

State of the Industry Address

"Impact. It's What We Do."

Prepared Text

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Opportunity Finance Network

Delivered Tuesday, November 15, 2011
At the 27th Annual Opportunity Finance Network Conference
Minneapolis, Minnesota

Thank you, Adam.

Create Jobs for USA began for OFN in late August when I got a call from Adam.

For OFN, and on your behalf, Adam has been a great partner. He understands CDFIs, champions you within Starbucks, represents OFN's interests well, and ensures that Starbucks always treats OFN as an equal partner despite (ahem) significant differences in the resources each of us brings to the table.

Along the way, Adam became a true believer in the power of CDFIs.

Please help me give Adam the enormous thanks he deserves.

There would be no Create Jobs for USA if not for Howard Schultz, Starbucks' Chairman and CEO. His vision and drive inspired a big and important company to move mountains for you and your customers, and he is not letting up. I want to tell you first-hand today that there is no better advocate not just for CDFIs but for our core purpose of aligning capital with justice. Adam, please let Howard know how grateful we are for his leadership.

With us in the room today are the hopes and aspirations of the people we serve and those we intend to serve. We are a product of our communities, our customers, our colleagues, our investors, and our experiences.

We expect to deliver a return on their investments in us in the form of impact. It's what we do.

And so each year this Conference is our chance to come together to take stock of what has happened, to share what we have learned, and to think together about the long journey still in front of us.

Please help me thank the people and the institutions that make it possible for us to be together this week, starting with our COHOSTS—13 area CDFIs who supported this Conference with session ideas, tour suggestions, hard work, and creativity.



Let's also recognize our 29 sponsors, including 11 new sponsors, with a special appreciation to

- Our LEAD sponsor, Bank of America,
- and our three Gold sponsors:
 - Goldman Sachs 10,000 Small Businesses,
 - Citi Community Development,
 - and Wells Fargo.

Putting on this Conference is hard work for the OFN Staff made possible only by the excitement and passion we all feel for it. Donna Fabiani and her team organize the amazing content. Lina Page and her team give us the wonderful look and feel of the event. Greg Schiefelbein makes sure our sponsors are fully engaged. But everyone at OFN helps with both small details and major responsibilities.

In late August, just as the Conference work was picking up—

And while Cathy Dolan and Jennifer Vasiloff were focused on making the CDFI Bond Guarantee a reality,

Pam Porter was delivering the Healthy Foods training we are offering on behalf of the CDFI Fund,

Paige Chapel was neck deep in leading CARS(TM) to an independent status,

Wanda Speight was reaching out to many of you to find ways that OFN's financing can be more relevant and useful,

Beth Lipson was coordinating an exciting future for the next round of the Wells Fargo NEXT Awards, as you will hear about tonight—

...while all that was happening, Adam called to say, "We have this idea..."

For the past two and a half months our staff of 30 has done the work of 60. Since late August, the OFN team has proved day in and day out that the impossible IS possible when the reason is clear, the cause is right, and talented people give 100% of their hearts and efforts.

Remarkably, the three people who were already busiest—Donna, Lina, and Greg—somehow carried the heaviest loads for Create Jobs for USA, as well.

Please, PLEASE show the entire OFN staff your appreciation.

But most of all, my thanks go to all of you who are giving your valuable time and ideas to this Conference. The success of OFN's Conferences is a result of your dedication year after year, your willingness to share time and again, your capacity to learn new things, and your enduring commitment to translating what you learn into solutions for your communities.

I am pleased to welcome you to the Twin Cities and to the state that has long held the honor of being home to the greatest number of CDFIs per capita of any state. That is particularly significant today because OFN's new strategy centers on the defining challenge for CDFIs over the next 15 years—coverage:



Making it possible for CDFIs and their partners to provide responsible, affordable financial products and services to low-income, low-wealth, and other disadvantaged people and communities.

Wherever they are.

Everywhere they are.

That is OFN's mission through 2025.

A year ago, 932 people—the most ever—came to the OFN Conference in San Francisco. Few places are nicer than San Francisco in late Fall, and many of you thought the location boosted registration.

How many of you thought that we would draw even more people to an even better Conference this year in Minneapolis in mid-November?

(Sure you did!)

So tell me what you think now: Why do YOU think more than 1,000 CDFI practitioners, investors, funders, and partners came here now? To Minneapolis. In mid-November.

