COMMUNITY DEVELOPMENT ADVISORY BOARD

Community Development Financial Institutions Fund (CDFI Fund)
United States Department of the Treasury

Minutes

Date: Thursday, August 27, 2020

Place: Meeting Conducted Virtually

Presiding: Shane Jett, Chair, Community Development Advisory Board (CDAB)

Board Members in Attendance:

Shane Jett, CDAB Chair, CEO, Citizen Potawatomi Community Development Corporation
Dennis Alvord, Deputy Assistant Secretary for Economic Development and Chief Operating Officer, Economic Development Administration, U.S. Department of Commerce
Faith Bautista, President and CEO, National Asian American Coalition
Bette Brand, Deputy Under Secretary for Rural Development, U.S. Department of Agriculture
Cara Dingus Brook, President and CEO, Foundation for Appalachian Ohio
Judy Chapa, Vice President of Corporate Social Responsibility, Financial Services Roundtable
David Eisner, Assistant Secretary for Management, U.S. Department of the Treasury
Gregory Fairchild, Isidore Horween Professor of Business Administration, Darden School of Business, University of Virginia
John Gibbs, Acting Assistant Secretary for Community Planning and Development, U.S. Department of Housing and Urban Development
Clinton Gwin, President and CEO, Pathway Lending
Robert R. Jones III, President and CEO, United Bank
William Manger, Chief of Staff and Associate Administrator for Capital Access, U.S. Small Business Administration
Todd McDonald, Vice President of Strategy, Liberty Bank and Trust
L. Ray Moncrief, President and CEO, Mountain Ventures Inc., Kentucky Highland Investment Corporation

Speakers:

Jodie Harris, Director, CDFI Fund
Jackson Brossy, Executive Director, Native CDFI Network
Caitlin Cain, Vice President, LISC and Director, Rural LISC
Donna Gambrell, Chair, African American Alliance of CDFI CEOs and CEO, Appalachian Community Capital
Jeannine Jacokes, Chief Executive and Senior Policy Advisor, Community Development Bankers Association
Joyce Klein, Director, Business Ownership Initiative, Economic Opportunities Program, Aspen Institute

Cathie Mahon, President and CEO, Inclusiv
Lisa Mensah, President and CEO, Opportunity Finance Network
Michael Swack, Director, Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire
Kerwin Tesdell, President, Community Development Venture Capital Alliance

Also Present:

Bill Luecht, Designated Federal Official for the CDAB, Senior Advisor, CDFI Fund
Sharon Biddle-Ferrell, Senior Project Manager, Center for Learning Innovation, Federal Reserve Bank of St. Louis
David Hallmon, Senior Learning Technology Designer, Center for Learning Innovation, Federal Reserve Bank of St. Louis

Introduction of Board Chair Shane Jett, by Mr. David Hallmon

At 2:00 p.m. Eastern time, Mr. Hallmon introduced himself as one of the producers of this virtual meeting of the Community Development Advisory Board (the Board) and thanked everyone present for joining the meeting. Mr. Hallmon provided brief technical instructions on how best to view the event online and noted that a recording of the event would be available soon on the website of the Community Development Financial Institutions Fund (CDFI Fund) at www.cdfifund.gov/cdab. Mr. Hallmon added that everyone in attendance would receive a short survey after the meeting and encouraged viewers to provide their feedback.

Mr. Hallmon then turned the meeting over to Board Chair Jett to provide welcome remarks.

Welcome Remarks, by Board Chair Jett

Board Chair Jett welcomed everyone to the meeting, explained that the Community Development Advisory Board is the advisory committee to the CDFI Fund, and introduced himself as the Board's Chair.

Board Chair Jett extended a special welcome to the three newest members of the Advisory Board: Board Members Bette Brand, David Eisner, and on Gibbs. Board Chair Jett also welcomed the nearly 600 members of the public who registered to join the meeting and thanked them for their interest in the important work of the CDFI Fund.

Roll Call and Call to Order, by Board Chair Jett

Board Chair Jett stated that he would formally begin the meeting with a roll call of the Board and instructed Board Members to respond with "present" as he called their names. Board Members Alvord, Bautista, Brand, Brook, Chapa, Fairchild, Gwin, Jones, and Moncrief each responded "present." After brief audio difficulties, Board Member Eisner indicated that he was present. Board Chair Jett confirmed that Board Members Gibbs, Manger, and McDonald were experiencing audio difficulties but that each was present.

Board Chair Jett noted that Board Member Tara Sweeney was unable to join the meeting because she was traveling back to Washington, D.C., while the meeting was in progress.

Board Chair Jett stated that the meeting had a quorum and called the meeting to order.

Introduction of New Board Members, by Board Chair Jett, and New Board Members' Remarks

Board Chair Jett invited the three newest members of the Board to introduce themselves and asked Board Member Brand to start.

Board Member Brand stated that she has served as the Deputy Under Secretary for Rural Development at the U.S. Department of Agriculture (USDA) since February 2020, and that, before that, she had served as the Rural Business-Cooperative Service Administrator. Board Member Brand stated that she had served in the lending field for more than 35 years, mostly in Virginia and West Virginia, with the farm credit system.

Board Member Brand stated that the role of USDA Rural Development is to improve the economy and the quality of rural America, acting on its mission through financial support and investment in business, economic development, energy facilities, hospitals, community fire and safety facilities, and rural multifamily and single-family housing. Board Member Brand added that USDA Rural Development's infrastructure programs, which include water and wastewater systems, electric, and broadband, are also very important.

Board Member Brand stated that USDA Rural Development continues to make an impact on rural communities across the country, adding that much of that success is due to the teams that the agency has in each state, but also, most importantly, to the partnerships that the agency has with other federal agencies and specifically with lenders and many CDFIs.

Board Member Brand stated that she was looking forward to the discussions the Board would have during this meeting.

Board Chair Jett thanked Board Member Brand and stated that the Board was delighted to have her as a Board Member.

Board Chair Jett invited Board Member Eisner to speak.

Board Member Eisner stated that it is a pleasure to join the board and that he looked forward to meeting the other Board Members in person as the health environment permits.

Board Member Eisner stated that he is the Assistant Secretary for Management at the Department of the Treasury, and that in that role, in addition to serving as the Chief Operating Officer of Developmental Offices of the Treasury Department, he oversees Treasury's Coronavirus Aid, Relief, and Economic Security Act (CARES Act) operations as well as its Office of Consumer Policy. Board Member Eisner noted that he joined Treasury in early 2018 after having spent approximately 30 years in the private sector. Board Member Eisner added that he had spent about half of that time on Wall Street, most of it at Jefferies & Company, and that he had spent the other half as a software entrepreneur and senior leader of several financial technology companies.

Board Member Eisner stated that he looked forward to working with the other Board Members.

Board Chair Jett welcomed Board Member Eisner and then invited Board Member Gibbs to speak.

Board Member Gibbs stated that he appreciated the opportunity to be on the Board and to be on this call today.

Board Member Gibbs stated that he has been at the U.S. Department of Housing and Urban Development (HUD) for just over three years and has served as the Acting Assistant Secretary for Community Planning and Development (CPD) since March. Board Member Gibbs noted that CPD oversees a variety of programs, including some that are very relevant to community development, especially the flagship Community Development Block Grant Program, which is an appropriation of three billion dollars per year that communities all around the country can use for a variety of community development activities.

Board Member Gibbs added that CPD also has disaster relief appropriations and this year also had a special appropriation of the Community Development Block Grant Program for CARES Act relief that went out to communities all around country. Board Member Gibbs stated that this is an area that is near and dear to him and is quite close to the work HUD does and to his role as Acting Assistant Secretary.

Board Member Gibbs stated that, before joining the government, he began his career as a software engineer in Silicon Valley, where he had experience working with small startups as well as larger companies. Board Member Gibbs added that he gained experience with the issues of investments and capital through this work.

Board Member Gibbs thanked everyone for the opportunity to serve on the Board and to interact virtually with Board Members at today's meeting.

Board Chair Jett thanked Board Member Gibbs for his remarks and for joining the Board.

Overview of the Meeting Agenda, by Board Chair Jett

Board Chair Jett stated that he would provide an overview of the agenda for the meeting, noting that the agenda would compress what is normally a full day in-person meeting into a three-hour virtual meeting. Board Chair Jett added that members of the viewing public could see the agenda at www.cdfifund.gov/cdab.

Board Chair Jett stated that after he provided the overview of the agenda, CDFI Fund Director Jodie Harris would provide her report to the Board. Board Chair Jett stated that the Board would then hear presentations about the work and recommendations of the Board's two subcommittees by their Chairs: Board Member Judy Chapa, Chair of the subcommittee on Persistent Poverty Counties, and Board Member Clint Gwin, Chair of the subcommittee on CDFI certification. Board Chair Jett stated that after each presentation, he would call for the Board to vote on adopting the subcommittee's recommendations.

Board Chair stated that, following a ten-minute break, the Board would hear from two panels. Board Chair Jett stated that during the first panel, entitled "CDFI Response to the Economic Impact of the Pandemic," industry leaders from six trade groups would share their perspectives on COVID-19's impact on CDFIs and the communities they serve, and that during the second panel, "What Will It Take to Rebuild and Recover?" three thought leaders would discuss the needs of CDFIs and the communities they serve in the months and years ahead.

Board Chair Jett stated that, after the second panel concludes, the Board would have a few minutes to discuss any remaining items, and that if the Board had no new business, the meeting would adjourn promptly at 5:00 p.m.

Board Chair Jett invited CDFI Director Harris to present her report.

CDFI Fund Director's Report, by Director Jodie Harris

Director Harris thanked Board Chair Jett and greeted the Board Members and audience. Director Harris stated that she was pleased that the CDFI Fund was able to organize a virtual Board meeting and thanked everyone for taking time out of his or her schedules today to join the meeting.

Director Harris noted that the formal Director's Report had been posted on the CDFI Fund's website and provided to Board Members in advance of the meeting. Director Harris stated that because the meeting was proceeding on a truncated schedule, she would not present the entire report at this time and would only highlight a few noteworthy things included in the report.

Director Harris stated that even though the CDFI Fund's staff has been teleworking since March 2020, all of its program rounds are operating smoothly. Director Harris noted that all program rounds, except the New Markets Tax Credit Program, are in some phase of their current application review and that many awards will be announced in September, before the end of the fiscal year.

Director Harris added that the New Markets Tax Credit Program team is gearing up for the calendar year 2020 round and that the CDFI Fund is very happy that the program this year has $5 billion in allocation authority, an increase from $3.5 billion for calendar year 2019.

Director Harris stated that two new programs are underway at the CDFI Fund. Director Harris stated that the first program, the Economic Mobility Corps, is a joint venture with in which the CDFI Fund works with the Corporation for National Community Service to establish a cadre of service members who will be placed at CDFIs across the country. Director Harris stated that the

Corporation for National Community Service will administer a competitive grant process for the program and that the application materials will be coming out in the fall.

Director Harris stated that the second new program the CDFI Fund is standing up is the Small Dollar Loan Program, for which the CDFI Fund received $5 million in the fiscal year 2020 appropriations. Director Harris noted that the CDFI Fund currently has a Request for Information about the program and invited Board Members and members of the audience to provide their comments. Director Harris added that the CDFI plans to open the inaugural application round of the Small Dollar Loan Program in early 2021.

Director Harris also encouraged Board Members and the public to respond to the CDFI Fund's Request for Information on the CDFI certification application and reporting tools, noting that the comment period would be open until November 5, 2020.

Director Harris noted that the proposed changes to the CDFI certification application and data collection report and the proposed introduction of a new data collection report have been huge achievements for the CDFI Fund. Director Harris stated that a number of people at the CDFI Fund put in a lot of time and effort on the project over the last few years and thanked them for their work. Director Harris added that she looked forward to hearing the recommendations of the Board's subcommittee on CDFI certification later in the meeting.

Director Harris briefly discussed the pandemic's impact on the CDFI Fund, noting that she felt very pleased and honored to work with a team that has been able to work remotely since March and to keep the CDFI Fund's operations and programs going over the last six months.

Director Harris stated that the CDFI Fund is aware that CDFIs and other community development organizations are facing tremendous challenges during the pandemic as they work to make sure their communities have resources and access to the capital they need. Director Harris noted that the CDFI Fund has received a number of letters from industry groups and individual CDFIs asking for certain accommodations or certain changes to policy to accommodate them during this time.

Director Harris stated that the CDFI Fund is looking at these requests on a case-by-case basis and asked CDFIs to use their AMIS service requests to contact the appropriate groups to talk about whatever issues they are having related to COVID-19. Director Harris added that the CDFI Fund is also reviewing every letter submitted to the CDFI Fund and is considering every request. Director Harris stated that the CDFI Fund will communicate any broad policy changes to the CDFI industry in a timely fashion.

