

**COMMUNITY DEVELOPMENT ADVISORY BOARD**  
Community Development Financial Institutions Fund (CDFI Fund)  
United States Department of the Treasury

**Minutes**

**Date:** Thursday, September 19, 2024

**Place:** U.S. Department of the Treasury, Cash Room, 1500 Pennsylvania Avenue NW, Washington, DC

**Presiding:** Harold Pettigrew: Vice Chair, Community Development Advisory Board

**Board Members Present:**

- Seema Agnani, CEO, National Coalition for Asian Pacific American Community Development
- Marla Bilonick, President & CEO, National Association for Latino Community Asset Builders
- Manuel Chinae, COO, Popular Bank
- Kathryn Frost, Associate Administrator for Capital Access, U.S. Small Business Administration
- Dr. Basil Gooden, Under Secretary for Rural Development, U.S. Department of Agriculture
- Janie Simms Hipp, Founding CEO, Native Agriculture Financial Service
- Julianne Joseph, Senior Counselor, Office of the Secretary, U.S. Department of Housing and Urban Development
- Mark Kaufman, CEO, Neighborhood Impact Investment Fund
- Ben Page, Deputy Assistant Secretary for Economic Development & COO, Economic Development Administration, U.S. Department of Commerce
- Harold B. Pettigrew Jr., Chair, President & CEO, Opportunity Finance Network
- Susan Chapman Plumb, Board Chair & CEO, Local Bank
- Laurie Schaffer, Acting Assistant Secretary for Financial Institutions, U.S. Department of the Treasury
- Michael Swack, Director, Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire
- Darrin Williams, CEO, Southern Bancorp Inc.

**Board Members Absent:**

- Wizipan Garriot, Principal Deputy Assistant Secretary for Indian Affairs, U.S. Department of Interior

**Department of Treasury Staff Present:**

- Janet L. Yellen, Secretary, U.S. Department of the Treasury
- Pravina Raghavan, Director, CDFI Fund

**Panelists:**

- Beth Bafford, CEO, Climate United, Calvert Impact
- Grace Chionuma, a Managing Director, Public Finance Banking Group, Morgan Stanley

- Sandy Fernandez, Vice President for Social Impact for North America at Mastercard Center for Inclusive Growth
- Donna Gambrell, President and CEO, Appalachian Community Capital, a certified CDFI
- David Greenblatt, Director and Lead Analyst, Americas Public Finance Housing Enterprises Group, S&P Global Ratings
- Amir Kirkwood, CEO, Justice Climate Fund
- Joyce Klein, Senior Director, Business Ownership Initiative, Economic Opportunities Program, Aspen Institute
- Cathie Mohan, President and CEO, Inclusiv
- Aliene Nowlan, Greenhouse Gas Reduction Fund Division Director, U.S. Environmental Protection Agency
- Brett Simmons, CEO of ScaleLink, a certified CDFI loan fund
- Pete Upton, CEO and Chair, Native CDFI Network

**Agenda:**

**1. Opening and Swearing-in of Appointed Members**

- The meeting of the Community Development Advisory Board (Advisory Board) was called to order at 9:30 a.m. at 1500 Pennsylvania Avenue NW, Washington, D.C.
- Vice Chair Harold B. Pettigrew welcomed attendees and acknowledged the 30th anniversary of the CDFI Fund.
- Treasury Acting Assistant Secretary Laurie Schaffer administered the oath of office to the nine private citizens appointed by President Biden.
- Roll call of members was conducted, confirming quorum.

**2. Election of CDAB Chair**

- The election of a new chair for the advisory board to replace David Glaser, who was the previous chair and needed to step down.
- Pravina Raghavan, Director of the CDFI Fund, facilitated the election.
- Harold B. Pettigrew was elected as Chair of the Advisory Board by unanimous vote.

**3. CDFI Fund Director's Report**

- **Certification Process:** Director Raghavan outlined recent enhancements to the certification process, emphasizing changes to support rural CDFIs and reducing administrative burdens. Acknowledging feedback from the industry, she explained that adjustments were made to accommodate non-depository CDFIs and to improve the user experience on the AMIS platform. The application process has been modified to include staggered submission dates based on fiscal year-end, with a testing phase beginning October 2024.
- **Strategic Focus:** Director Raghavan highlighted two primary areas of focus for the upcoming year: partnership and growth. She emphasized the need to expand partnerships beyond federal agencies to include private and philanthropic sectors, enabling the CDFI Fund to leverage additional resources for community development. To this end, a working group has been formed with the Federal Housing Finance Agency to explore ways to streamline funding for CDFIs.