Is it the weather? Let me see a show of hands: How many of you came to Minneapolis in mid-November for the weather?

I didn't think so.

There's no San Francisco Bay outside the hotel, but you ARE near the headwaters of the mighty Mississippi river! And don't forget the 10,000 lakes! Did you come to see the majestic, natural beauty of Minnesota?

What about the Conference content? You must be here for the sessions, right?

That's more like it! Now we are on to something.

Year to year, we strive to raise the bar for the OFN Conference. We want to give our Members and our guests the best Conference experience possible.

After Chairman Bernanke spoke to us in 2006 in Washington, DC, I worried for months about how we would top that. In Miami in 2007 we introduced the Wells Fargo NEXT Awards for Opportunity Finance, providing more than \$41 million in prestigious awards for CDFIs with exceptional track records and extraordinary potential.

What follows that? How about Jim Collins in 2008 in Albuquerque, reminding us that successful companies are as disciplined in good times as they are in bad times?

Last year, in San Francisco, Sister Corinne Florek brought us to our feet and our hearts to our throats as she ceremoniously introduced us to more than 30 Women Religious who believed in us 30 years ago and who believe in us still today.

So you will understand when I tell you that, more than anything else I worried about over the past year—more than my fears of a double-dip recession; more than my anxieties about the political muddle in Washington, DC; more than my deep concerns about the long-term viability of



the mainstream financial sector; more, even, than my deeply empathic involvement in my daughter's college applications—what I lost sleep about most as 2011 progressed and this Conference neared was whether OFN would have anything important and uplifting to share with you this week.

For the second year in a row, both President Obama and First Lady Michelle Obama were unavailable.

I never did come up with anything to make this year special for you.

So what I want to do instead is tell you a story of things enduring and immediate, things old and new, things core and changing.

It is a story about you, about the impact you have made, the impact you will make, and how and why I think you will do it.

It also is a story about coffee and chocolate.

Let me tell you my theory about why an OFN Conference in mid-November in Minneapolis attracted more participants than San Francisco last year, more than any CDFI gathering ever:

It's the work you do day in and day out, year after year.

And the opportunities.

And the times.

And the responsibilities we feel to the people and communities we serve, who need us more than ever.

Each time I think about the convergence of economic, policy, financial, and community development trends, I feel a rush. It is a mix of excitement about the opportunities before the CDFI industry, deep concern about the predicament our nation is in, and humble recognition about the work before us.

Many people have said to me recently that the CDFI industry is nearing a tipping point. Maybe.

But probably on the other side of the mountains we are climbing there are more mountains to climb. Our nation, our economy, our financial system, our communities, and our organizations either must surrender to the slippery slope of despair or climb the steep inclines of opportunity one step, one transaction, at a time.

We will climb... for as long as it takes. It's what we do.

That is what DEFINES CDFIs—the sustained, disciplined pursuit of something more than financial results alone. The word we use for it is Impact.

The CDFI purpose of aligning capital with justice requires a lifetime of work—many lifetimes of work involving all of us. Opportunity finance is a powerful tool but—as Dr. King taught—it requires patience and persistence to hew a stone of hope out of a mountain of despair.



At the end of my comments today I will leave you with this question: Do you feel the determination, the patience, and the will to see this through?

Jim Collins told us in Albuquerque that CDFIs are exceptional because we are uniquely prepared to work in harsh conditions, like a mountain climber acclimated to high altitudes and potentially fatal weather.

Are you prepared for the climb? Are you ready to build a national movement that transforms the individual stones of CDFI impact into an enduring foundation for social, economic, and political change?

I hope you ARE prepared to see this through. I am counting on you. Your communities are counting on you. And right now, like it or not, your nation is counting on you.

I have learned a lot from my Dad in 54 years, and what I am learning now is compassion. He is 90 years old and he lives in an assisted living facility for people with Alzheimer's.

Not long ago they changed the facility's signs from "an Alzheimer's care facility" to "a memory care facility."

"Why do they call it that?" he asked me. "Nobody here has any memory."

He is a funny guy and always has been.

There was the time perhaps 15 years ago when he stepped up into a room full of people and his pants unexpectedly dropped to the floor.

Without pause—and before he pulled up his pants—he quipped, "Oops! Getting skinny."

He is also a contrary guy. He might be the most contrary guy ever. All my life, he rooted with glee against every sports team I rooted for, even the ones I played on.

I have learned many things through his humor, but his wisdom shines when he is serious and agreeable, too.