Director Harris expressed her appreciation for everyone's patience as the CDFI Fund works through this. Director Harris again thanked the CDFI Fund's staff for maintaining the organization's operations at the level that they have and thanked the Board for coming together virtually to have this meeting.

Board Chair Jett asked if there were any questions for Director Harris. Seeing there were none, Board Chair Jett thanked Director Harris for her report.

Report of the Subcommittee on Persistent Poverty Counties, by Board Member Judy Chapa; followed by Q&A and Advisory Board Vote

Board Chair Jett stated that the Community Development Advisory Board is statutorily mandated and that its purpose is to provide advice to the Director of the CDFI Fund on policies regarding activities of the CDFI Fund. Board Chair Jett stated that one-way the Board does this is through the formation of subcommittees.

Board Chair Jett stated that today the Board will hear presentations from the two subcommittee Chairs, who will each provide a high-level overview of their work. Board Chair Jett stated that, in accordance with the Federal Advisory Committee Act, the recommendations developed by these subcommittees are being presented to the full Advisory Board today for its consideration and deliberation, and that, once approved, these recommendations will be presented as advice to the Director of the CDFI Fund and the subcommittees will be terminated.

Board Chair Jett invited Board Member Judy Chapa, the Chair of the subcommittee on Persistent Poverty Counties, to present her report.

Board Member Chapa thanked Board Chair Jett and greeted the audience.

Board Member Chapa stated that her subcommittee was formed at the Community Development Advisory Board meeting held on August 23, 2018, to examine how the CDFI Fund might optimize its results in Persistent Poverty Counties. Board Member Chapa stated that, since its formation, the subcommittee convened three meetings and formulated its recommendations after receiving an initial briefing by the CDFI Fund, reviewing the responses in the request for public comment published by the CDFI Fund in the Federal Register, and drawing upon the individual experience and expertise for which subcommittee members were appointed to the Advisory Board.

Board Member Chapa stated that the subcommittee would like to publicly commend the CDFI Fund for consistently exceeding the 10 percent threshold that Congress has for the last few years required award recipients under the Bank Enterprise Award Program, CDFI Program, and Native American CDFI Assistance Program to deploy in Persistent Poverty Counties.

Board Member Chapa stated that, recognizing the challenging circumstances and unique characteristics that exist in Persistent Poverty Counties, this subcommittee recommends that the CDFI Fund consider creating a comprehensive training curriculum under its Capacity Building Initiative. Board Member Chapa stated that the curriculum should be comprehensive in scope and multi-faceted, similar to the curriculum the CDFI Fund created for its Building Native CDFIs' Sustainability and Impact training series.

Board Member Chapa stated that the development of the curricula should be based upon an assessment of the Building Native CDFIs' Sustainability and Impact training series to determine its strength and what should be modified to help organizations assess the county's needs and determine if they should create a new CDFI or build the capacity of existing CDFIs to serve the Persistent Poverty County.

Board Member Chapa stated that the curriculum could address the following topics:

- How to identify, create, develop, and maintain a local talent pool for CDFI leadership;
- Explore the creation of a mentor/protégé program between larger and smaller CDFIs that are located in and/or serve Persistent Poverty Counties;
- Map out how to assess and establish intentional partnerships with regional financial institutions and philanthropic entities to create a supportive ecosystem to flourish in;
- Develop peer-to-peer learning opportunities within the CDFI industry, particularly among those serving Persistent Poverty Counties;
- Provide onsite technical assistance visits with expert trainers to help the leadership of CDFIs that are located in and/or serve Persistent Poverty Counties;

Board Member Chapa stated that the CDFI Fund should explore the viability of establishing a national partnership with a philanthropic organization that would facilitate awareness of local philanthropic capacity building programs and CDFIs serving Persistent Poverty Counties.

Board Member Chapa added that she would like to thank the other members of the subcommittee, Board Members Cara Dingus Brook, Faith Bautista, and Ray Moncrief, and stated that she would be happy to answer any questions that Board Members had.

Board Member Eisner asked if the subcommittee gave any consideration to what the level of funding might be for this effort and what kind of timeframe the subcommittee or the CDFI Fund considered for its implementation.

Board Member Chapa replied that the subcommittee did not take these issues into account only because it was formulating recommendations and still needed the Board to approve them. Board Member Chapa added that, regarding monetary considerations, the CDFI Fund relies on whatever Congress provides, and so, hopefully, whatever the subcommittee recommends will work within the budget that Congress continues to provide for the CDFI Fund.

Board Member Chapa noted that the subcommittee did look at the partnerships, for example, working with local financial institutions at a regional level as well as developing philanthropic relationships that help seed new CDFIs in areas of persistent poverty.

Board Member Chapa asked Board Members Brook, Bautista, and Moncrief if they would like to comment.

Board Member Moncrief replied that he thought Board Member Chapa had articulated that properly. Addressing Board Member Eisner, Board Member Moncrief stated that the subcommittee did not settle upon a budget goal or an exact amount that it would use for its recommendations, although it did believe that there should be adequate technical assistance available for those recommendations. Board Member Moncrief added that the Board would need to get consultation on the matter from the CDFI Fund’s staff.

Board Member Eisner thanked Board Members Chapa and Moncrief for their replies.

Board Member Bautista stated that she agreed with Board Member Eisner, noting that only money moves things, and that unless we put a dollar amount and a timeline to the recommendations, all of this policy is just policy.

Board Member Bautista added that she was encouraging not just the subcommittee but also the CDFI Fund to put a budget on this Persistent Poverty Counties program. Board Member Bautista also noted that the Office of the Comptroller of the Currency's new rules for the Community Reinvestment Act include investment in Indian Country and will mean that more funding and resources will be available. Board Member Bautista added that, although these new rules probably will not be implemented for another two and a half or three years, there is at least a guideline there that any banks that are investing on the rural areas will have a CRA qualification rating.

Board Member Eisner thanked Board Member Bautista for her comments. Board Member Eisner noted, particularly for Director Harris's benefit, that Treasury a couple of years ago established a highly successful Mentor-Protégé Program, in which large banks who do business with Treasury mentor small banks as well as minority and women-owned banks. Board Member Eisner noted that the program has been very successful and could possibly be a model in this area as well.

Board Member Bautista added that she serves with Acting Comptroller Brian Brooks on the Office of the Comptroller of the Currency's Minority Depository Institutions Advisory Committee and that they want to make sure that Minority Depository Institutions are being helped by big banks. Board Member Bautista stated that the mentor/mentee program that Board Member Eisner described is really working and that big banks are really trying to provide technical assistance, to assist with capacity building, and to inject more capital. Board Member Bautista stated that she thought we are heading in the right direction.

Board Chair Jett stated that he appreciated the Board Members' insights and thought they underscored why you each of them was selected to serve on this subcommittee.

Board Chair Jett stated that he would entertain a motion to submit these recommendations to the Director of the CDFI Fund and asked if I had a motion?

Board Member Jones replied, "So moved." Board Chair Jett stated that since this was a recommendation from a committee, it did not require a second.

Board Chair asked all in favor to say "aye."

The Board Members replied "aye."

Board Chair Jett asked all opposed to say "no."

No Board Members replied "no."

Board Chair Jett stated that it has been recommended and asked that the minutes reflect that the Board is submitting the recommendations from the Persistent Poverty Counties Subcommittee to Director Harris.

Board Member Eisner asked Board Chair Jett if the minutes could reflect that he received the information from both subcommittees only yesterday, and that, without seeking to influence Treasury's support one way or the other, he would like to abstain from voting on the recommendations of both subcommittees.

Board Chair Jett thanked Board Member Eisner and stated that the minutes would reflect his request.

Report of the Subcommittee on CDFI Certification, by Board Member Clint Gwin, followed by Q&A and Advisory Board Vote

Board Chair Jett introduced Board Member Gwin, the Chair of the Subcommittee on CDFI Certification, and invited him to speak.

Board Member Gwin thanked Board Chair Jett and greeted the Board and members of the audience.

Board Member Gwin stated that the Subcommittee on CDFI Certification was formed at the Advisory Board meeting held on August 23, 2019, to comment on changes the CDIF Fund proposed to modernize the CDFI certification policies and the reporting requirements. Board Member Gwin introduced the members of the subcommittee: Board Chair Jett and Board Members Gregory Fairchild, Robert Jones, William Manger, and Tara Sweeney.

Board Member Gwin discussed why the subcommittee was formed, stating that the measurements for certifying organizations as CDFIs have not been updated since the CDFI Fund was established in 1994, and that during this time, the CDFI industry has grown a great deal. Board Member Gwin stated that in order to ensure certification criteria support the growth and reach of CDFIs, foster diversity of CDFI types, minimize the regulatory burden, and safeguard CDFI certification status, the CDFI Fund began reviewing CDFI certification policies it had applied to organizations seeking to become recognized as CDFIs back in 2016.

Board Member Gwin stated that, since its formation, the subcommittee has had extensive discussions over four meetings and formulated its recommendations after receiving an initial briefing by CDFI Fund staff, reviewing the requests for public comment published by the CDFI Fund in the Federal Register, and drawing upon the individual experience and expertise for which the subcommittee's members were appointed to the Board.

Board Member Gwin expressed appreciation for the hard work of the CDFI Fund staff since the creation of its subcommittee, which has resulted in the publishing of the request for public comments in the Federal Register related to a revised CDFI certification application and precertification report, the annual certification and data collection report, and new certification transaction-level report. Board Member Gwin stated that this has been a monumental effort.

Board Member Gwin stated that there were nine sections of the proposed changes associated with CDFI certification policy and the tests applied to organizations seeking to become recognized as CDFIs and that the subcommittee focused on six of these areas during its conversations. Board Member Gwin added that the subcommittee noted that there were a number of other areas that were potentially significant but did not rise to the level of recommendation to the Board.

Board Chair Jett respectfully interrupted Board Member Gwin, noting that Board Member Gwin's audio had become garbled. After providing instructions to Board Member Gwin to remedy the problem, Board Chair Jett invited Board Member Gwin to continue. Board Member Gwin resumed his remarks, starting from the point at which the audio had become garbled.

Board Member Gwin stated that the primary topic that the subcommittee focused on was related to the mission requirement for CDFI certification, noting that the subcommittee was in unanimous agreement with regard to the CDFI Fund's requirement that all applicants for CDFI certification should have promoting community development as their primary mission, meaning that their activities are purposefully directed toward improving the social and economic conditions of underserved people and/or residents of economically distressed communities.

Board Member Gwin stated that the CDFI Fund is also proposing to enhance the test it utilizes to verify that an applicant's financial products and services are aligned with the community development mission. Board Member Gwin noted that this enhancement will require applicants to provide additional information to allow the CDFI Fund to determine applicants' adherence to community development mission.

Board Member Gwin stated that the subcommittee discussed at length four areas related to primary mission. Board Member Gwin stated that the subcommittee was in unanimous agreement that the first area—demonstrating an applicant's acceptable community development mission for the last at least 12 months prior to application—should be part of the application process.

Board Member Gwin stated that the subcommittee strongly supported enhancements to the application process related to the second area—demonstrating a community development mission and strategy of providing financial products and services to distressed and underserved communities or populations.

Board Member Gwin stated that the third area related to responsible financing practices and the requirement that applicants show financial products and services do no harm to consumers by demonstrating affordability and ability to repay along with fair collection processes in compliance with federal laws. Board Member Gwin stated that the subcommittee was in agreement that the CDFI Fund should undertake an increased level of discovery in looking at the products and services offered by applicants.

Board Member Gwin noted that several members of the subcommittee expressed concern regarding question TM 17.3 in the application, which had assigned a default measure as the criterion to be used to evaluate fair practices with regard to products. Board Member Gwin stated that the subcommittee and several of its members felt that default rates for different products could vary over time due to things such as a pandemic and that the use of default rates could potentially reduce the ability of CDFIs to do experimental products as they learned and changed products as they went through the discovery process.

Board Member Gwin stated that the subcommittee encouraged the CDFI Fund to consider using different metrics in this area and to look at how those default rates may vary by product type. Board Member Gwin stated that the real issue was that members of the subcommittee wanted to make sure that creativity was not removed from a CDFI's ability to experiment with the delivery of its products and the types of products it offers. Board Member Gwin stated that several members of the subcommittee discussed that the first time you put a product in the market, it doesn't always work the way you want it to, and so you keep iterating the product until it finally gets to where you want it to be.

Board Member Gwin stated that the fourth area related to affiliates, noting that the CDFI Fund is proposing to expand reporting of affiliates in the application and to require that all affiliates have a primary mission of community development, except in the case of a parent or affiliate of a tribal government. Board Member Gwin stated that this proposal expands the affiliate requirement to align with the affiliate requirement for depository financial institutions, including banks and credit unions.

