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| CATALYST FUND PORTFOLIO (Pool A) |
| BORROWER:  | The Reinvestment Fund (TRF) |
| AMOUNT:  | $2,000,000 |
| CLOSING DATE:  | May 18, 2009 |
| MATURITY DATE: | May 18, 2017 |
| LOAN TERM:  | 8 Years |

**PROGRAM OVERVIEW:** The Reinvestment Fund (TRF) is one of the premier community development financial institutions in the country. Since its establishment in 1985 as a small community development loan fund for affordable housing in the Philadelphia metropolitan area, TRF has evolved into a comprehensive regional financing intermediary. In collaboration with the Commonwealth of Pennsylvania, The Food Trust and the Greater Philadelphia Urban Affairs Coalition, TRF launched the Pennsylvania Fresh Food Financing Initiative in 2004. This program provides innovative financing solutions to supermarket operators in underserved communities to improve access to healthy and affordable food. The program has become a national model, winning an innovation award from Harvard’s Kennedy School of Government and serving as the model for the national Healthy Foods Financing Initiative and several state programs. TRF has committed over $60 million in grants and loans to nearly 70 stores across the state, creating more than 3,700 jobs. The Catalyst Fund’s $2 million loan was intended to be used to replicate TRF’s successful Fresh Food Financing Initiative in Newark, NJ, and potentially also in Baltimore. TRF planned to provide predevelopment grants and loans, land acquisition financing, equipment financing, capital grants for project funding gaps, and construction and permanent financing, as well as technical assistance and workforce services to operators planning supermarkets or grocery stores in low-income communities that lack access to fresh food. Although TRF has moved forward with a NJ Fresh Food Financing program, delays in the creation of that program resulted in Living Cities granting permission for its Catalyst Fund loan to be used to develop a refrigerated produce warehouse and distribution center in Newark.

**PROGRAMMATIC SIGNIFICANCE:** The loan to TRF addresses several key Living Cities priorities. Access to affordable fresh foods, often lacking in low-income urban communities, is critical for good health. Mounting evidence on social determinants of health suggests that access to fresh foods reduces the risk of developing diet-related diseases such as obesity, heart disease and diabetes. In addition to supplying fresh, affordable foods, supermarkets help create jobs and serve as retail anchors in underinvested communities.

**ADDITIONAL FUNDERS:**

* New Jersey Economic Development Authority
* Brick City Development Corporation
* ING
* TD Bank
* Robert Wood Johnson Foundation

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided $2 million in general recourse debt to TRF.

**LEVERAGE:** $2 million from the Catalyst Fund is leveraging at least $60 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | Neighborhood Development Center (NeDC) |
| AMOUNT:  | $700,000 |
| CLOSING DATE:  | May 23, 2011 |
| MATURITY DATE: | December 31, 2020 |
| LOAN TERM:  | 9.5 Years |

**PROGRAM OVERVIEW:** The Neighborhood Development Center (NeDC) serves as one of three lending intermediaries for the Twin Cities Corridors of Opportunity Initiative (COI), a Living Cities Integration Initiative site. The COI, led by the McKnight Foundation and the Saint Paul Foundation, will advance the development of a regional, cross-sector framework for equitable Transit-Oriented Development that ensures that low-income residents, businesses and neighborhoods along the existing Hiawatha line and planned Central Corridor and Southwest lines benefit from transit-related investments. In addition, the COI seeks to increase the capacity of affordable housing and small business intermediaries in the Twin Cities.

NeDC, a Twin Cities non-profit established in 1993, offers training, technical assistance and loans to local small businesses. NeDC is participating in the COI by helping to mitigate the effects of construction on small businesses located along transit corridors. NeDC will provide working capital, equipment and real estate loans as well as technical assistance to help small businesses survive and grow.

**PROGRAMMATIC SIGNIFICANCE:** Through The Integration Initiative (TII), we are testing three strategies that we believe are central to catalyzing that change: collective impact, public sector innovation and capital innovation.

Many cities today are program-rich, but focus on piecemeal approaches and workaround solutions. TII cities receive grants, flexible debt, and commercial debt from Living Cities and its members in order to work across sectors toward a shared result. Cities also participate in knowledge exchanges and technical assistance opportunities including one-on-one meetings, site visits, online collaboration tools, and convenings with other sites known as “Learning Communities.”

TII began in 2010 with five cities: Baltimore, Cleveland, Detroit, Newark, and Minneapolis-St. Paul. In 2014, Living Cities chose five additional sites to join the TII network: Albuquerque, New Orleans, San Antonio, San Francisco, and Seattle/King County.

Thriving small businesses are critical to the success of any community. In the Central Corridor between Minneapolis and St. Paul, immigrant-owned and other small businesses have been mainstays of the community, creating jobs and a unique sense of place. Although the addition of transit can benefit small business owners by increasing the flow of potential customers, the disruptions caused by construction can prove fatal if businesses are not prepared. NeDC is working with nearly 500 small businesses along Twin Cities transit corridors to prepare them for the coming of transit, helping them purchase their buildings, market themselves more effectively, survive the construction period, and expand and create jobs.

NeDC has historically used grant funding to make its loans. Borrowing from the Catalyst Fund has enabled the organization to gain experience with the use of debt, which has become an important source of capitalization, as NeDC grows.

