperation as well as the unprecedented partnership that led to the speedy resolution of Detroit’s municipal bankruptcy filed in 2013. We are pleased to have played a role in that broad collaborative effort through our $100 million commitment to the Foundation for Detroit’s Future.

Our goal in this program is to advance tangible, sustainable, near- and long-term progress in Detroit. Our investments are fully aligned with the objectives and recommendations of the Detroit Future City (DFC) Strategic Framework. Published in 2013, the DFC framework was created by weaving together the knowledge of thousands of Detroiters with technical expertise in several fields. The framework maps the economic, physical and social transformation of the Detroit to create more consistent opportunities for residents to live in health and prosperity. To accomplish these goals, the Kresge Detroit Program works through six integrated focus areas to advance opportunity and quality of life.

We invest through these focus areas:

**GREEN, HEALTHY, ACTIVE NEIGHBORHOODS**
We combine citywide investments to foster healthy neighborhoods with focused efforts in areas of the city that are positioned for stability and growth. In this way, we hope to encourage current residents to stay in the city while increasing resources available to strengthen all neighborhoods over time. Priorities within neighborhoods are to: restore safety and vitality; improve housing options for residents; develop the potential of youth; promote neighborhood businesses; productively reuse vacant land; and develop environmentally sound methods to remove blighted structures at the scale required in the city. We believe these neighborhood-based strategies are critical to achieving citywide transformative change.

**VIBRANT WOODWARD CORRIDOR**
We pursue strategies to enhance the Woodward Corridor’s iconic identity and unique places while cultivating a fertile environment for job creation and a strong retail and commercial center. In concert with cultural, educational and medical institutions; residents; businesses; civic organizations and the public sector, we work to create a city center that is open and welcoming to all. Investment priorities include preserving housing affordability and diversity – socioeconomic, racial and ethnic – in dense, walkable, mixed-income districts while supporting opportunities for residents and stakeholders to be fully engaged in decision-making about the corridor’s future.

**21ST CENTURY REGIONAL TRANSIT**
Since 2007, we have worked with many partners to advance the design, funding and construction of the M-1 Rail modern streetcar system on Woodward Avenue from the Detroit River to the North End neighborhood. We hope M-1 Rail will be a catalyst for economic development and jobs in the city's core.
as well as for the development of a fully-integrated system of mass transit in the region. In 2014, we expanded our investments in this focus area to include support for public education about the importance of a high-performing, region-wide, multimodal transportation system that connects residents to jobs and opportunity.

**HIGH-QUALITY EARLY CHILDHOOD SYSTEM**

We are expanding our focus on early childhood development to respond to the fact that at present less than one quarter of Detroit children are prepared for kindergarten when they start school. We will commit resources over the next several years to help create a high-capacity, well-structured set of early childhood development organizations as an important step toward the goal of fully preparing all students for kindergarten and ensuring their academic success in later grades.

**ROBUST ARTS AND CULTURE ECOSYSTEM**

We support a thriving arts and culture community that enriches residents’ quality of life and connections to one another. Arts and creativity enhance Detroit’s identity and its ability to attract visitors and increase economic activity. We work toward this goal through support for the Kresge Arts in Detroit Artist Fellows Program; multi-year unrestricted support of metropolitan Detroit’s arts and cultural organizations; and strategies to foster community development through arts and cultural activities.

**ENHANCED CIVIC CAPACITY**

We provide resources to create effective and coordinated systems of community support in partnership with government, businesses and other philanthropic and nonprofit organizations.

**EDUCATION PROGRAM OVERVIEW**

We focus on expanding postsecondary access and success in cities for low-income, first generation and under-represented students, especially African Americans, Latinos, Asian Americans, Pacific Islanders, Native Americans and veterans living in the United States. A parallel effort is underway in South Africa.

Our nation is facing a higher education crisis. Degree completion rates, while improving, are not rising fast enough to match global competitors or meet workforce needs. Students from low-income backgrounds graduate at lower rates than those from higher socioeconomic backgrounds. States have reduced funding for public universities – in 11 states, corrections spending now outpaces higher education funding. Meanwhile, many students are collecting multiple and often non-transferable credits from different institutions without earning a credential or degree, costing them time and, society as a whole, money.

Meanwhile, the correlation between a postsecondary credential and wages is stronger than ever. By 2020, 60 percent of all jobs will require education beyond high school, making the economic well-being of cities directly connected to educational attainment.

