AT WORK
IN YOUR COMMUNITY

To build economic opportunity for people and communities

FEDERAL RESERVE BANK of CLEVELAND
Investment Connection 2020: Supporting a Resilient Workforce

Presented by the Community Development Department

April 30, 2020
Disclaimer

The views expressed herein are those of the author and not necessarily those of the Federal Reserve Bank of Cleveland or Board of Governors of the Federal Reserve System.
Today’s agenda

1. Investment Connection Orientation
2. Q&A
3. Community Reinvestment Act (CRA) Basics
4. Q&A
Community Development in the Federal Reserve System

- The Fed’s work in community development (CD) began with the Community Reinvestment Act (CRA) in 1977.
- Every Reserve Bank has a CD Department, and programs are tailored to each District’s needs.
- The function has three key goals:

1. **Advance economic resilience and mobility** of low- and moderate-income (LMI) and underserved households and communities by conducting research and analysis, collaborating with stakeholders, and building capacity within those communities.

2. **Enhance the public’s understanding** of the issues and opportunities associated with economic resilience and mobility in LMI and underserved households and communities, and its knowledge of the Federal Reserve System’s objective analysis of these issues.

3. **Inform and influence the other core functions of the Federal Reserve System** by elevating issues of LMI and underserved households and communities.
Community Development at the Cleveland Fed

• Fourth Federal Reserve District: Ohio, eastern Kentucky, western Pennsylvania, and the northern panhandle of West Virginia

• Community Development program focuses on

1. access to good jobs
2. access to quality and affordable housing
3. access to credit and capital

• Staff is engaged in research and analysis and outreach and engagement.
Investment Connection Objectives

• The goal of Investment Connection is to act as a catalyst that facilitates increased CD investments (equity investments, grants, loans, or services) in LMI communities from financial institutions, philanthropic and government organizations, and other funders.

• The approach includes a series of activities that culminate in an event that provides community and economic development organizations the opportunity to present their projects and connect with financial institutions and other stakeholders seeking to be responsive to those needs in one setting.

• Investment Connection is not a grant-making program, rather it seeks to connect CRA-eligible projects with potential funders.
Investment Connection Process

- Request For Proposal
- Training
- Follow-Up and Evaluation
- Live Investment Connection Event

* CRA-eligible proposals posted to online portal*

* Subject to CRA performance evaluation
Investment Connection CRA-Eligible Projects

• All proposals must include activities under one or more of the following CRA CD purposes:
  1. Affordable housing for LMI individuals
  2. Community services targeted to LMI individuals
  3. Economic development for small businesses and small farms that have gross annual revenues of $1 million or less
  4. Revitalization or stabilization of LMI geographies or certain other underserved, distressed, or disaster areas designated by the government
  5. Response to the needs of LMI individuals, small businesses, and small farms affected by COVID-19
2020 Primary Proposal Focus Area

• We’re particularly interested in proposals that support a resilient workforce. For example:
  • Supporting workers’ ability to prepare for, adapt to, and thrive in changing environments
  • Addressing barriers that keep the current and future workforce from reaching their full potential

• For Cleveland and Toledo: Lead safe efforts will get special consideration
• Reminder: COVID-19 are CRA eligible

<table>
<thead>
<tr>
<th>Erie, Pennsylvania</th>
<th>Cleveland, Ohio</th>
<th>Toledo, Ohio</th>
<th>Lexington, Kentucky</th>
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<tbody>
<tr>
<td>June 11</td>
<td>June 26</td>
<td>September 23</td>
<td>TBD</td>
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Proposal Overview

• Type of funding or support requested
  • Loan, must be repaid
  • Grant
  • Investment, requires a return to the investor
  • Service to the organization, must be consistent with the banker’s role at their institution

• Organizational overview

• CRA-eligible activity addressed by the project

• Brief project description

• Population served and income verification method
  • LMI is up to 80 percent of area’s median income

• Project duration

• Expected outcomes

• Project partners

• Amount of funding request

• Required financial documentation

• Indicate whether this is a new project or existing program in your description
Required Financial Documents

• Please upload the required financial documents listed below. Combine all documents into a single PDF file before attempting to upload.
  • Current IRS 501 (c) (3) Determination Letter indicating nonprofit, tax-exempt status.
  • Board-approved 2020 budget.
  • Professional audited report completed within the last 24 months.
Pitch Tips

• Know your value proposition and be able to pitch it.
  • Know how to describe your project and the need it addresses, articulate its value, and summarize why a bank and other funders should invest in your organization. Your goal is to make a persuasive case.
  • Explain how your project is CRA-eligible and responsive to a documented community need benefitting low-income (less than 50 percent of the area median income) and/or moderate-income (50–80 percent of the area median income) individuals and/or geographies or small businesses with revenues of $1 million or less.
• Highlight factors in your project that you believe help mitigate risks to bankers/funders.
• Describe how you will document and communicate project outcomes to funders.

