

Bay Area



Impact Investing Initiative

Bay Area Super CD for Local Impact, Diversification and Deployment

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Community banks and loan funds are designed to serve the community by providing capital to organizations who don't meet the standards of the bigger banks. They make loans to small businesses and non-profit organizations and provide considerable technical assistance in managing those loan funds to minimize default. They are very hands-on and careful in the deployment of their assets, our deposits. Keeping deposits in community banks and loan funds usually requires extra work to do the due diligence, diversification and deployment to these smaller institutions. The BAIII could develop a family of CDFIs and partner with C-Note, a Bay Area based start-up, that provides the structure to gather and deploy assets to a group of prequalified, highly vetted local CDFIs, who can multiply that impact with their community expertise.

By example, in Northern California, five non-profit economic development organizations came together to form the **California Finance Consortium (CFC)** as a tool for expanding their own missions and service areas, as well as a tool for lessening the lending gap that was choking off growth for small business in the 21-county CFC region. Consistent with their community development mission, the consortium will help member lenders deliver well-structured and reasonably priced capital to healthy, growing small and medium-sized businesses in underserved areas.



These CFC founding members represent 21 Northern California counties and include 3CORE, Inc. (**3CORE**) in Chico, CA, Arcata Economic Development Corporation (**AEDC**) In Eureka, CA, Superior California Economic Development (**SCED**) in Redding, CA, and Yuba-Sutter Economic Development Corporation (**YSEDC**) in Yuba City, CA.

<https://www.californiafinance.org/partners>

In developing a Super CD for the Bay Area, we can use technology to gather and deploy investments to our partner CDFIs. Understandably, we would have to address some issues such as the different levels of federal insurance and guarantees that community banks have compared to community loan funds. This may make it difficult to include all of the worthy candidates in one instrument. If we were to develop such a vehicle, it would provide high levels of community impact alongside a strong savings/investment return with little to no risk.. C-Note currently offers 2.5% for a 5 year note.

As an investment/savings/impact vehicle, this Super CD serves the place based investors with a diversified group of high quality CDFIs in our region, whose various missions would complement the values of the investors to invest locally for more sustainability, prosperity and resilience. For the community banks and loan funds in the Bay Area, this 'super CD-Note' would serve as another vehicle for raising assets.

Vision: to create an savings/deposit instrument that is accessible, can accept large sums, will be a prudent investment (risk and return at appropriate levels) and contribute a positive impact on the regional economy/environment/people.

These organizations were invited to discuss the concept for a Bay Area Super CD.:

Bay Area Impact Investing Initiative	www.baiii.org
C-Note	www.mycnote.com
Community Bank of the Bay Green Fund	www.bankcbb.com/bay-area-financing
Northern California Community Loan Fund	www.ncclf.org
New Resource Bank	https://newresourcebank.com/about-us
Pacific Community Ventures	www.pacificcommunityventures.org
Low Income Investment Fund	www.liif.org
Beneficial State Bank and Foundation	http://beneficialstate.org/impact
Bay Area Transit Oriented Affordable Housing Development Fund	www.bayareatod.org