Board Member Gwin stated that the subcommittee discussed the issue and agreed that the language should be expanded to include an exemption for Alaska Native and Native Hawaiian CDFI applicants that would afford them the same treatment provided to affiliates of tribal governments.

Board Member Gwin stated that the subcommittee also discussed the expansion of the section to include revolving loan fund CDFIs. Board Member Gwin noted that, although the subcommittee was in general agreement over the enhanced review of affiliates, it discussed that it could be difficult to apply this requirement to CDFIs that have previously been certified and to ensure that affiliates of applicants continue to provide financial products and services in a way that is consistent with the community development mission requirement.

Board Member Gwin stated that, in addition to examining these four areas related to mission, the subcommittee had significant discussion about target markets and the proposal that eligible target market activity no longer be limited to specific maps or strict geographic boundaries. Board Member Gwin stated that this proposal was intended to enable CDFIs to provide financial products and financial services through a wider segment of communities across the country, noting that service channels have changed over the last 25 years and that restricting target markets to geographic boundaries may reduce access.

Board Member Gwin stated that the subcommittee supported that proposal and spent a significant amount of time considering two issues in particular, the first being how regulated institutions could meet the target market test by using not just the financial products test of 60 percent but also a combination of the financial products test and the financial services test. Board Member Gwin noted that the CDFI Fund’s staff was very helpful in informing the subcommittee about this and added that, although the initial legislation allows for this, it had never been codified how financial services could be used to meet the standard.

Board Member Gwin stated that the subcommittee had a great deal of discussion on the CDFI Fund’s proposal that a depository institution could receive CDFI certification if it had provided at least 60 percent of its financial services and at least 50 percent of its financial products to the target market. Board Member Gwin stated that the subcommittee agreed that there should be a way for financial services to qualify. Board Member Gwin stated that the consensus was that numbers above 50 percent for financial products and 60 percent for financial services would be more appropriate but that the subcommittee would defer to CDFI Fund staff to decide where to set those numbers.

Board Member Gwin stated that the second issue the subcommittee discussed was the compliance period for existing CDFIs. Board Member Gwin stated that having compliance assessed based on a three-year average for the financial products closed and for, regulated entities, the financial services provided through the last day of their most recent completed fiscal year allows the management of certified CDFIs to navigate through potential cycles of activity and helps to ensure that CDFI certification is retained or is lost when mission and strategy no longer meet CDFI certification criteria. Board Member Gwin stated that this would also support the CDFI Fund's elimination of its current policy of providing exceptions to target market threshold requirements and, when combined with the ability to serve outside of the geographic target market, should allow for consistent application of CDFI target market rules.

Board Member Gwin stated that, regarding accountability to the target market, the subcommittee was very supportive of the CDFI Fund’s proposal that 33 percent of a CDFI’s governing board be accountable to the proposed target market with at least one governing board member being accountable for each target market.

Board Chair Jett asked if anyone had questions or comments for Board Member Gwin.

Board Member Jones commented that the subcommittee had some robust discussion about the CDFI Fund’s requirement that an organization applying for CDFI certification should provide financial products and financial services in a way that does not harm consumers. Board Member Jones stated that he had been concerned about the potential for the interpretation of that requirement and the unintended consequences that could result due to the broad nature of the requirement. Board Member Jones noted that experience with other products has shown that there could be some interpretations and that he wanted to caution about having the strict definition of “do no harm.”

Board Member Gwin agreed that there had been a great deal of discussion around the do-no-harm requirement and that there could be a lot of judgmental calls around that. Board Member Gwin stated that most members of the subcommittee would suggest that the CDFI Fund take a longer look at that section of the proposal.

Board Chair Jett asked if there were any other questions. There were none.

Board Chair Jett stated that Board Member Gwin's report is a recommendation from subcommittee and is understood to be a motion to submit to the Director of the CDFI Fund. Board Chair Jett asked if there were any objections to submitting it as is.

Seeing no objections, Board Chair Jett stated that the report will be submitted to Director Harris.

Board Chair Jett thanked Board Member Chapa, Board Member Gwin, and the subcommittee members for their excellent work.

Break

At 2:48 p.m. Eastern, Board Chair Jett stated that the meeting would take a break and resume at 2:55 p.m.

At 2:55 p.m. Eastern, Board Chair Jett called the meeting to order and the meeting resumed.

Introduction of Panel #1 - CDFI Response to the Economic Impact of the Pandemic

Board Chair Jett stated that for the next 60 minutes, the Board would hear from the five members of the first panel, who would speak about the current situation CDFIs and the communities they serve are facing as they respond to the economic impact of COVID-19 and what they see as their needs going forward.

Board Chair Jett asked Director Harris if she would like to add anything.

Director Harris stated that she was pleased that the Board was able to gather everyone to talk about what is currently happening, noting that because the normal CDFI conferences and roundtables are not taking place, we often don't hear about what is actually happening in the communities. Director Harris stated that this is a great opportunity for the Board to hear from those in the field and to ask them questions and for public viewers to hear what is happening in the CDFI industry.

Director Harris thanked everyone for their participation. Board Chair Jett thanked Director Harris.

Board Chair Jett then introduced the five members of the panel: Mr. Jackson Brossy, executive director of the Native CDFI Network; Ms. Donna Gambrell, chair of the African American Alliance of CDFI CEOs, CEO of Appalachian Community Capital, and former Director of the CDFI Fund; Ms. Jeannine Jacokes, chief executive and senior policy advisor of the Community Development Bankers Association; Ms. Cathie Mahon, president and CEO of Inclusiv; Ms. Lisa Mensah, president and CEO of Opportunity Finance Network; and Mr. Kerwin Tesdell, president of the Community Development Venture Capital Alliance.

Board Chair Jett stated that to provide a framework for this panel, the Board posed the following questions:

1. What is the main issue your CDFIs are addressing?
2. What solutions, tools, or resources are your CDFIs using to address these issues?
3. In addition to capital, what do your CDFIs need to weather this in the short-term and long-term? Anything particularly innovative or new that you may be seeing or doing?
4. Looking forward, what's your outlook on the industry when the economy begins to recover?

Board Chair Jett asked the panelists to limit their statements to five minutes and invited Mr. Brossy to speak.

Panel #1 – Statement by Mr. Jackson Brossy

Mr. Brossy thanked Board Chair Jett for the introduction and also thanked the Board for providing the opportunity for him to share some of the challenges and opportunities that Native CDFIs across the country face during this unprecedented time.

Mr. Brossy stated that Native CDFIs, like all CDFIs, are on the frontlines of the economic crisis and that the Native CDFI Network's members have proudly and predictably stepped up to help their communities in the time of need. Mr. Brossy stated that whether the network's members have helped customers by restructuring loans for clients whose businesses were stopped for no reason of their own, or whether members drove hours to provide one-on-one technical assistance to help community members navigate new programs such as the PPP, the members have all stepped up. Mr. Bossy stated that the Native CDFI Network is proud that its members have done that despite facing challenges such as employees being infected with COVID.

Mr. Brossy stated that Board Chair Jett said last year that Native CDFIs touch pockets of poverty and create hope. Mr. Brossy stated that never have Native CDFIs' resources been more pertinent than they are today.

Mr. Brossy stated that his comments would focus on three areas:

1. The need for increased access to capital
2. The unequal access to the PPP
3. Ideas for fixing Native CDFIs' lack of involvement in the New Markets Tax Credit Program (NMTC Program)

Regarding access to capital, Mr. Brossy stated that, like all CDFIs, Native CDFIs need much more capital. Mr. Brossy noted that the Federal Reserve Bank of Minneapolis found in 2017 that the need for capital through the CDFI Fund's Native American CDFI Assistance Program (NACA Program) annually was at $48 million whereas annual appropriations for the program had remained stagnant at $16 million since 2014. Mr. Brossy added that, while overall government spending has increased by 30 percent and the CDFI Fund's appropriations have increased by 13.7 percent, Native CDFI appropriations have increased by less than 1 percent during that time period. Mr. Brossy reflected that he could only imagine the amount of economic growth that would have taken place if Congress had funded Native CDFIs at the demonstrated level for the past six years, noting that the additional capital would have been tremendously helpful and would have been used in this current economic crisis.

Mr. Brossy stated that a new study by the Native CDFI Network, which the organization planned to unveil at its annual summit in September 2020, found that the organization's lenders faced new challenges, such as broadband connectivity in remote areas and revenue loss from restructuring loans. Mr. Brossy urged the Board, the White House, and allies in Congress to invest in the NACA Program.

Regarding the PPP, Mr. Brossy stated that, despite goodwill and great headlines, the program largely sidestepped Native CDFIs. Mr. Brossy noted that the $10 million requirement for loans in the past year for all non-insured lenders to participate as lenders in the program prohibited all but a handful of Native CDFIs from providing this resource directly to their customers.

Mr. Brossy added that all tribally chartered CDFIs were deemed ineligible to receive a PPP loan. Mr. Brossy urged the Board to work with the SBA to ensure these problems do not exist if there is another PPP type of response.

Regarding the NMTC Program, Mr. Brossy stated that the program can be an incredible opportunity to help underserved areas. Mr. Brossy recalled that at the Board meeting last year, Mr. Bill Bynum, the CEO of Hope Federal Credit Union, stated that the NMTC Program created both winners and losers and that one of the losers was Indian Country. Mr. Brossy stated that that statement is just as true today as it was then.

Mr. Brossy recommended that the NMTC Program mirror the NACA Program to ensure that there is a floor of minimum NMTC Program funding for Native Community Development Entities (CDEs) in this billion-dollar pool. Mr. Brossy stated that for the 2019 round of the NMTC Program, 41 percent of highly qualified minority- or Native-owned CDEs received an allocation, but that no Native-owned or Native-controlled CDE received an allocation this past year or for the past several years before the 2019 round.

Mr. Brossy thanked Native CDFIs across the country for their hard work and also thanked the CDFI Fund's staff for their responsiveness, flexibility, and hard work.

Mr. Brossy stated that he looked forward to working with the Board.

Board Chair Jett thanked Mr. Brossy for his statement.

<u>Panel #1 – Statement by Ms. Donna Gambrell</u>

Board Chair Jett invited Ms. Gambrell to speak.

Ms. Gambrell thanked Board Chair Jett for the opportunity to speak to the Board.

Ms. Gambrell stated that she wears two hats, the first being as CEO of Appalachian Community Capital (ACC), a CDFI lending intermediary with 22 member CDFIs and mission-based lenders. Ms. Gambrell stated that ACC members support small businesses in rural counties over a 13-state region by providing loans, business advisory services, and other types of support and have done an exemplary job in responding to the devastating effects of COVID-19.

Ms. Gambrell stated that the second hat she wears is in her role as chair of the African American Alliance of CDFI CEOs (the Alliance), a newly formed coalition committed to:

1. Closing the wealth gap that exists in Black communities and among Black populations in the United States; and
2. Identifying opportunities that will result in greater investments in the organizations led by these CEOs.

Ms. Gambrell stated that the Alliance was launched in 2018 and officially established through a Memorandum of Understanding in 2019, and is comprised of 37 CDFI loan funds. Ms. Gambrell added that the Alliance now seeks to engage a broader audience in support of its vision to:

1. Grow the network of African American CDFI CEOs and strengthen their fiscal and impact capacity;
2. Support institutional and public policies addressing the barriers to wealth creation in African American communities; and
3. Create a digital marketplace of Black-owned firms to help Alliance members expand their capacity and efficacy while providing marketplace firms with increased revenues to extend wealth creation in the African-American community.

Ms. Gambrell stated that COVID-19, the economic downturn and the recent mass protests sparked by George Floyd's death have illuminated the racial and income inequities in this country and that Alliance members have worked to close the capital access gap for Black Americans and entrepreneurs even more since these recent events.

Ms. Gambrell cited the following examples of how Alliance members have been on the frontlines, providing relief for vulnerable communities:

- Hope Enterprise Corporation has issued 2,700 SBA PPP loans, 80 percent of which were distributed to entrepreneurs of color.
- Capital Impact Partners launched its Equitable Development Initiative to ensure that real estate developers reflect their community's diversity and that minority real estate developers are able to participate in growth and revitalization efforts.
- The Black Business Investment Fund of Florida is using bank investments to ensure that Black and minority businesses survive COVID-19 by providing much needed virtual technical assistance.
- The Chicago Community Loan Fund, even though it is not a small business or PPP lender, set up overnight a virtual pop-up call center for small businesses and nonprofits that routed over 100 organizations who believed they had been shut out of the PPP program.

