

The Kresge Foundation

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

The Kresge Foundation

Our mission is to
expand
opportunity in
America's cities,
using **grants** and
social investments



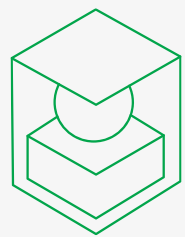
Social Investment Practice

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



Social Investment Officers

**Driving pipeline,
working with
Programs**



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



SOCIAL INVESTING AT KRESGE

2008

First investments made in a cohort of 14 three-year, no-interest loans to human services agencies

2010

Kimberlee Cornett hired as first head of Social Investment Practice

Kimberlee now leads impact investing at Robert Wood Johnson

2015

Trustees approve \$350 million commitment.

Prior to this commitment, budgets were set annually for social investing

2020

Launch CIGP, provide PPP loans, and finish our \$350 million commitment

We surpassed \$1 billion in leverage

2021 ->

Hired three new team members and pivoted to next stage of work



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

2

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





American Cities Program



Arts & Culture Program



Detroit Program



Education Program

Sourcing our investments

Working side-by-side with Kresge Programs



Environment Program



Health Program



Human Services Program

01

We start by understanding each team's strategies and focus areas.

02

We identify capital barriers that prevent forward progress in those areas and that we believe our tools could unhinge.

03

Together with Kresge's Program team, we build pipeline that aligns to strategy and addresses those barriers. Note: Rarely do we have open calls.

04

Once a deal is underway, it is shared with a committee that includes foundation executives and board members for approval



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