- **Program Updates:**
  - **CDFI and NACA Program:** The programs are preparing to announce awards for fiscal years 2023 and 2024, combining both into one round. This round saw a record-breaking demand, with 940 organizations requesting over \$1.5 billion in awards, although the total available is \$324 million. This significant demand demonstrates the market's need and the increasing importance of financial assistance in underserved communities. Specifically, there was a 42% increase in Financial Assistance (FA) applications and an 18% increase in Technical Assistance (TA) applications. Awards will be distributed in two stages: financial assistance awards will be announced first, followed by technical assistance awards. Both will be announced soon, with updates expected in the coming weeks or months.
  - **Capital Magnet Fund:** The Capital Magnet Fund, focused on affordable housing, had \$246.5 million available for fiscal year 2024 applications, which were due on April 16th. A new regulatory rule for the CMF was published. The rule comes with a request for comments, particularly about reporting and the implementation of this rule, which is seen as a vital step towards addressing the affordable housing crisis.
  - **Bank Enterprise Award Program:** As part of the organization's 30<sup>th</sup> anniversary, \$40.1 million awarded to 171 FDIC-insured banks. The awards have led to a \$246.5 million increase in investments in distressed communities, including \$77.8 million in loans and deposits to CDFIs and \$55.8 million in financial services in distressed areas.
  - **New Market Tax Credit Program:** This program will provide \$5 billion in credits to 104 Community Development Entities. This year's program is expected to leverage \$8 of private investment for every dollar of federal funding, facilitating nearly 900,000 jobs and significant infrastructure projects.
- **Upcoming Initiatives:** Director Raghavan discussed new target market assessments, expanded product eligibility for certification (such as HELOCs and deferred payments), and the planned integration of data and feedback systems to support CDFI growth. She announced a combined New Markets Tax Credit round for 2025, amounting to \$10 billion in allocations.

#### 4. Remarks by Secretary Janet L. Yellen

- Secretary Yellen underscored the essential role of CDFIs in promoting economic equity and building resilience in underserved communities. She highlighted the Treasury Department's commitment to ensuring CDFIs have the resources to address ongoing challenges, including the need for affordable housing, climate resilience, and financial inclusion.
- Reflecting on the 30-year history of the CDFI Fund, Secretary Yellen praised its impact in deploying billions of dollars to historically marginalized communities, facilitating job creation, housing development, and small business growth. She noted that the Treasury Department is actively seeking ways to collaborate with other federal agencies and private partners to enhance funding and resources for CDFIs.
- Yellen also discussed the increasing alignment between economic development and climate resilience, encouraging CDFIs to explore innovative financing mechanisms to support green infrastructure and sustainable business models.

- She concluded by expressing gratitude to the Advisory Board members for their ongoing efforts and commitment to fostering community-driven economic progress.

## 5. **Panel I: The Next Phase of Investment in the CDFI Industry**

- Panel Moderated by Joyce Klein, Senior Director, Business Ownership Initiative, Aspen Institute
  - Joyce Klein highlighted the importance of recognizing the diversity within the CDFI industry and how it impacts the types of investments and financial tools needed. Different CDFIs, whether they are depositories or nonprofit loan funds, vary in size and focus, ranging from affordable housing to small business, community facilities, or solar financing. These differences shape the kinds of investment and financial tools they can effectively use, which will be a key point of discussion in today's panel.
  - The panelists introduced themselves and started with Sandy Fernandez. Each panelist discussed their work in increasing or supporting investment in the CDFI industry, specifically focusing on the various types of CDFIs that they target in their efforts.
- Sandy Fernandez, Vice President for Social Impact for North America at Mastercard Center for Inclusive Growth Responded that his organization
  - Helps small businesses overcome challenges in accessing affordable capital, adopting digital tools, and gaining networks and expertise.
  - Strengthens network capability and infrastructure by partnering with CDFI intermediaries nationwide, building a growing portfolio.
  - Engages in public-private partnerships, including the Economic Opportunity Coalition, directing funds to CDFIs, credit unions, and tech-enabled business support organizations.
  - Supports CDFIs' digital transformation by providing tools to streamline access to equitable lending for underserved communities.
  - Focuses on building a small business lending network, using philanthropic funding and employee expertise to remove lending barriers for underserved entrepreneurs.
  - Examples Included:
    - Community Reinvestment Fund (CRF) Partnership:
      1. Invested philanthropic dollars and expertise to enhance digital platforms and enable loan fund deployment.
      2. Supported CRF's Paycheck Protection Program (PPP) lending efforts, leading to the creation of a spin-off company.
      3. Partnering with CRF to help deploy SSBCI funding to CDFIs in various states.
    - Momentus Capital:
      1. Collaborating with Momentus to test alternative lending products for entrepreneurs affected by strict credit constraints.
      2. Using alternative data (e.g., business receivables, utility payments, sales volume) and offering mandatory technical assistance to reduce lending risk.
- David Greenblatt, Director and Lead Analyst, Americas Public Finance Housing Enterprises Group, S&P Global Ratings Responded that his organization:

- Provided credit ratings for CDFIs to help them diversify funding sources, attract more investors, and assess internal risk through third-party evaluations of their credit quality.
  - Began rating CDFIs in 2015, expanding to 15 rated CDFIs as of 2024, with two new additions this year. All rated CDFIs are certified loan funds focused on various sectors like affordable housing, small businesses, and community facilities.
  - Used the same rating criteria as housing finance agencies, focusing on mission-driven, non-bank lending institutions. Banks, credit unions, and other depository institutions are not included in this rating scope.
  - CDFIs of varying sizes can request ratings, with current rated CDFIs having loan portfolios ranging from \$100 million to \$870 million, and total assets between \$130 million and over \$1 billion.
  - Nine out of 15 rated CDFIs have issued publicly rated debt, using their credit ratings to access long-term, flexible capital. Others use their ratings to validate credit quality with potential investors and stakeholders.
- Grace Chionuma, a Managing Director, Public Finance Banking Group, Morgan Stanley Responded:
  - Morgan Stanley's community development group connects CDFIs with institutional and retail investors, helping to raise capital for the sector through public markets.
  - Pioneered the first CDFI bond offering in 2017 by working with LISC on a \$100 million bond IPO, introducing CDFIs to the public capital markets. Focuses on mature, large-scale CDFI loan funds needing access to long-term, flexible capital.
  - Since 2016, Morgan Stanley has worked to educate global institutional investors about CDFIs, helping bridge the knowledge gap. The first bond transaction involved 102 investor discussions, resulting in 20 investors participating.
  - The bond offerings provided fixed-rate, long-term capital without programmatic or geographic restrictions, allowing CDFIs to use funds where they see the highest need, addressing a gap in the capital stack.
  - Morgan Stanley created products like loan aggregation from multiple CDFIs to increase liquidity and expand access to public and private capital markets.
- Brett Simmons, CEO of ScaleLink Responded:
  - ScaleLink operates as a buyer, seller, and master servicer for CDFI-originated small business and microloans, providing secondary market access for CDFIs.
  - Sell small business loans to banks looking to meet their Community Reinvestment Act (CRA) lending tests, allowing CDFIs to sell loans at higher prices and increase returns by 5x-7x.
  - Since starting in 2020, ScaleLink has partnered with 35 CDFIs, purchasing 4,000 loans and selling 3,000 to 30 banks, generating \$60 million in new capital and \$6.5 million in transaction fees for CDFIs.
  - Provided CDFIs with additional revenue through \$30,000+ in monthly servicing fees, further enhancing their financial sustainability.
  - Launched a \$40 million fund in Charlotte, piloting a secondary market model aimed at creating sustainable funding for CDFIs in the city.
  - Primarily works with CDFIs offering microloans under \$50,000, ranging from small regional funds to larger national ones, democratizing secondary market access regardless of portfolio size.
- Joyce Klein asked a follow-up question:

- We'd like each of you to share what you're currently working on to attract new investors and discuss the role of data in driving that market, given its importance, as highlighted by Pravina. Additionally, please touch on any other key factors that need to be addressed.
- Brett Simmons Responded:
  - Building a new program to improve loan economics for CDFIs and create a secondary market for loan trades between CDFIs.
  - Developing a platform for CDFIs to trade loans with each other instead of selling directly to banks.
  - Introducing a loan-level guarantee program using SSBCI dollars, standardizing guarantees regardless of loan origin.
  - Ensuring financial models demonstrate clear benefits to CDFIs before launching new programs.
  - Challenges exist in data and economics for small loans (under \$75,000), making them less profitable despite demand.
  - Compiling loan performance data (100,000+ loans) to support the guarantee program and improve secondary market access.
  - Exploring servicing performance ratings to enhance smaller CDFIs' ability to sell loans to banks.
- Sandy Fernandez Responded:
  - At the Center for Inclusive Growth, we prioritized data to create an enabling environment for data capacity building in institutions.
  - Developed two open tools:
    - A data maturity tool to help organizations assess their data practices.
    - The Inclusive Growth Score, an index based on census and private data, available for all U.S. census tracts to help communities advocate for investment.
  - Partnered with CNote to create an impact reporting and capital needs matching system for mission-driven banks and credit unions, delivering \$100 million to approximately 50 institutions in its first year.
  - Focused on open banking to increase financial inclusion:
    - Open Banking for Small Businesses helps manage cash flow and establish credit history for better funding access.
    - Small Business Credit Analytics provides lenders insights into sales trends and business performance under different conditions, improving lending speed and reducing friction in the process.
- Grace Chionuma Responded:
  - Our current work focuses on preparing organizations for entry into public and private capital markets, which include:
    - Compiling information and facilitating communication with rating agencies and investors.
    - Addressing specific risk themes in these communications based on our extensive experience.
  - We emphasize product innovation to diversify offerings in response to both investor and CDFI needs, including potential transactions utilizing tax-exempt financing.
  - Data is crucial for addressing perceived risks associated with CDFIs:

