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**NH Community Development Finance Authority
Meeting of the Board of Directors**

**CDFA
14 Dixon Avenue, Suite 102
Concord, NH 03301**

**March 10, 2020
10:00 AM**

CDFA BOARD OF DIRECTORS PRESENT: John Manning, *Chair*; Mary Ann Kristiansen, *Vice Chair*; Debbie Morin, *Chief Financial Officer and Secretary/Treasurer of the Board of Directors*; Clay Mitchell; Cindy Harrington; Martha Rush-Mueller; and Rick Wyman.

STAFF: Katy Easterly Martey, *Executive Director*; Scott Maslansky, *Director of Clean Energy Fund*; and Maureen Quinn, *Office Manager and Board Relations Manager*.

TELEPHONIC: Mike Clafin

GUESTS: Stephen Nunes and Tim Ferguson, *Next Street*.

Mr. Manning opened the meeting at 10:02 AM and noted a quorum was present. Public comment was called for; none was offered.

Mr. Manning reviewed the meeting agenda and called for any questions or proposed changes.

Motion – 10:03 AM

There being no changes, Ms. Harrington moved to accept the meeting agenda, as presented. Mr. Wyman seconded and the motion carried with a unanimous vote of the Board.

A. Consent Agenda – 10:05 AM

Mr. Manning reviewed the items on the Consent Agenda and called for questions or comments.

There being none, Mr. Wyman moved to approve the Consent Agenda, as presented. Ms. Kristiansen seconded and the motion carried with a majority vote of the Board.

B. Community Development Advisory Committee Update – 10:06 AM

Ms. Easterly Martey noted Mr. Gaetjens-Oleson, Chairperson of the Community Development Advisory Committee (CDAC), was unable to be in attendance and she would provide the Committee update. Moving forward, the Board will be updated on initiatives and Committee discussions on a monthly basis.

Ms. Easterly Martey stated CDFA received relief from the State's Administrative Rules for the CDBG program in the summer of 2019. In response CDFA conducted statewide listening sessions and researched data to identify what communities and partners would identify as important priorities for investment of CDFA funding. Four major areas of need identified included: housing, downtown development, childcare and rural transportation. CDFA has determined that it will be important to work collaboratively with both existing and new partners in the State to gradually change investment priorities. A thoughtful and patient approach will ensure projects already underway can still access critical funding as CDFA's priorities begin to shift.

Ms. Easterly shared that the CDAC identified micro business investments as a successful model. New Hampshire's unique rural populations centers would position CDFA to shift economic development funds previously targeted to larger businesses and projects to small businesses in downtown areas in an effort to create opportunities for small businesses to thrive in a place with targeted investments.

Mr. Clay Mitchell arrived – 10:12 AM

Ms. Easterly Martey noted CDFA has been working actively to broaden awareness of CDBG funding. This will be critical as new priorities are developed. To this end, CDFA has engaged with the Regional Planning Commissions (RPCs) and the NH Municipal Association. Additionally, two new appointees have joined the Community Development Advisory Committee. The new appointees should expand CDFA's networks and connections to important community partners.

The Board was informed that as priorities are identified and targeted, there will not be a change in eligibility of projects; the priority given to particular projects will simply be different. The Board stated it will be critical to communicate with partners statewide about the change in priorities. Additionally, it will be essential to measure the effectiveness of the priorities in which investments are made to ensure priorities remain consistent with community needs to the greatest degree possible. Ms. Easterly Martey added the priorities should also align with CDFA's living strategic plan. The Board asked whether a press release or an article could be released in late summer after the new rules for the CDBG program are written. This would provide an opportunity to share the important updates and potentially engage new partners. The Board also asked staff to consider including CDBG updates on CDFA's website and to require acknowledgment of these materials prior to applying for CDBG funding.

C. Community Development Fund Structuring Alternatives – 10:43 AM

Ms. Easterly Martey introduced Mr. Stephen Nunes and Mr. Tim Ferguson of Next Street. The Board of Directors introduced themselves to Mr. Nunes and Mr. Ferguson. Mr. Nunes and Mr. Ferguson provided a presentation on structural alternatives for a Community Development Loan Fund. The loan fund will be a large, flexible pool of capital that will leverage other CDFA resources to increase community development impact throughout New Hampshire.

The Loan Fund options have been designed to pair well with existing CDFA resources and to provide a source of flexible capital. These resources are in line with CDFA's strategic plan goals to deploy \$22 million statewide by 2022 to expand and deepen investment impacts. CDFA is well positioned to pursue this type of investment because of perspective, experience, leadership, flexibility and community based approach. As an example, Ms. Easterly Martey used the transformative impact realized in the City of Franklin from diverse but steady investment through a variety of funding sources over a decade. Equally important with this type of capital investment is the capacity to offer technical assistance to help newer initiatives achieve greater growth and success. CDFA provides technical assistance but can also identify partners statewide who can provide this critical resource.

Mr. Nunes discussed investable themes which include clean energy, bridge financing, ecosystem building and direct gap financing. Mr. Nunes also presented structural alternatives for the proposed Community Development Loan Fund. The Board discussed the need for specificity and targeted investments to ensure there is reasonable alignment with CDFA's mission and strategic goals. Additionally, the Board discussed the need to minimize financial risk; recourse as related to syndicated funds should be limited to minimize negative financial consequences to CDFA.