**ADDITIONAL FUNDERS:**

* Central Corridor Funders Collaborative
* Living Cities Integration Initiative grant funds
* City of St. Paul
* McKnight Foundation

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $700,000 general recourse loan to NeDC.

**LEVERAGE:** $700,000 from the Catalyst Fund is leveraging over $2 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | The Reinvestment Fund (TRF) |
| AMOUNT:  | $3,000,000 |
| CLOSING DATE:  | May 25, 2011 |
| MATURITY DATE: | December 31, 2020 |
| LOAN TERM:  | 9.6 years |

**PROGRAM OVERVIEW:** The Reinvestment Fund (TRF) is the lending intermediary for Baltimore’s Integration Partnership (BIP), a Living Cities Integration Initiative site. The BIP, led by the Association of Baltimore Area Grantmakers, is working to create municipal and regional mechanisms to ensure that low-income communities benefit from large-scale development projects and the economic opportunities generated by anchor institutions.

TRF is a leading Community Development Finance Institution (CDFI) that has invested over $1 billion to revitalize low-income neighborhoods by improving access to affordable housing, schools, small business capital, and commercial real estate. TRF is participating in the governance of BIP and providing financing to support pre-development, acquisition, construction, and New Markets Tax Credits financing for housing, community facilities, and commercial real estate, including grocery stores, charter schools and other neighborhood services and amenities.

**PROGRAMMATIC SIGNIFICANCE:** The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

* Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
* Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
* Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
* Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Although TRF had previously developed affordable housing in the East Oliver neighborhood of Baltimore, they had not been a major presence in shaping Baltimore’s community development strategy. TRF’s involvement in BIP may serve as a model for how high performing intermediaries can bring their capacity to additional locations.

Borrowers using TRF funds are negotiating Workforce Resources and Inclusion Plans that require them to commit that a certain percentage of construction hours will be completed by local workers (Baltimore City, with a preference for targeted areas). BIP workforce providers are being offered the opportunity to provide candidates for hiring consideration for available positions identified by the developer. In this way BIP is maximizing the linkage between physical redevelopment and human capital development.

**ADDITIONAL FUNDERS:**

* 7 Living Cities member financial institutions
* Federal Neighborhood Stabilization Program and Social Innovation Fund
* Annie E. Casey Foundation
* City of Baltimore HOME
* Maryland Department of Housing and Community Development LIHTC
* Bank of America

**DESCRIPTION OF THE LOAN:** The Catalyst Fund provided a $3 million general recourse loan to TRF.

**LEVERAGE:** $3 million from the Catalyst Fund is leveraging nearly $39 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | Capital Impact Partners (CIP) |
| AMOUNT:  | $5,500,000 |
| CLOSING DATE:  | June 30, 2011 |
| MATURITY DATE: | December 31, 2020 |
| LOAN TERM:  | 9.5 years |

**PROGRAM OVERVIEW:** Capital Impact Partners (formerly NCB Capital Impact) is the lending intermediary for Detroit’s Woodward Corridor Initiative (WCI), a Living Cities Integration Initiative site. The WCI, led by Midtown Detroit, is working to “redensify” Detroit’s urban core by improving safety, schools, employment, and small business opportunities. Specifically, WCI is encouraging anchor institutions to “live local, hire local, and buy local” and fostering land use planning, transit corridor development and neighborhood revitalization designed to secure direct benefits for residents while attracting new investment. The initiative will also work to make Detroit more “business friendly” by streamlining municipal processes.

CIP is a leading national Community Development Finance Institution (CDFI) which has invested over $1.7 billion to improve access to high-quality health and elder care, healthy foods, housing, and education in low-income communities. CIP will participate in the governance of the WCI and will provide financing to support acquisition, construction and rehabilitation of community facilities, charter schools and mixed-use/mixed-income development along the Woodward Corridor in the Midtown and the North End neighborhoods.

**PROGRAMMATIC SIGNIFICANCE:** The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

* Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
* Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
* Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
* Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Access to capital and financing expertise in Detroit has been limited. By bringing Catalyst funding along with $15 million in commercial debt from Living Cities members and by inviting CIP to participate at the governance level in the initiative, the WCI is helping to “unfreeze” a pipeline of catalytic transactions and bring to Detroit significant national expertise in structuring complex deals. The mix of local and national capacity may prove to be a useful model for other cities that have lacked strong, locally based CDFIs.

**ADDITIONAL FUNDERS:**

* 7 Living Cities member financial institutions
* PNC Bank
* Trinity Health
* Invest Detroit
* Partners for the Common Good
* CDFI Fund Financial Assistance & Healthy Foods Financing Initiatives
* New Markets, State & Federal Historic Preservation and State Brownfields Tax Credits

**DESCRIPTION OF THE LOAN:** The Catalyst Fund provided a $5.5 million general recourse loan to NCBCI.

**LEVERAGE:** $5.5 million from the Catalyst Fund is leveraging at least $60 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | Twin Cities Community Land Bank (TCCLB) |
| AMOUNT:  | $2,300,000 |
| CLOSING DATE:  | November 11, 2011 |
| MATURITY DATE: | October 31, 2020 |
| LOAN TERM:  | 9 years |

**PROGRAM OVERVIEW:** The Twin Cities Community Land Bank (TCCLB) serves as one of three lending intermediaries for the Twin Cities Corridors of Opportunity Initiative (COI), a Living Cities Integration Initiative site. The COI, led by the McKnight Foundation and the Saint Paul Foundation, will advance the development of a regional, cross-sector framework for equitable Transit-Oriented Development that ensures that low-income residents, businesses and neighborhoods along the existing Hiawatha line and planned Central Corridor and Southwest lines benefit from transit-related investments. In addition, the COI seeks to increase the capacity of affordable housing and small business intermediaries in the Twin Cities.