- It demonstrates the effectiveness of CDFIs, showcasing low cumulative loss rates (e.g., less than 1% over 30 years) due to strong underwriting practices.
    - This helps shift the narrative around risk, enabling more favorable capital costs.
  - We advocated increased transparency and standardization in data recording, which will better define actual risk and improve capital accessibility for CDFIs.
- David Greenblatt Responded:
  - We engage in market education with investors, addressing fundamental questions about CDFIs, their functions, and the populations they serve, which helps clarify misconceptions and build understanding.
  - Data is essential for our rating analyses, requiring timely, high-quality information about loan portfolios, which aids in assessing repayment risk and understanding losses.
  - Through the ratings process, we help CDFIs better analyze their portfolios and view risk differently by discussing key metrics like loan-to-value (LTV) ratios and cash flow performance.
  - We focus on the net equity ratio, adjusting for assumed losses, to provide a clear comparison with other financial entities, ensuring transparency in our analysis.
  - Since 2015, the number of rated CDFIs has increased from three to fifteen, with recent upgrades reflecting their growth and commitment to underserved communities, despite potential increases in leverage.
  - We monitor leverage trends carefully, recognizing the mission-driven nature of CDFIs and their importance in the financing landscape, which informs our assessments of profitability and liquidity.
- Joyce Klein asked the final question for panel 1:
  - The panel will conclude with a question about the role of federal agencies and policies in supporting increased investment in CDFIs, beginning with Sandy's perspective.
- Sandy Fernandez Responded:
  - Expand technical assistance definitions to help CDFIs leverage funds in a digital age.
  - Prioritize resources for small businesses and CDFIs; partner with organizations like CyberPeace Institute for support.
  - Encourage use of AI tools for data analysis; example of Accessity's SmartLend program increasing efficiency and equitable access.
  - Streamline lending processes for CDFIs and small businesses; example of Grameen America's app improving loan management for low-income women borrowers.
- Brett Simmons Responded:
  - New CDFI certification guidelines need clarification, especially around loan sales and balance sheet requirements, as confusion is hindering deals.
  - SBA microloan program should allow CDFIs to sell their loans by releasing security interests on underlying notes, a change sought for years.
  - Loan-level guarantees should be enabled to provide liquidity and investments for CDFIs across the country, though it's yet to be funded.
  - The Community Reinvestment Act (CRA) is crucial for the CDFI industry, but bank mergers often reduce small business lending, and community benefits agreements

need to be binding in merger deals to ensure continued lending obligations.

- Grace Chionuma Responded:
  - New financial products often face higher perceived risks, increasing costs. Credit enhancements can mitigate this initially, helping products prove themselves until the market becomes familiar, reducing risk and costs over time.
  - Tax-exempt debt is generally cheaper than taxable debt by 100-200 basis points. Expanding access to the tax-exempt market for CDFIs could lower capital costs and offer more suitable financial products, while also diversifying investor portfolios and increasing demand in the municipal market.
  
- David Greenblatt Responded:
  - Mentioned a federal liaison to coordinate resources from various federal agencies for CDFIs, which was discussed in a previous advisory board meeting.
  - Highlighted examples like the Department of Education's credit enhancement for charter schools and small business support programs as potential federal resources for CDFIs.
  - Expressed curiosity about this coordination but clarified they are not making any formal requests or suggestions.
  
- Joyce Klein wrapped up the panel and highlighted two important federal policies: the implementation of Section 1071 of Dodd-Frank, which will enhance data on small business credit access and aid CDFI investment, and Treasury's State Small Business Credit Initiative, which partners with philanthropy to apply credit enhancements through CDFIs. She opened the floor to questions.
  
- Board Member Michael Swack posed a question to Grace, asking why, despite over 30 years of strong performance from CDFIs, they still face difficulties accessing mainstream capital markets. He emphasized the disconnect between actual performance, including outperforming major banks during economic cycles like the Great Recession, and the persistent perception of higher risk.
  
- Grace Chionuma Responded:
  - Changing perceptions about CDFI risk takes time and repetition. Market education is key information that needs to be continuously presented to investors and analysts until it becomes common knowledge.
  - Aggregating and making performance data more accessible is crucial for investors to assess CDFIs. The availability of standardized, large-scale data can help move the needle.
  - Liquidity for investors in CDFI products is a challenge when new products are introduced, but this concern decreases over time as the market grows and liquidity improves.
  - Forums, like those held by OFN, play a vital role in fostering dialogue between investors, CDFIs, and other market participants, though not a full solution, they contribute to advancing understanding.
  
