

**MDF Comments**  
**Holiday Inn, Portland**  
**October 7, 2014**

Thank you. And thanks to MDF, its team and board, for this honor.

It's uncomfortable, as you might gather, to stand here with this kind of recognition, knowing as I do – we do – at CEI that the heavy lifting for entrepreneurship and innovation in Maine resides among one of Maine's greatest assets, the small business entrepreneur. But then we remind ourselves that there is a whole other sector – the nonprofit sector – that embodies entrepreneurship and innovation, and it is this sector – specifically, community development finance – in which CEI operates in Maine's economic landscape.

On the other hand it's especially uncomfortable when I know also that the heavy lifting at CEI and subs occurs at many levels. I cannot name all the 90 staff or 40 board/advisory board and subboard members who take on the mantle of entrepreneurship and innovation, keeping CEI honed and fine-tuned to investment prospects – but I want to recognize you and thank you. Some are here today.

Now our friends at MDF told us we had 5' and gave us five questions to respond to from how we might serve as a model for others, to what is our vision, our values, and what inspires us, to what can others do to support the work we do.

We're certain our vision and values are represented by many of us here today, and I think embedded to some extent with the various undertakings of MDF. In fact we got going about the time of MDF and inherited some of its programs – the SBDC and 504—as MDF carved a different path to benefit Maine communities.

CEI's mission aims to create opportunity for people and places – underserved regions or sectors in Maine, that contribute to an inclusive and prosperous society, one also compatible with the environment. Creating employment, income and ownership opportunities is at the center of our vision, whether a microbusiness like the Tandoor Bakery in Portland, or a major natural resource sector venture, like Maine Fair Trade Lobster in Prospect Harbor creating hundreds of livable jobs while benefiting our iconic lobster industry, or a Maine Community Health Options in Lewiston with an enrollment of over 39,000, twice its first-year projections, or a St. Croix paper company in Baileyville reinventing the traditional Maine paper industry preserving hundreds of jobs; add to this affordable housing, community facilities such as Educare in Waterville, or renewable energy enterprises such as Revision Maine – all of which roll up to sustainability in an interdependent and challenging world...easier said than done!

But each of us is part of the main so to speak and each by contributing to this sort of vision should one day make for the whole of sustainable community. There are building blocks for the work in which CEI has been engaged for over 35 years raising private and public funds and financing various Maine enterprises.

So let me take this opportunity to solicit your support for one of these building blocks. At the state level we were part of the core leadership in the 90s that advocated for the Regional Economic Development Loan Program, administered by FAME, to raise bond funds to invest in a network of local and statewide patient capital lenders – some 26 groups at one point.

Along with FAME and a few others in this Maine community development network – such as Will Armitage and Jane Giles – and support from entrepreneurs like Jim Detert of Rynel and Molnlycke Health Care – we were successful with the legislature getting Question #3 on the ballot, a \$12MM bond that arguably, when put out into various projects and recycled, will translate into many millions of dollars in value for Maine enterprises.

### **Please vote for Question #3.**

In closing, let me leave you with this thought of what's being touted as a BHAG – *paradigm shift* in the world of investment. I'm working on an article describing the rapidly evolving field of *Impact Investing*, and its relationship to *Community Development*, our field of entrepreneurship and innovation in financing high-impact projects.

A Social Impact Investment Task Force was formed in 2009 by the G8 to coordinate each nation's subtask force and work on the topic of impact investing. With endorsements from Pope Francis, former U.S. Treasury Secretary Larry Summers and many others – and ignited by the leadership of Britain's Prime Minister David Cameron when head of the G8 – in the United States, the National Advisory Board (NAB) on Impact Investing was formed to grapple with the issues. Work has now been completed and recommended course of actions put forth that each of the western European and U.S. countries could take to engage robustly in impact investing.

NAB recently issued its report *Private Capital, Public Good: How Smart Federal Policy Can Galvanize Impact Investing—and Why It's Urgent*. To quote their press release:

*Impact investing uses the power of markets to unleash private capital for public good. Done well, it can scale sustainable solutions to some of our toughest social challenges, such as affordable housing, clean energy, quality education, and workforce development...<sup>1</sup>*

We – that is, our community development industry here in the U.S. – inserted our 50-year history into the equation of impact investing strategies – entities called CDFIs, national and local intermediaries, tax credit, venture capital and community development banking enterprises – all with common goal of tapping into private market principles and capital to create sustainable communities.