A few months ago, my wife, Jennifer, stopped to see my Dad and to bring him his weekly supply of Hershey's Mini's, little chocolate bars like the ones on your table. For most of his life he has fueled himself with chocolate.

As a boy, he was sweeping the floor in his father's grocery store on Sumner Street in Hartford, Connecticut, one day when the broom handle crashed through the glass on the front of the penny candy display.

At first he was upset.

But my Dad saw that he could reach through the broken glass from the front and did not have to go all the way around to the back to grab handfuls of Hersey Kisses. More than 80 years later he still smiles when he recalls "the fortunate accident."

In college, during World War II, he signed up for an officer training program that allowed him to finish school before reporting for duty. When he got a telegram ordering him to report in 30



days, he also found out that he would be demoted unless he showed up weighing 30 pounds less than he did that day.

He decided he would lose 30 pounds in a month by eating only one meal a day, working at his job delivering ice and soda, and exercising every night.

And if he were going to eat just one meal a day, he reasoned, he would eat his favorite: a hot fudge sundae! With chocolate ice cream.

He made weight.

And just a month ago, when he felt lousy and believed he was about to die, he asked me to take him to his favorite lunch place. His order? Two scoops of chocolate ice cream, pure and simple.

So as Jennifer opened that week's supply of chocolate into a basket in my Dad's room, she mused aloud that it might just be that my 90-year old Dad holds the World Record for eating more chocolate than any other person.

"You could be right," my father agreed. "It is amazing what you can achieve if you just keep doing something over and over again for a long time."

I THINK he was serious. I took his words to heart. But when I asked him about it later, he did not remember the conversation or the comment.

Jim Collins calls it the flywheel effect.

Over the last few years, CDFIs have taught many people that sometimes it's better to be the tortoise than the hare.

It is amazing what you have achieved just by doing something over and over again for a long time.

We have entered what I consider the fourth stage of the CDFI narrative. We have come this far by doing our work with purpose, focus, discipline, and determination. No one who was involved when this all started—before we had coined the term CDFI—dared to dream that we would be relevant today to our communities, to federal policy, and to the economy. But we are. Let me tell you how and why.

The first CDFI stage—the "proof of concept" stage—ran from the 1970s into the early 1990s. It was an insular time. We were building a CDFI movement one CDFI at a time.

During "proof of concept," we needed to establish—and we did—that it is possible to lend to low-income and low-wealth people, to women and minority business owners, to nonprofits and to get paid back. In the process, we had to invent a new kind of entity—later known as a community development financial institution; set expectations and standards; build a system for working together—later known as Opportunity Finance Network; and start to figure out how to link CDFIs to mainstream institutions, including governments and banks.

In 1989, the OFN Board made the most important decision this organization has ever made: It committed the organization to performance as its defining quality, captured today as our core value of "excellence."



Our Members at the time asked OFN to be a gatekeeper of a sort so that investors could differentiate those loan funds that were committed to performance from those that were not.

The decision created a furor. The commitment to performance that is widespread among CDFIs today was the exception in the late 1980s. Close to one-third of our 40 Members resigned from the Membership within a year of the decision! Most came back eventually, except for the ones that have failed.

That performance commitment made a big impact on the course our industry would take.

Initially, it turned into rigorous Membership standards.

It also gave form to OFN's performance-based financing, launched in 1989, which tied loans to demanding performance expectations.

As a result, it played a critical part in the Citibank Equity Grants program, which in 1992 provided about \$1 million in capital grants to CDFIs on a performance basis. And, yes, we ended up pulling grants from Members who did not meet their performance goals.

The Citibank Equity Grants program, in turn, influenced the approach that The CDFI Fund took when it was established in 1994 and implemented in 1995.

During this period, OFN issued its first set of "Best Practices for Loan Funds," which led in 2004 to the birth of the CDFI Assessment and Ratings System(TM), or CARS(TM).

The sustained success of the CDFI Fund is due, in part, to OFN's decision to focus on performance.

In truth, I believe there would be no CDFI industry as we know it but for the OFN Board's courageous 1989 decision and your shared commitment to fulfilling the promise of performance.

It's amazing what you can do if you focus on something over and over again for a long time.

The "Proof of Concept" stage was capped by the spirited debate at the 1991 OFN Membership meeting in Atlanta about whether we were a movement or an industry. We set our sights on becoming an industry—suggesting that eventually we would offer integrated, systemic, and widely used solutions, a vision that looked beyond our near-term reality.

