



SAGINAW COMMUNITY FOUNDATION POLICY ON INVESTING FOR COMMUNITY IMPACT

A. STATEMENT OF PURPOSE

The purpose of this document is to state an expanded mission and philosophy of community leadership for the Saginaw Community Foundation (SCF). This policy is not intended to replace or diminish the Foundation's current programs and grant making activities. Rather, its purpose is to establish a process for the expanded investment and development of the greater community. This will involve investment by SCF in projects that promote quality of life. Any project from whatever source will be considered if it can be shown to have a community wide impact or fulfill an unmet community need. While direct investment of SCF assets is one option, the preferred role will be to act as a facilitator or catalyst to bring various community groups and financing sources together to achieve projects that individual organizations could not accomplish on their own.

Programs like those envisioned by this policy are often called Mission Related Investments, Socially Responsible Investments or Program Related Investments. The various meanings assigned to these terms, in the final analysis, all relate to how an organization can maximize its impact on the community for good. SCF chooses to view the process as one of **INVESTING FOR COMMUNITY IMPACT**.

B. AUTHORITY AND IMPLEMENTATION

The SCF Board of Directors has authorized two percent (2%) of the Foundation's unrestricted assets to be set aside for this new initiative. The authority to initiate, review and define projects for recommendation to the Board for final approval is delegated to the Investment Committee. When the Investment Committee determines that a project proposal is worthy of consideration, an Implementation Committee shall be created. This committee shall consist of SCF staff member(s), representatives of the Investment Committee and such other SCF standing committees as appropriate. In addition, the Investment Committee shall appoint at large members of the community who have the specialized expertise or skills to help guide the project.

The Implementation Committee shall undertake to determine the following:

- Project feasibility and community impact
- Financing and other resources required
- Final parameters of the project
- How the project will be executed and by whom

- The potential investment, economic and social return
- The investment risks and probabilities of success
- The time frame for implementation and completion of the project
- Criteria for evaluating the project

When the Implementation Committee determines that a project should move forward, and it has been approved by the full Investment Committee, the project shall be submitted to the SCF Board of Directors for final approval and authorization to proceed. At this point, the Implementation Committee shall assume responsibility for overseeing the project to completion. Periodic reports shall be submitted to the Investment Committee and the SCF Board of Directors on the progress of the project.

It is intended that each project shall have a separate Implementation Committee appropriate to its needs and scope.

C. PROJECT IDENTIFICATION

SCF does not wish to preclude any individual or organization from bringing an idea to SCF for consideration. However, SCF does not want the process to devolve into one of reviewing applications and program proposals. The goal is to be proactive and seek out projects that reflect a need as identified by the community, not just as perceived by SCF or a single individual or organization.

The Investment Committee and SCF staff shall initially review any existing surveys of community needs that have been published within the last five (5) years. To broaden the scope of information, a county-wide survey of all public and private agencies/associations and identified community leaders, not already covered in existing studies, will be undertaken. Each participant will be asked to list and briefly describe their top five priorities or needs as an organization, or for the community as a whole. SCF will look for those ideas which are mentioned by multiple respondents or that have a common or closely related goal.

When a list has been developed, SCF will seek input from various community groups on feasibility, the potential project impact, and the resources required to do the projects. To assure that SCF keeps in touch with the changing needs of the community, the survey and evaluation process shall be ongoing and repeated in-depth every five years as needed. Outside experts should be used as required to assist in survey design and evaluation of the results.

D. USE OF FUNDS

The two percent (2%) set aside of funds is intended to function as a revolving fund. Returns on investments will be made available for funding additional projects. Expectations of below market returns are acceptable if deemed appropriate for the project. In each case, SCF would expect a return on and/or return of the principal.

Permitted investments would be as follows:

- Loans

- Loan guarantees
- Equity investments
- Financing that encourages other entities to contribute funds and resources

To avoid concentration risk, a maximum of 25% of the set aside funds can be invested in any single entity or project, subject to review and recommendation of the Investment Committee and approval of the Board of Directors.

Projects that are structured as a loan should have collateral of the type and amount as recommended by the Implementation Committee. The total of unsecured investments should not exceed 30% of the set aside funds or 15% for a single project.

SCF prefers that the maximum duration of a project not exceed seven (7) years. Repayment of loans or recovery of equity will help achieve the maximum benefit from the available funds.

E. ADMINISTRATIVE COSTS

The project champion will be responsible for any costs associated with processing approved projects including, but not limited to, legal fees, appraisal and closing fees, environmental assessment fees, and relevant administrative fees and costs incurred by SCF. These costs may be paid in a number of different ways including, but not limited to, the investee paying the cost up front or building it into the principal amount of the underlying project.

F. MONITORING AND REPORTING

Each Implementation Committee shall be responsible for evaluating and reporting, at least annually, to the Investment Committee and the Board of Directors on the project it is overseeing. At a minimum, the report shall contain:

- Progress report on the current status of the project
- Measurements of the economic and social returns to the community
- The project champions assessment of changes in the fair market value or value of any underlying collateral
- Any changes in the risk assessment or prospects for successful completion