

FREY FOUNDATION

Program Related Investment Procedures

BACKGROUND

On August 12, 2022, the Frey Foundation Board of Trustees approved an [impact investing statement](#), providing authorization for staff to consider and seek out opportunities to mobilize capital to meet the needs of the communities we serve. The statement outlines the foundation's impact investing approach and guidelines related to both mission and program related investments (PRI). The procedures outlined in this document are specific to PRIs.

POLICY/GUIDELINES

Impact Investing Principles

The impact investing principles and strategies identified in the impact investing statement are as follows:

1. Honor our fiduciary role and strengthen our long-term grantmaking capacity;
2. Complement the purpose, mission and values that drive our grantmaking;
3. Balance long-term intentionality with timely action as opportunities arise;
4. Build on lessons learned by peer institutions and our own experiences;
5. Evolve in a measured, cautious, and gradual way;
6. Affirm the foundation's leadership as a collaborative community partner; and
7. Measure our impact to refine our strategy over time.

PRI Guidelines

PRIs awarded from grant expenditures used to meet the foundation's annual required minimum distribution (RMD), should not exceed a collective 20% of the RMD at any time.

RATIONALE FOR POLICY

Our program-related investing will build on the foundation's past experiences, leveraging investing tools, in addition to grantmaking, to achieve our charitable goals. These tools may include but are not limited to: Community Development Financial Institution (CDFI) investments, bridge loans, loan guarantees, recoverable grants, and catalytic or early grants to organizations. These tools may be used alone and/or in combination. This approach will allow us to investigate requests for capital that come to us through the community and to collaborate proactively with community organizations to identify the forms of capital that will most effectively maximize impact.

PROCEDURES

Requests

1. Foundation staff identifies potential opportunity
2. Internal meetings are held to gain comprehensive knowledge of the project
3. Requesting organization submits an application specific to PRIs on online portal
4. President/Board Chair reviews the request and provides direction for staff to move forward with due diligence and recommendation preparation
5. Overview and updates of potential project provided to Executive Committee
6. Program and finance staff complete due diligence and initiate conversations with legal (if needed)

Approval

1. Program and finance staff presents the request and provides a recommendation to the Grants Committee
2. Grants Committee reviews recommendation at a quarterly Grants Committee meeting and provides a recommendation to the Board of Trustees
3. The Board of Trustees reviews and approves/declines all Grants Committee recommendations
4. If approved, staff works with legal to execute a loan agreement, promissory note (if needed), and any other required documentation
5. Once all documentation is fully executed, staff issues payment to recipient

Active Investments

1. Recipient submits reports and repayments as outlined in the agreement
2. Finance staff reviews for approval, tracks in system and follows up with recipient as needed
3. Defaults, term restructuring requests or changes in scope of project reviewed by Executive Committee and brought to Board of Trustees
4. Active PRIs tracked and reflected in relevant financial documents in Grants Committee meeting materials
5. Staff reports to Grants Committee once repayment is complete

Approved By:	Board of Trustees
Effective Date:	May 12, 2023