Ms. Gambrell stated that Alliance members need sufficient resources if they are to better support their communities, but too often these CDFIs are challenged by the same issues that afflict the communities and populations they serve: lack of access to affordable capital, technology, and relationships that will lead to more resources to scale their organizations.

Ms. Gambrell stated that the comparatively small assets of Black-led CDFIs mean that these institutions attract less capital to support growth and market expansion, to enhance their technology and market products and services, and to meet their communities' credit needs.

Ms. Gambrell stated that to grow and thrive, Black-led CDFIs need grants and equity investments—the most difficult money to raise—to provide a cushion for operating expenses and other uses. Ms. Gambrell stated they also need greater access to the CDFI Fund's programs; they need low-cost, long-term, flexible capital to lend to and invest in others; they need high-performing enterprise software solutions; and they need development services that include mentorships, technical assistance, and other forms of support.

Ms. Gambrell stated that CDFIs are uniquely positioned to address the issues of access to capital and technical support. Ms. Gambrell noted that the 37 strong voices that make up the Alliance have the power to effect even greater change and will continue to work to further the Alliance's mission and growth as well as the economic growth of the communities its members serve.

Board Chair Jett thanked Ms. Gambrell for her remarks.

Panel #1 – Statement by Ms. Jeannine Jacokes

Board Chair Jett invited Ms. Jacokes to speak.

Ms. Jacokes thanked Director Harris and the Board for holding this forum.

Ms. Jacokes stated that these are, indeed, unprecedented times and that we are experiencing a once in a century health and economic crisis that has laid bare the great structural inequities for Black and Brown communities that CDFIs serve.

Ms. Jacokes stated that her organization, the Community Development Bankers Association, is the national trade association for the community development bank sector and that there are 145 CDFI banks that serve urban, rural, and Native communities. Ms. Jacokes stated that in her remarks today, she would outline some of the challenges for CDFI banks face and also highlight some things that the CDFI Fund and the Administration can do to help CDFIs help their communities.

Ms. Jacokes stated that, first and foremost, CDFI banks are retail financial service providers and are classified as essential businesses. Ms. Jacokes stated that CDFI banks have been on the frontlines with open doors since the virus hit, noting that they have had to pivot quickly to continue to deliver quality services while protecting their customers and employees.

Ms. Jacokes stated that, as financial first responders, CDFI banks were among the earliest lenders in the PPP and focused on serving the smallest and most vulnerable businesses. Ms. Jacokes noted that, of the 5,400 plus PPP loans made by CDFI banks, 90 percent were less than $150,000 and that, of those, the average loan size was $32,000.

Ms. Jacokes stated that the best way to help small businesses survive right now is to ensure that PPP forgiveness is quick and complete, adding that her organization repeatedly urged the Administration and Congress to streamline forgiveness for the smallest borrowers, to provide greater flexibility in use of funds, and to improve program consistency.

Ms. Jacokes stated that CDFIs will be the long-term recovery partners for low-income and minority communities, and that, like the Great Recession, the pandemic will have long-lasting effects beyond any official statistics.

Ms. Jacokes noted that on the previous day, the FDIC released figures for the second quarter that showed declines in credit quality, net interest margins, and net earnings. Ms. Jacokes added that banks are also dramatically increasing their allowance for loan loss reserves in anticipation of future losses and at the same time are seeing a surge in deposits as investors seek safety.

Ms. Jacokes stated that 97 percent of CDFI banks are small business lenders and that this sector has been most impacted by the crisis. Ms. Jacokes noted anecdotally that CDFI banks tell her that between one-fourth and one-third of their business borrowers experience significant disruption and have requested loan forbearance structures or have been added to watch lists.

Ms. Jacokes stated that the defaults and business failures will be directly tied to the life of pandemic as well as to the effectiveness of our federal policy response.

Ms. Jacokes stated that capital is the most potent tool that CDFIs have to help their borrowers through hard times as well as to fuel recovery. Ms. Jacokes strongly urged the Administration to support emergency supplemental funding for the CDFI Fund as part of the next stimulus package.

Ms. Jacokes stated that another key tool the CDFI banks have used is Section 4013 of CARES. Ms. Jacokes stated that this provision, which expires at the end of the year, gives regulated lenders relief from classifying code modifications as troubled debt restructures and has enabled lenders to respond quickly to borrowers' needs. Ms. Jacokes strongly urged the Administration to support an extension of this important provision.

Ms. Jacokes added that, to support CDFIs, the CDFI Fund is going to have to be flexible. Ms. Jacokes stated that when the economic crisis hit, CDFIs mobilized, and when SBA opened PPP, CDFI banks responded to every borrower that sought help. Ms. Jacokes stated that, despite these good acts, she was distressed that the CDFI has been reluctant to hold harmless CDFIs that are potentially non-compliant with the target market test solely because of their PPP lending. Ms. Jacokes urged the CDFI Fund Director to make an exception to the target market test for PPP loans and suggested, alternatively, that the CDFI Fund could declare all PPP loans as target market-eligible on the basis of a national emergency. Ms. Jacokes stated that to do nothing just punishes CDFIs.

Ms. Jacokes also urged the CDFI Fund to be flexible on CDFI Program Financial Assistance performance goals and other compliance matters and to give a blanket compliance waiver for all 2020 performance benchmarks.

Ms. Jacokes also urged the CDFI Fund to recognize the challenges the industry has faced in terms of responding to multiple requests for public comment, particularly on the CDFI certification standards, and to refrain from the implementation of new requirements until the crisis has subsided.

Ms. Jacokes expressed great hope for CDFIs and their communities. Ms. Jacokes noted that CDFIs rose mightily to the challenge during the Great Recession and will do it again, but that they will be far more effective in responding if they have the CDFI Fund's and the Administration's help.

Ms. Jacokes thanked the Board and stated that she looked forward to their questions.

Board Chair Jett thanked Ms. Jacokes for her statement.

Panel #1 – Statement by Ms. Cathie Mahon

Board Chair Jett invited Ms. Mahon to speak.

Ms. Mahon thanked Director Harris, Board Chair Jett, and Board Members for inviting her to speak about the community development credit union sector.

Ms. Mahon stated that Inclusiv is the national network of community development credit unions with members in 46 states, the District of Columbia, and Puerto Rico. Ms. Mahon explained that community development credit unions (CDCUs) are locally owned and controlled financial institutions that promote financial inclusion and access to responsible lending for consumers, small businesses and microbusinesses, and homeowners in communities that historically lack access to credit.

Ms. Mahon stated that Inclusiv's latest financial report, which would be released the following day, shows that its network has originated $54 billion in consumer loans, including affordable auto, personal, and small dollar loans with flexible underwriting for credit-challenged borrowers, $35 billion in mortgages to low- and moderate-income homeowners, and more than $11 billion in small business loans to community-based women- and minority-led businesses.

Ms. Mahon noted that financial coaching and technical assistance are central to these financing activities to help ensure that borrowers are successful with the financial tools that the credit unions provide.

Ms. Mahon added that CDCUs are community hubs and constantly innovate to respond to community needs. Ms. Mahon stated that during the pandemic, CDCUs have extended loan payment deferments to provide relief to their borrowers, launched specialized COVID relief loan products from $500 to $2,500 at low or no interest, waived ATM fees and early CD withdrawal fees, engaged in rapid deployment of digital banking tools to serve members and to enable those receiving federal stimulus checks to open new accounts remotely, and provided financial coaching to help members navigate their new financial reality.

Ms. Mahon stated that CDCUs, like other CDFIs, also stepped up to deliver support to small businesses under the PPP. Ms. Mahon noted that despite the many challenges small lenders encountered, first accessing and then using the PPP, CDCUs originated over $1 billion in PPP loans to more than 17,000 small businesses, with an average loan of under $60,000. Ms. Mahon added that Inclusiv members originated one to five times their annual volume of business loans in less than two months and in some cases deployed up to 20 percent or more of their total asset base while quickly growing their deposits in order to meet the demand in their communities.

Regarding the question of what is needed to weather this storm, Ms. Mahon emphasized just how important capital is right now for community development lenders. Ms. Mahon stated that the Inclusiv capital team conducted a shock test analysis looking at the last financial crisis and found that following periods of economic shock like the one we are in now, there are periods of consolidation, particularly for institutions under $100 million in assets. Ms. Mahon stated that institutions that were able to raise capital could fuel lending to grow their way through these crises, and so the injection of capital is essential at this point in time.

Ms. Mahon noted Inclusiv was able to show that, during the last financial crisis, every dollar of secondary capital that was invested in credit unions under the Community Development Capital Initiative—a program created by the Treasury Department in 2010 to help CDFIs and the communities they serve cope with the crisis—leveraged 60 times over more lending in the communities in a just a five-year period. Ms. Mahon added that it is also important to note that 90 percent of African American credit unions have assets under $100 million, and so it is essential to target capital to these institutions to make sure they are weathering the storm.

Ms. Mahon stated that, in addition to providing capital, the CDFI Fund is the federal program best positioned to address the racial wealth divide by specifically designing and supporting programs that address the needs of consumers, homeowners, and businesses of color. Ms. Mahon added that the CDFI Fund can make considerable progress in helping the CDFI field close the racial wealth divide and ensure greater resiliency in their communities.

Ms. Mahon noted that her written testimony identifies ways that the CDFI Fund can work towards closing the racial wealth gap, including by helping CDFIs deliver the technical assistance and coaching support that minority small businesses need; by providing and coordinating with other agencies on ongoing loan guarantee and forgiveness programs, particularly for minority entrepreneurs; by supporting homeownership initiatives; by providing flexible tools and creative workout solutions that will allow homeowners to weather this storm; and by providing access to small dollar emergency loans coupled with financial coaching.

Ms. Mahon stated that the CDFI Fund has a unique opportunity to continue to build CDFI banking through technology. Ms. Mahon noted that the pandemic has demonstrated the failure of large banks to reach small businesses, particularly minority-owned businesses. Ms. Mahon stated that although community-based lenders, such as CDFIs and minority depository institutions (MDIs), can and do fulfill that role, they need, in addition to capital, technical support and platforms to keep pace with evolving financial services systems. Ms. Mahon called upon the CDFI Fund to work with the industry to develop a CDFI technology initiative that would establish technology platforms and enable greater delivery of services for MDIs and CDFIs.

Ms. Mahon stated that CDCUs are collecting considerable data and that it is critical that they can use that data to better support their businesses. Ms. Mahon stated that there are important efforts to build robust tests for CDFI certification, but that the industry has to address obstacles to participation in the CDFI Fund's programs and through the certification process. Ms. Mahon noted that her written testimony discusses the considerable decline in the number of certified CDCUs and states that about 103 credit unions once held CDFI certification and no longer do. Ms. Mahon stated that those losses are highly concentrated among MDIs and so the industry needs to find more robust platforms and on-ramps.

Board Chair Jett stated that Ms. Mahon had exceeded the time allotted and thanked her for her remarks.

Panel #1 – Statement by Ms. Lisa Mensah

Board Chair Jett invited Ms. Mensah to speak.

Ms. Mensah stated that these are serious times for our country, and that the way she gets up in the morning is to be inspired by how CDFIs are truly stepping up to meet the tremendous needs in our communities. Ms. Mensah stated that this is a moment when CDFIs are proving themselves to be the financial first responders that America needs.

Ms. Mensah explained that what she meant by that was that, before government programs started, CDFIs began to lean in to ask their borrowers what they needed to get through these moments.

Ms. Mensah stated that the other thing that happened was CDFIs' partnership role with the PPS, which was a big moment for the CDFI industry. Ms. Mensah stated that CDFIs became valuable lenders in the PPP and that even though many CDFIs were left out initially, CDFIs stepped up and were recognized for their specialized expertise and for the way they reached deep into their communities and reached those smaller, minority-, women-, and veteran-owned businesses.

Regarding some of the solutions CDFIs put in place, Ms. Mensah stated that some of those happened before CDFIs were part of the PPP and other programs the government has enacted. Ms. Mensah noted that even before some CDFIs were qualified to deliver PPP dollars, they started partnering with other CDFIs and that this was so important.

Ms. Mensah stated that this is a moment when CDFIs need flexibility and that, as Ms. Jacokes stated, flexibility is one of the key things the CDFI Fund can give CDFIs now. Ms. Mensah stated that she agreed with the other panelists who had said that securing capital is the primary task, which is why Opportunity Finance Network has been advocating with others for billions of dollars of emergency funding for the CDFI Fund. Ms. Mensah stated that there are new private partnerships that are making capital possible but that what the CDFI Fund can do right now is to give more flexibility. Ms. Mensah noted that other federal agencies, such as SBA, HUD, and the Department of Agriculture, have implemented broad policy and program changes and that she is dismayed that the CDFI Fund has not demonstrated the same level of flexibility and instead has chosen to do the harder work of one-by-one, case-by-case changes. Ms. Mensah stated that this is a moment when CDFIs need quicker, broad policy changes.