We fund both the institutions that educate low-income and underrepresented students and the communities in which they live. We want to help increase the nation’s postsecondary attainment rate, advance mobility, address economic inequality and strengthen urban communities.
We are pleased to see communities taking action and building cross-sector partnerships to improve student success. New technologies present opportunities for colleges and universities to better understand why students struggle and how to target support to help them succeed and achieve their educational goals. Reform-minded institutions are finding ways to lower the cost of higher education while maintaining or enhancing quality.

We invest through these focus areas:

**ALIGNING AND STRENGTHENING URBAN HIGHER EDUCATION ECOSYSTEMS**

We use a holistic approach to strengthen local higher education ecosystems by encouraging cross-sector and networked partnerships. Partners may include: colleges and universities, nonprofit organizations, employers, K-12 school districts and government agencies, transportation systems, childcare organizations and others. These institutions and urban systems affect a student’s ability to persist and succeed in college. We want to see them coordinated and/or maximized for student success. This focus area was introduced in 2015.

**BUILDING THE CAPACITY OF INSTITUTIONS FOCUSED ON LOW-INCOME AND UNDERREPRESENTED STUDENTS**

We seek to build the capacity of community colleges, public regional institutions and minority-serving and Title III and Title V schools. We want to help them lower the cost of education while maintaining or enhancing quality. Grants are designed to help institutions better meet the needs of underrepresented students through support for managerial, faculty and curricular effectiveness.

**STRENGTHENING PATHWAYS TO AND THROUGH COLLEGE**

Our primary goal in improving postsecondary access and success is to get more students – especially low-income, first generation, and underrepresented students – into two- and four-year colleges and universities and increase the number who graduate and find jobs.

We fund both on-campus innovations and off-campus determinants of student success. We look for opportunities that help low-income students better navigate the college-entry process and overcome barriers, so that they are able to stay in school and earn their desired degree or credential.

**ENVIRONMENT PROGRAM OVERVIEW**

Communities that address climate change head-on will be better prepared for new circumstances and uncertainties. Decisions about infrastructure, building design, land use, transportation and other policy and funding issues can make communities stronger, more equitable and more resilient to the changing climate, or make them more vulnerable.

Our work is intended to help civic leaders consider a two-part climate question as they make decisions that shape the form and function of their communities:

- Does a proposed policy or action have implications – positive or negative – for the severity of climate change? If negative, how will they be addressed?
• Do the expected consequences of climate change affect the viability of a proposed policy or course of action? If so, what should be done differently?

For us, resilience means the capacity not just to withstand stresses and shocks but also to prosper under a wide range of climate-influenced circumstances. Resilience in the long term is possible only if society acts quickly to reduce greenhouse gas emissions and, thus, avoids the worst impacts of climate change.

We believe that strengthening a community’s resilience requires efforts to:

• Reduce the greenhouse gas emissions that drive climate change.
• Plan for the effects of climate change that are underway or anticipated.
• Foster social cohesion and inclusion.

We are particularly concerned about the disproportionate effect climate change has on people with limited economic resources. We believe it’s critical to engage people from historically underrepresented groups in efforts to enhance resilience and plan for climate change — and for low-income people and communities to share in the economic and social benefits of clean energy, green infrastructure and other public responses to climate change.

We also believe that the climate-resilience field will be more effective by incorporating the knowledge and perspectives of low-income and racially and ethnically diverse communities in analyzing policy and programmatic options.

Our strategies include both accelerating place-based innovation and building the climate resilience field.

Our place-based work fosters locally grounded communities of practice. We provide access to supportive technical assistance, applied research and learning opportunities. We endeavor to learn from the work of our grantees and partners and to see those lessons strengthen the emergent climate-resilience field.

To add muscle to practitioners in the climate-resilience field, we support activities to disseminate and bring to scale promising climate-resilience approaches. Our field-building efforts are driven by the needs of practitioners working in the topical areas we fund under our strategy to accelerate place-based innovation.

We invest through these focus areas:

**CLIMATE RESILIENCE AND URBAN OPPORTUNITY**

We work to strengthen the capacity of community-based nonprofit organizations to influence local and regional climate-resilience planning, policy development and implementation to better reflect the priorities and needs of low-income people in cities in the United States.