- Brett Simmons Responded:
  - Discussing CDFI risk without distinguishing between different types of CDFI lending (housing, commercial, small business, etc.) is misleading. Different CDFI sectors carry significantly different risk profiles.



- Generalizing that "CDFI risk is low" overlooks cases of high-risk portfolios, such as small business lenders with cumulative losses of up to 30%.
  - A more effective approach would be to recognize CDFIs as a differentiated asset class and develop tailored programs and services that address their unique risks. This would better support both low-risk and higher-risk CDFIs based on their specific needs.
- David Greenblatt Responded:
  - David emphasized the importance of variety among CDFIs, noting significant differences in lending practices, funding sources, credit enhancements, and partnerships, even among similarly sized CDFI loan funds.
  - Investors often question funding sources and sustainability, seeking assurance on continued financial support and understanding how losses may affect performance metrics, especially in fluctuating economic conditions.
  - As the industry matures, ongoing discussions and education with investors are crucial to helping them understand the nuances of CDFI risk and performance, which is an evolving process.
- Board Member Manuel Chinae posed a question: He sought clarification from Brett regarding a previous comment about servicing and cyber risk being more significant to investors than actual credit ratings, wanting to reconcile this point with discussion on the importance of credit data and being a rated CDFI.
- Brett Simmons Responded:
  - ScaleLink focuses on transactions where banks prefer individual loans from CDFIs, prioritizing compliant payment collection to reduce regulatory risks. A third-party review of service practices could reassure banks and expedite transactions, as the current due diligence process takes 2-3 months and often involves lengthy surveys.
- Grace Chionuma Responded:
  - The distinction between loan-level analysis and corporate organizational-level analysis is crucial in public capital market transactions. In these general obligation transactions, investors focus on the organization's historical performance across its portfolio rather than specific loans, evaluating the management team's ability to sustain its track record of sound decision-making and performance over the years. This underscores the need for different analytical approaches in various market segments.
- Board Member Mark Kaufman asked about the potential trade-offs between pursuing liquidity and scale in the CDFI sector, specifically concerning the risk of losing the unique benefits of relationship lending that smaller community banks provide, and how CDFIs can maintain their strengths while growing.
- Brett Simmons Responded:
  - From the beginning, we have allowed CDFIs to maintain their unique underwriting practices and loan agreements without enforcing standardization. While we standardize the data we collect on loan risk and keep our master participation and assignment agreements uniform, we aim to make these unique lending approaches digestible for banks interested in purchasing assets. Although this creates some challenges, we believe it's essential for CDFIs to retain their distinct character while

presenting standardized data to potential investors.

- Grace Chionuma Responded:
  - The general obligation framework enables CDFI management teams to make flexible, community-focused decisions without being limited by specific loans or geographic constraints. To bridge the gap between bespoke CDFI solutions and the market's need for scale and liquidity, we can aggregate similar loans from multiple CDFIs. This approach preserves each CDFI's individuality while facilitating their packaging for institutional investors, enhancing the use of existing balance sheets.
- Sandy Fernandez Responded:
  - It's essential to enhance the consumer experience for both low-income individuals and loan officers facing administrative burdens. By integrating technology, we can reduce the strain on borrowers through tools like open banking and digital IDs, streamlining the financing process. This approach allows us to maintain high-quality, personalized service while increasing efficiency and volume.
- Board Member Michael Swack suggested implementing tax exemptions for earnings from investments in CDFIs, similar to tax-exempt bonds. This would incentivize investment by making interest income tax-exempt for investors, benefiting multiple CDFIs and potentially increasing overall investment in the sector.
- The discussion for Panel 1 concludes, and attendees are given a break.

#### **6. Panel II: The Greenhouse Gas Reduction Fund (GGRF)**

- Chair Harold Pettigrew opened the second panel discussion on the Greenhouse Gas Reduction Fund (GGRF), emphasizing its goal to mobilize \$27 billion for climate crisis projects in communities nationwide. The panel will focus on how CDFIs can collaborate to ensure the GGRF's success and will feature remarks from Aileen Nowlan of the EPA, who oversees GGRF programs like the Clean Communities Investment Accelerator and the National Clean Investment Fund.
- Aileen Nowlan, GGRF Division Director, U.S. Environmental Protection Agency Responded:
  - The Greenhouse Gas Reduction Fund is dedicated to low-income and disadvantaged communities, with 40% of the National Clean Investment Fund (NCIF) specifically allocated for these areas.
  - Grants will be utilized over the next six to seven years, transitioning into a capital recycling program for qualified projects that will be funded in perpetuity.
  - GGRF aims to reduce emissions, deliver community benefits, and mobilize private capital, addressing the key barrier of access to finance for community projects.
  - Six statutory guardrails dictate project qualifications, including greenhouse gas emission reduction, air pollution reduction, community benefits (e.g., job creation), and the need for projects to mobilize private capital without displacing existing lending activities.
  - GGRF projects must focus on zero emissions transportation, non-zero emissions buildings, and distributed energy solutions, allowing for project combinations within these categories.