Ms. Mensah added that all of the CDFI trade associations submitted a joint letter asking the CDFI to create a temporary "COVID-19-impacted business" target market for CDFIs that made PPP loans and other emergency loans in response to the crisis. Ms. Mensah stated that CDFIs need quick action on this recommendation, noting that COVID-19 is a huge national emergency and that positioning CDFIs for the recovery means that they need this flexibility now. Ms. Mensah urged the Board to take this request seriously.

Regarding the Board's request to panelists to think about where CDFIs are headed in the future, Ms. Mensah stated that the recovery needs CDFIs and that CDFIs can help mitigate economic suffering as we go through the next year. Ms. Mensah stated noted that this is what CDFIs do so well and why they have this kind of mission test. Ms. Mensah added that to meet this moment, CDFIs have to grow and to be in position to do the work America needs them to do.

Ms. Mensah urged the CDFI Fund to respond to the requests of the CDFI industry, noting that the industry has asked the CDFI Fund for flexibility and for support for the growth of CDFIs. Ms. Mensah stated that she looked forward to working with the CDFI Fund and the Board in the future to strengthen the CDFI industry.

Board Chair Jett thanked Ms. Mensah for her remarks.

Panel #1 – Statement by Mr. Kerwin Tesdell

Board Chair Jett invited Mr. Tesdell to speak.

Mr. Tesdell thanked Board Chair Jett and expressed his appreciation to the CDFI Fund and the Board for the invitation to speak.

Mr. Tesdell stated that his organization, the Community Development Venture Capital Alliance, provides equity financing for businesses and particularly the flexible equity dollars that help businesses start up and grow rapidly so that they can create good jobs in low-income communities.

Mr. Tesdell stated that he echoed everything that the other panelists had said about the problems that the communities CDFIs serve are going through but that he wanted to spend his time talking about opportunity because his organization is hearing from its members now about the opportunities for businesses coming through the crisis and the need for capital to meet those opportunities.

Mr. Tesdell stated that nobody knows what the economy will look like five or ten years after COVID, but that one thing that is certain is that it is going to be different. Mr. Tesdell stated that there are threats out there for local communities, such as Amazon versus the local retailer and Netflix versus the local theater, and so CDFIs and community development venture capital (CDVC) funds have a responsibility to think about how they can work with local communities to make local economies work for low income people.

Mr. Tesdell stated that these organizations in particular need to give entrepreneurs the tools they need to pivot from a current business model that may have been foreclosed because of COVID to a different business model and to move into new markets to take advantage of new opportunities, noting that, to be able to do that, entrepreneurs need nimble equity risk capital.

Mr. Tesdell stated that this is a particularly important role for government and particularly for the CDFI Fund. Mr. Tesdell noted that during the Great Recession of 2008-2010, there was tremendous risk aversion in the private capital markets and that it was very difficult for CDVC funds to raise venture capital funds and in particular to raise venture capital funds for investing in low-income communities. Mr. Tesdell stated that there is a very important role for government to ensure the continued flow of flexible, equity capital to businesses in low-income communities, even as capital markets become more risk averse.

After a brief delay to resolve an audio problem, Mr. Tesdell continued.

Mr. Tesdell stated that through this terrible crisis during which so many businesses have failed, there is perhaps an opportunity to change the makeup of entrepreneurship in this nation. Mr. Tesdell noted that most business owners, particularly owners of larger growth businesses, are white males, and he challenged the CDFI industry to think about the opportunity to increase minority participation in entrepreneurship and business ownership.

Mr. Tesdell stated that for the last few years his organization has been offering webinars and other virtual assistance for fund managers who want to form new CDVC funds. Mr. Tesdell stated that 74 percent of the 90 fund managers who have participated in this platform are members of minority groups and that almost all of them are African American or Latino. Mr. Tesdell stated that his organization has seen tremendous interest from the minority community in forming equity funds in particular and that it is incumbent upon the industry to respond to that tremendous interest.

Mr. Tesdell thanked the Board.

<u>Panel #1 – Q&A</u>

Board Chair Jett invited Board Members to ask questions.

Board Chair Jett recognized Board Member Bautista.

Board Member Bautista stated that she really sympathized with all the speakers and that her small CDFI has seen that the needs of its business owners and homeowners are tremendous. Board Member Bautista stated that she had to applaud the PPP and that the SBA has done a tremendous job in helping small businesses. Board Member Bautista stated that she has seen independent contractors, small businesses, and nonprofits that have received money through the Economic Injury Disaster Loan program, and that while that money will never be enough, she had to acknowledge the work of the U.S. Treasury and SBA.

Board Member Bautista stated that what Ms. Mensah said, what Ms. Gambrell said about African American businesses, and what Mr. Brossy said about Indian Country were definitely correct. Board Member Bautista stated that she agreed with those panelists about the need for flexibility.

Board Member Bautista added that time is of the essence and that the industry cannot keep deliberating, cannot keep having meetings. Board Member Bautista stated that the need is there, the resources are there, and all of us are very smart—the 600 people that are watching right now are very innovative.

Board Member Bautista encouraged the CDFI Fund and all of her colleagues to consider how we can help the people who are needing help right now, how we can do more marketing and outreach for those who are hard to reach, how we can change the policy now, and how we can get more access to capital. Board Member Bautista noted that she always says that CDFIs are like the nurses and doctors right now and that they are helping all of these small businesses and homeowners. Board Member Bautista encouraged using more money from the CDFI Bond Guarantee Program to help minorities own and keep their homes.

Board Member Bautista thanked the panelists for their presentations and stated that she sympathized with them.

Board Chair Jett thanked Board Member Bautista.

Board Chair Jett invited Board Member Chapa to speak. Board Member Chapa was experiencing audio problems, and so Board Chair Jett invited Board Member Moncrief to speak.

Addressing Ms. Mensah, Board Member Moncrief stated that he was intrigued by her comments about flexibility and agreed with her that more capital was needed for the small business community. Board Member Moncrief asked Ms. Mensah what was the most significant flexibility she was looking for from the CDFI Fund.

Ms. Mensah replied that there are two levels, the first being the way that the PPP loans will count toward CDFIs' certification test. Ms. Mensah stated that CDFIs leaned in and immediately did PPP loans and that CDFIs are concerned that if there isn't a special category, a blanket category for those loans, some CDFIs risk being out of compliance with their certification target market.

Ms. Mensah stated that the other level is something that CDFIs have been asking for since late March, and that is that the CDFI Fund's traditional programs, the CDFI Program and NACA Program, waive penalties for late reporting. Ms. Mensah stated that CDFIs have been under siege and this is where they need some relief. Ms. Mensah added that the same is true of the CDFI Bond Guarantee Program, noting that this is a precious program to CDFIs and that they are concerned that if the program proceeds ahead without any deferments or any ability to have waivers on compliance, CDFIs will face challenges with this program.

Ms. Mensah thanked Board Member Moncrief for asking her to clarify. Ms. Mensah stated that both actions she recommended are possible in the emergency powers that were stepped up under the PPP and in the CDFI Fund's traditional programs. Ms. Mensah thanked the CDFI Fund for meeting with CDFIs individually but added that this is the moment for simplicity, for blanket guidance that can make this simpler and quicker as CDFIs do more in a challenged time.

Ms. Mensah thanked Board Member Moncrief, who thanked Ms. Mensah in return.

Board Chair Jett invited Board Member Jones to speak.

Board Member Jones asked Ms. Jacokes to comment in more detail about the additional challenges that insured depositories face in this space relative to prudential regulators in fulfilling their CDFI mission. Board Member Jones noted that Ms. Jacokes had made comments about forbearance and asked if she could expand on that.

Ms. Jacokes replied that that was a great question. Ms. Jacokes stated that Section 4013 of the CARES Act provided flexibility on allowing regulated CDFIs to do loan modifications without having to classify them as troubled debt restructurings (TDRs). Ms. Jacokes noted that the challenge with that is that if a bank has to classify something as a TDR, it is required to take a capital charge, which makes it more difficult for banks to be flexible with borrowers. Ms. Jacokes stated that if regulators want CDFI banks to be flexible with their borrowers, the regulators have to be flexible with the banks.

Ms. Jacokes stated that Congress recognized this in the CARES Act when it created the waiver for TDRs but that this provision is going to expire on December 31, 2020. Ms. Jacokes urged the Treasury Department to extend that provision for a significantly longer period of time, certainly during the period during which the nation is going to be under significant economic distress.

Ms. Jacokes stated that she also wanted to add to what Ms. Mensah said with respect to flexibility. Ms. Jacokes stated that, while the Treasury Department cannot directly tell regulators how to do their job in order to provide flexibility, the CDFI Fund can provide flexibility—for example, in how it treats the PPP loans for the purpose of the target market test and how it handles the CDFI Program Financial Assistance (FA) program. Ms. Jacokes stated that the performance goals that every FA awardee agreed to when they got an FA award tie them to benchmarks that were set when the economy was robust. Ms. Jacokes stated that everything has been turned upside down this year, and she urged the CDFI Fund to develop a blanket waiver for all 2020 performance benchmarks.

Board Member Jones thanked Ms. Jacokes for her reply.

Board Chair Jett invited Board Member Eisner to speak.

Board Member Eisner stated that his question was for any of the panelists. Board Member Eisner stated that he believed that much of the need for capital for small businesses is in industries that CDFIs have not traditionally played in. Board Member Eisner asked if the panelists could comment on what kind of capacity CDFIs have to invest and lend to many of the industries that are outside of the wheelhouse that CDFIs historically invest in.

Board Chair Jett asked Board Member Eisner if he had any particular industries in mind.

Board Member Eisner reiterated that in communities that need investments, the vast majority of CDFI money has gone to a relatively narrow number of sectors. Board Member Eisner stated that he was not focused on any one particular industry but rather on the hundreds of small businesses and small business types that exist in local communities.

Ms. Mensah stated that she would love to respond to that question. Board Chair Jett invited Ms. Mensah to speak.

Ms. Mensah stated that she thought it is a slight overstatement to say that CDFIs are narrow in their small business or housing work. Ms. Mensah noted that among Opportunity Finance Network's 300 members, there is quite a span of SIC code lending, there has been a 30-year tradition of microloans in many, many different industry codes, and there has been a long tradition of rural-serving CDFIs that lend to a broad spectrum of businesses, both manufacturing and services.

Ms. Mensah stated that she would be happy to give more feedback on the kind of industries Opportunity Finance Network members serve. Ms. Mensah noted that the ability to have capital allows CDFI to do more, but that many CDFIs were chartered with a broad mission. Ms. Mensah stated that there is existing practice that is not in a narrow band.

Ms. Gambrell asked to add to Ms. Mensah's response. Board Chair Jett invited M. Gambrell to speak.

Ms. Gambrell stated that what the members of Appalachian Community Capital (ACC) do is small business lending and that they use the proceeds from ACC just to do small business lending. Ms. Gambrell stated that if you ask ACC members, they will tell you not only that the demand s but also that the need is great and that they would be able to do more if they had more capacity. Ms. Gambrell added that CDFIs need the liquidity in order to continue making large volumes of loans.

Ms. Gambrell stated that the Alliance of African American CDFI CEOs saw something very similar during the PPP process. Ms. Gambrell stated that these folks worked tirelessly to get those loans through the door but that what they were lacking at the very end, even as they were pushing loans out at the eleventh hour, was the additional liquidity to close those loans.

Ms. Gambrell stated that she did not necessarily agree with that CDFIs lend in a narrow space. Ms. Gambrell stated that it is a matter of recognizing the need and also the capacity in those CDFIs, the additional liquidity to give them the capacity so that they can grow to scale.

Ms. Jacokes stated that she would like to add on to this and provide a bit of context.

Ms. Jacokes stated that about 50 percent of community development funds are rural and that many of them work in very small communities and some are the only financial service provider in town. As a result, Ms. Jacokes stated, those local CDFI banks do everything under the sun—mortgage lending, consumer lending, small business lending, agriculture lending, and commercial real estate.

Ms. Jacokes stated that she disagreed with the comment that the range of CDFI lending is very narrow. Ms. Jacokes added that Board Member Eisner could provide some assistance here, noting that all SBA PPP lenders were required to enter SIC codes for the types of businesses they were financing and that that data is still not available from SBA. Ms. Jacokes suggested that Board Member Eisner could help by asking the SBA to publicly release that data, including the SIC codes, so that the CDFI industry could demonstrate the full range of different types of businesses and nonprofits that CDFIs are working with.

Board Chair Jett invited Board Member Fairchild to speak.

Board Member Fairchild thanked Board Chair Jett and stated that he was so glad Ms. Jacokes mentioned data.