That day, we declined the idea of building a movement for two reasons:

One: CDFIs were still more theory than practice—4 parts promise to 1 part achievement. We did not yet have a real record to promote on or a story to tell.

Two: No one cared yet what we did. When we tried to talk, nobody outside our small circle wanted to hear and the few who listened did not believe that there was a problem or that our results were real.

The "go-go growth" stage—the second stage—started in 1992 and accelerated in 1993 when President-elect Bill Clinton made it clear he was serious about creating a new type of federal program to support the nascent CDFI industry—eventually known as the CDFI Fund.

We are so used to the CDFI Fund today that we forget—and many of you might not know—what a significant innovation it was. There was no precedent for a federal funding program that



invested equity in the financing strategies of private entities and not in projects or operating businesses.

Through the 1990s, we focused on building strong CDFIs by building a CDFI industry.

During go-go growth, CDFIs grew assets and liabilities at a rate of 30% or more per year, year after year. At the start of that era, small CDFIs had less than \$1 million in assets, mid-sized CDFIs such as The Reinvestment Fund and Boston Community Capital ranged around \$10 million, and "big" CDFIs such as the Low Income Investment Fund and Self-Help were in the \$20 million to \$30 million range.

Several factors encouraged CDFI go-go growth:

- The CDFI Fund started providing capital grants and equity to the industry.
- The 1995 revisions of the Community Reinvestment Act, CRA, made CDFIs a qualifying investment and loan option for banks, and bank financing started to increase.
- The combination of the CDFI Fund and the revised CRA quickly made CDFIs visible in federal policy.
- But the most important factor driving go-go growth was that CDFI leaders started to think differently about themselves. More than just a boost of confidence from our federal successes, CDFIs began to realize that they needed to be long-term solutions for their communities and not just the short-term, band-aids they thought they were.

The conditions were ideal in the 1990s for CDFI growth: the economy was flourishing. This led to an important realization about the role of CDFIs in what we now think of as the opportunity finance system. In 1996, banks were complaining that they were lending to CDFIs that were turning around and competing with them for deals. On the other hand, CDFIs were objecting that banks were willing to partner with them but then were stepping in to steal their best deals.

CDFIs work just outside the margins of conventional finance, we realized, and in 1996 the margins were moving. CDFIs either had to reposition themselves and declare victory—helping conventional lenders move successfully into opportunity markets—or get trampled. We could not as a rule compete successfully with the banks. This pushed CDFIs to develop new markets, including child care financing and charter schools.

But there was another, fateful, lesson we recognized when the margins moved. Sometimes the margins expand, but other times they contract—as we saw in the early 2000s and, much more significantly, in 2008. And CDFIs must be agile enough to move with them.

The end of "Go-go growth" meant slower growth, not no growth, and surprising opportunities. It also marked the beginning of the third stage.

The onset of the second Bush Presidency in 2001 created a general, but wrong, expectation within the CDFI industry that the CDFI Fund would be eliminated. CDFIs pulled back in caution. We underestimated the political potency of our work.

September 11th tumbled a shaky economy into the pits.



In 2002 and 2003, CDFIs were in the throes of disruptive change caused by multiple factors:

A shift in national political winds that suggested both tighter fiscal and looser regulatory policies.

The economic downturn was stressing our borrowers and our communities while philanthropy that had long supported CDFIs appeared to be heading in new directions.

CDFIs seemed to be outgrowing their capital sources. We faced tough, smart questions about the sustainability of the CDFI model as we tried to maintain growth with a revenue model that seemed to be falling behind vertically integrated secondary-market approaches that were moving mainstream financial markets further and further out of reach.

CDFIs no longer needed only to be able to see far enough ahead. You needed to be able to see down the street, around a corner, up an alley, and through a door.

OFN's response was to step back to force ourselves through an assessment of what about our work was core and should never change versus what had to change to move us forward.

This led to the most remarkable conversation I have ever been part of.

It was June of 2003. The OFN Board met for a retreat North of Chicago. A month earlier, in Philadelphia, we had struggled and failed to come anywhere close to agreement on what was core.

As the retreat started, our facilitator explained that we were not finished with our core purpose and core values.

No one seemed to want to go there. We sat. For a long time. In silence.

Painful silence.

Unrelenting silence.