The Board suggested prudent pursuit of this investment resource with Clean Energy Funds and Bridge Loans pursued first. This careful approach will allow assessment of the program to ensure desired impact is being realized before advancement into new areas. The Board emphasized the importance of moving forward and finding balance in innovative investment, risk tolerance, and ensuring CDFA's mission is at the forefront of these decisions.

Mr. Nunes discussed syndication of loans and attracting investors. The Board asked whether Next Step oversees syndication. Mr. Nunes stated potential partnerships with other CDFIs are a distinct possibility. He noted that CDFIs typically attract Community Reinvestment Act (CRA) investors. Partnerships with other CDFIs typically leverage additional networks of investors, which creates greater opportunity. Next Street can also help raise capital.

D. Authorization for Structuring a New Investment Fund for the Clean Energy Fund

Mr. Maslansky addressed the Board and shared CDFA's proposal for the Eversource Divestiture Settlement Agreement. Of the total \$5 million settlement funds, CDFA is proposing the deployment of \$4.3 million in a Clean Energy Fund outlined as follows:

1. \$2.4MM for Loan Loss Reserve to minimize risk from outside investment,
2. \$1.4MM for Interest Rate Buydowns on outside capital, and
3. \$500,000 for administrative costs (technical assistance, marketing, etc. related to the Fund).

Mr. Maslansky stated there is overall support and affirmation to create a Clean Energy Fund with outside investor funds. Next steps require CDFA to respond to the Public Utilities Commission's RFP.

Motion – 11:54 AM

Mr. Manning moved to approve CDFA staff to respond to a NH Public Utilities Commission/Office of Strategic Initiatives Request for Proposal for grant funds as a credit enhancement to leverage private investment into a lending facility, pending future Board approval, that would finance clean energy projects in NH Eversource service areas which would be consistent with the CDFA Clean Energy Strategy and goals of the existing CDFA Clean Energy Fund. Mr. Mitchell seconded and the motion carried by a majority vote of the Board.

Mr. Nunes and Mr. Ferguson left the meeting.

E. 2020 Tax Credit Round Overview

Ms. Easterly Martey provided a summary overview of the 2020 Tax Credit round. CDFA received 19 applications for \$6.1MM and 5 L-5 applications. There are some clear themes which have emerged from preliminary reviews of the applications, and these are:

- Strong requests from Arts
- Shift in geographic distribution; numerous requests from Monadnock/Keene and Portsmouth regions;
- Very few North Country applications
- No application from organizations serving traditional youth groups (Boys & Girls Clubs, YMCAs, after school programs)
- No affordable housing projects
- Average funding request is down by \$100K to \$320K
- 73% looking for funding in FY2021 – perhaps an indicator more projects are shovel ready
- Applications are stronger than we typically see

The Board asked if trends could be graphed to provide a greater overview of the program and how particular trends may ebb and flow with state needs, the economy, etc.

Ms. Easterly Martey asked all Directors to review the list of submitted applications, which includes applicant name, project name, and location. All Directors were asked to disclose any conflicts of interest which would preclude participation as a member of the 2020 Investment Review Committee (IRC). Based on these disclosures, Ms. Easterly Martey requested anyone interested in serving as an IRC member, who is without conflict, volunteer. Ms. Harrington and Mr. Mitchell agreed to serve on the Committee. Mr. Tourigny had indicated via email response that he had no conflicts and would serve on the Committee if requested.

Mr. Manning called for questions or comments.

Motion – 12:19 PM

There being none, Mr. Manning moved to appoint Ms. Harrington, Mr. Mitchell and Mr. Tourigny as the Board members to serve on the 2020 Investment Review Committee for the Tax Credit Round. Ms. Kristiansen will serve as an alternate. Mr. Mitchell seconded and the motion carried by a majority vote of the Committee.

Mr. Mitchell left the meeting at 12:20 PM.

F. Executive Director Update

Ms. Easterly Marley updated the Board on a number of topics.

- CDFA has hired Jacqueline Matthews as a Data Capacity Builder; CDFA will continue to analyze and use data to set strategy;
- An i2i Symposium will be held on April 14th
 - The focus will be using data to inform community building;
 - The keynote speaker will be Joe Minicozzi, founder of Urban3; Mr. Minicozzi is an expert in land use, urban design and economics
 - Liz Hitchcock, an eclectic entrepreneur from Manchester, NH will kick off the idea competition,
 - CDFA is sponsoring an online idea competition around the use of data; three entrants will receive a \$2,500 grant to further their idea
 - The i2i date conflicts with the Board of Directors meeting so a determination will be made soon about whether the Board meeting time will be flexed or if the Board will opt out of the April 2020 meeting
- CDFA has received \$1.1MM in disaster relief funds under the Supports Act from HUD; further guidance from HUD should be forthcoming on how these funds may be deployed and how they should be administered. The Board shall be kept apprised on any developments related to these funds.

Adjourn – 12:38 PM

There being no further business before the Board of Directors, Ms. Harrington moved to adjourn the meeting. Ms. Rush-Mueller seconded and the motion carried with a majority vote of the Board.

Respectfully submitted,



Maureen Quinn, Board Relations Manager



John Manning, Chairman of the Board of Directors