

PRI Makers

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Building Tools for Effective Philanthropy

PRI Institute

Presented by PRI Makers Network
Sponsored and hosted by the Annie E. Casey Foundation
Renaissance Baltimore Harborplace Hotel
202 East Pratt Street, Baltimore, MD

Lead Trainers: Lisa Richter, GPS Capital Partners, LLC;
Christa Velasquez, Annie E. Casey Foundation

June 24 - 26, 2009

The PRI Institute is a 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 foundation staff or trustees already engaged in the use of program-related investments (PRIs) or who are committed to learning how to develop and implement a philanthropic strategy that includes PRIs. PRI Makers Network offers the first half-day as PRI Fundamentals, an in-depth introduction to PRIs designed for executives or trustees from foundations embarking on a PRI strategy.

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 program-related investments (PRIs) are currently used to further outcomes in program areas such as conservation, community and economic development, social enterprise, health, arts, child and families, and education. In addition to gaining hard skills such as sourcing and underwriting PRIs, participants will achieve the following objectives:

- Discover the range of ways PRIs can be used, best practices, and potential impacts;
- Understand the unique processes for underwriting various types of PRIs and other social investments through the spectrum of concessionary to market rate instruments;
- Learn how foundations of different sizes or missions set up their PRI operation, including roles of in-house staff and external consultants or partners;
- Hear how PRIs are performing in the economic downturn, and how foundations are using PRIs to assist high performing investees to remain sustainable; and
- Consider the philosophical implications of market-rate Mission-Related Investments (MRIs) and Program-Related Investments (PRIs) and understand the important role that such investments 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 mission investment program. Although not mandatory, participants should possess some basic financial analysis skills. Enrollment will be limited to 30 participants. PRI Fundamentals is open to executives or trustees from PRI Makers Network foundations as space permits on a first-come, first-served basis. *Eligible foundations may become full or introductory members of the PRI Makers Network at the time of registration for the Institute.*

Registration: The PRI Institute registration fee of \$2,200 per participant includes all training materials, 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. Registration forms and payment received from ineligible individuals' organizations will be returned to the sender. Registration deadline is June 1, 2009. Please make checks payable to Philanthropy Northwest. *Philanthropy Northwest is proud to serve as the host and fiscal sponsor for the PRI Makers Network.*

Registration for PRI Fundamentals only: Executives and trustees from PRI Makers Network foundation members are welcome to attend the PRI Fundamentals portion of the PRI Institute (Wednesday, June 24: 8:00 am - 1:30 pm - see detailed agenda) for a solid introduction to PRIs. There is no fee but pre-registration is required and space is limited. To register, please send an email to Janelle Zakrzewski (janelle@philanthropynw.org) that references your Name, Title, Organization, Address, City, State, Zip, Phone, Fax, E-mail, and a brief statement about your foundation's interest in PRIs.

When: Begins: 8:00 am -- Wednesday, June 24, 2009;
Ends: 12:00 noon -- Friday, June 26, 2009

Where: Renaissance Baltimore Harborplace Hotel,
202 East Pratt Street, Baltimore, MD 21202

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Trainers: Lisa Richter, GPS Capital Partners LLC, developed the curriculum and with Christa Velasquez, Annie E. Casey Foundation, will facilitate an interactive learning environment that includes topical and national experts. Christa Velasquez, Director of Social Investments at the Annie E Casey Foundation, develops, coordinates, and manages the Foundation's \$100 million social investment fund. She is responsible for the Foundation's evolving social investment strategy, designing social investment policies and procedures, and identifying potential investments. 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 in a broad range of program areas, with large and small foundations and other institutional investors. **Each session will feature additional speakers as appropriate: experts, other foundation representatives, and PRI recipients.**

Lodging: Participants are responsible for their own travel, lodging, evening meals and incidental costs.

Renaissance Baltimore Harborplace Hotel

202 East Pratt Street

Baltimore, MD 21202

(410) 547-1200

Room rate: \$169 per person per day plus taxes.

To reserve a room, please call (410) 547-1200 and be sure to mention the PRI Institute and Annie E. Casey Foundation.

Cancellation Policy: Substitutions will be accepted at any time. PRI Institute cancellations will be subject to a \$100 processing fee through June 1; there will be no refunds after that date. All cancellations and substitutions must be in writing and e-mailed to Janelle Zakrzewski (janelle@philanthropynw.org) or mailed to:

PRI Makers Network, Philanthropy Northwest, 2101

Fourth Avenue, Suite 650, Seattle, WA 98121.

