



CRA - CAP - CDFI

SALAM NALIA

- * CFO: Fresno EOC
- * CEO: Fresno CDFI dba Access Plus Capital

AGENDA

- CRA
 - What is CRA
 - What CRA is not
 - CRA Enforcement
- CAPs and CDFI
- The CDFIs
- Fresno EOC, Fresno CDFI DBA Access Plus Capital
- The Performance & Video
- Final Thought

The CRA?

What is CRA?

- Community Reinvestment Act
- Federal legislation intended to encourage depository institutions (banks) to help meet the credit needs of the communities in which they operate.
- Targets low and moderate income neighborhoods
- Very complex regulations enacted by Congress in 1977 (12 U.S.C. 2901)
- Compliance closely monitored by regulators and examiners
- CRA was amended to include credit unions

What is CRA? cont'd

- ▶ Regulators check to make sure banks are meeting credit need of communities:
 - Are banking institutions extending credit to low/moderate income neighborhoods in communities in which they serve?
 - Are banking institutions supporting affordable housing, small businesses, community development projects, and consumer credit needs?

What CRA is Not

- A regulation governing non-profits
- A regulation requiring bank intuitions to give to non-profits
- A government program
- A school scholarship program

CRA Enforcement

- ▶ The federal banking agencies enforce the CRA by examining the CRA record of a bank, issuing a written report with a rating, and taking the bank's CRA record into account when considering the bank's application to expand its business.

CRA IN DANGER?

- ▶ Fighting continues - Regulators, OCC Chief
- ▶ NCRC and CRC
- ▶ Dodd Frank is history
- ▶ Economic Disaster - Banks will bail on their community economic development commitments
- ▶ CDFIs are in forefront of Economic Development

CDFI

*Community Development
Financial Institution*



What is a CDFI?

- *Origin & History*
- *Number of CDFIs 1,112*
- *Types of CDFIs*

What is a CDFI? (cont'd)

- *How CDFIs serve their community*
 - *Provide Capital*
 - *Provide Services*

What is a CDFI? (cont'd)

- *How CDFIs finance their activities*
 - *Banks (CRA Funds)*
 - *Private Sector Investments*
 - *Government Grants*
 - *The CDFI Fund*

The CDFI Fund

- *What is the CDFI Fund?*
- *CDFI Certification*
- *CDFI Grants*
- *Low-interest Loans*

WHY a CDFI

In unity there is strength...

With teamwork and collaboration, wonderful things can be achieved.

CDFI = AN ECONOMIC EXPANSION OF A CAP AGENCY

CAPs and ECONOMIC DEVELOPMENT

► 1,005 CAPs and 1,100 CDFIs

1. Fresno EOC - CA
2. Community Action of the Lehigh Valley - PA
3. People Inc. - VA
4. TAP for Hope - VA
5. CAP of North Alabama - ALA
6. Penquis - ME
7. Chautauqua - NY
8. Pathstone - NY
9. Indianhead CAA - WI
10. Brightpoint - IN
11. GROW South Dakota - SD
12. NeighborImpact - OR

Objective

Create an entity to obtain certification and funds from the CDFI Fund

CDFI Certification Requirements

- *Must be a Legal Entity*
- *Primary Mission must be Community Development*
- *Must be a Financing Entity, predominantly*
- *Must provide Development Services in conjunction with financing activities*
- *Must principally serve the designated Target Market*
- *Must be accountable to the designated Target Market*
- *Must not be a Governmental Entity*



Fresno EOC establishing a CDFI

- ▶ Fresno EOC has always believed that both for profit and non-profit economic development lead to greater economic opportunities.
- ▶ 1993: Microenterprise Loan Program. Provided over 300 loans to refugees lending \$2.5 million.
- ▶ Dec 2008: Fresno EOC Board approved the create a new entity under EOC's umbrella for lending activities.
- ▶ CFO was made Interim CEO of the new entity.
- ▶ Early 2008: EOC drafts Mission Statement & Bylaws, submits IRS application for tax exempt and files incorporation papers
- ▶ May 2008: CDFI Incorporated.
- ▶ Mid 2009: CDFI receives certification from US Treasury along with a grant of \$600,000.
- ▶ 2010: EOC injects \$720,000 in OCS ARRA CSBG funds.
- ▶ 2014: EOC brings in \$800,000 in OCS Community Economic Development funds
- ▶ 2016: EOC brings another \$800,000 in OCS Community Economic Development funds

