

"An Inclusive Prosperity"

Prepared Text
Welcoming Speech
Delivered by Mark Pinsky, President & CEO

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It is my pleasure to welcome you to National Community Capital Association's 16th Annual Training Conference. I'm Mark Pinsky, President & Chief Executive Officer of the Association.

I want to thank PNC for being the lead sponsor of this conference. I also want to thank our other sponsors, as well as our co-hosts.

Everyone has pitched in to make this event a success.

My goal in the next 10 minutes is to introduce you to National Community Capital and tell you why I think this conference is important not just to the future of our field but also to the future of our society.

INTRODUCTION

We have come together at an important time in our nation's history, on the eve of an election that will shape our future. We are all at least a little edgy about what is going to happen next Tuesday.

This critical moment takes me back to the last time National Community Capital's conference took place on the eve of a new beginning ... in 1992. When I think about where we were then and where we are today, I realize how much our vision of what is possible has changed.

In 1992 and 1993, even as we launched our campaign to create The CDFI Fund, we were a much smaller group with a much smaller "institutional ego." We didn't yet understand how important our work was to become.

BARNEY

I want to tell you a story from that time that might help capture for you how far we've come. Does everyone know who "Barney" is? You know, the purple dinosaur? Raise your hand.



Good, because Barney is the main character in this story.

In late 1992 and through 1993, the CDFI field developed a close working relationship with the White House and with Congress as we tried to help them figure out how to create a federal program to support CDFIs that would help the field more than it would harm it. I was working as a consultant then out of my house, and I had the good fortune to be leading the effort to establish The CDFI Fund.

From November 1992 through September 1993, the White House and others in Washington, DC, chose to believe that we were a well-organized, well-oiled advocacy arm of the CDFI industry. They listened to us, believed in us, and followed our counsel. When I look back on it now I realize that in 1993 we probably were better organized than the White House, but none of us saw that then.

The illusion we had created came crashing down one night in late September 1993, and the story of how that happened is what I want to tell you now.

I had gone to Washington that day for the Senate Banking Committee's mark-up of the legislation that created the Fund. I spent the day in meetings, and at 7:00 p.m. got on a three-hour train ride home.

About 8:30, the phone rang in my office in my home in a small town about 25 miles from here.

Let me describe what was going on in my "office" at the time. My 21h-year-old son, Nathan, really, really wanted to watch one more song on his favorite Barney video. I think the song was, "We're on our way, We're on our way, on our way to Grandpa's Farm."

Jennifer, my wife, really, really wanted Nathan in bed a half an hour ago.

Nathan had turned up the volume on the 1V. Trying to use reason, Jennifer was yelling over Barney to convince Nathan that he should turn the 1V off right away and go up to bed. Nathan disagreed. Loudly.

The phone rang.

Jennifer answered: "Hello!" she yelled. "Who's calling? Who? I'm sorry, I can't hear you. Could you hold on a minute?"

Things fell apart in the family room. Jennifer turned the 1V off, Nathan turned it back on. Jennifer decided to launch a pre-emptive parental strike, picked Nathan up, and took him up to his crib.

The person on the phone listened to Barney. For a loooong time.



When Jennifer finally returned, she turned off the TV, and picked up the phone. "Hello. Are you still there? I'm really sorry about that."

There was about ten seconds of silence on the other end, before a voice said: "Um, Hi. This is so-and-so at the White House. I'm calling for Mark Pinsky. Is this ... Is this his ... spouse? Was that ... Barney?"

That was the moment the White House came face to face with the reality that they were taking direction not from an established industry but from a fledgling group led by some guy working out of the back room of his house.

The rest is history.

THE CONFERENCE

But today we convene in the largest gathering of CDFI practitioners ever. Think about that. You are one of almost 600 people who came to Philadelphia for this conference, and more than 200 are participating in a National Community Capital Conference for the first time. More than 200 organizations are here from more than 40 states.

We have people from community development loan funds, microenterprise lenders, community development venture capital funds, community development credit unions, and community development banks. We have a cross-section of the CDFI investor community, including banks, foundations, socially responsible investors, state governments, city governments, and the federal government.

