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Baltimore Community Foundation creates \$6 million 'impact' fund to target city's ills

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Patti Baum envisions a Baltimore where the economy is "thriving for all people."

That's the reason Baum and other board members of the Baltimore Community Foundation decided they had to change the way the foundation does business. BCF on Wednesday introduced an investment pool that will fund community groups already targeting issues like affordable housing and blighted neighborhoods in the city and Baltimore County.

"I come from the traditional investment world; I've always believed in investing in a diversified portfolio of stocks and bonds," said Baum, senior vice president of RBC Wealth Management. "But the traditional foundation model, where our investment committee focuses on returns, and the grants committee separately focuses on grants, is just not enough anymore. Just investing for financial returns is not enough."

As part of its "Invest for More" pool, the board is allowing the foundation to dedicate 4 percent of its \$148 million invested assets — about \$6 million. The board set aside an initial \$4 million that will seek a "double bottom-line return" of a financial and social return, Baum said. The local impact investments are expected to yield an overall financial return of about 3 percent as well as a social return through the projects supported.

"There are local intermediaries who are doing really good work," Baum said. "We want to place these dollars in hands that are experienced and know where the need is."

BCF has already agreed to invest \$500,000 in Enterprise Community Partners, the Columbia affordable



BBJ FILE

The Baltimore Community Foundation's new investment pool will target blight, lack of small business lending, blight, lack of affordable housing and capital for small businesses in Baltimore's troubled neighborhoods.

housing group started by the late developer James Rouse. Enterprise agrees to target Baltimore specifically with that level of investment, she said.

Healthy Neighborhoods Inc., a Baltimore grassroots nonprofit that tries to improve communities, is receiving a line of credit through the fund. The group was able to get a better rate from BCF, Baum said.

Projects supported by this loan will include greening projects throughout the Reservoir Hill neighborhood, design work for the restoration of the historic Emerson Mansion, and design for the expansion of the St. Francis Outreach Center. It will also include preparation of a site in the Coldstream-Homestead-Montebello community for redevelopment.

The board on Tuesday also approved \$500,000 for Baltimore Community Lending so it can offer loans to small businesses that do not have collateral and might otherwise use credit card debt. PNC Bank is acting as co-lender, she said.

"Access to capital is one of the biggest issues for people of color," she said. "This is going to have really strong impact in the community."

BCF contributors who have non-endowed donor-advised funds through the foundation can take part in the program. Funds with assets greater than \$50,000 may commit up to 75 percent. Funds with assets less than \$50,000 may commit up to 20 percent. The funds must be committed for at least seven years.

Individuals who do not have a charitable fund at BCF but want to support Invest for More can do so through a gift to the Invest for More Fund.

Baum said impact investing is a trend that is catching on across the country. She said BCF started talking about it 18 months ago as it pondered how to make a greater impact with its dollars in Baltimore.

"I'm a big believer that the time for this is now," she said.

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