Board Member Fairchild stated that one of the problems the CDFI industry has long faced is that individual units have the world as they see it. Board Member Fairchild stated that the industry does not have good datasets for understanding the question that Board Member Eisner asked, and so everyone responds from their individual perspectives, without having aggregate data. Board Member Fairchild stated that one of the challenges the industry will continue to have is that if it really wants to show its impact, it will need systematic data.

Board Member Fairchild stated that he did not want to call out any of the panelists specifically but that, while it is impressive to hear there are 300-odd people providing data, that is a self-selected dataset and a dataset that is not consistent over time. Board Member Fairchild stated that he may be out of date and that the data now covers the whole market and is not a self-selected dataset. Board Member Fairchild noted that he was not agreeing with Board Member Eisner and that, in fact he (i.e., Board Member Fairchild) doesn't know, adding, with all respect, that he doesn't think anyone really knows.

Board Chair Jett thanked Board Member Fairchild and invited Mr. Tesdell to speak.

Mr. Tesdell stated that Board Member Fairchild made a terrific point and that it was something that a lot of people in the industry have been thinking about and trying to act on for a long time. Mr. Tesdell noted that various trade associations, with the support of the Ford Foundation and MacArthur Foundation, once collaborated on something called the CDFI Data Project. Mr.

Tesdell stated that when the foundations moved on, the project ended, and that, therefore, the many trade associations continue to gather data on their own industries but not on the CDFI industry overall. Mr. Tesdell added he thought that the CDFI Data Project was tremendously valuable and that he would love to see it revived, noting that several years ago some in the industry proposed that the CDFI Fund support the project.

Mr. Tesdell added that many mission-driven community development venture capital funds are not certified as CDFIs because they haven't found value in certification. Mr. Tesdell stated that, if the industry is going to do an analysis of the CDFI industry, it should look at the potential population of things called CDFIs that act like CDFIs rather than simply at certified CDFIs. Mr. Tesdell stated that, through AMIS and other data-gathering mechanisms, the CDFI Fund has data on CDFIs that have received awards, but he urged the CDFI Fund to support efforts to document the entire market.

Ms. Mahon stated that she thought it would also be appropriate to think about it from a data analytics point of view and think through the tools that would best enable the industry to gather that kind of data rather than focusing on the reporting side. Ms. Mahon stated that how to build this kind of cross-sectional data across the fields so that we are all better equipped would be a terrific initiative for the Board to take up. Ms. Mahon noted that she did think that the industry has to start with identifying the types of tools and processes to get that data in a way that will help build the businesses of the CDFIs and not with just adding additional fields on reporting them.

Board Chair Jett thanked Ms. Mahon.

Board Chair Jett, responding to the question regarding a narrow focus on lending, stated that Native CDFIs have collectively lent to agricultural, petroleum, hospitals, clinics, butterfly farms, manufacturing, municipalities, mining operations, shrimp processing in Houston, Texas, a chiropractic clinic in Puerto Rico, a pizzeria in Maine, and a fishing boat in the Pacific. Board Chair Jett noted that Native CDFIs are not narrow in their lending but lend wherever there is need.

Board Chair Jett invited Board Member to speak.

Board Member Chapa stated that she is big fan of the research and has had many conversations with Board Member Fairchild about the need for more research and quantitative analysis.

Board Member Chapa added that what Ms. Jacokes said really struck home, noting that she (i.e., Board Member Chapa) grew up in an area of persistent poverty and that to her CDFIs ultimately are about being resourceful for areas that where help is needed and traditional financial institutions won't lend to a lot of the small businesses there because they believe they are high risk. Board Member Chapa stated that CDFIs serve the people that need it the most.

Board Member Chapa stated that in a rural community, CDFIs may be the only resource for starting a new businesses, which is why CDFIs finance businesses that run the gamut. Board Member Chapa added that CDFIs are already have so much on their plates, and so if we are going to ask CDFIs to collect data and do research, we have to give them additional resources or additional staff to do that for them. Board Member Chapa stated that that was her two cents.

Board Chair Jett stated that that was an excellent two cents.

Board Chair Jett thanked all of the panelists for sharing their expertise and thanked Board Members for the good questions they asked.

Break

Board Chair Jett stated that the meeting would break for a couple of minutes to prepare for the next panel.

At 4:00 p.m., Board Chair Jett resumed the meeting.

Introduction of Panel #2 – What Will it Take to Rebuild and Recover?

Board Chair Jett stated that the meeting was resuming with Panel #2, What Will it Take to Rebuild and Recover? Board Chair Jett added that for the next 45 minutes, the Board would hear from three thought leaders from the community development finance field who would share their perspectives on the needs of CDFIs and the communities they serve in the months and years ahead and what might be needed on a policy level to support those needs.

Board Chair Jett introduced the three panelists: Ms. Caitlin Cain, vice president of Local Initiatives Support Corporation and director of Rural LISC; Ms. Joyce Klein, director of the Business Ownership Initiative, Economic Opportunities Program, Aspen Institute; and Dr. Michael Swack, director of the Center for Impact Finance, Carsey School of Public Policy, University of New Hampshire.

Board Chair Jett reminded the panelists to keep their statements to five to six minutes in length.

Panel #2 – Statement by Ms. Caitlin Cain

Board Chair Jett invited Ms. Cain to speak.

Ms. Cain thanked Board Chair Jett and also thanked the Board for inviting her to present.

Ms. Cain stated that she is relatively new to the CDFI space, noting that she is an economic development practitioner and urban planner who has spent the past 20 years working on the ground, primarily in the southeastern states and in her home state of Louisiana. Ms. Cain stated that her reflections today would be from the vantage point of an economic developer practitioner rather than a traditional financial lender.

Ms. Cain provided a brief overview of her organization, Rural LISC, stating that the organization is part of the much larger LISC network. Ms. Cain noted that, like the larger LISC network, Rural LISC operates in 45 states in rural communities, primarily minority communities and low-income communities, and does so by leveraging its on-the-ground partnerships in a variety of different areas. Ms. Cain stated that Rural LISC does more than invest in agriculture and that, because rural is incredibly diverse, the organization targets investments in a variety of areas, including broadband infrastructure, workforce development, placemaking, disaster planning, small business development, and low-income housing.

Regarding the future role of CDFIs, Ms. Cain stated that there are two areas where CDFIs can be transformational, noting that these are areas where rural LISC has been working but where she sees potential for additional expansion for CDFIs in the future.

Ms. Cain stated that the first area is workforce and broadband investment. Ms. Cain stated that this is so important because one of the most pressing issues for rural America today is upward mobility, which is correlated to an individual’s ability to access the internet and corresponding workforce opportunities.

Ms. Cain noted that 44 percent of low-income households lack internet access and that the issue is a significant challenge in rural communities where, according to a recent FCC report, a quarter of the rural population lacks broadband connectivity. Ms. Cain stated that this is a huge issue for America's future workforce but also an issue on which CDFIs have the ability to move the needle and amplify the importance of workforce investment, particularly in rural communities and particularly in minority communities.

Ms. Cain noted that some CDFIs are already investing in workforce opportunity programs—for example, LISC has a network of Financial Opportunity Centers that offer career and financial coaching in low-income communities nationwide, including rural communities. Ms. Cain stated that more is needed than upscaling the workforce investment and that, because, of the nature of the infrastructure challenge in rural communities, the industry needs to focus on the opportunity to wrap broadband connectivity, knowledge, and know-how into its workforce plans.

Ms. Cain stated that it is one thing to provide connectivity from an infrastructure standpoint but another thing to deploy the knowledge and technical expertise needed to navigate the internet and all the technology that accompanies it. Ms. Cain added that rural America is incredibly diverse and that a lot of upscaling and training is needed for broadband connectivity initiatives.

Ms. Cain stated that one way that CDFIs can do this is by getting unique in terms of their partnerships. Ms. Cain noted that CDFIs are incredibly skilled at on-the-ground partnerships with nonprofits, economic development organizations, and community housing development organization (CHDOs) and that they have the opportunity to partner with the private sector as well as with regional and state agencies that are dedicated to prioritizing infrastructure investment, including metropolitan planning organizations and councils of governance.

Ms. Cain stated that another opportunity for CDFIs is in disaster planning. Ms. Cain stated that CDFIs are natural deployments of capital to rural communities after disasters, noting that it is difficult for communities, particularly minority communities, to access capital and that CDFIs have gone above and beyond to provide immediate access to capital after disasters. Ms. Cain stated that she could see CDFIs going beyond that traditional role in a disaster to become full providers of disaster assistance and resilience.

Ms. Cain stated that to do this, CDFIs need capital and capacity. Ms. Cain stated that CDFIs need a fund to enable them to augment their offerings and to work directly with nonprofits and state agencies and other organizations on disaster preparedness, on the front end supporting the creation of disaster resilience plans and on the back end helping communities execute disaster strategies that have been developed in preparation for a natural disaster. Ms. Cain stated that these funds would allow CDFIs to deploy small business grants for technical assistance and to work with state agencies that lack that technical capacity and know-how.

Ms. Cain stated that her time was expiring and that she would love to delve into the details of how CDFIs can actually do that in the Q&A.

Panel #2 – Statement by Joyce Klein

Board Chair Jett invited Ms. Klein to speak.

Ms. Klein greeted the audience and thanked the CDFI Fund for inviting her to participate in the meeting.

Ms. Klein stated that she is the director of the Business Ownership Initiative at the Aspen Institute and that the organization has worked for close to 25 years with CDFIs and other organizations that serve micro-entrepreneurs and small business owners in low- and moderate-income communities. Ms. Klein noted that in the past five years, the organization has focused strongly on understanding and addressing the needs of entrepreneurs of color, and that her comments today would relate mostly to the experiences and needs of CDFIs working to support business owners of color and would draw on the organization’s work in a couple of areas.

Ms. Klein stated that one area is the Aspen Institute’s work to convene and support the Microfinance Impact Collaborative, which comprises six of the largest CDFI microlenders. Ms. Klein stated that those lenders originate close to 10,000 microloans each year, about 75 percent of which are to entrepreneurs of color, and have also been engaged in several research and evaluation efforts focused on understanding the experiences and needs of entrepreneurs of color and the strategies that are effective in reaching them.

Ms. Klein stated that communities and entrepreneurs of color have been deeply impacted by the COVID pandemic and have also had significant challenges in accessing relief and recovery programs and that, as her colleagues on the last panel noted, CDFIs step up when they are able to. Ms. Klein stated that it took some work to get many CDFIs active in the PPP in particular but that they played a key role in reaching those who were being left out.

Ms. Klein stated that the Aspen Institute’s work tells them that that CDFIs and microloans are an essential part of efforts to support small businesses and particularly entrepreneurs of color. Ms. Klein stated that CDFIs and microloans are important because delivery systems matter as much as products. Ms. Klein stated that this was apparent with the PPP, noting that if governments want to reach entrepreneurs of color and those who are most excluded, they need to make sure that the program and products run through the institutions that serve them. Ms. Klein stated that those institutions are CDFIs and minority depository institutions, and that the Federal government needs to think about making those programs accessible to those institutions and to focus on the financial strength and capacity of CDFIs as well as on the products that are offered.

Ms. Klein stated that loan size matters as well, noting that the structural and systemic barriers that have impacted entrepreneurs of color have limited the size of their businesses and that, therefore, they can absorb only so much debt. Ms. Klein stated that the Federal Reserve Bank's Small Business Credit Survey reaffirms the strong demand for loans of less than $100,000 particularly among Black and Latinx entrepreneurs and that it is important to get microloans out there into the communities.

Ms. Klein added that while microloans are essential, the economics of microlending have limited its growth and the willingness of lenders to engage in it, even among CDFIs. Ms. Klein noted that CDFI lenders and traditional banks lose money on most business loans of less than $50,000 and that, if the industry wants to reach entrepreneurs of color, it needs to attend to the economics of making those loans.

Ms. Klein stated that relief and recovery programs must be structured to incentivize and support smaller dollar loans. Ms. Klein stated that tying origination fees, as the PPP does, to the size of the loan can create a problem and that many CDFIs that made smaller dollar PPP did so knowing that the money they would collect through origination fees would not cover their costs to originate and service those loans.

Ms. Klein added that CDFIs that do small business lending face daunting financial challenges now and that her colleagues in the preceding panel made a number of points about the importance of the CDFI Program, the CORE Financial Assistance program, and other programs.

Ms. Klein stated that one of the most effective ways to address the balance sheet stress facing small business and microbusiness CDFIs would be to remove loans made prior to COVID from those balance sheets, noting that the Aspen Institute has advocated that the Federal Reserve create a facility that would allow those loans to be restructured to provide debt relief to businesses.

