Social Investing: How Kresge Uses Multiple Tools to Expand Opportunity

Webinar Sept. 2021
AGENDA

What we'll talk about this afternoon

Meet Kresge and our Team

How We Approach Social Investing

Tools and investment examples

Questions and Answers
Our mission is to expand opportunity in America’s cities, using grants and social investments
We work across Kresge’s seven program teams to strengthen neighborhoods and improve the quality of life in America’s cities by addressing barriers to capital.
Meet our Team

I'm **Aaron Seybert**, Managing Director, Kresge Social Investment Practice

I've been in the philanthropic investing sector for six years

I specialize in community development, tax credit financing, and placed-based investing
Erika Brice, Health and Human Services

“My goal is to accelerate Kresge’s work in cities by leveraging and investing capital that will yield positive, sustainable impact and meaningful changes in people’s lives.”

Tosha Tabron, Detroit and American Cities

“Simply put, I am committed to improving capital flows to minority entrepreneurs (including developers) in the city of Detroit and other key cities.”
Portfolio Management

Tracking investments and impact

Joe Evans, Environment
Portfolio Director and Social Investment Officer

Chris Cox
Portfolio Manager

Will Guzman
Portfolio Analyst
Operations

Aligning for deeper impact

Neesha Modi
Director of Program and Social Investment Operations

Julie Burlingame
Team assistant
The BLEEDING EDGE OF IMPACT INVESTING
Starting with problems and communities on the ground, building investments up
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<td>2008</td>
<td>First investments made in a cohort of 14 three-year, no-interest loans to human services agencies.</td>
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<td>2010</td>
<td>Kimberlee Cornett hired as first head of Social Investment Practice.</td>
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<td>2015</td>
<td>Trustees approve $350 million commitment.</td>
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<tr>
<td>2020</td>
<td>Launch CIGP, provide PPP loans, and finish our $350 million commitment.</td>
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<tr>
<td>2021→</td>
<td>Hired three new team members and pivoted to next stage of work.</td>
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Kimberlee now leads impact investing at Robert Wood Johnson. Prior to this commitment, budgets were set annually for social investing. We surpassed $1 billion in leverage.
Social investing tools

From grants to equity
1 Program-related investment loans

Debt with favorable, sometimes below-market rates or flexibility

The Healthy Futures Fund included multiple PRI investments from Kresge and between 2012 and 2019 invested $180 million in health centers intentionally working to address the social determinants of health through partnerships and community development.
Guarantees

Unfunded commitments to cover future losses that meet certain criteria

Guarantees remove a layer of risk for other investors

With $150 million of guarantee commitments made, Kresge is the philanthropic leader in usage of this tool.

Guarantee calls have been incredibly rare for us, at under $1 million.

Above, a new homeowner poses in front of her house mortgaged through Detroit Home Mortgage, which we made multiple guarantee commitments to.
3 Equity investments

Direct investing onto a balance sheet to provide a partner with growth capital

Our least frequently used tool but one that provides big impact. Right shows a photo courtesy from our partner Inclusiv, in which we invested $5 million via equity to launch the Southern Equity Fund in 2019.
Often, we pair investments with grants or layer multiple forms of capital in one project.

The Strong Families Fund used grant support, a $3 million program-related investment loan and two guarantees totaling $3.5 million.
We start by understanding each team’s strategies and focus areas. We identify capital barriers that prevent forward progress in those areas and that we believe our tools could unhinge. Together with Kresge’s Program team, we build pipeline that aligns to strategy and addresses those barriers. Note: Rarely do we have open calls. Once a deal is underway, it is shared with a committee that includes foundation executives and board members for approval.

Sourcing our investments

Working side-by-side with Kresge Programs
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