Twin Cities Community Land Bank was established in 2009 by Family Housing Fund as an innovative tool to help spur land acquisition and site control in response to the region’s foreclosure crisis. Family Housing Fund is supporting the COI with a guarantee of the Catalyst Fund loan and a subordinated loan to the TCCLB.

TCCLB and LISC (the other real estate CDFI participating in the COI) are working together to jointly fund and originate project loans as part of the COI. The CDFIs are offering loans to support the preservation of affordable single and multi-family housing as well as loans to support the development of new affordable housing/mixed-used developments. All loans funded will support properties that are located along transit lines.

**PROGRAMMATIC SIGNIFICANCE:** The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

* Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
* Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
* Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
* Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Equitable transit oriented development and preservation has the potential to create opportunities and benefits for low-income communities. The TCCLB’s financing in partnership with LISC, can help serve as a national model for the challenges and opportunities for financing equitable TOD. In addition, as the TCCLB is a newly developing CDFI, the Catalyst loan is helping the CDFI gain experience with the use of debt, which will likely be an important source of capitalization in the future.

The Twin Cities Community Land Bank was chosen by the Center for Community Progress as the Urban Land Bank of the Year in 2012. The award honors land banks for their outstanding performance and commitment to putting vacant, abandoned and problem properties back into productive use.

**ADDITIONAL FUNDERS:**

* 7 Living Cities member financial institutions
* Family Housing Fund

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $2,300,000 general recourse loan to TCCLB.

**LEVERAGE:** $2.3 million from the Catalyst Fund is leveraging at least $12 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | New Jersey Community Loan Fund |
| AMOUNT:  | $3,000,000 |
| CLOSING DATE:  | November 22, 2013 |
| MATURITY DATE: | May 22, 2021 |
| LOAN TERM:  | 7.5 years |

**PROGRAM OVERVIEW:** The New Jersey Community Loan Fund (NJCLF) is the lending intermediary for Newark’s Integration Initiative, Strong Healthy Communities Initiative (SHCI). SHCI, coordinated by The Center for Collaborative Change and Prudential Foundation, is creating a model to improve the health and wellness of children in Newark’s low-income neighborhoods in order to improve educational outcomes and advance their ability to learn. SCHI has identified focus geographies – Fairmount; Avon Avenue/Clinton Hill; Sussex Avenue; and Lower Broadway – in order to track and monitor the initiative’s effective integration and successful implementation. The focus geographies are low-income, distressed communities that can also be defined as emerging markets. The Catalyst Fund loan will fund the acquisition, redevelopment and renovation of abandoned and/or foreclosed housing units in the SHCI designated neighborhoods.

NJCLF was founded in 1987 as an affordable housing loan fund primarily focused on developing affordable housing across New Jersey for ownership, rental, supportive, and transitional purposes. Subsequently, NJCLF began to provide both financing and technical assistance programs to community-based early care providers and became involved in the charter school movement. In 2003, NJCLF and affiliated entities adopted the trade name New Jersey Community Capital.

**PROGRAMMATIC SIGNIFICANCE:** The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

* Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
* Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
* Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
* Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

SHCI defines individual health broadly, encompassing physical, mental and emotional wellness – all required for individual growth, achievement and productivity. Likewise, community health includes social, environmental, structural, institutional, governmental and economic wellbeing. SHCI is holistically addressing the unequal conditions (healthcare, housing, foods, safety, and social, structural and physical environment) in low-income neighborhoods that result in poor health and achievement and linking these efforts to education and workforce systems, thereby maximizing the initiative’s returns in individual and collective economic advancement.

**ADDITIONAL FUNDERS:**

* 5 Living Cities member financial institutions
* Prudential Foundation

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $3,000,000 general recourse loan to NJCLF.

**LEVERAGE:** $3 million from the Catalyst Fund is leveraging at least $5 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool C) |
| BORROWER:  | Bay Area Transit Oriented Affordable Housing Fund |
| AMOUNT:  | $3,000,000 |
| CLOSING DATE:  | March 30, 2011 |
| MATURITY DATE: | December 31, 2020 |
| LOAN TERM:  | 9.8 years |

**PROGRAM OVERVIEW:** The Bay Area Transit-Oriented Affordable Housing Fund (TOAH) is a public-private, structured financing mechanism for the development of affordable housing and community services near transit in a nine-county Bay Area region. The Great Communities Collaborative (GCC), a 24-member group of Bay Area nonprofits, sponsors the Fund, while the Low Income Investment Fund (LIIF) manages it.

The Fund, which was seeded by a $10 million recoverable grant from the Metropolitan Transportation Commission, blends this first-loss money with loans from participating Community Development Financial Institutions (CDFIs), philanthropic investors and banks to reach a total pool of $50MM. The Fund offers a variety of loan products, including secured pre-development, acquisition, construction bridge, construction-to-mini permanent, and leveraged New Markets Tax Credit loans. Up to 15% of the funds may be invested in retail and community facilities, including child care centers and grocery stores.