- Grantees can utilize a variety of financial products including debt, equity, credit enhancements, and remittance reserves, within the established statutory constraints.
  - The GGRF boasts a diverse national team of grantees with complementary strengths in technology and geographic focus, facilitating collaborative efforts.
  - Extensive reporting will be provided, but immediate community storytelling about the significance of Clean Energy Finance is crucial for program understanding and outreach.
  - The EPA aims to learn from past experiences and collaborate with other federal agencies to ensure effective implementation, addressing specific operational questions and challenges.
  - The program is built on strong foundations established by CDFIs and community organizations, providing confidence in pursuing innovative financial solutions.
- Panel Moderated by Donna Gambrell, President and CEO of Appalachian Community Capital
- Donna Gambrell introduced herself and posed the following question to the panel:
  - What are you learning on the ground as you try to implement climate related programming? And then what are your organization's greatest needs in relation to the greenhouse gas reduction program?
- Cathie Mohan, President and CEO of Inclusiv Responded:
  - Inclusiv is the National Network of Community Development Credit Unions, encompassing CDFIs and MDIs, which focus on providing financial services to historically excluded communities.
  - These credit unions operate as financial cooperatives, raising local impact deposits and providing loans ranging from small-dollar loans to larger project finance.
  - Inclusiv partnered with the University of New Hampshire's Carsey School of Public Policy to train over 750 individuals from 380 community lenders in designing and implementing green lending programs.
  - Climate-related lending is seen as a lens for all CDFI activities, focusing on repurposing existing financial products to promote energy efficiency and access to capital for underserved communities.
  - Emphasis is placed on keeping financing simple while addressing the complexities of projects for low-income households, ensuring that products are accessible and remove barriers for consumers.
  - The CCIA program focuses on enhancing lender capacity to deliver products safely and affordably, ensuring that community members can access the necessary financing for climate-related improvements.
- Amir Kirkwood, CEO of the Justice Climate Fund Responded:
  - The Justice Climate Fund (JCF) aims to support under-resourced communities affected by climate change, backed by a coalition of mission-driven lenders and climate equity leaders from various backgrounds.
  - The foundation was created by the Community Builders of Color Coalition and has a board comprised of representatives from various organizations dedicated to serving Black, Latino, Asian, and Indigenous communities.
  - JCF anticipates a pool of approximately 308 lenders across 36 states, with significant presence in Regions 4 (Southeast) and 6 (South Central U.S.).

- Awarded \$940 million under the Clean Communities Investment Accelerator (CCIA), with goals to:
    - Expand green lending and community engagement through training and technical assistance.
    - Leverage CCIA capitalization funding to demonstrate skills learned.
    - Build a demonstration portfolio to enhance green lending capacity.
  - Support for Participating Lenders:
    - Access to training on green lending.
    - Community engagement support.
    - Up to \$10 million in capitalization funding for qualified projects.
    - Up to \$1 million for administrative costs.
    - Immediate technical assistance of \$150,000 upon joining.
  - Eligibility criteria for community lenders include CDFI banks, members of the Community Development Bankers Association, National Bankers Association, and organizations with lending relationships with OESA.
  - Program design focuses on trade coordinators to:
    - Understand community needs for successful program design.
    - Clear roadblocks to engagement and education.
    - Ensure appropriate program development and implementation.
  - Challenges in Implementation:
    - Need for education on managing financing from funding sources.
    - Aligning eligible financing opportunities with market needs and economic expectations of banking institutions.
    - Balancing green perspectives with economic viability for banks, including regulatory compliance.
  - Loan funds require support for areas like pre-development lending and acquisition financing, which may not directly reduce emissions but are crucial for project success.
  - Key Needs Related to GGRF:
    - Continued clarity on project-level eligibility criteria and capital structures from the EPA.
    - Consideration of including direct funders or partners (like MDIs) that serve low-income communities to enhance partnership opportunities in financing transactions.
- Beth Bafford CEO of Climate United Responded:
- The Climate United Coalition is a partnership between three national nonprofit financial institutions: Calvert Impact, Community Preservation Corporation, and Self Help. The coalition aims to apply for the Greenhouse Gas Production Fund Program with a strategy focused on a clean energy economy that is equitable and accessible.
  - To ensure the economic transition to clean energy benefits all communities, particularly low-income and underserved populations, by providing access to green technologies and the wealth opportunities arising from this transition.
  - The coalition plans to finance projects across various sectors and market segments, including:
    - Single-family homes
    - Multifamily units
    - Small businesses and farms

