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“CDFI Friendly Bloomington” forms with \$4 million to spur flexible, affordable financing for community development and small businesses

Innovative model to help Community Development Financial Institutions (CDFIs) invest locally in small businesses, affordable housing, and community facilities

BLOOMINGTON, Ind. – Local funders plan to invest \$4 million in financing to kick off CDFI Friendly Bloomington, an innovative approach aimed at catalyzing small business growth, expanding affordable housing, and supporting community facilities in Bloomington and Monroe County.

CDFI Friendly Bloomington is a newly formed 501(c)(3) that will pair local investment opportunities with regional and national investors, known as CDFIs, that specialize in markets and populations that often cannot qualify for traditional financing. CDFI Friendly Bloomington may provide financing alongside CDFIs to incentivize participation or close a financing gap.

A CDFI is a financial institution that exists to meet community financing needs outside the margins of conventional finance. They provide capital and services to underserved populations - low-income, low-wealth, and other disadvantaged groups and areas. CDFIs provide financing with development services—technical assistance and training to help their borrowers succeed. For more than 30 years, CDFIs have produced substantial community impact through jobs, affordable housing, and sustainable community facilities, as well as solid financial returns. More than 1,000 CDFIs operate in the U.S., providing billions of dollars of financing annually.

“Today is an exciting day for the greater Bloomington community,” said CDFI Friendly Bloomington board member Tina Peterson, who also serves as the President and CEO of the Community Foundation of Bloomington and Monroe County and CEO of Regional Opportunity Initiatives. “The launch of this new organization represents public and private collaboration at its best. Not only will CDFI Friendly Bloomington serve as a model for other communities, but it will also benefit many facets of our community and region for many years to come. Most importantly, it will allow us to address local needs of local people and ultimately impact those who call our community home. Peterson will serve as the initial President of the organization’s Board.

“CDFIs can help provide key financial tools in tackling the challenges of affordable housing in Bloomington, while also helping to spur small business growth,” said Bloomington Mayor John Hamilton. “As we launch the nation’s first ‘CDFI Friendly City,’ Bloomington is harnessing the power of national financing to activate and amplify local resources. We deeply appreciate all of the private and public partners whose collaboration has been essential to establishing this creative funding source to improve the well-being of Bloomington residents and businesses.”

Four local and regional banks have taken leadership positions by planning \$2 million in senior debt financing to CDFI Friendly Bloomington. These investors include First Financial Bank, Old National Bank, German American Bank, and Woodforest National Bank. In addition, the Bloomington Urban Enterprise Association (BUEA) and the Bloomington Redevelopment Commission each have made \$1 million capital grant commitments.

“First Financial Bank is extremely proud to work with other partners to support the communities we do business in,” said First Financial Bank’s Market President Cindy Kinnarney. “We feel CDFI Friendly Bloomington aligns very well with our strong desire to do all we can to help our community thrive.”

“Bloomington is a progressive community with strong schools, very high quality of life, and a dynamic business community,” said Old National Bank Region President Scott Shishman. “CDFI Friendly Bloomington is an excellent tool that will generate more economic activity which will only make Bloomington better. I am very excited about CDFI Friendly Bloomington.”

In support of CDFI Friendly Bloomington, Bank of America has also announced it will lend up to \$10 million at low cost to CDFIs that participate in the community alongside the new entity.

“I am excited about the public-private-philanthropic partnership evolving to support CDFIs in Bloomington,” explained Bank of America’s CDFI Executive Dan Letendre. “As the nation’s largest investor in more than 260 CDFIs across the country, Bank of America has seen, first-hand, the tremendous impact that innovative and creative CDFIs can have on historically underserved communities.”

Bank of America intends to offer CDFIs financing at 1% and for up to 10 years “in an effort to support CDFIs in this initiative and as an incentive for CDFIs to do business in Bloomington, Indiana,” according to Letendre.

“This approach can serve as a model for CDFI expansion in many other markets,” he added.

CDFI Friendly Bloomington is the first effort of its kind in the nation. The formation of this new organization follows 18 months of exploratory work and market research to increase and expand flexible and affordable financing options in the community. Seed funding was provided by the Community Foundation of Bloomington and Monroe County and the Bloomington Urban Enterprise Association. Led by a local CDFI working group, the development of CDFI Friendly Bloomington included a market assessment of potential investment opportunities, outreach to national CDFI leaders and investors, and a first-of-its-kind Bloomington symposium in 2017 with representatives of local, regional, and national CDFIs, banks, and foundations, as well as the U.S. Treasury’s CDFI Fund.

The Bloomington CDFI working group identified three main areas in which CDFI financing would benefit the community, including affordable & workforce housing, small businesses particularly early-stage companies, and community facilities.

To date, a few CDFIs have made loans and investments in Bloomington and Monroe County. CDFIs tend to be concentrated in larger metropolitan areas, however. The launch of CDFI Friendly Bloomington represents a new approach to promoting community financing in smaller communities. The purpose of CDFI Friendly Bloomington is to (1) market and promote Bloomington and Monroe County to CDFIs across the state, the region, and the nation; (2) match local demand for financing from businesses, housing developers, nonprofits, and community organizations to CDFIs; and (3) provide financial enhancements alongside the CDFIs in support of local borrowers.

CDFI Friendly Bloomington’s goal is to work with CDFIs to facilitate up to \$50 million in new loans in Bloomington and Monroe County over the next five years.

The Board of Directors met officially for the first time on Monday, December 17. Members of the Board include:

- Warren Cutshall, Miller Real Estate

- John Hamilton, Mayor of Bloomington
- Cindy Kinnarney, First Financial Bank
- Jane Kupersmith, Bloomington Urban Enterprise Association
- Tina Peterson, Community Foundation of Bloomington and Monroe County and Regional Opportunity Initiatives, Inc.
- Scott Shishman, Old National Bank

The Board of Directors will conduct a nationwide search for the organization's first Executive Director. Operations are expected to begin in January with financing beginning as early as April 2019.