

# **COMMUNITY DEVELOPMENT ADVISORY BOARD**

Community Development Financial Institutions Fund (CDFI Fund)

United States Department of the Treasury

## **Minutes**

**Date:** Monday, January 30, 2017

**Place:** Via Conference Call

**Presiding:** Calvin Holmes, Chair of the Advisory Board, Chicago Community Loan Fund

### **Board Members in Attendance:**

Calvin Holmes, Chair of the Advisory Board, Chicago Community Loan Fund

Brian E. Argrett, City First Bank of D.C.

Tanya M. Fiddler, Native CDFI Network

Lisa Hall, Anthos Asset Management

David C. Lizarraga, TELACU Education Foundation

Douglas H. Low, Kidz Express

Ronald Phillips, Coastal Enterprises, Inc.

### **Remarks and Presentations:**

Annie Donovan, CDFI Fund

### **Also Present:**

Bill Luecht, Designated Federal Official for the Advisory Board, CDFI Fund

There were also 23 members of the public and press that attended the meeting in listen-only mode.

## **Welcome by Calvin Holmes, Chair of the Advisory Board**

At 2:05 p.m., Chairman Holmes welcomed those in attendance, including members of the Advisory Board, members of the Native Subcommittee, and members of the public and press, to the meeting and thanked them for their interest in the work of the CDFI Fund. Chairman Holmes then introduced CDFI Fund Director Annie Donovan.

## **Remarks by CDFI Fund Director Annie Donovan**

After thanking Chairman Holmes and greeting the participants, Director Donovan stated that she would provide background information about the “Access to Capital and Credit in Native Communities Report” to set the context for the meeting.

Director Donovan stated that in 2001 the CDFI Fund issued the “Native American Lending Study,” a report mandated in the Riegle Act, which created the CDFI Fund. Director Donovan stated that the “Native American Lending Study” was the first national report to document the limited access to capital and credit in American Indian, Alaska Native, and Native Hawaiian communities—which the CDFI Fund refers to as Native Communities—and led to the creation of the CDFI Fund’s Native Initiatives.

Director Donovan stated that in 2013 the CDFI Fund commissioned a two-part follow-up study to the Native American Lending Study, noting that the first part, “Access to Capital and Credit in Native Communities Report” (ACC Report), was released in May 2016, and that the second part, “Access to Capital and Credit in Native Communities: A Data Review” (Data Review), would be released on January 31, 2017.

Director Donovan stated that at the meeting of the Community Development Advisory Board on May 17, 2016, Dr. Miriam Jorgensen, the author of the ACC Report and the co-author of the Data Review, presented some of the key findings of the ACC Report. Director Donovan noted that these findings indicated that, while progress has been made to improve access to capital and credit in Native Communities, there is still much work to be done.

Director Donovan stated that engagement around the ACC Report is important to her because of the work that remains to be done, and that she looked forward to receiving advice and guidance from Board Members on how the CDFI Fund should use the ACC Report to advance its work in Native Communities.

Director Donovan reported that the release of the ACC Report in 2016 has already generated speaking requests, and that Board Member Tanya Fiddler and Amber Kuchar-Bell, the Program Manager of the CDFI Fund’s Native Initiatives program, have made presentations and led discussions about the report at conferences and Native gatherings.

Director Donovan noted that on February 14, 2017, Dr. Miriam Jorgensen will visit the Treasury Department to make a presentation on the ACC Report to the Financial Literacy and Education Commission, and also will appear that same day at the Treasury Department at a roundtable on the ACC Report sponsored by the CDFI Fund in collaboration with other parts of Treasury, the Office of the Comptroller of the Currency, and the Department of the Interior.

## **Convening of the Meeting by Calvin Holmes, Chair of the Advisory Board**

Chairman Holmes thanked Director Donovan for her remarks and for her commitment to closing the gap between Native and non-Native peoples.

Chairman Holmes noted that the Advisory Board currently consists only of its nine private citizens until the designees of the six federal agencies are appointed by the new Administration, and that quorum is based on the nine private citizens. Chairman Holmes then conducted the roll call, noting that Board Members Audrey Choi and Xavier de Souza Briggs were unable to attend the meeting. Chairman Holmes determined that a quorum was present and called the meeting to order.

Chairman Holmes briefly reviewed the agenda. Chairman Holmes stated that the meeting would begin with a presentation by Board Member Tanya Fiddler, the executive director of the Native CDFI Network and the Chair of the Board's Native Subcommittee, on its proposed engagement plan to increase the visibility of the ACC Report.

