

RLP Presentation – WWF NEXT Award – Minneapolis, MN- Tuesday, November 15th, 2011

Thank you for selecting Coastal Enterprises, Inc. for this year's NEXT Award. The staff and boards of CEI and CEI Capital Management, our New Markets Tax Credit subsidiary, are most grateful to the Wachovia Wells Fargo and MacArthur Foundation for their sponsorship of this important program.

We also want to recognize Terry Simonette and his team at NCB Capital Impact with whom we competed – and for whom we have the deepest admiration with their Green House model for aging populations - and the two other contenders – the Progress Fund in PA and Opportunity Fund in CA. We sincerely congratulate all of them tonight. We had a great time together in Chicago on Sept 7th when we made our *final* pitches. We shared camaraderie and stories, and wished each other the best. That time reflected exactly why we are here tonight: to tell our stories, and celebrate partnerships, innovation, and the positive impact our CDFI field is having on the lives of people and communities all over this country.

We also want to extend special thanks to Mark Pinsky, and the staff and board of OFN, for showing us what's possible in this CDFI industry in the pursuit of aligning capital markets with social, economic, political, and environmental justice. They and many others here tonight - foundations, religious groups, banks, corporations, federal agencies, wealth managers - have provided the building blocks of success for the community development finance industry.

In accepting this NEXT Award, I feel it's a recognition of the journey of many staff at CEI, board members, funders and partners that have contributed their time, energy and resources. We're just one among the many deserving CDFIs that do the heavy lifting with concrete projects that benefit people and places left out of the economic mainstream. So thank you!

CEI's Roots in Civil Rights

CEI's roots are in the civil rights movement and Economic Opportunity Act of 1964, as were mine coming of age in the 1960s and 70s...and still, in my view, the driving value for us gathered here. In many ways, we also owe our existence to the Ford Foundation and faith-based religious groups – particularly sisters' religious orders - that helped realize the dreams of disenfranchised minority and white populations in rural and urban communities with their support early on for *Community Development Corporations* and *Community Loan Funds* - laying the ground for the important work we do.

I graduated from a seminary in New York City and, while at the National Council of Churches, worked on domestic and international economic justice issues. In that context I learned about community-based development all over the world, and what we defined as *alternative investment*...the many opportunities for community building enterprises that existed in the shadows of corporate economies that dominated our lives.

When my wife and I and kids moved back to Maine, her home state, I had the chance to organize CEI, an *alternative investment* option to the usual portfolios. Now, I don't think any of us is so *alternative*.

CEI's mission is to create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential. As CDFIs, our missions are similar, to help redress the great inequalities of wealth, low incomes and poverty, in this country and abroad.

NEXT Award Centerpiece

The centerpiece of our NEXT Award is the *Working Partnership Initiative*, set in motion by CEI Capital Management. We're the largest NMTC allocatee in the nation focused on rural America, which represents 22% of the population and is often underserved compared to urban areas. To be certain rural regions would benefit, we modified the statute so that 20% of the private capital invested would go to non-metro areas. We define rural, by the way, not just by country roads, fields, forests and low density but also, the point at which you lock your car so your neighbor won't stuff it with zucchini!

In addition to the many large-scale, job-creating business investments CCML is financing with tax credits, the *Working Partnership Initiative* makes use of the multi-billion dollar program to generate equity funds for rural community-based economic development, building the capacity of CEI and our peers and creating even more economic opportunity in our respective markets. We currently have nine *Working Partners*. NEXT award funds will be used to boost these and other *Partnerships* where we undertake transactions – in Maine and elsewhere in rural America.

We began the *Working Partnership Initiative* at the inception of our first allocation in 2003 – a \$30 million dollar investment in an historic but declining pulp and paper mill in Millinocket, Maine, which preserved 500 jobs and some 300,000 acres of sustainably managed timberlands – the life blood of the community. With fees earned, we capitalized CEI's Northern Heritage Development Fund, which since has mobilized \$40 million dollars in financing for 80 businesses, 130 of units of

affordable housing in five projects, and the creation or sustaining of some 1500 jobs in very rural parts of Maine. These businesses are diverse: Internet services, organic dairy cooperative, seafood products, land trust, health clinic, farm worker housing, many located in Washington County, Maine's most "downeast" and poorest county of 33,000 - but rich - if not for the resources necessary to tap the entrepreneurial spirit that abounds in places like this - where the sun first rises on America.

The *Working Partnership Initiative* is an innovative model. By choosing CEI as a NEXT awardee, we believe you highlight investment opportunities in rural America. You acknowledge a widening of benefits that can flow from NMTC transactions. You affirm the important role community-based economic development and financial institutions play in nurturing opportunity, civic life and culture.

Calculating the social return of an IRR

Our first major investment at CEI was in 1979 in a fish processing cooperative in Boothbay Harbor, giving literal meaning to the adage: *if you give a person a fish, you feed them only for a day; but if you teach them to fish, you feed them for a lifetime.* Our strategy was to create more value-added and job-creating processing in Maine, as 85% of the fish harvested went to the Boston processors, at lower prices...The idea was that "no fish should leave Maine with its head on!"

But the investment also taught me something else: that, if you give a person a fishing boat, and the investor an accelerated depreciation tax benefit, and then, combine that with a lack of regulation to ensure a species' sustainability, or a cash-flow that underpays, underinsures or doesn't insure at all, and treats as disposable the very workers that produce the value, you can earn a rapid IRR, but not gain much else of value for human kind.

On the other hand, if you gear the calculation to a *Triple Bottom Line* return, you can fish forever...and take care of people along the way. We did not describe then, what we know more now, that all three components – the *economics* of a project; its social *equity*; and *environmental* stewardship, must come together if we're to create a world to celebrate rather than one to mourn.

Closing

In closing, nine years ago I joined 20,000 “alternative” delegates “*Outside the camp*” (as biblical historians would note) at the World Summit on Sustainable Development in Johannesburg, South Africa – *Developpmente Durable* as the banners in French read. What I witnessed there is the great solidarity worldwide to create *durable, just and healthy communities*. None of us is alone.

The hope in the human spirit survives in the face of adversity and tragedy. Hope truly gives credence to the 19th century Unitarian minister, abolitionist and leader of progressive causes, Theodore Parker, and his oft-quoted verse used by Martin Luther King- which you all have heard, but bears repeating:

The arc of the moral universe is long, but it bends toward justice.

It is the same message today – even more sharply etched over this last decade from the financial, military and environmental injustices and excesses over which we seem to have little sway.

We can all leave this excellent conference persuaded that our CDFI industry is gaining political power in the aggregate; that the capital markets are not something we're pursuing, but are pursuing us; and that the impact we are having is a spearhead of sustainable returns from community investing.

As Charlie Spies, who manages CEI Capital Management, and I said in our pitch in Chicago on Sept 7th:

WE'RE READY TO GO!!!!

Thanks again to all of you for the NEXT Award.

CEI currently has 85 staff, a 19-member board of directors, and four major subsidiaries governed by 25 additional board/advisory members. CEI has provided cumulatively over \$560 million in financing to 2,050 enterprises with 23,266 jobs created and preserved 1,440 units of affordable housing; provided training/counseling to 31,802 individuals and small businesses; created/preserved 4,599 child care slots; and provided leadership on policy initiatives, including one of the nation's most stringent laws regarding predatory mortgage lending. CEI has mobilized and leveraged nearly \$2 billion in private and public capital.