And we've come together for one purpose: to learn from one another. In the next few days, we will learn across sector lines and beyond our current business lines. Around our office, we have a slogan Margaret Lehr on our staff came up with a couple of years ago that we're determined to use someday to raise money: "Share your wealth, and it will make you richer." Today I'd like to encourage you to share your knowledge ." it will make you smarter.

One of the defining laws of the "New Economy" is that the value of a network increases in direct relation to the number of participants in the network. Amazon.com has yet to prove that, but we know that the value of the National Community Capital network is directly proportional to the contributions each of us make to it. National Community Capital is a product of your efforts and your willingness to work together. The Association was organized 15 years ago by a small group of practitioners, and though you and we have grown over time, we remain committed to doing the things and providing the resources you need to succeed.

In particular, National Community Capital works for you in three areas:

- To meet your financing needs,



- To meet your staff and organizational development needs, and
- To advocate for private and public policies and practices that incorporate and reflect your experiences, aspirations, and expertise.

Let me explain what I'm talking about:

FIRST ... To help you meet the demand for your financing and to support your operations, National Community Capital focuses on raising hard-to-get capital that we can pass through or lend on to you. The capital may be hard to get because of its character (term, rate) or because of its source (beyond our "usual suspects"). At the same time, we advocate with investors and funders to support you directly.

Together with you, we have been successful at focusing the CDFI Fund's resources on the kinds of capital you need-capital grants, equity, and capacity-building grants. CDFIs have won more than \$300 million in hard-to-get capital from a program many of us never seriously expected to see the light of day.

Because of you, we created the Equity Equivalent product to attract long-term, risk-tolerant capital from banks. We count at least \$50 million in EQ2's so far on your balance sheets.

Because of your innovative work, we have recruited for your use the largest single bank investment in CDFIs providing childcare finance. (We'll tell you more about it tomorrow morning at our Annual Meeting of the Membership.)

This is your capital, not ours. We want to help you get the financing you need to succeed. SECOND ... To help you do your work and manage your organizations, we are committed to ensuring that you have a steady supply of talented professionals and that the field has a steady supply of strong organizations.

We offer access to the most talented and thoughtful practitioners in the field through our training and consulting services. At this conference, we're delighted that 74 experts have agreed to share their knowledge.

To reduce the costs of training while increasing the supply, we are about to launch our Virtual Learning Center. The Virtual Learning Center will turn your cubicle or office into a classroom, as you participate with other practitioners from across the nation via the internet and telephone. It is truly revolutionary technology, and I hope you will get a chance to preview it at our demonstrations tomorrow and Saturday. We estimate that the Virtual Learning Center will improve your training options but cost you, on average, just 25% what it costs to obtain training today.

Our web site is now designed to give you immediate access to the information and technical resources you need. Right now you can download at no cost more than 50 resource



documents and publications at communitycapital.org. If you haven't visited our site, please do.

THIRD ... To help leverage your experiences and expertise into a more just national policy, we are your voice in advocacy and on policies relating to social, economic, and political justice.

Our main focus has been, and will remain, making the CDFI Fund work for you. Saturday morning, recognizing that we have a large number of CDFI awardees here at the conference, we are going to have a special 1 1/2 hour session at 9:00 to discuss ways that National Community Capital can do more on your behalf with the Fund.

In 1996, years before Congress took up financial modernization, we published a report explaining the principles for extending community reinvestment obligations to non-bank financial services companies. We are continuing that campaign today in partnership with others, while continuing the fight to prevent erosion of CRA.

We have joined the campaign led by the Coalition for Responsible Lending against predatory lending practices, one of the most threatening and important issues we face.

And we came/are just this close [hold up fingers] to passing the Community Development Tax Credit, which would have dwarfed even the CDFI Fund in its potential to attract capital to community development. We won't give up.

There is so much more we need to do on policy, and we will be doing it...

WHY WE DO WHAT WE DO

Over the past year, the staff and Board at National Community Capital has invested substantial time and effort clarifying our reasons for being-our core purpose.