Finally, Bill Bynum of Hope Enterprise spoke. "I want to talk about growing up in the town of Bynum, NC," he said, "which was named after the people who owned my family." And he did.

Elsie Meeks, then with Oweesta, wanted to talk about life as a Native woman in a predominantly white world.

Calvin Holmes of Chicago Community Loan Fund talked about growing up in East Saint Louis, Illinois, where, he said, most of the people he knew felt permanently excluded from mainstream society because of economics and race.

Elyse Cherry of Boston Community Capital challenged us to dig deeper to connect to a purpose that would compel us all to want to keep doing our work for another 10 or 15 years. Otherwise, she asked, What's the point?

We did not come to our core purpose that day. Our core purpose came to us.

Together, we realized that what must never change is OFN's core purpose of aligning capital with social, economic, and political justice as well as our core values of justice and excellence. Together they point to our vision of a world where all people have the resources and



opportunities to act in the best interests of their communities, themselves, and future generations.

Once the core was clear to us, it was relatively easy for us to see what must change if CDFIs were to become relevant. We needed to rethink how we ran our businesses and how we worked together.

What emerged from our 2003 retreat became known as "grow, change, or die," characterized by the industry's shared determination to craft a future for CDFIs that stayed true to our history and experience but embraced *systemic* innovations and *structural*, operational changes that re-shaped how we do our work—individually and together.

Prior to 2003, there were occasional collaborations on deals among CDFIs.

And I am probably wrong but I cannot think of an example of *multiple* CDFIs and *multiple* investors working together at that time on a deal, let alone on a financing strategy. Collaboration at the level that is increasingly common now was, at best, the exception then.

OFN's 2003 strategy called out something that was already happening in the minds, if not yet the practices, of CDFI leaders, something we knew about only because you told us about it. "Grow, Change, or Die" named a trend that CDFIs were leading.

That is how OFN works: We listen to you. OFN is in a unique position to look at CDFIs with one foot inside the CDFI circle and one foot outside. That gives us a perspective that we use to help you.

One of our goals in 2003—because we heard it was an important goal for many of your CDFIs—was to increase broad public understanding of and public support for CDFIs. In 2004, we tried to understand what was limiting us. Nic Retsinas, then an OFN Board Member and now a professor at Harvard Business School, observed that working in the CDFI industry was like working in a hall of mirrors and we needed to learn to work in a hall of windows.

We could talk to ourselves but we could not talk to others.

Our research told us that how people perceived CDFIs was sharply different than how you thought of yourself. That perception was significantly hampering your ability to get the resources you needed, significantly increasing your costs to get what you could, and significantly limiting your ability to leverage those resources you did get.

Most people outside the CDFI circle seemed to think CDFIs were nice and noble but not particularly effective or relevant. More harshly, they thought community development was government-driven and a bad use of limited resources.

These responses reflected not what people outside the circle *knew* about you but that they *thought* they knew about you!

We needed to change what they thought. And that meant we needed a new brand.

The OFN Board asked the membership to support rebranding not only of OFN the enterprise but of the entire CDFI sector. At the time, many of you recall, it was a controversial ask.



OFN wanted the CDFI industry to see yourselves as others see you and so to invest in marketing, branding, and strategic communications even though we knew it just wasn't in your DNA. For the most part, you preferred to stay off the radar screen.

But we all had to learn to work in a hall of windows. We needed to prepare to be relevant in 2010 and beyond, and for the opportunities and scrutiny that come with it.

Today virtually all of you have adopted the opportunity finance brand and many of you have embraced it. a significant number of you have hired dedicated marketing staff, and more of you plan to.

If we had not recognized the need to build the industry's marketing capacity, we would be unprepared today for the CDFI Bond Program and other policy breakthroughs, poorly positioned for Create Jobs for USA, and generally ill-equipped for the significant opportunities and mighty challenges we face over the coming decade.

Today, as the opportunity finance network, we are ready.

In 20-20 hindsight, "grow, change, or die" helped us transition to the current, fourth stage. "Grow, change, or die" ended for me in April of this year when I heard Federal Reserve Chairman Bernanke's talk about CDFIs.

This is what he said:

Certainly no single program or approach will address all of the problems. But realistically, we have to pick places to begin, with the expectation that finding solutions in one area will confer wider benefits. For example, providing responsible credit for individuals and small businesses through community development financial institutions can stimulate economic activity that generates local tax revenues. Those tax revenues can be spent on programs to put vacant properties back into active use, helping to reduce crime, or on job training or economic development programs, leading to more employment and wage income that can help homeowners avoid foreclosures.