**PROGRAMMATIC SIGNIFICANCE:** Transit-Oriented Development (TOD) is an integrated approach to land use and transportation development that has the potential to provide equitable access to opportunity for all members of the community, while increasing sustainability and supporting healthy lifestyles. The need for and importance of TOD in the Bay Area is particularly acute, as families making $20,000 to $50,000 pay as much as 57% of their income in housing and transportation. Public transportation can save families as much as $9,000 annually and it effectively connects low- and moderate-income families to the regional economy.

Through the Fund, developers of affordable housing, community services, fresh food markets and other catalytic neighborhood developments will have access to capital that will allow them to move quickly to purchase available property near transit lines. By giving developers the tools they need to create complete communities, the TOD Fund will help change the landscape for low-income residents throughout the Bay Area.

The Fund is an innovative national model in several important respects. As a cooperative effort with six participating CDFIs, TOAH extends across an entire region, spanning nine counties. The Fund design, with its multiple products, is flexible enough to accommodate varied and changing market conditions. The precedent-setting involvement of the MTC is also an example of how government can spur and leverage private capital.

**ADDITIONAL FUNDERS:**

* Metropolitan Transportation Commission
* LIIF, Enterprise Community Partners, LISC, Corporation for Supportive Housing, Northern California Community Loan Fund, Opportunity Fund
* Ford Foundation
* San Francisco Foundation
* Morgan Stanley
* Citi Community Capital

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $3 million third loss loan to the Fund.

**LEVERAGE:** $3 million from the Catalyst Fund is directly leveraging over $47 million from other sources, in addition to the funding secured by the projects themselves.

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| CATALYST FUND PORTFOLIO (Pool C) |
| BORROWER:  |  IFF |
| AMOUNT:  | $3,000,000 |
| CLOSING DATE:  | March 15, 2013 |
| MATURITY DATE: | March 15, 2018 |
| LOAN TERM:  | 5 years |

**PROGRAM OVERVIEW:** IFF, formerly Illinois Facilities Fund, is one of the leading community development financial institutions in the country. Since its establishment in 1988 by the Chicago Community Trust, IFF has been making real estate loans to human service nonprofit organizations, first in Illinois and expanding into Iowa, Missouri, Wisconsin, and Indiana.

The Catalyst loan is being used to bridge loans made under IFF’s Healthy Food Access Program (HFAP) until the time such loans can be sold into IFF’s Healthy Food Access Investor Consortium. Seeded with from the CDFI Fund in late-2011, IFF’s HFAP invests in food-related projects in Illinois, Iowa, Indiana, Missouri and Wisconsin, with an initial emphasis on full-service, for-profit grocery stores in “food deserts.”

**PROGRAMMATIC SIGNIFICANCE:** HFAP goals include a commitment to the promotion of healthy and fresh food and community engagement to promote nutrition education and healthy shopping. IFF has been involved in financing the healthy foods movement for several years and in 2011 made the decision to begin financing retail grocery stores in communities without access to healthy and fresh food on a regular basis. HFAP includes a requirement for community engagement on the part of the grocer that will focus on changing shopping and eating habits, and will include activities, events and partnerships both inside the store and in the community.

**ADDITIONAL FUNDERS:**

* State of Illinois
* CDFI Fund
* NCB Capital Impact
* BMO Harris Bank
* Northern Trust

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $3 million general recourse loan to IFF.

**LEVERAGE:** IFF has raised $10 million from the state of Illinois and $3 million from the CDFI Fund to support HFAP. These funds, along with our $3 million, will leverage $36 million in loans or investments through a funding consortium.

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| CATALYST FUND PORTFOLIO (Pool) |
| BORROWER:  | Youth Services, Inc. for the Massachusetts Juvenile Justice Pay For Success Program |
| AMOUNT:  | $1,500,000 |
| CLOSING DATE:  | January 28, 2014 |
| MATURITY DATE: | December 31, 2019 |
| LOAN TERM:  | 6 years |

**PROGRAM OVERVIEW:** The Massachusetts Juvenile Justice Pay for Success (PFS) Project is the fourth and largest PFS transaction to close in the United States. The financing will allow Roca, an evidence-based, non-profit service provider, to provide supportive services to over 900 high risk young men who, without intervention, face a future reality of jail, violence, and poverty. The intention of the services is reducing recidivism and increasing employment. Beginning in year five, the Commonwealth of Massachusetts will make up to $27 million in "success payments" for avoided bed-days of incarceration, increases in employment, and achievement of job readiness among the target population. The success payments will be used to repay the loan.

Youth Services Inc. (YSI), a non-profit special purpose entity, was created to be the financial and administrative intermediary for this transaction. YSI is a supporting organization of Third Sector Capital Partners, Inc. Third Sector will staff YSI and act as the project manager. Founded in 2010, Third Sector is a non-profit financial advisory firm and intermediary seeking to accelerate America’s transition to a performance-driven social sector. Third Sector has risen to become a leading practitioner in implementing PFS financing in the United States.