National Community Capital's core purpose is to create an inclusive prosperity where all people have the resources and opportunities to act in the best interests of their communities, themselves, and future generations.

The idea of an "inclusive prosperity" comes out of what I think is the most inspiring speech I've heard in this critical election year. Unfortunately, it didn't come from any of the candidates.

In January, at the CDFI Institute, Treasury Secretary Larry Summers told us, "We must build an inclusive prosperity based on one economy, not two." That is a vision we all can believe in. But it was what he said next that affected me most and stirred me to think about the future in a new way.

"If we don't do it now," he said, "in a time of unprecedented prosperity, we will never do it."



He's right.

Secretary Summer's warning keeps coming back to me louder and louder. We in the CDFI industry are at a remarkable, once-in-a-lifetime opportunity, which, if we play it right, we can

use to begin to make structural and systemic changes in the systems, and institutions that keep rich people rich and poor people poor.

We may not succeed, but if we do not try we will regret it for the rest of our lives.

I know I will. I do not want to end up twenty-five years from now wishing I had done more in 2001 and 2002 and 2003 and beyond to leverage resources to bring more social, economic, and political justice into our world.

THE CONFERENCE

This conference marks our beginning. Starting today, I hope you will think of your work in a new way, in a new light. We are not marginal institutions, though we work best from just outside the margins of conventional finance. We are not defined by our deals, although every transaction creates a new opportunity to transform society. We are not a little fish in a big pond.

Together we can be a big fish in a big pond. Together we are not just 600 people in a room once a year but a national network of more than 500 CDFIs and 4,000 practitioners, more than 20,000 investors, scores of thousands of borrowers and past-borrowers, more than 1,000 elected officials at all levels and in all 50 states, and countless people who we have helped to gain the resources and opportunities to act in the best interests of their communities, themselves, and future generations.

The political and civic potential of this CDFI-led movement is thrilling and frightening. In the past, we shied from it. Very, very few people believed in 1992 that we would succeed in making The CDFI Fund a good thing. In fact, when we set up The CDFI Coalition that year our primary, if unspoken, goal was to prevent the federal government from screwing up our field.

Nine years ago we argued about whether we were an industry or a movement. We decided that we were an industry-even though we weren't. Fortunately, the White House and Congress believed that we were.

Today we are an industry. Now as the CDFI industry we must lead a movement-a movement for an inclusive prosperity. That is what National Community Capital aims to do, if you will give us your support and share with us your knowledge, experience, and expertise.



Listen to Secretary Summers. "If we don't do it now, we will never do it." Now is the time to overcome our challenges, set our course, and do everything we can to create an inclusive prosperity.

If we don't do it in the next few years, we'll regret it for the rest of our lives. I know I will.

CONCLUSION

I said at the outset that I was going to try to tell you something about National Community Capital and explain why I think this conference is important. I hope I've done that.

I don't want to go before I update you on one other important topic that I brought up earlier—What happened to Grandpa's farm? You remember that Barney and the kids were on their way to Grandpa's farm, don't you?

In 1994, Grandpa almost lost the farm when the bottom fell out of the market for the produce he grew. In 1995, he almost sold the property to developers who wanted to build luxury housing, but in the end he decided that the land had been in the family too long to sell out like that. He explored refinancing, but backed out when the lender started hawking all sorts of outrageous fees, single premium credit life insurance, and other suspicious charges.

Then in 1996, he hooked up with a CDFI that helped him see the market potential for organic produce. The CDFI financed the farm's transition, and today "Grandpa's Organics" is one of the leading suppliers of organic produce in the nation. In fact, he is supplying the produce for the salad at tonight's dinner.

Maybe I stretched that story a little bit. The part about dinner tonight—I made that up.

In closing, I have to ask two favors of you:

- First, when my family is here on Friday night for The Reinvestment Fund's reception, don't mention that I told the Barney story again. My wife may be tired of it, my son may like it a little too much, and my daughter doesn't like the fact that she wasn't born in time to be included.
- Second, if you're talking to Secretary Summers, don't tell him that I made him follow Barney in my speech.

Thank you. I hope you enjoy our 16th Annual Training Conference.