Ms. Klein stated that the Aspen Institute has also created an independent nonprofit called the Entrepreneur-Backed Asset Fund, which is currently working to purchase 25 percent of the pre-COVID microenterprise portfolios of the six members of the Microfinance Impact Collaborative.

Ms. Klein stated the final point she wanted to make about the CDFI Fund is that, while the goal is to get capital out there to businesses that have been excluded and underserved, it is essential to balance access to capital with consumer or business protections. Ms. Klein stated that the Aspen Institute has been doing a lot of work on this as part of the Responsible Business Lending Coalition and that she wanted to applaud comments in the earlier subcommittee report about requiring attention to responsible financing practices as part of the CDFI Fund certification process. Ms. Klein stated that she would be happy to talk about that, and particularly the issue of using default rates as a metric, in the Q&A period

Ms. Klein thanked the Board for the opportunity to speak.

Board Chair Jett thanked Ms. Klein for her remarks.

Panel #2 – Statement by Dr. Michael Swack

Board Chair Jett invited Dr. Swack to speak.

Dr. Swack thanked Board Chair Jett and also thanked Director Harris for inviting him.

Dr. Swack stated that he would speak on what he would wish for if he were granted three wishes on how the CDFI Fund could help build the field. Dr. Swack noted that these would be realistic wishes, not things like Cleveland winning the World Series, which is what he has been wishing for since he was six years old and it still has not happened.

Dr. Swack briefly provided some background, stating that, in general, the research shows that CDFIs are more progressive than banks in how they distribute resources—that is, that they do a good job of targeting underserved neighborhoods and borrowers and serve borrowers who are not served by conventional lenders and financial markets.

Dr. Swack stated, however, that CDFIs represent a tiny share of capital flows in any community, noting, for example, that in 2017 banks reported making $146 billion in small business, non-farm loans under $100,000, while data from the CDFI Fund indicated that CDFIs made about $181 million in small business loans under $100,000, which was about .12 percent of bank lending activity.

Dr. Swack stated that there continues to be a real need to scale the field and that this is consistent with the study that his organization, Board Member Fairchild, and others have done going back years.

Dr. Swack stated that his wish number one is that the CDFI Fund would invest in building and funding an infrastructure to support all CDFIs, particularly smaller, rural, and Native CDFIs. Dr. Swack stated that, in just the past three weeks, he had talked to three different CDFIs, including a Native CDFI, about operation issues. Dr. Swack noted that Kirsten Moy, in her paper 15 years ago for the Aspen Institute entitled *New Pathways to Scale for Community Development Finance*, wrote that "an industry of small, place-based institutions with limited resources cannot be expected to scale up solely through the growth of individual organizations. The CDFI industry is composed primarily of small-scale organizations with only a handful that have grown to a large enough size to exert influence in their local or regional markets. And none are of sufficient size to influence the market on a national level or to serve as the industry driver." Dr. Swack stated that this is perhaps more true today than it was back then.

Dr. Swack stated that the CDFI Fund, in order to support the range of CDFIs, particularly smaller and rural CDFIs, should invest in the field by helping develop or fund an operating platform for CDFIs. Dr. Swack noted that Cathie Mahon had mentioned this earlier, adding that building this type of operating platform would be easier now than it was 15 years ago.

Dr. Swack stated that one example of this type of platform is the childcare platform developed by CCA Global Partners that now provides tools and assistance on budgeting, auditing, reporting, compliance, HR, job descriptions, and more to over 25,000 childcare centers. Dr. Swack stated that CDFIs, particularly small ones, spend an inordinate amount of time on those operations and often don't do them very well, adding that that takes away from the time they are doing the things that they are actually really good at, which are lending and providing technical assistance to their borrowers.

Dr. Swack added that a platform could probably be developed for as little as $2 million that would serve hundreds of CDFIs throughout the field on key operational issues.

Dr. Swack stated that wishes number two and number three are both are both for capital. Dr. Swack stated that wish number two is that the CDFI Fund could invest in equity instruments that would leverage additional private sector equity investment in CDFIs, including nonprofit CDFIs. Dr. Swack noted that equity capital is a big problem for CDFIs and is typically sourced through grants. Dr. Swack stated that the Center for Impact Finance is working with 10 CDFIs to develop a basic model to attract equity investment to CDFIs and that investment by the CDFI Fund into instruments like this could bring significant new private equity to the field.

Dr. Swack stated that wish number three is that the CDFI Fund would look into how they could provide guarantees to help CDFIs access long-term, fixed-rate affordable capital through, for example, but not limited to, the Federal Home Loan Bank. Dr. Swack stated that the CDFI Fund can help address the liquidity issue faced by many CDFIs—an asset liability management issue. Dr. Swack noted that CDFIs are constantly trying to fund long-term needs with short-term money and that the CDFI Fund should consider using guarantees as a low-cost and efficient way to help CDFIs access the type of money they need. Dr. Swack stated that this would be relatively low cost to the CDFI Fund, with very high returns to CDFIs in the communities they serve.

In closing, Dr. Swack stated that his fourth wish would be for Cleveland to win the World Series.

<u>Panel #2 – Q&A</u>

Board Chair Jett thanked Ms. Cain, Ms. Klein, and Dr. Swack for their excellent presentations and invited Board Members to ask questions.

Board Chair Jett recognized Board Member Moncrief.

Addressing Ms. Cain, Board Member Moncrief stated that creating CDFIs in Persistent Poverty Counties is not a walk in the park simply because of lack of capacity. Board Member Moncrief asked Ms. Cain how she proposed to create capacity in Persistent Poverty Counties.

Ms. Cain replied that Board Member Moncrief's question goes to the heart of what differentiates the CDFIs, which is their partnership networks. Ms. Cain stated that CDFIs are able to go into communities, particularly those in persistent poverty, and are good at identifying on-the-ground partners and having long-term relationships with those partners, assessing their current needs, meeting the individual where they're at, and figuring out how to get that individual whole and wrap services around that individual, whether it is upscaling for a job opportunity and connecting them to social service opportunities, to allow them to be more present, to allow them to have a higher level of retention for a job.

Ms. Cain stated that whatever that issue is, CDFIs take the time to do that, which is why capacity assistance is so important for CDFIs. Ms. Cain noted that that is something that many organizations, particularly economic development organizations (EDOs), do not take time to do, and that this is a great opportunity for CDFIs to leverage those unique on-the-ground and grassroots partnerships in ways that can then reinforce so much of the work that EDOs are doing.

Ms. Cain stated that an example of that is the work Rural LISC is doing in Appalachia on the deployment of a digital navigating model to assess broadband connectivity issues in some of these communities. Ms. Cain stated that Rural LISC is taking the time to do a landscape analysis to determine the right groups to partner with long-term to adjust broadband connectivity and also to provide the knowledge required to access internet options and everything that comes along with that, such as access to job opportunities and many other resources, because that level of connection has been strengthened.

Board Member Moncrief thanked Ms. Cain for her response and asked Board Chair Jett if he could ask one more question.

Board Chair Jett recognized Board Member Moncrief.

Board Member Moncrief told Dr. Swack that he has lived with Dr. Swack's three wishes for the past 42 years and agrees with Dr. Swack that the industry needs investment support for small CDFIs. Board Member Moncrief noted that we can talk globally about how important CDFIs are at the grassroots, but, as Ms. Cain's comments about capacity suggested, some communities, specifically rural, specifically inner city, do not possess any capacity. Board Member Moncrief added that for some banks, because of regulations, no matter what the product is that they are trying to deliver, whether it is an SBA 7(a) loan or a USDA Business and Industry Guaranteed Loan, there are often times that there just is not the capacity or the entrepreneurs to tie into.

Board Member Moncrief stated that he wanted to encourage the three comments that Dr. Swack made and that we really need not just to have a nice presentation at a CDFI Fund Advisory Board meeting but to put legs on some of these things—we need additional investment support for small CDFIs. Board Member Moncrief stated that we must look at some equity pieces to support the underwriting of CDFIs and that it is a great idea for the CDFI Fund to create guarantees for long-term financing for CDFIs so they can create some sizeable, scaled-up horsepower in areas that are sorely in need of support for entrepreneurs that just are not bankable.

Board Member stated that he thoroughly enjoyed both presentations.

Board Chair Jett recognized Board Member Fairchild for a question.

Board Member Fairchild expressed appreciation for Board Member Moncrief's wise words and stated that he also had enjoyed both of these presentations.

Board Member Fairchild stated that he has been encouraging and asking questions about capacity building relative to dollars that would go directly into the field. Board Member Fairchild noted that he certainly understands the tension between those two but thinks that there are other people involved that recognize that the dollars on the field can be enabled and scaled by having capability across the industry. Board Member Fairchild stated that many industries grew from cottage industries to larger collections when they think about these ways in establishing capability sets that each of them share so that they don't have to deal in replication and don't have to deal in building capabilities from the ground up that they don't already have.

Board Member Fairchild stated that he has talked about this before and that he couldn't agree more with Board Member Moncrief, Ms. Cain, and Dr. Swack. Board Member Fairchild stated that organizations often feel like it is a false choice and that he appreciates that choice but also thinks that for a longer-term path through this industry we need more of this type of thinking.

Board Member Fairchild thanked Board Chair Jett.

Board Chair Jett recognized Board Member Jones.

Addressing Ms. Cain and her comments about rural broadband, Board Member Jones stated that one of the recent lessons his bank learned from the COVID situation, particularly related to educational delivery, which is critical to changing the social and economic dynamics in rural communities, is that there is a complete void in many of these rural communities. Board Member Jones noted that in one of his bank's communities, less than 40 percent of the population have access to rural broadband but all of the children are expected to be learning virtually.

Board Member Jones stated that the lack of broadband continues to be an economic deterrent that undermines entrepreneurial growth and is an impediment to all of the functions that his CDFI tries to perform. Board Member Jones noted that landline providers failed to provide broadband and that utilities have not stepped in to provide it.

Board Member Jones asked Ms. Cain how she gauged the significance of the lack of broadband in terms of fulfilling the CDFI mission in a modern economy so dependent on an interconnected world and also if, given the absence of philanthropic presence to help with this problem, Ms. Cain had any thoughts about how to fix this and what the CDFI can do to be a facilitator.

Ms. Cain stated that the question goes to the point of what the rural investment strategy is for philanthropies, corporations, and all of these institutions that need to understand the significance of rural America and what it means to our economy but also to take a very targeted investment approach to building up the economy of these rural communities through infrastructure investment. Ms. Cain stated that a generation is being left behind and that the pandemic has magnified the degree to which that is happening.

Ms. Cain stated that as a CDFI group, Rural LISC is in the nascent stage of exploring what it can do to lend capacity to this and so its programs continue to evolve, which is why she put it out there as one of these programmatic areas that needs to continue to be invested in.

Ms. Cain added that investing in something as significant as broadband connectivity will require public/private partnerships that go beyond traditional partnerships of CDCs and CHDOs on the ground. Ms. Cain stated that we need to start leveraging resources from the regional, state, and private sectors to make these very targeted investments happen and happen quickly. Ms. Cain noted that this is about America's workforce, and, as we saw through this pandemic, it is a phenomenal need, a pressing need, and it is not going away.

Board Member Chapa stated that she had a question, and Board Chair Jett invited her to speak.

Board Member Chapa stated that Ms. Cain's presentation was great and asked Ms. Cain if she could provide more specific information about who her organization partners with in the readiness and disaster preparedness programs.

Ms. Cain thanked Board Member Chapa for that very critical question. Ms. Cain replied that because CDFIs are in the game of community development and are community builders, they are in a prime position to be disaster responders. Ms. Cain noted that her hometown is New Orleans, which is prone to so many natural disasters, and that what we have found time and time again is there is a lack of capacity on disaster response.

Ms. Cain stated that CDFIs have shown through the pandemic that they can readily deploy resources to the most vulnerable, noting that we need to magnify that. Ms. Cain stated that the problem with disaster recovery on the small business side is that there often is not the capacity either at the state level or within rural communities to even think about small business disaster response and so there is a lack of technical assistance and know-how to deal with small businesses.

Ms. Cain added that there is also a gap in trying to get grants or loans from government agencies out the door to those small businesses. Ms. Cain stated that the CDFI is in a great position to partner with the community agency or the state agency and to be that financial lender but also to provide a very pronounced level of technical assistance to create a much more robust small business disaster recovery plan on the front end.

Board Member Chapa asked Ms. Cain if she is already doing some of that with, say, the Red Cross. Board Member Chapa stated that in doing her own volunteer work or trying to get more access to areas of persistent poverty down in south Texas, she has seen that there is a hesitancy in those areas that are affected to accept any help from the Red Cross because they are afraid they will become vulnerable to INS issues, even if they are not illegal.