PRI Makers Network

Philanthropy Northwest

2101 Fourth Avenue, Suite 650

Seattle, WA 98121

206-443-8430 or 877-PNW-ASK2 toll-free

206-441-4622 FAX

info@primakers.net

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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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Baltimore, MD 21202 (410) 547-1200

June 24-26, 2009

Registration

Please complete and return with the registration fee of \$2,200 by June 1, 2009. Space is available on a first-come, first-served basis. 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. Send your registration to: PRI Institute, PRI Makers Network, Philanthropy Northwest, 2101 Fourth Avenue, Suite 650, Seattle, WA 98121.

Registration for PRI Fundamentals only: Executives and trustees from PRI Makers Network foundation members are welcome to attend the PRI Fundamentals portion of the PRI Institute (Wednesday, June 24: 8:00 am - 1:30 pm - see detailed agenda) for a solid introduction to PRIs. There is no fee but pre-registration is required and space is limited. To register, please send an email to Janelle Zakrzewski (janelle@philanthropynw.org) that references your Name, Title, Organization, Address, City, State, Zip, Phone, Fax, E-mail, and a brief statement about your foundation's interest in PRIs.

Name _____

Title _____

Organization _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____ E-mail _____

Lodging and Travel:

Participants are responsible for their own lodging and travel.

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. Grantmaking organizations that meet the eligibility criteria 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: \$2,200. Membership Dues (if applicable) : \$_____ Total \$_____

If you have any questions, please email Peter Berliner (PBerliner@philanthropynw.org) or Janelle Zakrzewski (janelle@philanthropynw.org).

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Note: PRI Makers Network member executives or trustees are welcome to attend the PRI Fundamentals sessions on Wednesday, June 24 from 8:00 am through 1:30 pm. Preregistration is required.

Wednesday, June 24

8:00 am **INSTITUTE REGISTRATION AND CONTINENTAL BREAKFAST**
(program begins at 9:00 am)

9:00 am **PRI FUNDAMENTALS: INTRODUCTION**

Program-related investments (PRIs) are an effective way for foundations and other funders to maximize the use of their assets to achieve philanthropic objectives. Appropriately applied, PRIs can help social initiatives achieve sustainability and scale. What is the legal definition of a program-related investment (PRI)? Why make PRIs? How do PRIs connect to a Mission-Related Investing (MRI) strategy?

10:45 am **PRI FUNDAMENTALS: CRAFTING A STRATEGY**

What are the critical steps to take to create a successful PRI program? How do you decide to make an investment versus a grant? How are foundations adjusting any aspects of their strategies for the adverse economic climate? Hear from experts on when they underwrite PRIs to intermediaries and when they invest directly -- and how they gauge social impact in each case.

12:00 pm **LUNCH -- PRI FUNDAMENTALS: 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.

PRI Fundamentals participants are dismissed at 1:30 pm.

2:00 pm **INTRODUCTION TO PRI UNDERWRITING**

Even more than grantmakers, PRI Makers must acquire competency in financial vocabulary and analytical skills. Lenders must confidently assess credit-worthiness using information in the form of financial statements, including statements of financial position and statements of activities. What are the key financial documents and ratios investors use to understand the potential risks and returns

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of PRI opportunities in various asset classes? What the numbers really mean - how liquid, secure or qualified your potential investment is - can mean the difference between a strong and weak financial performance. Participants will work in groups to capture due diligence “headlines” from investee financials.

3:30 pm BREAK

3:45 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 perform due diligence 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.

5:30 pm RECEPTION AT THE ANNIE E. CASEY FOUNDATION

(701 St. Paul Street, Baltimore)

Informal networking for participants and speakers. Others from the area will be invited including PRI Makers Network members, local foundations, and PRI recipients.

7:00 pm DINNER ON YOUR OWN

Participants may choose to dine together at local restaurants preselected by PRI Makers Network.

Thursday, June 25

8:00 am CONTINENTAL BREAKFAST (program begins at 8:30 am)

8:30 am PRI DEALS: STRUCTURE AND DOCUMENTATION

Participants will focus on intended charitable outcomes, investee 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 or 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**
- 5:30 pm **DINNER ON YOUR OWN**
Participants may choose to dine together at local restaurants preselected by PRI Makers Network.

Friday, June 26

- 8:00 am **CONTINENTAL BREAKFAST** (program begins at 8:30 am)
- 8:30 am **INTERNATIONAL INVESTING (CASE STUDY)**
How are the opportunities, risks and process different for making international PRIs? Hear from an expert about key factors to consider when investing in nonprofit and for-profit entities to increase impact in international programs. Participants discuss deal structuring, intermediary and partner selection, as well as special legal, foreign exchange, political, and cultural considerations.
- 10:00 am **BREAK**
- 10:15 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. How are PRI Makers managing their portfolios and assisting investees during the economic downturn? 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.
- 12:00 pm **CLOSING REMARKS AND INSTITUTE ADJOURNED**