Roca is a long-established non-profit whose mission is to help disengaged and disenfranchised young people move out of violence and poverty. Roca has designed and administers a 16-quarter cognitive-behavioral intervention model that works with young men involved in the criminal justice system, enabling them to transform their lives and move them toward the outcomes of economic independence (i.e. successfully keeping a job) and living out of harm’s way (i.e. staying out of prison). Roca is providing services out of its Chelsea and Springfield sites, serving all surrounding communities.

**PROGRAMMATIC SIGNIFICANCE:** PFS has been identified as a focus of both Living Cities’ Capital Innovation and Public Sector Innovation work. At a time when government finances are under strain, there is growing interest in improving the effectiveness of public sector spending, especially on social programs. PFS is one of the areas of public sector innovation that we believe holds significant promise to redirect public resources to produce better outcomes for low-income people. PFS offers a new option for expanding proven preventive programs.

Financing human capital is a priority of Living Cities. PFS introduces private capital into an area that has typically been financed by grants from philanthropy. It is an important step towards the critical-but-challenging handoff from philanthropy, which provides the “risk capital” of social innovation by funding and testing new programs, to government, which has both the capital and policy influence to take programs to scale.

**ADDITIONAL FUNDERS:**

* Goldman Sachs
* Kresge Foundation
* Laura and John Arnold Foundation
* New Profit
* Boston Foundation
* Roca, Inc
* Third Sector Capital Partners

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $1.5 million loan to YSI in the subordinate debt tranche of the Massachusetts Juvenile Justice Pay for Success (PFS) project.

**LEVERAGE:** $1.5 million from the Catalyst Fund is leveraging $20.3 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool) |
| BORROWER:  | Social Finance NY State Workforce Re-Entry 2013 LLC  |
| AMOUNT:  | $509,000 |
| CLOSING DATE:  | June 30, 2014 (Catalyst Fund bought into the transaction which closed in December 1013) |
| MATURITY DATE: | June 30, 2019 |
| LOAN TERM:  | 5 years (term of entire PFS project is 5.5 years) |

**PROGRAM OVERVIEW:** The New York State Workforce Re-entry Pay for Success Project (NYS PFS Project) provides working capital to implement and operate a New York State project: Employment to Break the Cycle of Re-Incarceration. New York State has entered into a five and a half year Pay for Success (PFS) contract. Under the PFS Contract, SFI operates as the intermediary and has contracted with the Center for Employment Opportunities (CEO), an independent non-profit service provider, to provide supportive services to 2,000 high-risk men leaving the New York State prison system and returning to parole supervision in New York City or Rochester. The goals of the program are increasing employment and reducing recidivism. The services provided include life skills training, paid transitional employment, coaching on job readiness, job placement assistance and job retention services, as well as voluntary skills training leading to certifications in in-demand occupations. Starting in year four, the New York State Department of Labor will make up to $21.5 million in "outcome payments" for avoided bed-days of incarceration, increases in employment, and completion of life skills training and subsequent participation in transitional employment among the target population.

CEO has over 30 years of experience providing life skills and job readiness training, transitional work experience, job placement and post-placement support to formerly incarcerated adults. CEO’s service delivery model is based on the hypothesis that if employment needs of high risk re-entrants are addressed at their most vulnerable point – when they are first released from incarceration – then they are less likely to reoffend.

Social Finance Inc. is the intermediary under the PFS Contract as well as managing investor-related activities and project management oversight. SFI is a nonprofit organization that evaluates, structures, and manages social impact financing opportunities and plays an active on-going performance management role. SFI is sister organization to Social Finance UK, which launched the first Social Impact Bond in September 2010

**PROGRAMMATIC SIGNIFICANCE:** PFS has been identified as a focus of both Living Cities’ Capital Innovation and Public Sector Innovation work. At a time when government finances are under strain, there is growing interest in improving the effectiveness of public sector spending, especially on social programs. PFS is one of the areas of public sector innovation that we believe holds significant promise to redirect public resources to produce better outcomes for low-income people. PFS offers a new option for expanding proven preventive programs.

Financing human capital is a priority of Living Cities. PFS introduces private capital into an area that has typically been financed by grants from philanthropy. It is an important step towards the critical-but-challenging handoff from philanthropy, which provides the “risk capital” of social innovation by funding and testing new programs, to government, which has both the capital and policy influence to take programs to scale. The targeted investors for this transaction were high net worth individuals, bringing a new source of money to financing human capital.

**ADDITIONAL FUNDERS:**

* Rockefeller Foundation
* Robin Hood Foundation
* John and Laura Arnold Foundation
* Kresge Foundation
* Bill Ackman
* Lawrence Summers
* Over 40 private investors

**DESCRIPTION OF THE INVESTMENT:** The Catalyst Fund made a $509,000 equity investment (not a loan) in the Social Finance NY State Workforce Re-Entry 2013 LLC.

