

Robert Waters Economic Development Fund Guidelines

Robert Waters was a Johnstown industrialist whose testamentary charitable directives included supporting the betterment of the Johnstown area.

The Robert Waters Economic Development Fund was formally established in 2012 with a gift of \$2.5 million to support community and economic development in Bedford, Cambria, and Somerset counties. The Fund is designed to make loans, investments and grants to appropriate projects and initiatives.

I) The Fund supports the following types of loans and investments

- a) **Business startups/expansion:** The purpose of this is to support distressed communities by stimulating the business sector. Goals for these investments tend to range from increasing the number of jobs to developing a commercial infrastructure in a community.
- b) **Equity Investments:** An ownership taken by the Foundation in an organization or a venture taken by the Foundation through an investment with an overall goal of community betterment through economic development. Returns on investments are dependent on the profitability of the organization or venture.
- c) **Interim financing:** Short-term loans to provide temporary financing until more permanent financing is available.
- d) **Lines of credit:** Agreement between the Foundation, as a lender, and an organization that the organization can borrow money at any time up to an established limit.
- e) **Linked deposits:** A deposit in an account with a financial institution to induce that institution's support for one or more projects. By accruing no or low interest on its deposit, the Foundation essentially subsidizes the interest rate of the project borrowers.
- f) **Loan guarantees:** A pledge to cover payment of debt or to perform some obligation if the liable person or organization fails to perform. When a third party guarantees a loan, it promises to pay in the event of a default by the borrower.
- g) **Loans/promissory notes:** A written contract between a borrower and lender that is signed by the borrower and provides evidence of the borrower's indebtedness to the lender.
- h) **Mortgage financing:** Funds to lending organizations providing low interest mortgages to needy individuals.

II) Other possible ways of engaging this Fund

- a) **Capitalizing loan funds/other intermediaries:** Support to non-or for-profit institutions that have specialized lending capacities. These organizations obtain various capital from a variety of sources and then in turn serve as intermediaries processing large numbers of smaller loans or investments.

b) **Charitable use assets:** Program related investments in property or other material goods that are used for charitable purposes. In most cases a property, such as a building, is held by the Foundation, which in turn donates or leases the asset at below market rates to nonprofit organization. The asset remains property of the grantmaking organization.

III) Funding limits: The Foundation has set a minimum of \$10,000 and a maximum of \$250,000 for support for any individual project. In general, the Foundation seeks to build a portfolio consistent with prudent risk management of such a fund. As the Foundation also seeks to use this Fund on a revolving basis, its interest in grantmaking is somewhat limited.

IV) Making a request to the Robert Waters Economic Development Fund

a) Query the Community Foundation. Please do not skip this step and submit a full application, as you may be wasting your time. Address queries to Angie Berzonski, Program and Communications Officer, aberzonski@cfalleghenies.org or 814-536-7741.

b) Once an application is invited, please provide, along with or included in your application as detailed below, the following:

- Evidence of your organization's financial and managerial health and stability
- A detailed business plan, including a description of the project, the amount requested, term, proposed interest or return rate, and a schedule for repayment
- Multi-year financial projections, including cash flow statements
- Names of confirmed and potential funding sources
- As appropriate, collateral (including future revenues) or the rights to assignment of acquired collateral

V) Consideration process: Once a fully completed application is received, Foundation staff will review the information. Follow up information or site visits may be requested as appropriate. Projects will then be presented by staff to the Robert Waters Economic Development Fund committee, which acts a sub-committee of the Foundation's distribution committee. Any recommendation by the sub-committee will then be presented to the full board for final approval.

The Community Foundation is solely responsible for the management of the Robert Waters Economic Development Fund.

VI) Reporting: Any agreement with the Foundation will contain reporting requirements as determined to be appropriate by the Foundation, including but not limited to financial activities, operational or program activities, etc.