Establishing EOC's CDFI (cont'd)

- *Move current funds and loan activities*
- *Establish Rate Structure*
- *Initiate Business Plan*

Establishing EOC's CDFI (cont'd)

- *Begin Reviewing and Approving low-income Economic Development loans*
- *Apply for TA Funds*

Delegate Agency?



Fresno Community Development Financial Institution

- ▶ *A delegate agency of the Fresno Economic Opportunities Commission*
- ▶ The purpose of a Delegate Agency is to provide specialized community services that otherwise be difficult or impossible for Fresno EOC to offer.
- ▶ A Delegate Agency is independent agency, with its own Board of Directors. However, due to financial and organizational structure, a Delegate Agency is, to varying degrees, dependent on its sponsor.
- ▶ Fresno CDFI, the Delegate Agency, is supported by its sponsor, Fresno EOC with planning, financial, technology, and human resources services. Also as a delegate agency, Fresno CDFI is eligible to receive Community Services Block Grant and other funds as investments upon which they leverage other funding in support of their activities.



How CDFI supports EOC

CDFI supports the mission of Fresno EOC by providing critical financial products and services to economically disadvantaged people and communities. CDFI responds to gaps in the marketplace: offering financial products to individuals, businesses and CBOs not served by mainstream financial institutions. CDFI is:

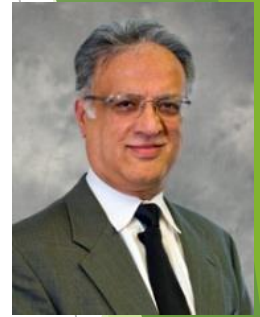
- ▶ The only Financial Institution to provide microloans to start ups
- ▶ The only Financial Institution to provide nano and energy retrofit loans in the county.
- ▶ Rebuilds credit through reports to credit bureaus.
- ▶ Regular presentations to community groups
- ▶ Provides pre and post-loan technical assistance to borrowers
- ▶ Gives special consideration for loans to minorities and women

How EOC supports CDFI

- ▶ Executive Leadership
- ▶ Financial Services Office
- ▶ Human Resources Office
- ▶ Planning Office
- ▶ Technology Office
- ▶ Communication and Strategy Office
- ▶ Gap and Catalytic Funding

Executive Leadership

- ▶ Salam Nalia
 - ▶ Chief Executive Officer, Fresno CDFI
 - ▶ Chief Financial Officer, Fresno EOC
- ▶ Brian Angus
 - ▶ Chief Executive Officer, Fresno EOC



Financial Services Office

- ▶ Financial Officer
- ▶ Assistant Finance Director
- ▶ Accountant
- ▶ Treasury
- ▶ Payroll
- ▶ Accounts Payable
- ▶ Senior Accounting Clerk

Planning Office

- ▶ Assist with planning, designing, writing, and prepare proposals for CDFI.
- ▶ Assist with post-award negotiations.
- ▶ Assist and support CDFI with the development and execution of its strategic planning process.
- ▶ Evaluation and research functions.



Human Resources Office

- ▶ Employee policy and procedures
- ▶ Recruitment/Selection
- ▶ Onboarding/Outplacement Services
- ▶ Employee Relations/Problem Solving
- ▶ Training/Employee Development
- ▶ Safety/Workers' Compensation Administration
- ▶ HRIS Administration
- ▶ Employee Assistance Programs

Technology Office

- Communication Equipment
- Network
- Server
- Software/Hardware

Communications and Strategy Office

- ▶ Public Relations
- ▶ Marketing/Brand Exposure
- Government Relations
- Community Relations
- Social Media

Financial Relationship

CDFI support funding provided to EOC

Administrative Funding:	\$	135,000
Office Rent:	\$	45,000
Total:	\$	180,000

EOC support value provided to CDFI

Executive, Finance, HR, PR, AP	\$	275,000
Planning, Tech, Communications	\$	85,000
Total:	\$	360,000

FRESNO CDFI dba



Vision & Mission

Vision Statement

An economically prosperous Central California powered by Entrepreneurs.