**LEVERAGE:** $509,000 from the Catalyst Fund is leveraging nearly $13 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool) |
| BORROWER:  | Craft3 Capital Corporation |
| AMOUNT:  | $4,000,000 |
| CLOSING DATE:  | August 21, 2014 |
| MATURITY DATE: | August 21, 2020 |
| LOAN TERM:  | 6 years |

**PROGRAM OVERVIEW:** Craft3 Capital Corporation (C3CC) is a wholly-owned for-profit subsidiary of Craft3, a well-regarded community development financial institution. Craft3 formed C3CC in 2011 to deploy and manage capital raised through the state of Washington’s State Small Business Credit Initiative (SSBCI). C3CC’s primary purpose is to make small business loans to customers who were bankable in the past but cannot find conventional financing in the current economic climate. The typical borrower profile of the “formerly banked” is a historically successful business with established management that may have experienced downward trends, losses or a weakened balance sheet during the recession, and this performance combined with tightened bank standards prevents the business from qualifying for a traditional loan, creating a niche that C3CC can fill. C3CC focuses largely on manufacturing and production businesses, but will also work with service providers. Special efforts will be made to ensure women- and minority-owned businesses and businesses in low-income communities have access to financing.

**PROGRAMMATIC SIGNIFICANCE:** This transaction supports Living Cities’ nascent Create work. Create is one of Living Cities’ three pillars of work – more working-age adults are prepared for employment, places enable people to connect to available opportunities, and more jobs are created for residents. Our Create work has not been defined or flushed out, but the loan may provide us insight upon which we build.

**ADDITIONAL FUNDERS:**

* Craft3
* Wells Fargo
* Calvert Social Investment Foundation
* Morgan Stanley
* Opportunity Finance Network
* F.B. Heron Foundation

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $4 million general recourse loan to C3CC.

**LEVERAGE:** $4 million from the Catalyst Fund is leveraging over $50 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool A) – Repaid |
| BORROWER:  | Opportunity Housing Cleveland LLC |
| AMOUNT:  | $1,000,000 |
| CLOSING DATE:  | December 19, 2008 |
| MATURITY DATE: | December 19, 2012 – Repaid June 2011 |
| LOAN TERM:  | 4 Years |

**PROGRAM OVERVIEW:** Neighborhood Progress, Inc. and the Cleveland Housing Network created a new entity, Opportunity Housing Cleveland, LLC (OHC), to mitigate the impact of the foreclosure crisis on six neighborhoods in Cleveland. OHC invested $10 million in the redevelopment of 50 vacant structures for homeownership. In addition, OHC worked to keep 100 families at risk of losing their homes from being foreclosed upon and planned to demolish 100 blighted structures that are not suitable for rehab.

Catalyst Fund financing supported the acquisition, rehabilitation and sale (or lease-to-own) of 50 units of bank-owned (REO) single family housing in six neighborhoods where the City of Cleveland, community development organizations and private foundations have initiated a comprehensive market recovery strategy. The six Strategic Investment Initiative (SII) neighborhoods are Buckeye, Detroit Shoreway, Fairfax, Glenville, Slavic Village and Tremont.

The homes were targeted to potential buyers with a combined household income of between 60 and 120 percent of the AMI (area median income). Government subsidies helped make these homes affordable to the target population. Rehabs met the high energy efficiency standards of the “Green City/Blue Lake” initiative.

The OHC program in Cleveland is one of 10 pilots that received grants of $500,000 each from Living Cities to help strong local organizations reduce the impact of foreclosures on their communities.

**PROGRAMMATIC SIGNIFICANCE:** The foreclosure epidemic was devastating to Cleveland’s neighborhoods. At the time of our loan, the city was believed to have the sixth highest rate of foreclosure in the nation, with an inventory of over 9,000 vacant homes. Nearly thirty years of investment in the six SII neighborhoods was threatened by the dynamics of the market. The OHC pilot program helped to mitigate the impact of the crisis in these neighborhoods, offering affordable homes to low- and moderate-income buyers. Both Neighborhood Progress and the Cleveland Housing Network have the strong track records and relationships that were essential to making the program a success.

ADDITIONAL FUNDERS:

* Key Community Development New Markets, LLC—a subsidiary of Key Bank
* State of Ohio—Ohio Housing Finance Agency
* Enterprise Community Partners; Enterprise Community Loan Fund
* Village Capital Corporation (lead lender)
* City of Cleveland—Housing Trust Fund
* City of Cleveland—NSP-1 Funds

**DESCRIPTION OF THE LOAN:** The Catalyst loan was part of a $3 million revolving loan fund that enabled OHC to acquire and rehab 50 foreclosed homes. Key Bank provided senior debt that was repaid upon sale or lease of each unit. The state and city funds subsidized the units to reduce the sales price.

**LEVERAGE:** $1 million from the Catalyst Fund is leveraging at least $9 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool A) – Repaid |
| BORROWER:  | 5716 Lender LLC (sponsor: Southwest Housing Solutions) |
| AMOUNT:  | $1,150,000 |
| CLOSING DATE:  | May 4, 2010 |
| MATURITY DATE: | May 1, 2016 – Repaid August 2011 |
| LOAN TERM:  | 6 Years |

**PROGRAM OVERVIEW:** Southwest Solutions is a leading provider of human services, and housing and economic development in Detroit, where it is one of the very few local institutions with the capacity to handle holistic community development. Its development arm, Southwest Housing Solutions (SWHS), purchased a four-story historic building located at 5716 Michigan Avenue, Detroit, Michigan.

SWHS redeveloped this property to provide low-income community residents with access to a one-stop shop for primary medical care and counseling services. Southwest has consolidated its Juvenile Justice and Child and Family programs on the upper floors, bringing together services that previously were delivered in different facilities without convenient access to transit. Covenant Community Care, a not-for-profit health care provider, is the anchor tenant occupying the ground floor.