It was a clear statement that CDFIs, against expectations and the odds, had made themselves relevant.

It is amazing what you can accomplish when you do something well over and over again for a long time.

When OFN released its new strategy earlier this year, we all stepped onto a stage that will test our will to finish what we started: to grow into a truly national opportunity finance network with the systemic capacity and influence to meet poverty, economic insecurity, and injustice wherever they infect the lives of low-income, low-wealth, and other disadvantaged people and places.

I think of this fourth stage as the Stage of Relevance—not just because we are BECOMING relevant to important issues beyond our immediate work.. but because now we face the much tougher challenge of *REMAINING* relevant as we extend the scope our work to address a broader range of challenges in more places.



We have laid the foundation for success. We have proved the concept. We have embraced and managed growth. We have twice navigated market turbulence, proved our agility, and outperformed everyone's expectations, including our own. We have changed.

Now what?

We have accepted collaborative business models that make us more productive and help build more sustainable financing systems...

So now we must encourage and support wide use of these models across CDFI types, financing strategies, and sizes to reach more people in more places.

Our policy successes over just the past two years have generated more than \$4 billion of new resources for CDFIs. CDFIs in the OFN Membership are well positioned to leverage policy through practice; we are engaged successfully in a broad range of financing strategies making it possible to speak credibly to most government experts at the federal, state, and local levels...

Now we must DELIVER on our policy opportunities so that we can develop NEW, substantially bigger ones that bolster CDFI balance sheets and enhance our access to capital.

When we have proved out the Bond Guarantee program, we will pursue a follow-on bond program that reaches capital markets.

When we see the long-awaited revisions to CRA, we will seek an affirmative obligation for all financial institutions—hedge funds as well as banks—to meet the financing and financial services needs of our communities and more.

When we demonstrate that Treasury Department financing outside the CDFI Fund does its work and gets repaid, we will ask for capital liquidity windows for all CDFIs at the Treasury Department and the Federal Reserve.

Today CDFIs are financially and operationally sound relative to our community development partners and bring unique and valuable assets to play with our banking and government partners...

Now we must bridge the gaps of eroding community development systems. CDFIs must provide a foundation upon which our communities can reconstruct a new, more productive community development system.

CDFIs are more visible than ever under the banner of Create Jobs for USA, making it possible to draw attention, resources, talent, and support much more efficiently than ever.

Now we must deliver on our brand promise by telling the CDFI story in new ways to new, mass audiences. And as a mass-market-facing business sector, we must demonstrate that we are relevant every day.

Last, we are blessed with exceptional leadership across the industry and with growing confidence that as the founding generation of leaders cycles forward that new, visionary leaders will step up to carry our CDFIs onward...



Now we must attract, train, and retain a new generation of leaders—CDFIs v2.0—who will lift our work to levels we can only imagine.

At the same time, we enter this stage with significant threats and challenges in play and our eyes open for surprises:

We know that fiscal constraints at every level of government will increase pressure on and create risks for both CDFIs and their partners. Indeed, every one of us ought to be deeply concerned about CDFI reliance on government operating funds even if government support holds steady.

For that reason, now we must create still more sustainable business operations, largely through strategic collaborations, innovative partnerships, and new approaches to aggregating demand and supplying capital.

There is no reason to think that the dysfunctional political discourse will become functional any time soon. If it is true that uncertainty immobilizes capital, we are either going to have to find a way to row against the current of dysfunction or find a way to change the conversation.

Now we must become a civic force in our communities and at the national scale—a voice of practical experience about policy and the economy that shapes and influences the environment we work in. We cannot be silent.

Regulatory policy—notably CRA and the Consumer Financial Protection Bureau—could reduce or redirect financing flows we are used to away from community development as we know it to consumer finance. In addition, the question whether all CDFIs—and not just depositories—should or will be regulated in some way is not going away.

We must embrace the inevitable, if messy, re-working of regulatory policy to shape a system of public responsibility for financial products and services that is fair, forward-looking, and workable for our nation.

Your emergence in fiscal policy, as bank partners, as pillars of local community development efforts, and as civic leaders carries with it more than a threat of self-inflicted harm, as well. Last year, in San Francisco, I heard for the first time the acronym "CINO"—C. I. N. O.—for "CDFI In Name Only." It is no joke. Nothing is more popular than success.