Mission Statement

To grow businesses and jobs in underserved communities.

FRESNO CDFI dba



- ▶ Private, nonprofit 501(c)3 Loan Fund
- ▶ Established in 2009
- ▶ 15 Member Board + 2 alternates
- ▶ 19 Bankers on Loan Committee
- ▶ 16 Staff + 3 to be hired
- ▶ Central Valley based

DEVELOPMENT SERVICES

- ▶ Pre-Loan Technical Assistance
- ▶ Post-Loan Technical Assistance
- ▶ Workshops
- ▶ Referrals for:
 - ▶ Business planning
 - ▶ Credit counseling
 - ▶ Other business services

access
+
capital

FINANCING

- ▶ Microloans (\$50k and under)
- ▶ Enterprise Loans (\$50k - \$500k)
- ▶ Gap Financing for Community Facilities
- ▶ Credit Builder loans

Our Services...

Fresno CDFI dba Access Plus Capital is committed to California communities, serving 12 counties. We invest in small businesses with the greater goal of improving borrowers' financial standing, revitalizing communities, and spurring economic growth.

- ▶ Improve business relationships with banks
- ▶ Build business owners' credit
- ▶ Create and retain jobs
- ▶ Invest in low- to moderate-income businesses and communities
- ▶ Assist women-, veteran-, and minority-owned businesses
- ▶ Support businesses in rural communities

Our Grantors

- ▶ Wells Fargo Bank
- ▶ JP Morgan Chase
- ▶ Pacific Western Bank
- ▶ Citibank
- ▶ Tri Counties Bank
- ▶ Union Bank
- ▶ BBVA Compass Bank
- ▶ PG&E
- ▶ Annenberg Foundation
- ▶ Starbucks
- ▶ Various Governmental Agencies (OCS, CDFI Fund, SBA, USDA)



Our Investors

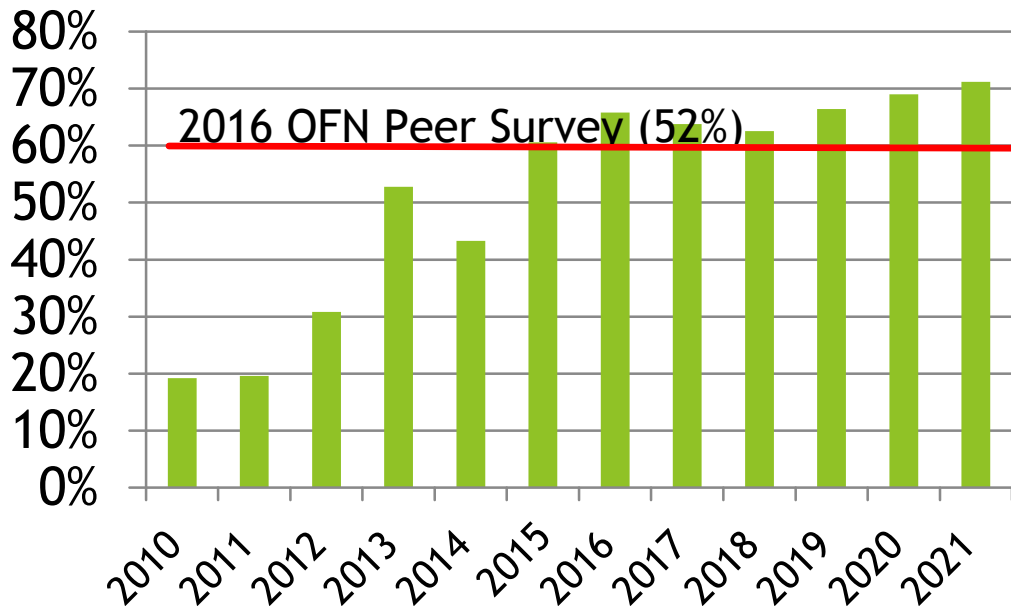
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- ▶ Premier Valley Bank
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- ▶ Various Governmental Agencies