In CEI's case we are currently raising and deploying \$128MM in capital under our *Platform for Sustainable Lending and Investment* – and business, housing and workforce counseling and support that goes along with it. I do think the heavy lifting is done by those around us trying to create jobs, extend services, build affordable housing. Our job at CEI is really the easy part, to tune in to it and back it with patient capital from both the public and private sectors the *doers*.

You can help us with our Platform and other practitioners. Please give us and our community development network your support. Again, Vote for Question #3 – Small Businesses for Maine, and help support state and federal community development programs that support our work.

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<sup>1</sup> Quote of Matt Bannick, Co-Chair, *The U.S. National Advisory Board on Impact Investing, press release and report:*  
<http://www.omidyar.com/news/us-national-advisory-board-issues-policy-recommendations-encourage-impact-investing>

We cannot help others achieve their goals without your impact capital.

Thanks again to Harold, the MDF team, and all of you, for this honor.

1. How is what you're doing a model for what you'd like to see more of in Maine? What examples are you setting and why are you setting them?

Per our example, over the years we have helped to create other entities that have similar missions, such as the Four Directions Dev Corp, or Genesis Community Loan Fund. We have lobbied and designed and advocated for financing programs in Washington such as the USDA IRP, or SBA Microloan, that have benefited both CEI and several groups in Maine, and advocated for state NMTCs modeled on the federal program, which we founded, and are active with the national coalition of which I was past chair.

At the state level we were part of the core leadership in the 90s that advocated for the Regional Economic Development Loan Program, administered by FAME, to raise bond funds to invest in a network of local and statewide patient capital lenders – some 26 groups at one point. Along with FAME and a few others in this network - such as Will Armitage and Jane Gyles – and support from entrepreneurs like Jim Detert of Rynel and Molnikee - we were successful with the legislature getting Question #3 on the ballot, a \$12MM bond that arguably, when put out into various projects and recycled, will translate into many millions of dollars in value for Maine enterprises.

Please vote for Question #3.

We would like to see more of these networks of impact investors not only financing community development enterprises all across this state, but also, working with businesses and developers to offer as much guidance and technical support as they can.

### **G8 Social Investment Task Force**

With endorsements from Pope Francis, former U.S. Treasury Secretary Larry Summers and many others – and ignited by the leadership of Britain's Prime Minister David Cameron when head of the G8 – a Social Impact Investment Task Force was formed to coordinate each nation's subtask force and work on the topic. In the United States, the National Advisory Board on Impact Investing was formed in 2009 to grapple with the issues. Work has now been completed and recommended course of actions put forth that each of the western European and U.S. countries could take to engage robustly in impact investing. <sup>o</sup>

In the September 2014 report – *Impact Investment: The Invisible Heart of Markets* – one's orientation to the meaning and purposes of impact investing is laid out. Indeed, the title almost recalls Adam Smith's *invisible hand* of the market, an embedded suggestion that the good of the commons lies deep within the dynamics of a kind of social consciousness of the market to solve problems, if not for some intentional intervention by asset managers and entrepreneurs by tapping into conventional market principles.

On June 25 2014, more than 20 private-sector investors committed to more than \$1.5 billion in impact investments convened at the White House Roundtable on Impact Investing<sup>2</sup>. The Administration called for a mix of cross-sector collaboration combined with public resources, improved regulation, and private capital, with the purpose of addressing social and environmental

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<sup>2</sup> <http://www.whitehouse.gov/blog/2014/06/25/executive-actions-accelerate-impact-investing-create-jobs-and-strengthen-communities>

challenges. Specifically, plans were stated to create announcements by the SBA, USAID, and U.S. Treasury to guide private capital towards sustainable businesses. That same week, the National Advisory Board on Impact Investing (NAB) issued its report *Private Capital, Public Good: How Smart Federal Policy Can Galvanize Impact Investing—and Why It's Urgent*. To quote their press release:

*Impact investing uses the power of markets to unleash private capital for public good. Done well, it can scale sustainable solutions to some of our toughest social challenges, such as affordable housing, clean energy, quality education, and workforce development...*<sup>3</sup>

NAB was formed following the 2013 London G8 Social Impact Investment Forum for the purpose of assessing U.S. domestic policy relating to impact investing in the U.S. part of a G8-convened Social Impact Task Force organized in 2009 by the United Kingdom. The NAB's recommendations included regulatory as well as coordination of government agencies to catalyze impact investing, and to model more engaged community development entities in the process:

- **Remove regulatory barriers to unlock additional private impact investments.**  
(Specifically for the IRS to clarify rules about foundation investments in for-profit enterprises – “filling the funding gap between grants and commercial capital.”)
- **Increase governmental program efficiency.**  
(Provide agencies with increased access to tools needed for “non-financial, mission-driven goals” – Equity investment in addition to debt financing and loan guarantees.)
- **Provide incentives for private impact investments.**  
(Allow more federal agencies to begin programs modeled after CDFIs).
- **Improve data access and standardize metrics.**  
(Allow for meaningful comparisons through a common data-sharing site).

2. We believe that leaders are those who are responsible for their world. Why are you taking responsibility for Innovation & Entrepreneurial Capacity? What inspires you?

What inspires me is when a network comes together to solve a societal issue. Recently, CEI has been drawn into the Climate Table Network facilitated by Cathy Lee and colleagues. It's hopeful and encouraging to be part of something that might make a difference if we can finance more projects with renewable energy. I was in Prospect Harbor recently and got a nice picture under the Lobster fishermen monument. Maine Fair Trade Lobster is bringing new value to the industry. I was in Lewiston at the opening of Maine Health Community Options. They more than doubled their first year projections of subscribers at 39,000. An Iraqi refugee family started a business in Portland. Families seeking prenatal and early childhood education are accessing quality services at Educare in Waterville. All these enterprises and the individuals and teams that lead them, are inspirational.

Leaders are at any level of our social strata and occupational endeavor. They are guided by fulfilling the best they can at their particular station in life, and improving on the product or service. Each of

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<sup>3</sup> Quote of Matt Bannick, Co-Chair, *The U.S. National Advisory Board on Impact Investing*, press release and report: <http://www.omidyar.com/news/us-national-advisory-board-issues-policy-recommendations-encourage-impact-investing>

our organizations need to keep building a culture of innovation. And in so doing, progressing yet to the next level, whatever that might be. I would like to presume that everyone is born a leader.

What inspires me is creating value in communities that is sustaining, value that contributes to an individual's and families basic necessities – a livable job, decent housing, adequate health care, and aspirations for social and economic fulfillment and self-reliance and resilience in an interdependent and challenging world.

3. What is your vision or goal? What are your core beliefs or values?

We just completed a refreshment of our core values. They'll be on our website. The top one is social justice. In a word, an *inclusive and prosperous society* that does no harm to each other, or the environment. It is one where the basic necessities of life are not subject to the whims, economy, or charity of another. It's a vision that we've all a right to clean air, water, health, housing, education and a livable job. From then on, a world of hope, opportunity & peace.

4. We also believe that leadership is an action anyone can take, not a position held by few. Who did you work with in the state to accomplish your goals? What were the key actions you took that made the difference? What could you tell the audience that would inspire them in their work?

I worked with Joyce Harmon of the UCC, and Neil Michaud, of Catholic Charities, who introduced me to Maine, its politics, its communities. I worked with Tim Wilson who ran the state's community development division. I worked with networks of fishermen, farmers and foresters, who sought to foster the value-add of their industry. I worked with innovative Maine entrepreneurs like Tom Chappel, Marilyn Rockefeller, Spencer Fuller, Dennis Rice, Lee Surace, the former CFO at LL Bean, or with Leah Parker, or with Halcyon Blake at Halcyon Yarns, or with Diane Scully now at the Bar Foundation, or with Anne Tara, even with Nate Bowditch the early MDF CEO, or George Schanake once with MDF, and with work force development entities, to holistically pursue our mission to *help create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential.*

5. How can those in the audience support your work or lead in their worlds to further your vision?

CEI currently is deploying \$128 million in private and public capital to finance 771 sustainable enterprises under its *Platform for Sustainable Lending & Investing* creating 6,500 jobs. This *Platform* seeks to engage private capital, what we call impact investors. We've already deployed over \$50MM, and complement our financing initiatives with technical support provided by SBDC, WBC, Startsmart, Agriculture, Energy and Fisheries, Workforce

High impact projects such as Maine Community Health Options in Lewiston, or Maine Fair Trade Lobster in Prospect Harbor, or Educare in Waterville, or the Tandoor Bakery in Portland are realizing benefit for literally thousands of Mainers.