And there is a related threat that I raise because it highlights the slippery slope we could most easily slide down.

We are here to talk about the impact of our work, but we must not allow our best intentions to confuse what we do. Right now, "Impact Investing"—for all its promise and appeal—is defined by the intent of the investor and not by the results of the financing.

Even the most dedicated advocates of Impact Investing have acknowledged that the current definition does not exclude Angelo Mozilo—who led Countrywide and millions of families into failure through predatory lending—or most of the predatory lenders who claimed to believe that they were offering access to the American dream.



I will not accept that. There is a difference and it matters: Intentions are convenient. Results are important. Do not put me—and do not lead CDFIs—into the same brand category as Angelo Mozilo.

So today we must resist the temptation to abandon the boundaries between what we know is right and what we see as expedient. But at the same time we must work with those who strive to ensure care and discipline to capital flows that benefit our communities and our cause.

OFN's strategy for the coming 15 years rests on eight clear goals organized into three broad commitments: OFN's Responsibilities; OFN's Roles; and OFN's Relationships.

OFN's three *responsibilities* are to ensure that CDFIs can provide truly national coverage, that CDFIs are well positioned and equipped to influence their operating environments, and that CDFIs steadily and consistently improve their impact and financial performance.

OFN's *roles*, then, are to support CDFI capacity by ensuring a steady reliable flow of resources, to make CDFIs favored delivery channels for federal policies, and to make the CDFI brand widely known and respected for the right reasons.

Finally, OFN's defining *relationship* is with its Member CDFIs. At the same time, OFN cannot pursue its ambitious goals unless it broadens its leadership role across the CDFI sector, among investors and funders, with the general public, and with policy makers.

All of our eight goals are refinements or enhancements of what this organization set out to do 27 years ago.

I would like to talk at length about each, but I will talk about just one: Membership.

Many of you know that OFN's Board has approved new Membership Guidelines that are simultaneously very similar in principle to the guidelines we set out in 1989 and very different in ways that reflect the growth and maturity of the CDFI industry.

The new Guidelines aim to make the membership broader, deeper, larger, and more diverse, for several reasons:

Most important, our mission incorporates not only credit but the full range of consumer financial products and services. Today, community development credit unions and community development banks are important resources in the markets we care most about.

In the future, just as banks are being challenged by non-bank consumer products and services ranging from stored value cards to mobile phone payment systems, there will be a role for non-depository CDFIs to offer consumer products and services. We will need to learn that together.

That is why this Conference includes a full track on "Consumer Finance", developed in partnership with the Center for Financial Services Innovation and the Credit Builders Alliance.

Second, OFN works hard to represent the full CDFI spectrum in our advocacy, media outreach, and other outward-facing work. Our membership today includes every type of CDFI, but the small numbers of credit unions, banks, and equity funds limit our ability understand their needs and challenges and so limits our ability to support and represent them.



OFN expanded membership to include the full range of CDFIs in 1994. This idea is not new, but now we are doing something about it.

I am very excited to announce today that last week OFN signed a Memorandum of Understanding with the National Federation of Community Development Credit Unions, the trade association for CDCUs, to encourage and support dual membership as part of a coordinated effort to better support and represent the CDFI industry altogether.

OFN has proudly called The Federation a friend and partner for more than 20 years as we have worked together to build the CDFI industry. This new collaboration rests on our mutual appreciation of and respect for each other and for the work that our respective Members do.

Third, OFN believes there are outstanding CDFIs that have not joined the Membership simply because we have not invited them to apply. We need all of our best oars in the water rowing together to meet the challenges ahead.

Finally, many of you are already working with non-Member CDFIs and others because, well, it just makes sense.

The OFN Membership Meeting tomorrow morning includes a more complete discussion of OFN's Membership Strategy and the new Membership guidelines. Our Membership Meeting is always open to all Conference participants. This year, more than ever, I hope that you will come regardless whether you are an OFN Member.

Two other things of importance will happen at the Membership Meeting.

OFN Members will elect three Board Members. This is Membership democracy in action, and there is a strong slate of seven candidates for those three seats.

In addition, we are going to talk about Create Jobs for USA and our plans for this exciting campaign to help create and retain jobs by supporting CDFI lending. I want to offer just a few thoughts about this effort before I conclude.