**CLIMATE RESILIENCE IN COASTAL CITIES AND REGIONS**

We work to advance comprehensive climate resilience initiatives in coastal cities and regions within the U.S. such that cities and their residents are preparing for the consequences of sea-level rise and other climate impacts while working toward a low-carbon energy future.
SUSTAINABLE WATER RESOURCES MANAGEMENT IN A CHANGING CLIMATE

We work to advance climate-smart, sustainable water resources management policies and practices in cities and regions across the U.S. that enable cities to meet water demand, protect residents and surrounding natural areas from the adverse impacts of climate change and embed this work within their larger climate resilience agendas.

URBAN ENERGY RESILIENCE

We work to help cities develop and implement long-term plans for achieving dramatic reductions in greenhouse gas emissions, embed this work within their larger climate resilience agendas, and ensure that low-income community members are engaged in shaping the urban energy-system transformation.

HEALTH PROGRAM OVERVIEW

Pursuing an education, achieving economic security and participating as a productive member of society all depend on sound health. Health, in turn, is strongly influenced by the places people live. Too often, the deck is stacked against people in low-income neighborhoods. They are disproportionately affected by polluting industries, violence, inadequate housing and economic underinvestment.

We believe the United States should shift more resources from addressing disease to promoting good health and by focusing on conditions that affect not just individuals, but whole communities. The U.S. spends nearly $3 trillion a year on health care, devoting an unsustainable level of resources to medical care and only the most limited funding to improving health at the community level.

Everyone should have access to resources that support health: things like safe, affordable housing and neighborhoods, fresh food and economic opportunities. We seek to help communities overcome the environmental and social disadvantages that contribute to poor health so that everyone has the chance to enjoy productive, self-determined lives.

We invest through these focus areas:

ACCELERATING COMMUNITY-CENTERED APPROACHES TO HEALTH

Achieving a healthier population requires allocating resources in ways that will improve the community conditions that shape health – the upstream contributors to health. Locally based, multisector collaborations play a key role in redirecting and expanding effective upstream interventions.

We encourage health systems – hospitals and other organizations long focused on illness – to share resources and responsibilities with a broad range of community partners, particularly those representing communities that are facing significant barriers to health. We support strong leadership in public health and look for opportunities to promote wider adoption of programs, practices and policies that advance community health.

DEVELOPING HEALTHY PLACES

Improving community health requires programs and policies that ensure the places where people live, work, learn and recreate support good health. To advance this objective, we focus on three key environmental factors of health – housing, food systems and land use.
HUMAN SERVICES*

*Please note: our Human Services team underwent a strategic review process in March. As a result, updates to the program and focus areas will be introduced this spring. To apply for RFP funding under the Human Services program, please consult the language below as the basis to see if your work fits our funding priorities. Current focus areas are listed below with updated names following in the parenthesis. Fully updated Human Services language will debut this spring on kresge.org.

We strengthen human services organizations that improve the quality of life and economic security of low-income and vulnerable people.

Some 48 million Americans live in poverty. This measure has increased or held steady for 11 of the past 12 years. At the same time, incomes have stagnated or declined for all but the highly educated and affluent.

The historically reliable paths to economic stability are now filled with serious barriers, including diminished public support for agencies that assist low-income people. Given this changed landscape, traditional service-delivery methods are no longer proving to be effective.

We want people living in poverty to have the essential supports required to achieve well-being and lead self-sufficient, self-determined, productive lives. These supports include safe and healthy housing and neighborhoods, fresh foods and high-performing schools. Human services organizations play a key role by providing access to these services and many more.

Our goal is to help human services agencies adjust to current economic challenges and enhance the services they provide to those attempting to escape poverty. We support innovation and advance efforts that offer evidence-based models on how to increase organizational effectiveness and resilience.

We invest through these focus areas:

ADVANCING THE EFFECTIVENESS AND RESILIENCE OF HUMAN SERVING ORGANIZATIONS
(New language: Advancing innovative, multi-sectoral policy solutions in Human Services)

We look for opportunities to partner with high-performing organizations that seek to increase their ability to innovate and take their service-delivery and systems-change work to a higher level.

LEVERAGING THE EFFECTIVENESS OF NETWORKS
(New language: Fostering the next generation of Human Services organizations)

We support national, regional and local networks that increase effectiveness and ultimately improve the quality of life and economic security of low-income individuals and families.