Board Member Chapa asked Ms. Cain if she has encountered that or if she is working any with nonprofits or corporations in particular. Board Member Chapa added that she knows a lot of financial institutions devote a lot of their philanthropy and social responsibility monies to recovery efforts.

Ms. Cain replied that her organization is working right now outside of Houston with a legacy Community Development Corporation to provide housing rehab after Hurricane Maria and is very sensitive to the trust issues that vulnerable populations have when working with some of these unknown organizations. Ms. Cain stated that what differentiates LISC is that it has been in these communities for a long time and tries to make very targeted, long-term investments there. Ms. Cain stated that she could not stress enough that CDFIs are such valuable players in disaster assistance because they don't go away—they are the community builders. Ms. Cain stated that when you are talking about vulnerable populations and the need to establish and to sustain trust, a CDFI is a natural ally in the endeavors for housing rehab and small business development loans and grants.

Board Member Chapa thanked Ms. Cain.

Board Chair Jett asked if any other Board Members had questions for the panelists, or if any of the panelists had questions for the other panelists.

Ms. Klein stated that she would like to follow up on the point that Dr. Swack had made about the role of technology and enabling the growth of CDFIs. Ms. Klein stated that she was glad that Dr. Swack referenced the work that her former colleague Kirsten Moy had done a while ago.

Ms. Klein stated that the Aspen Institute continues to look at the development and the use of platforms and technology by CDFIs and that in this moment, technology is critical. Ms. Klein stated that the Aspen Institute saw how important technology was for CDFIs that were delivering the PPP, noting that we are moving into a new environment in which things have to happen virtually and so technology will be critical.

Ms. Klein stated that she wanted to caution against the idea that we can build a single platform that is going to serve the all the needs of most CDFIs. Ms. Klein noted that CDFIs are in very different kinds of lending and that technology can address many different issues. Ms. Klein stated that where the CDFI Fund can be critical is in providing the resources that CDFIs need to be able to determine what technologies they need to solve the most critical issues to reach new market and in providing CDFIs with funding to buy that technology and to continue to support it.

Ms. Klein stated that partly this is about money and supporting the capacity needed to use technology to scale the ability of CDFIs to do work. Ms. Klein noted that a big piece of what has prevented CDFIs has not been the absence of technology but the absence of financial resources and not having to make that choice between capacity and deploying capital. Ms. Klein stated that that is a place where she believes the CDFI Fund can play a role.

Dr. Swack asked Board Chair Jett if he could comment. Board Chair Jett recognized Dr. Swack.

Dr. Swack stated that he agreed with Ms. Klein that implementing something like this is about the process—that is, engaging with CDFIs to determine what they need and how they will use it. Dr. Swack added that there is also a lot of flexibility, noting that he was really blown away to see how efficient the childcare platform was in dealing with 20,000 different types of borrowers. Dr. Swack stated that Ms. Klein is right that not everything is going to be solved, but he noted that a lot of basic issues around operations can be addressed.

Dr. Swack stated that his son runs a Native CDFI and that when he asks his son what he spends his time on, he replies that the auditors were there again today or he spent hours filling out this application or looking at operations, and that every once in a while he actually got to spend time today making loans and he's so excited about it. Dr. Swack stated that this is a pretty typical experience with the small CDFIs.

Dr. Swack stated that he thinks there is even an ability not to do everything, as Ms. Klein had said, but, within the capacity of a well-designed platform that is done by engaging CDFIs about what they need, to design something that really meets a lot of needs for a pretty wide range of CDFIs right now. Dr. Swack stated that he would encourage the CDFI Fund to look at investing in that process of how they would put together a platform and what it would do for CDFIs.

Board Member Bautista asked if she could be recognized, and Board Chair Jett recognized her.

Board Member Bautista stated that, leading a smaller CDFI, she understood that small CDFIs need capacity building, technology, and consultants and that these cost a lot of money. Board Member Bautista added that doing microlending also costs so much money.

Board Member Bautista asked if it would be possible for the CDFI Fund to create a fund to help smaller CDFIs with the costs of technology and consultants. Board Member Bautista stated that we talk about what it takes to rebuild and that CDFIs are the on the frontlines now for small businesses, people of color, and homeowners. Board Member Bautista suggested creating a fund specifically for the technology, for the right platform, for lending, for the consultant—all of which are very, very costly—and having that as part of the capacity building.

Director Harris stated that she would comment on the technical assistance. Director Harris noted that all of the uses and issues Board Member Bautista raised—most of them if not all of them—are eligible uses under current technical assistance grants, and so, if CDFIs need technical assistance to build up their technology or if they need to hire staff to help with a particular area, they are able to do it with a technical assistance grant.

Director Harris added that, as far as the CDFI Fund's being able to create new programs, it has been touched on throughout the day that the CDFI Fund relies on Congressional appropriations and authorizations and so, if the will of Congress is to create a fund that could dedicate funding to CDFIs for technology and data and other types of needs and the funds are appropriated, the CDFI Fund would figure out a way to implement that and get the money out to the CDFIs.

Director Harris stated that there are some ways to handle the issues that Board Member Bautista raised within the CDFI Fund's current programs, but that, if there was a dedicated pot of funds set aside and appropriated by Congress, that would probably be a more direct way to tackle the issues that Board Member Bautista raised.

Board Member Bautista asked Director Harris if only Congress can do appropriate funds, can the Board ask the Treasury to allocate some funds for the CDFI Fund through the CARES Act? Board Member Bautista stated that if the Board does wait for Congress to appropriate funds, by the time it passes, it is over. Board Member Bautista stated that CDFIs need help funds now and asked what the Board can do to encourage the U.S. Treasury to put more money on these needs right now rather than waiting for the Congress.

Director Harris replied that one of the reasons the CDFI Fund wanted to have these panels was to give the Board some food for thought to consider in either subcommittee recommendations or ways to move forward. Director Harris stated that the Board is able to recommend certain things and that something that could be put on the table is how to work within our federal agency and other federal partners to direct more resources to CDFIs.

Director Harris noted that, as CDFI Fund Director, she has not come across an opportunity to request additional funds from the CARES Act, and that that would have to be stipulated in some of the authorizing legislation. Director Harris added that it is an idea that the Board could consider and figure out if there is an avenue there.

Board Chair Jett thanked Director Harris and recognized Board Member Jones for the final question.

Board Member Jones stated that he had more of a comment than a question.

Board Member Jones stated that he really enjoyed the panelists and the comments today, and that as he sat and listened, he was reminded that we are in unprecedented times and that the pandemic has created exceptional stress on our nation but even more dire circumstances in the rural communities and distressed communities that we serve. Board Member Jones stated that he is grateful that we do have the CDFI Fund and the talent and depth of experience and commitment that we have seen expressed today.

Board Member Jones stated that when we find ourselves under distress, we find the challenges that we face. Board Member Jones stated that his final comment is an affirmative one to the CDFI Fund and its staff and to all of the people that are contributing to this process. Board Member Jones stated that we all know we can do so much more if given the opportunity to do the job that we're built to do and that that is the frustration we all feel, because we see such tremendous opportunities and we need the latitude to create solutions to serve people in our communities and in our nation and to change the dynamics.

Board Member Jones stated that, for all the bad things the pandemic has brought, it has also brought some light, some positive response from talented people. Board Member Jones thanked everyone for the work they are doing and encouraged the CDFI Fund to help us do a better job, which is what we are all striving to do.

Board Chair Jett thanked Board Chair Jett for giving him the opportunity to comment at the end of the meeting.

Board Chair Jett thanked Board Memberand stated to the Board Members that it was an honor to serve on the Board with each of them.

Board Chair Jett reminded Board Members that they can make recommendations to Director Harris and added that each of them was appointed by the President of the United States and has their our own networks within their own Congressional districts and also with their U.S. Senators. Board Chair Jett encouraged Board Members to leverage their opportunities within their own networks to make sure that the good news and the good stories and the challenges that we are addressing on the Main Street level are being communicated to those policymakers.

Board Chair Jett thanked Ms. Cain, Ms. Klein, and Dr. Swack for their wonderful presentations. Board Chair also told Dr. Swack that he wanted to send his regards to Dr. Swack's son and looked forward to hearing some really good stories from his Native CDFI.

Closing Business

Board Chair Jett stated that the Board had completed the items on its agenda and that the meeting would now transition to the closing business. Board Chair Jett thanked Mr. Hallmon and Biddle-Ferrell from the Center for Learning Innovation for helping the Board navigate the technical difficulties during the meeting.

Board Chair Jett asked if any Board Members had any closing business. Board Member Gwin indicated that he did, and Board Chair Jett recognized him.

Board Member Gwin stated that, regarding the point that Director Harris just made that the Board could recommend creating subcommittees to look at some of these issues we discussed, he would like to hear if any of the other Board Members have any ideas about subcommittees we might want to create.

Board Chair Jett stated that the next item to be discussed is new subcommittees, and so Board Member Gwin's comment was timely.

Board Chair Jett noted that the Board heard from two excellent and thought-providing panels and has a lot to consider. Board Chair Jett stated the Director Harris and he will regroup over the next few days and will reach out to each Board Member individually to discuss how the Board might move forward specifically regarding the formation of subcommittees.

Board Chair Jett invited Board Members to call or email Director Harris or him with their ideas in the meantime. Board Chair Jett stated that that is exactly why Board Members were appointed to the Board—to come up with innovations from each of their unique backgrounds and target markets that they assess.

Board Chair Jett asked if there was any other discussion from Board Members with regards to any new business

Board Member Bautista stated that she had a suggestion. Board Member Bautista stated that his is an unprecedented time, a time in which all small businesses, big businesses, and medium businesses are suffering. Board Member Bautista stated that if we don't help these businesses now, many will fail. Board Member Bautista added that the same is true with homeownership and when the forbearance ends in September, she has a feeling that a financial crisis might happen. Board Member Bautista stated that we have the opportunity right now to avoid that.

Board Member Bautista suggested that a committee from the Board could have a separate conversation with some of the panelists and their members to really hear from them. Board Member Bautista stated that she is hearing from smaller CDFIs and minority groups about what they need and so maybe we can hear from other groups about the things that they really need right now—specific asks, from access to capital to technology. Board Member Bautista stated that unless we have a specific ask to Congress, the U.S. Treasury, and Director Harris, they really don't know what to do. Board Member Bautista stated that we need to be more specific, more outcome-oriented.

Board Member Bautista stated that she thought we have an opportunity to do that, noting that everybody is doing what they can to help and we can hear from them what the top three things that are needed now to help business owners stay afloat.

Board Member Bautista asked Board Chair Jett for his thoughts about her suggestion.

Board Chair Jett replied that he could not agree more and that specificity is something we need. Board Chair Jett stated that a lot of policymakers on the Hill make decisions with or without our input, which underscores the importance of Board Members' getting that message out within their networks. Board Chair Jett added that Board Members can also sometimes be voices speaking on behalf of Director Harris, which is important because she has to walk a tight line in her responsibilities as a director of a federal agency and how she reaches out to Congress.

Board Chair Jett asked Board Member Brook if she had a question.

Board Member Brook stated that she had had technical difficulties but wanted so badly to thank everybody and to applaud Ms. Cain's remarks about broadband. Board Member Brook added that, being in rural Appalachia and thinking not only about COVID response but resiliency and looking at broadband as an investment, she would be happy to serve on a subcommittee that looks at what we might be able to do around investing there.

Board Member Brook thanked Board Chair Jett and the other Board Members. Board Chair Jett thanked Board Member Brook in return.

Board Chair Jett encouraged Board Members, as they start brainstorming at the conclusion of the meeting, to exchange their ideas with the other Board Members and with Director Harris, noting that the Board Members have been appointed to bring boots-on-the-ground solutions to the policy level of applications.

Adjournment of the Meeting

Board Chair Jett stated that if there are no other questions, the Chair would entertain a motion to adjourn.

Board Member Moncrief made the motion to adjourn.

Board Chair Jett stated that there was no need for a second.

Board Chair Jett thanked the members of the public who joined the meeting today. Board Chair Jett noted that over 600 requested to participate and a little over 200 were present during the middle of the meeting. Board Chair Jett stated that he was unsure if a number of people had experienced technical difficulties or simply had to get on with their business, but that the Board is grateful that they care about the work that it is doing and were able to participate in the meeting.

Board Chair Jett stated that the CDFI Fund will send out a short survey to gather reactions to the meeting and encouraged viewers to respond to the survey.

Board Chair Jett also thanked the panelists for the valuable perspectives they shared and also thanked Board Members for taking the time to meet today, for their work on the Board's two subcommittees, and for their service to the CDFI Fund on behalf of the President of the United States who appointed them.

At 5:00 p.m. Eastern, Board Chair Jett adjourned the meeting of the Community Development Advisory Board.

Respectfully submitted,

Shane Jett
Chair
Community Development Advisory Board