- Schools
    - Community solar and EV charging infrastructure
  - The coalition has fostered excitement in the community finance sector, significantly increasing the number of community lenders developing projects and engaging with the program since its inception.
  - Challenges Faced:
    - Understanding and effectively communicating the terms and conditions of the funding program to make it accessible to lenders.
    - Education on requirements:
      1. Reporting requirements
      2. Build America, Buy America requirements
      3. Davis-Bacon Act compliance and supporting the ecosystem for prevailing wages
    - Emphasizing the need to build local ecosystems by connecting lender partners with local contractors and quality service providers, such as HVAC contractors and solar installers.
  - Organizational Needs:
    - Developing team capacity while managing expectations about the program's impact.
    - Being patient and intentional in the rollout to ensure long-term success and avoid short-term thinking, given the potential impact over the next 10 to 20 years.
- Pete Upton, CEO of the Native CDFI Network Responded:
- A coalition of 63 Native CDFI lenders received a \$400 million grant from the EPA, with 90% (\$360 million) allocated to community lenders for loans to their communities.
  - Each lender can receive up to \$5 million, along with \$500,000 for technical assistance, which is crucial for meeting reporting requirements and other necessary activities.
  - The network collaborates with various organizations for support, including:
    - Dulake Rancheria for technical assistance and education.
    - National Center for American Indian Enterprise Development for economic development.
    - University of New Hampshire for workforce development through solar training.
  - Challenges:
    - Limited funding for operational costs, making it necessary to seek additional resources beyond traditional programs.
    - Educating community lenders about the program, with a focus on their specific needs.
  - Emphasizes the importance of understanding local market conditions and needs, as many potential borrowers are unaware of available programs. Engaging directly with tribal governments and communities is crucial.
  - The majority of Native CDFIs are small, with around 70% holding under \$20 million in assets, indicating a need for sustained certification and support.
  - Recognizes the unique situations of each tribe, with some having developed energy efficiency plans and others needing foundational support.
  - Capital Needs:

- Flexible catalytic capital and funding for first-loss capital are top priorities.
  - Emphasizes the need for credit enhancements to support Native CDFIs in their mission.
- Committed to meeting Native communities where they are, respecting their unique circumstances and requirements to effectively roll out programs and services.
- Donna Gambrell, President and CEO of Appalachian Community Capital Responded:
  - Appalachian Community Capital is an intermediary CDFI with 40 members focused on serving the Appalachian region, which includes all of West Virginia and parts of 12 other states. The region has a population of 26 million, with 20% identifying as people of color.
  - The Appalachian Community Capital received a \$500 million grant from the EPA's Greenhouse Gas Reduction Fund, targeting coal-impacted, tribal, lower-income, and communities of color.
  - The grant application emphasizes support for rural areas, addressing specific challenges faced by these communities.
  - Appalachian Community Capital recognizes the importance of meeting organizations and community members at their current understanding levels regarding energy efficiency and funding opportunities. Different community lenders have varying levels of readiness and experience with energy efficiency lending.
  - The organization aims to communicate in relatable terms, avoiding jargon related to decarbonization. They emphasize benefits like saving money, lowering utility costs, creating jobs, and improving community health.
  - While grateful for government funding, Appalachian Community Capital stresses the necessity of private capital, akin to how new market tax credits leverage both public and private investments in impoverished areas.
  - Appalachian Community Capital expresses a commitment to working alongside partners like the Native CDFI Network, supporting tribal communities in Appalachia and responding to their specific needs.
  - The Appalachian Community Capital invites collaboration and feedback from partners, emphasizing the importance of understanding the needs of local communities to effectively implement programs and drive positive outcomes.
- Chair Harold Pettigrew opened it up for questions.
- CDFI Fund Director Pravina Raghavan, thanked the EPA for their collaboration with CDFIs and highlighted the challenges posed by the Buy American, Build America program. She suggested partnering with the Manufacturing Extension Partnership to gather state-level data on U.S. manufacturers, which could help CDFIs navigate the program and potentially secure waivers. She also offered her assistance in coordinating efforts between the EPA and Commerce to support these initiatives.
- Board Member Susan Chapman Plumb asked, primarily addressing Pete, for an organization just considering involvement in the Greenhouse Gas Reduction Fund space, what resources would you suggest, and where should they start? What would be the first steps?
- Pete Upton Responded:
  - Native CDFIs should connect with the Native CDFI Network to access resources and guidance on relevant programs, such as Solar For All, CCIA, or NCIF. Attending upcoming regional or online training events is encouraged to help them identify the

best program fit. For additional support, they can reach out to network staff like Pete or Kristen.