• Practice pitching your proposal before the event.
• Your goal: make a persuasive case.
Example #1

OhioHealth: The Early Literacy Program

- **Requested funding/support:** Grant
- **CRA-eligible activity addressed by the project:** Community service, Economic development, Workforce development
- **Brief project description:** The Early Literacy Program will provide 1250 children aged 0-2 years two developmentally appropriate books at 10 OhioHealth Physician Group Heritage College (OPGHC) Pediatrics appointments. The program will provide books selected by the Athens County Public Libraries.
- **Population served:** Approximately 50% of the total population aged 0-2 years in Athens County. 58% of the children served by this project are Medicaid or uninsured patients.
- **Project duration:** Two-year pilot project with potential to continue.
- **Expected outcomes:** 25,000 books will be provided to 1250 children and parents in Southeast Ohio. Similar interventions resulted in parents being more likely to read with their children regularly and significantly improved language development by the age of two for program participants.
- **Funding request:** $113,500
Example #2

Appalachian Wildlife Foundation: Appalachian Wildlife Center

- **Requested funding/support:** Grants, loans, and or investment.
- **CRA-eligible activity addressed by the project:** Economic development, Revitalize/stabilization, Workforce development, Other.
- **Brief project description:** The Appalachian Wildlife Center will be a tourism destination with 850,000 paid attendees per year, with a mission of education and wildlife restoration. To date, we have secured $44MM.
- **Population served:** Residents of 9 KY counties (8 distressed), 2 TN counties (1 distressed, 1 at risk), and 1 VA county (distressed). 354,312 people.
- **Project duration:** The project was launched in February 2014 and will open to the public in July 2021.
- **Expected outcomes:** $174MM annual regional economic impact, 3300 jobs, 201 direct jobs, $2.675MM in scholarships. 100K students reached each year with education programs.
- **Funding request:** $8MM over 18 months
How Will the Funding be Used?

• Will the funding be used for an existing program or to launch a new one?

• If you have a multi-phase project, indicate which phase you are ready to launch and ask for the amount to support that phase.

• Describe what the funding will allow you to do. For example:
  - A line of credit of $X will allow us to support an additional staff person to serve X number of additional LMI or small business clients.
  - An investment of $X will allow us to expand our facility to serve X number of LMI children in our daycare.
  - A loan of $X will allow us to build X number of new affordable housing units for area LMI individuals and families.
  - A donation of $X will help us train and place X number of LMI people into permanent jobs.
Frequently Asked Questions

• **Question:** Can you share the list of funders who will be attending the event?

  **Answer:** We prefer not to. The event is an opportunity to make a connection, in addition to the proposal being available online and searchable to any funder (whether or not they were at the event).

• **Question:** How can funders view all of the proposals, including those presented at the event?

  **Answer:** Check out the funder portal at [www.clevelandfed.org/investmentconnection](http://www.clevelandfed.org/investmentconnection)

• **Question:** Why does the program hinge on CRA?

  **Answer:** The Community Development function was originally created to help financial institutions find ways to invest in LMI communities and individuals. Investment Connection uses our convening power to do this in a fairly direct way. The program also raises awareness of issues in LMI communities.

• **Question:** What types of funders will attend the event?

  **Answer:** Each event is different, but we hope for a mix of small, medium, and large-sized financial institutions, as well as foundations and government agencies.
## Investment Connection Erie Timeline 2020

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<tr>
<th>Date</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>May 8</td>
<td>RFP informational drop-in call from 1:00 pm to 2:00 pm to answer any questions about the RFP process. We strongly encourage you to participate in the call if you are considering submitting a proposal.</td>
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<tr>
<td>May 22</td>
<td>Deadline for all proposals. We will not consider proposals received after this deadline.</td>
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<tr>
<td>June 5</td>
<td>Notify organizations selected to present at live event.</td>
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<td>TBD</td>
<td>Mandatory event prep call for presenters</td>
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<tr>
<td>June 15</td>
<td>Deadline for receipt of presentation slides is 5:00 pm. Send via email only to <a href="mailto:Zoe.slater@clev.frb.org">Zoe.slater@clev.frb.org</a> with “Presentation Slides” in the subject line. We cannot accept presentations on external devices such as USBs.</td>
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<tr>
<td>TBD</td>
<td>Mandatory webinar practice for presenters</td>
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<tr>
<td>June 26</td>
<td>Investment Connection event</td>
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Subscribe to the CD Newsletter for occasional CD updates and to the monthly Cleveland Fed Digest at: [www.clevelandfed.org/subscribe](http://www.clevelandfed.org/subscribe)

Thank you to our partners!
Are there any questions?