The $1.15 million leveraged loan from the Living Cities Catalyst Fund supported the rehabilitation of this building. The loan was part of a complex financing that brought together New Markets Tax Credits, federal rehabilitation tax credits, and Michigan state and brownfield tax credits. Other leverage lenders included Neighborworks Capital and Detroit LISC. JPMorgan Chase purchased the New Markets Tax Credits and National Development Council provided the New Markets Tax Credit allocation. The Kresge Foundation and United Way provided grants.

**PROGRAMMATIC SIGNIFICANCE:** Catalyst support helped move this transaction forward both by providing a critical source of capital and by advising on a structure that met the needs of all participants. In the current real estate climate, traditional leverage lenders have pulled back from New Markets transactions. Detroit has been particularly hard hit by disinvestment and job loss.

The redevelopment of 5716 Michigan Avenue will not only anchor the transformation of a troubled neighborhood but will also send the strong signal needed to attract private sector attention and investment to a community which has been impacted by the lack of capital and the larger economic trends of Michigan and Detroit. The facility is providing access to health care and services in a convenient, transit-friendly location, accommodating 5000 patient visits per year. It has created 75 permanent jobs, 25 of which are new jobs. 30% of the construction on this project went to Detroit-based businesses.

**ADDITIONAL FUNDERS:**

* Neighborworks Capital
* Detroit LISC
* Detroit Investment Fund
* JPMorgan Chase
* The Kresge Foundation
* United Way
* National Development Council (NMTC allocation)
* City of Detroit
* Wayne County Economic Development Department
* Michigan State Housing Development Authority

**DESCRIPTION OF THE LOAN:** The Catalyst Fund provided a 4.5%, $1.15 million leveraged loan for a term of approximately 6 years. This loan supported construction and was intended to provide part of the mini-permanent financing for the project.

**LEVERAGE:** $1.15 million from the Catalyst Fund leveraged approximately $10 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool A) |
| BORROWER:  | Neighborhood Stabilization Loan Fund, LLC (NSLF) |
| AMOUNT:  | $1,000,000 |
| CLOSING DATE:  | April 9, 2009 |
| MATURITY DATE: | April 9, 2014 – Repaid September 2013 |
| LOAN TERM:  | 5 Years |

**PROGRAM OVERVIEW:** The Neighborhood Stabilization Loan Fund, LLC (NSLF) was established in 2008 as a limited liability corporation to address foreclosure problems throughout the Commonwealth of Massachusetts. NSLF is managed by the Massachusetts Housing Investment Corporation (MHIC), a nationally recognized and well-regarded community development intermediary with nearly two decades of experience working in Massachusetts.

NSLF combines the Catalyst Fund’s $1 million in patient capital with $21 million from other philanthropic, governmental and private sources to support community development corporations and/or respected private developers that are acquiring and rehabilitating distressed properties in neighborhoods affected by high foreclosure rates.

**PROGRAMMATIC SIGNIFICANCE:** NSLF received a $500,000 Living Cities grant as part of the organization’s program to support the subprime mitigation work of local partners in ten cities around the country. NSLF is one of only two of these local partners to have received both a Living Cities grant and Catalyst Fund financing.

Unlike the other foreclosure mitigation strategies that Living Cities has supported, NSLF makes funding available statewide. Geographic target cities include Boston, Brockton, Chelsea, Lawrence, Lowell, New Bedford, Springfield and Worcester. Through its support of NSLF, Living Cities is extending the reach of its subprime initiative beyond the largest cities to include smaller industrial cities destabilized by foreclosures.

Many of the properties that NSLF works with in the program are “triple-deckers.” The foreclosure of these properties affects both the owner-occupants and the tenants.

In addition, this transaction has enabled Living Cities to combine its “green” agenda with its subprime mitigation work. With Living Cities’ encouragement, MHIC revised its original program to include green rehab targets.

NSLF has attracted the support of local foundations and not-for-profits as well as government agencies. This cooperative approach is a cornerstone of Living Cities’ integrative approach to urban revitalization.

ADDITIONAL FUNDERS:

* Boston Foundation
* Hyams Foundation
* Massachusetts Affordable Housing Trust
* Massachusetts Housing Partnership
* Massachusetts Housing Investment Corporation

**DESCRIPTION OF THE LOAN:** The $1 million Catalyst loan is part of a $4 million subordinated term loan that has been combined with senior debt and a loss-buffer loan to enable NSLF to support the acquisition and rehabilitation of distressed properties throughout the Commonwealth of Massachusetts. Senior debt is being provided by the Massachusetts Housing Investment Corporation and the Massachusetts Housing Partnership. The Massachusetts Affordable Housing Trust is providing the loss-buffer loan.

**LEVERAGE:** $1 million from the Catalyst Fund is leveraging $21 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool A and Pool C) |
| BORROWER:  | Craft 3 |
| AMOUNT:  | $4,000,000 |
| CLOSING DATE:  | March 31, 2010, increase September 7, 2012 |
| MATURITY DATE: | December 31, 2016 – Repaid December 2013 |
| LOAN TERM:  | 6.75 Years |

**PROGRAM OVERVIEW:** Craft3, formerly Enterprise Cascadia, is a non-profit Community Development Financial Institution in Oregon and Washington that finances regional initiatives that create social, economic and environmental impact.