Chairman Holmes stated that, after Board Member Fiddler's presentation, the floor would open so that Board Members could ask questions and deliberate on the adoption of the engagement plan. Chairman Holmes stated that, once deliberations were completed, he would call for a vote on the adoption of the engagement plan and would adjourn the meeting following the vote.

Chairman Holmes introduced Board Member Fiddler.

## **Presentation on the Draft Engagement Plan for the ACC Report by Board Member Tanya Fiddler, Chair of Native Subcommittee; with Questions and Comments from Board Members**

Board Member Fiddler thanked Board Members for being present to review the engagement plan. Board Member Fiddler noted that the plan's strategy is spread out among private and public partners and also seeks to engage Tribal leaders, which was a recommendation of the ACC Report itself.

Board Member Fiddler stated that there has been interest across the country in the findings of the ACC Report since its release, but that the question the Native Subcommittee faced was how to foster additional conversation about the report so that the report didn't just sit on the shelf. Board Member Fiddler noted the importance of meeting with the new Administration and new Congress and educating them on issues related to attracting capital and credit to Native Communities.

Board Member Fiddler stated that the Native Subcommittee's goal in drafting the engagement plan was to increase the visibility of the ACC Report to ensure that it is used by policymakers and others to advance ideas for improving access to capital and credit in Native Communities.

Board Member Fiddler invited Board Members to open their copies of the engagement plan and provide feedback as she reviewed the plan's contents.

Board Member Fiddler noted that the engagement plan specifies several "Desired Outcomes" and briefly discussed some of actions that the Subcommittee is or will be taking to achieve those outcomes. Board Member Fiddler briefly discussed some of the opportunities identified in the plan—including the meeting of the Financial Literacy and Education Coalition; an event with the Federal Reserve Bank, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation; and a briefing on Capitol Hill with the Congressional Native American Caucus—for educating financial institutions, Tribal government leaders, and others about the ACC Report and Native issues. Board Member Fiddler also briefly mentioned the plan's proposal to enlist Native thought leaders to serve as surrogates to promote the ACC Report.

Board Member Fiddler asked Board Members if they had any questions or comments about the "Desired Outcomes" section of the plan.

Board Member Ron Phillips noted the growing popularity of what is called impact investing, and suggested adding the impact investing network to the list of organizations and individuals whom the engagement plan seeks to educate about the work of Native Community Development Financial Institutions (Native CDFIs). Board Member Phillips cited the Social Investment Forum as one example of an impact investing organization that the plan could target.

Chairman Holmes and Board Member Fiddler agreed that Board Member Phillips's suggestion was a good one. Board Member Fiddler cautioned that the Native CDFI industry still has a lot of capacity-building to do, and that, for most Native CDFIs, meeting the expectations of outside investors may be a challenge, although that is definitely a goal they should reach for. Board Member Fiddler added that discussions about how to increase investment in Native CDFIs are under way.

Board Member Phillips noted that capacity-building is an issue that does not just affect Native CDFIs. Chairman Holmes agreed that it affects a lot of CDFIs, Native and non-Native.

Chairman Holmes asked Board member Lisa Hall to draw upon her experience in impact investing and to weigh in on the observations of Board Members on the opportunity to reach out to impact investors. Board Member Hall agreed that it is a great opportunity and stated that much of the work that is done in the CDFI field would meet the objectives of many impact investors.

Board Member Hall stated that there is an ongoing process in which CDFIs are educating impact investors about their activities, and impact investors are educating CDFIs about their investment objectives. Board Member Hall noted that the field of impact investing is in its early days, and that, although investors have been performing the activities that make up impact investing for many years, self-identifying as impact investors is a relatively new phenomenon that has arisen in the past five to eight years.

Chairman Holmes thanked Board Member Hall and asked if other Board Members had questions or comments about the "Desired Outcomes" section of the engagement plan.

Board Member David Lizarraga reflected that he comes out of the chambers of commerce world and has worked with Native American, Asian American, and African American CDFIs in chambers of commerce, and commented that the engagement plan does not mention reaching out to Native American chambers of commerce. Board Member Lizarraga noted that 39 percent of American Indians now live off the home reservation and many have left just to find economic opportunity, and asked how the CDFI Fund plans to reach out to these people.