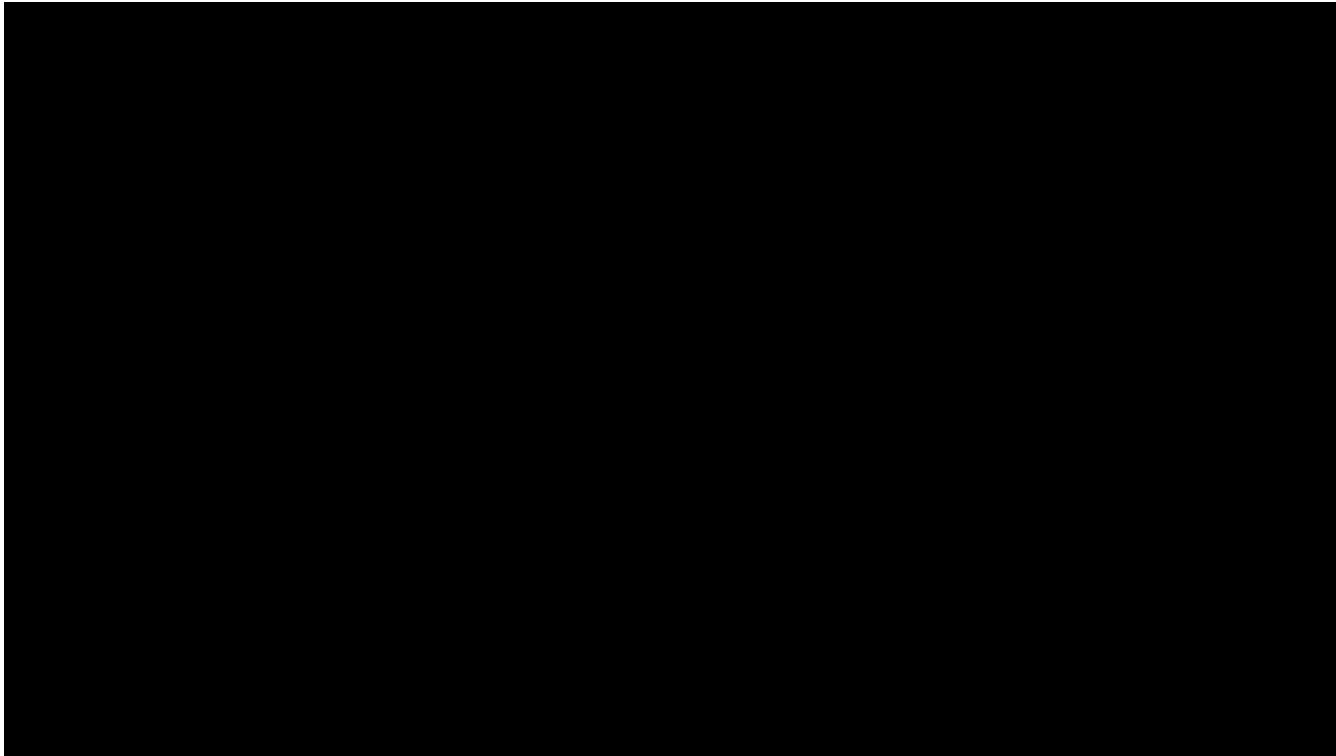
Our Performance

- ▶ 812 business loans
- ▶ \$27,645,703 loaned (avg. \$43,939)
- ▶ Jobs Created & Retained: +5,000

Sustainability



The How!



▶ <https://youtu.be/AguFUx62HxM>

FINAL THOUGHT

*Certified CDFIs are here to stay
– nationally, statewide and
locally.*