



**The Living Cities Catalyst Fund** is a powerful new vehicle for pooling and investing flexible capital to revitalize America's cities and transform the lives of low income people. Launched in July of 2008, the Catalyst Fund complements Living Cities' grant-making and policy work as a way to advance Living Cities' agenda.

With commitments of over \$20 million already in place, the Catalyst Fund is well on its way to achieving its target of \$30-50 million. Founding investors include The Ford Foundation, Annie E. Casey Foundation, MetLife Foundation, Robert Wood Johnson Foundation, Kresge Foundation, DeutscheBank Americas Foundation and The MacArthur Foundation.

### **Investment Priorities**

The Fund will provide below-market rate loans and guarantees to high capacity organizations that contribute substantially to advancing Living Cities' programmatic agenda. Such organizations may connect underserved communities to mainstream markets by integrating previously isolated systems; leveraging existing institutions in new ways; unlocking substantial resources from public, private and social sector sources; and delivering high-impact programs at scale. The Fund will focus on:

- Improving education
- Providing opportunities to build income and wealth
- Promoting health and wellness
- Enhancing neighborhoods and communities.

### **Investment Selection**

The staff and working groups of Living Cities will help to identify borrowers whose work shows particular promise and significance. Once a programmatic review is completed, potential borrowers will undergo a financial review. Decisions will be made by a Credit Committee whose members have long experience with lending to not-for-profit organizations.

### **Terms of the Fund**

- 10-year term, repayments starting in year 9
- Annual interest rate of 0-3% (investors choose)
- Investments count as Program-Related Investments (PRIs) under IRS regulations
- Capital is protected: Living Cities provides a first-loss reserve equal to 10% of the fund's principal
- Investors of \$2 million or more are eligible for membership in the Catalyst Fund Advisory Board, which will make policy and provide oversight for the Fund. Smaller investors may participate as observers.

### **Benefits to Investors**

- Maximize impact by supporting carefully targeted programs while earning interest, receiving payout credit, and recycling capital for future use
- Invest alongside PRI pioneers
- Build a diversified portfolio without staffing up.

### **Contact**

To learn more about the fund or how to invest, contact Robin Hacke, Living Cities Director of Capital Formation at 646-442-2204 or [rhacke@livingcities.org](mailto:rhacke@livingcities.org).