- Board Member Michael Swack made two suggestions: first, renaming the Advisory Board's 'tools' subcommittee and, more importantly, convening in the next six weeks to create formal recommendations for CDFI Fund and EPA collaboration. These recommendations would address critical needs like collecting climate lending data, hiring a climate finance specialist, and supporting EPA and GGRF grantees, aiming to enhance CDFIs' success in this impactful program.
- Board Member Seema Agnani, asked what metrics the EPA is collecting, particularly regarding race and ethnicity, to measure success over the program's six years? Additionally, where is the EPA currently in this data collection process?
- Aileen Nowlan Responded:
  - The EPA's draft reporting framework, detailed in an information collection request currently open for public comment, lists all data fields it will collect. While they aim to track various metrics, there are restrictions on gathering data related to race and ethnicity, which follow regulatory guidelines.
- Board Member Janie Simms Hipp emphasized her organization's focus on Native agriculture, particularly for small farms often underserved in energy-related agricultural support. With nearly 50 years in agriculture, including work on energy issues, she offered her organization's technical expertise and resources to assist the EPA and CDFIs in connecting farms with energy opportunities that could benefit small to mid-sized agricultural operations.
- Beth Bafford Responded:
  - A recent Climate Smart Agriculture Coalition meeting focused on exploring solutions at the intersection of agriculture, finance, infrastructure, and climate programs. Mr. Upton emphasized that collaboration and flexibility will be essential for success, especially given that many Native CDFIs, despite their small asset sizes, make a significant impact in their communities. He compared the challenge to trying to fund energy projects on a limited budget, stressing the need for open-mindedness and support from all partners.
- Donna Gambrell asked the panelists what collaboration looks like among the CDFI Fund, awardees, and other organizations. She is seeking insights on how to coordinate efforts effectively to avoid duplication of work among the eight awardees, particularly in areas like technology, platforms, procurement, compliance, training, and the application process. She invites others to share recommendations on enhancing collaboration, including what has already occurred and what further efforts may be needed.
- Cathie Mohan Responded:
  - The successful collaboration among CDFIs during this process, noting it as a significant renaissance in their history. She emphasized the need for joint messaging to reduce confusion and anxiety in the field, suggesting that the CDFI community should work together to educate stakeholders about the funding process and the importance of building capacity over time, rather than relying on high-priced

consultants. She expressed a desire for coordinated efforts to communicate effectively with the community about these initiatives.

- Amir Kirkwood Responded:
  - The importance of forming collaborative partnerships with organizations like NCIF and CCIA was emphasized, particularly in leveraging multiple funding sources for climate initiatives. She noted that now is the time to not only focus on EPA capital but also engage with private capital that has been addressing climate demands for decades.
- Beth Bafford Added:
  - The advocacy for a comprehensive approach to climate initiatives within the CDFI Fund and Treasury stresses that climate should not be treated as a separate program but rather integrated across all areas of programming. She highlighted the relevance of climate considerations across various sectors, such as small businesses and community facilities, and expressed excitement for the collaborative potential of awardees to expand market development and financing solutions over the next 30 years.
- Pete Upton Responded:
  - The insufficient collaboration in developing programs that reach Native communities and CDFIs is concerning, noting that banking investments often stop at Reservation borders. He emphasized the need for accessible entry points to funding and planned to reach out to stakeholders to advocate for prioritizing Native interests, highlighting the historical neglect of Native communities in the Community Reinvestment Act (CRA).

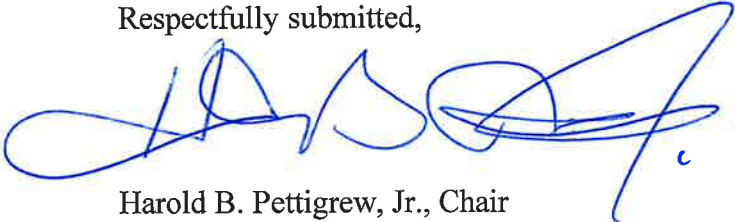
## 7. Closing and Adjournment

- Donna Gambrell expressed gratitude to the panelists for their insights and highlighted the group's enthusiasm for the upcoming opportunities. She acknowledged the collective effort required for success and thanked the Advisory Board and attendees for their support.
- Chair Harold Pettigrew then concluded the session, inviting any final comments from Advisory Board members.
- Board Member Michael Swack initiated a call for volunteers for the soon-to-be-renamed tools subcommittee.
- CDFI Fund Director Pravina Raghavan clarified the Advisory Board's purpose and emphasized the importance of restructuring the subcommittees to enhance collaboration and direction for the CDFI Fund.
- Chair Harold Pettigrew announced plans to revisit the subcommittee structure and informed Advisory Board Members about the next in-person meeting scheduled for April 2025 in Washington, D.C. He encouraged members to stay alert for upcoming information regarding the meeting and a survey about their availability. He thanked the team for their efforts, highlighting the significance of the 30-year milestone for the industry.



The meeting was adjourned at 4:00 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'H. B. Pettigrew, Jr.', with a stylized flourish at the end.

Harold B. Pettigrew, Jr., Chair  
Community Development Advisory Board