Telling the CDFI story alongside Starbucks has been an education. This is not a question of "The Mom Test"—whether you can explain to your Mother what you do—because our Moms love us and give us the benefit of the doubt. This is a matter of "The Stranger Test"—figuring out how complete strangers can and will grasp what you do in 60 seconds or less.

We are learning to connect with huge target audiences, to tell our story in unfamiliar ways, and to trust mass marketing—where simplicity trumps specificity and the sheer force of the message overwhelms the finer points CDFIs love so much.

If Create Jobs for USA does nothing else, it will assure that tens of millions of people—probably a hundred million or more—in the United States will be aware of CDFIs at least a little.

Three months ago, a vast *minority* of American adults had heard of CDFIs; three months from now, that will be a majority.

You have seen the TV ad that 24.5 million people watched during game 7 of the World Series, not to mention the millions who saw it during morning talk shows, on The Daily Show, and on the Colbert Report;

the print media ads that reached more than 120 million people;



the digital marketing;

the product marketing for the Indivisible wristband and the explanatory broadsheets in 7,000 company operated Starbucks stores;

the media coverage that has garnered more than 600 MILLION media impressions—hey! did you see me on Fox News? Three times!;

and the Create Jobs for USA website that has already had more than 220,000 unique visitors since November 1st.

And there is much more to come.

There is no radar avoidance option now. Now we are visible.

But Create Jobs for USA will do much more than raise CDFI visibility.

As you know, the Starbucks Foundation seeded the Create Jobs for USA Fund with \$5 million.

We expect to raise tens of millions of dollars through more corporate partnerships, and—more important—from what we hope will be millions of individuals. Yesterday we announced that Create Jobs for USA had topped \$1 million in donations and almost 200,000 wristbands in less than two weeks!

It is still a little overwhelming to think what it will mean that millions of people are investing in your successes, but it's going to be GOOD! If you have not followed the social media on Createjobsforusa.org, I hope you will. The passion and dedication of our donors is inspiring.

For them, we solve problems. We are relevant.

Right now—in this room—we OWN a moment that we have worked for, for decades.

It is amazing what you can accomplish when you do something over and over again for a long time.

And now that we have become an industry, become relevant, and become visible, it is time to build a national movement to align capital with justice. It is no longer either/or—no longer industry OR movement. Now it must be both industry AND movement.

Together we must be the force that moves capital to responsibility, that moves communities to opportunity, that moves people to prosperity, and that moves mission to results.

While frustrated and angry people are occupying places of symbolic power, CDFIs must occupy the space between the world as it is and the world as it should be, playing a transformational role in a transactional business.

We must continue to speak truth to power but we must also speak directly to millions of people who are ready to entrust you with their hard-earned money and their faith in the power of the American spirit, of unsung heroes helping unrecognized people in need.



We must move policies and practices, assumptions and biases, ignorance and lack of understanding. We must transform structures and systems that keep rich people rich and poor people poor.

None of us can do any of this alone, so we must do it together.

Together as an opportunity finance system dedicated to aligning capital with social, economic, and political justice, as a network of mission-driven financial institutions that aggregate people with dreams, communities with aspirations, companies with commitments to their communities and employees, and policy makers with the audacity to continue to believe that equal justice is a right—our nation's founding principle—and, no matter what you hear, the intent of our Constitution.

Today starts a discussion about something much more than proving a concept. More than growth. And more than change.

Today we are talking about The Opportunity Movement, a popular campaign engaging tens of millions of people moving our nation toward a world where all people have the opportunities and resources to act in the best interests of their communities, themselves, and future generations.

Together—with our allies in our communities, in banking and finance, in government, in philanthropy, in the broader world of social justice—we CAN hew stones of hope out of mountains of despair.

Together, we can transform those stones of CDFI impact into CORNERSTONES of social, economic, and political change.

Together we can BEND the moral arc of the universe toward justice.

Together we are INDIVISIBLE.

Together we will make a lasting impact. It IS what we do.

So I ask you: Do you feel the determination, the patience, and the will to see this through?

I hope so, with all my heart. Because it is amazing what you WILL accomplish when you do something over and over again for a long time.

Please make the most of this Conference. And please plan to join us next year in San Antonio for another turn of the flywheel.

I want to leave you today and for the year ahead with the blessing of my second-favorite rabbi, Rabbi Springsteen of Asbury Park:

*May your faith give us faith,
May your strength give us strength,
May your hope give us hope,
May your love give us love.*

Thank you.