Board Member Fiddler stated that the language of the desired outcomes presented in the engagement plan does not go into deep detail, and that the language regarding fostering partnerships with Native non-profits and traditional for-profit financial institutions is intended to be generic and would cover chambers of commerce. Board Member Fiddler stated that, while Native chambers of commerce are few and far between, the Native Subcommittee has some leads for outreach. Board Member Fiddler added that many states in the Great Plains region have what are called Indian Business Alliances, and that these are a potential outreach target as well.

Board Member Lizarraga asked Board Member Fiddler if her answer was that Native chambers of commerce are hidden someplace among the desired outcomes.

Board Member Fiddler replied that, in her mind, Native chambers of commerce are non-profits, and are embedded among the public-private individuals and organizations that the CDFI Fund needs to reach out to. Board Member Fiddler acknowledged that a specific reference to Native chambers of commerce could be included in the plan.

Chairman Holmes asked Board Member Fiddler if she was referring to desired outcome number five in the plan. Board Member Fiddler indicated that she was.

Chairman Holmes stated to Board Member Lizarraga that it appeared that Board Member Fiddler and the Native Subcommittee were open to including Native chambers of commerce for outreach under desired outcome number five. Board Member Lizarraga stated that it would be great if Native American and Alaska Native chambers of commerce were mentioned in the report. Board Member Fiddler acknowledged that she was making a note to that effect.

Board Member Phillips stated that desired outcome number six, which calls for increasing Tribal leaders' awareness of the work of the Native CDFIs, is excellent, and suggested adding non-Native CDFIs and other economic development entities to desired outcome number six, because many non-Native CDFIs need to be more aware of the value of forming partnerships with Native CDFIs.

Board Member Fiddler stated that she heard what Board Member Phillips was saying. Board Member Fiddler stated that desired outcome number six does not tackle partnerships between Native and non-Native CDFIs because Tribal leaders often are unaware of their own Native CDFIs, and so desired outcome number six was intended specifically to target that challenge. Board Member Fiddler added that the Native Subcommittee acknowledges the importance of partnerships, and that they understand the relationships identified in the engagement plan's other desired outcomes to be partnerships.

Chairman Holmes stated that Board Member Fiddler's point was well taken, and asked Board Member Phillips if he was okay with that. Board Member Phillips stated that he was, and suggested that language

about outreach to non-Native CDFIs could be included in desired outcome number one or elsewhere in the list of desired outcomes. Board Member Fiddler acknowledged that she heard what Board Member Phillips was saying.

Chairman Holmes noted that half of the time allotted for the meeting had passed, and invited Board Member Fiddler to discuss other highlights of the engagement plan.

Board Member Fiddler thanked the Board Members for their input on the desired outcomes. After briefly discussing some of the items in the rest of the report, including the Appendix, which lists the events at which CDFI Fund staff or Advisory Board Members have spoken about the ACC report, Board Member Fiddler asked Board Members for additional comments or questions.

Board Member Argrett commented that the engagement plan is excellent, and asked if there has been any outreach to the National Federation of Community Development Credit Unions or to Native credit unions that are CDFIs, or if any outreach to these organizations has been planned.

Board Member Fiddler replied that the Native Subcommittee can add the National Federation of Community Development Credit Unions to the list of organizations targeted for outreach.

Board Member Lizarraga asked if the Native Subcommittee would consider adding to desired outcome number six language about increasing the off-reservation population's awareness and understanding of the work of Native CDFIs. Board Member Fiddler stated that she would work with CDFI Fund Senior Advisor Bill Luecht to add that point, along with the points about impact investors and Native chambers of commerce.

Board Member Fiddler thanked Board Members for their suggestions, and stated that if they all were there in person, she would shake their hands with a happy heart for their participation and for the time they have given to her to explain Indian Country and some of the dynamics affecting it.

Chairman Holmes thanked Board Member Fiddler for providing a great overview of the engagement plan.

Chairman Holmes asked Director Donovan who within the CDFI Fund will serve as the liaison for the engagement efforts for the ACC Report. Director Donovan replied that, although some of the tasks will be shared by teams across the CDFI Fund, Senior Advisor Luecht and the three other members of the CDFI Fund's Legislative and External Affairs team will be primarily responsible for implementing the engagement plan.

Board Member Phillips stated that he wanted to echo the comments of Board Members Lizarraga and others that the engagement plan is excellent, and that he wanted to thank Board Member Fiddler and the other members of the Native Subcommittee for their tremendous work on the plan.

Board Member Phillips commented that he did not see many Native CDFIs among the list of associations and networks to be targeted for outreach. Board Member Phillips stated that the perspective of these Native CDFIs is important, and asked if there is a way to state in the engagement plan that they will be targeted for outreach.