In early 2009, Craft3 collaborated with the City of Portland and Energy Trust of Oregon to launch Clean Energy Works – Portland (CEWP). This program was established to overcome the initial cost and information barriers to single-family home retrofit financing by providing homeowners with technical assistance, certified contractors and 100% retrofit loan financing at below-market rates. Loan repayment occurs through an innovative on-bill utility repayment mechanism. As part of the program, Craft3 structured a subsidized interest rate that is only available for low-income families. The program also crafted a Community Workforce Agreement for participating energy efficiency retrofit contractors.

In March 2010, the Catalyst Fund closed a $2 million general recourse loan to Craft3 to support this program. In April 2011, the City of Portland was awarded $20 million as part of the Obama Administration’s “Retrofit-Ramp-Up” Award program. This award funded the expansion of the Portland program to a statewide program called Clean Energy Works Oregon (CEWO). In September 2012, The Catalyst Fund increased our loan by an additional $2 million to support Craft3’s statewide expansion.

**PROGRAMMATIC SIGNIFICANCE:** The loan to Craft3 addresses a key Living Cities priority: making the green economy work for low-income people. The CEWP program has several benefits for low-income communities. It planned to target low-income participants and offer them a subsidized interest rate. The Community Workforce Agreement, negotiated with the help of Green For All, is one of the strongest to date. This Agreement requires contractors to offer family–supporting wages and benefits and hire historically under-represented people for the resulting energy efficiency jobs.

The program also has significant demonstration value and replication potential. It is one of the first programs in the nation to utilize the much discussed on-bill utility repayment mechanism. It is expected that this repayment mechanism, by linking loan repayments to utility bill payments, will simplify repayment for homeowners and potentially reduce repayment risks. This program is also being structured for secondary market take-out and is a potential leader in developing the much needed secondary market for energy efficiency transactions.

In October 2010, Craft3 received a $2.75 million Wachovia Wells Fargo NEXT Award for Opportunity Finance in recognition of this energy efficiency program.

**ADDITIONAL FUNDERS:**

* City of Portland - $2.5 million grant
* Energy Trust of Oregon (amount to be determined on a loan-by-loan basis)
* Department of Energy’s “Retrofit Ramp-Up” Award — $20 million
* Wachovia Wells Fargo NEXT Award for Opportunity Finance — $2.75 million

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $4 million general recourse loan to Craft3. This loan is being used to provide retrofit loans to single family homeowners under the CEWO.

**LEVERAGE:** $4 million from the Catalyst Fund is leveraging at least $25.25 million from other sources.

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| CATALYST FUND PORTFOLIO (Pool B) |
| BORROWER:  | Greater University Circle Capital Corporation (GUCCC) |
| AMOUNT:  | $3,0000,000 |
| CLOSING DATE:  | January 12, 2012 |
| MATURITY DATE: | December 31, 2020 – Canceled December 2013 |
| LOAN TERM:  | 9 years |

**PROGRAM OVERVIEW:** The Greater University Circle Capital Corporation (GUCCC) is a special purpose lending fund that is serving as the financing vehicle for Cleveland’s Greater University Circle Initiative (GUCI), a Living Cities Integration Initiative site. The GUCI, led by The Cleveland Foundation, is focusing on leveraging the procurement power of anchor institutions to benefit local communities through attracting and creating businesses and jobs locally.

GUCCC is a $12.8 million special purpose lending fund, being managed by the National Development Council (NDC), a national community and economic development organization focused on increasing the flow of capital for investment, jobs and community development in under-served urban and rural communities. Total capitalization for the GUCCC includes $9 million of commercial debt from Living Cities financial institution members, $3 million from the Catalyst Fund and $800,000 in debt service reserve from NDC. The Cleveland Foundation has also provided $3 million in credit enhancement. NDC is using the GUCCC funds to provide conventional real estate loans, NMTC leverage loans and small business loans to support the GUCI.

**PROGRAMMATIC SIGNIFICANCE:** The Integration Initiative supports cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems and fundamentally reshaping their communities and policies to meet the needs of low-income residents. Through the Integration Initiative, Living Cities is helping to:

* Build a resilient civic infrastructure – one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
* Move beyond delivering programs and instead focus on transforming systems such as transportation, health, housing and jobs;
* Bring disruptive innovations into the mainstream and redirect funds away from obsolete approaches toward what works; and
* Supplement traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

Access to capital and financing expertise in Cleveland has been limited. NDC’s involvement in the GUCI, through the GUCCC, may serve as a model for how high performing intermediaries can bring their capacity to additional locations. In addition, the GUCCC is testing models for how financing can be deployed in alignment with anchor institution priorities to benefit the local community.

**ADDITIONAL FUNDERS:**

* 7 Living Cities member financial institutions
* The Cleveland Foundation
* National Development Council
* City of Cleveland
* Cuyahoga County
* Greater Cleveland Partnership

**DESCRIPTION OF THE LOAN:** The Catalyst Fund has provided a $3 million loan to the GUCCC.

**LEVERAGE:** $3 million from the Catalyst Fund is leveraging approximately $15 million from other sources.