Board Member Fiddler stated that she wanted to hold another meeting of Native Subcommittee soon, and that the Subcommittee and the CDFI Fund at that point would talk further about ways to leverage the ACC Report. Board Member Fiddler stated that she would speak with Senior Advisor Luecht about adding Native CDFI practitioners to the list of those the engagement plan targets for outreach.

Director Donovan noted that, at the OFN Conference in October, Board Member Fiddler's organization, the Native CDFI Network, held a meeting with Native CDFIs at which the ACC Report was discussed, and that Amber Kuchar-Bell, the CDFI Fund's Manager of the Native Initiatives, participated in that meeting. Director Donovan added that she herself spoke at the conference reception, and that the ACC Report was discussed there with other Native CDFIs.

Chairman Holmes thanked Director Donovan for the background information.

Board Member Lizarraga stated that he had spoken with some Native American chambers of commerce, and that they were very concerned about one of the organizations on the list of potential surrogates—the Native American Financial Services Association or NAFSA—because it charges anywhere from 300 percent to 400 percent in fees and interest on loans. Board Member Lizarraga asked if this information is correct.

Chairman Holmes asked Board Member Fiddler to comment. Board Member Fiddler stated that she has had several run-ins with NAFSA because of its high-cost loans, and that NAFSA was inadvertently included on the list. Board Member Fiddler apologized for the error, and stated that NAFAS would be removed from the list and replaced by the National Center for American Indian Economic Development, led by Chris James. Board Member Fiddler and Chairman Holmes thanked Board Member Lizarraga for catching the error.

Board Member Lizarraga commented that, if consumer financial protection is an issue in Native Communities, there are organizations, such as the Center for Responsible Lending, that deal with it. Board Member Lizarraga suggested contacting the Center for Responsible Lending to see if they have information about the impact of payday lending on Native American reservations and other similar issues.

Board Member Fiddler stated that her organization has worked closely with the Center for Responsible Lending around these issues, and noted that last year, the state of South Dakota capped the interest rate for payday loans at 36 percent—a result that was the product of her organization's partnerships with national organizations.

### **Advisory Board Vote on Adoption of the Engagement Plan**

Chairman Holmes asked if a Board Member would make a motion to adopt the engagement plan. Board Member Argrett made a motion to adopt and endorse the plan. Board Member Lizarraga seconded the motion.

Chairman Holmes asked Board Members who were in favor of adopting the engagement to say “yea”, and those who were not to say “nay.”

All Board Members responded in the affirmative. After the Board Members responded, Chairman Holmes stated that the motion had carried and thanked the Board Members.

### **Closing Business**

Chairman Holmes thanked Board Member Fiddler for her presentation and the members of the Native Subcommittee for their thoughtful work in drafting the engagement plan.

Chairman Holmes stated that, with this vote, the Advisory Board presents Director Donovan with the engagement plan for implementation, and noted that the plan dovetails very nicely with all four goals of the CDFI Fund's 2017 - 2022 Strategic Plan.

Chairman Holmes asked Director Donovan if she would like to say a few words.

Director Donovan thanked the Board and the Native Subcommittee, and stated that what is great about the Board really comes out in a collaboration like this, because it produces so many different perspectives and points of view. Director Donovan stated that she appreciated the caliber and commitment of this committee and thanked everyone for showing up. Director Donovan added that the CDFI Fund is already out there promoting the ACC Report, and that she believes the CDFI Fund has a great plan going forward and that she is excited to take the next step.

Senior Advisor Luecht stated that within the next several days the CDFI Fund will send Board Members the updated version of the engagement plan, and that, if all the edits have been captured correctly, the CDFI Fund will make the plan available to the public on its web site. Senior Advisor Luecht added that, in approximately a week, the CDFI Fund will send Board Members a draft of the minutes of this meeting for their review so they can ensure that their comments have been recorded accurately.

Chairman Holmes thanked Senior Advisor Luecht, Director Donovan, and the Board Members, and asked if one of the Board Members would make a motion to adjourn. Board Member Hall made a motion to adjourn, and Board Member Argrett seconded the motion.

At 2:55 p.m., Chairman Holmes stated that the meeting of the Community Development Advisory Board is adjourned.

Respectfully submitted,

A handwritten signature in black ink that reads "Calvin Holmes". The signature is written in a cursive, flowing style.

Calvin Holmes

Chairman

Community Development Advisory Board