



# "TRIBUTE"

*Prepared Text*  
Welcoming Comments

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National Community Capital Association

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Good afternoon.

It is my pleasure to welcome you to National Community Capital's 18<sup>th</sup> Annual Training Conference. You have come here to learn, to share, and to celebrate. I am honored to stand before you and see the wealth of talents and perspectives that you bring.

This is the second time we have met in Oakland. In 1993, we came together on the verge of a new era that might fairly be called "The CDFI Fund era." I remember standing in the Ballroom upstairs in this very hotel describing what we hoped the CDFI Fund might become.

The thing I remember most clearly about the 1993 conference was the doubting chorus of CDFIs who swore that *they* would *never* touch CDFI Fund money because government funding had too many strings attached. It's obvious now that in October 1993 we were on the eve of a paradigm shift.

Today we are unmistakably in a very different era. Then we were wrestling with the challenges of economic growth, now we are looking for opportunities amid economic stagnation. Then, we were all but invisible. Today, we are more visible than many us ever imagined possible. Then, the winds of political fortune were blowing our way. Today, we are finding our way through a political sandstorm.

So it is we're back in Oakland, on Halloween, to find our way together through the maze of managing change, past the ghosts of risk and uncertainty. It is, indeed, a scary time. We're haunted by economic stagnation, as well as by economic and political change that we fear will spook investors and borrowers alike.

But we are not afraid. Our trick is to treat the risks of community development finance as sweet opportunities.

In the next 15 or 20 minutes, I want to accomplish four things:

1. I want to tell you what to expect from this Conference.
2. I want to introduce NCCA to those of you who are not Members, and encourage Members and non-Members to get to know us better.
3. I am going to offer some thoughts about this “new CDFI era,” and
4. I want to pay tribute to Chuck Matthei, the founding force behind this Association and this movement.

### ***About the NCCA Conference***

This conference has three purposes:

The first is to create a forum where we can learn from the best thinking and experience in our business.

The second is to create new relationships and connections—to help you link up with other people, like yourself, who are creating and seeking innovative new solutions to enduring and evolving problems. The National Community Capital network is built on that social capital infrastructure.

The third purpose is to demonstrate the power and potential of the CDFI industry. I’ll talk more about that later.

If you leave Oakland without these three things—new knowledge, new contacts, and fresh perspective—National Community Capital has not done its job. We organize this conference so that you can start work next Monday morning with new, practical solutions, as well as new resources to draw on over the coming year until we convene again in New York City next October.

The teamwork that went into this event involves far more than the NCCA staff, who have done a tremendous job, as always. Our partners include our sponsors and our co-hosts.

Let me ask you to join me in thanking them:

The Citigroup Foundation and Wachovia are the lead, “Gold” sponsors of this year’s conference.

The Fannie Mae Foundation, Provident Financial, and Washington Mutual provided tremendous support as “Silver” Sponsors.

In addition to our sponsors and staff, the third leg on our three-legged conference stool is our co-hosts. Co-hosts provided speaker recommendations, session ideas, trainers, fundraising help, and logistical support. Several also arranged tours so that you don’t have to spend all your time in the hotel here.

Our thanks go out to the Low Income Housing Fund, Nonprofit Finance Fund, Northern California Community Loan Fund, Santa Cruz Community Credit Union, and Rural Community Assistance Corporation.

## ***About National Community Capital***

Our Members formed National Community Capital in 1985. Our goal then, as now, was to strengthen and expand our field by sharing our experiences, and banding together to exert our collective leverage to fight for social, economic, and political justice. As you will hear when I talk about Chuck in a few minutes, we have not veered from our purpose over the past 18 years.

Today National Community Capital is the industry's leading CDFI network, leading an industry of more than 600 CDFIs managing more than \$8 billion in capital.

NCCA does its work in three ways:

✓ *First*, we finance CDFIs. NCCA's focus is on helping CDFIs gain access to hard-to-get capital. We provide debt and equity financing, as well as program development operating grants.

✓ *Second*, we provide consulting and training services to ensure a steady supply of skilled people and strong organizations. Our consulting team works with 30-40 CDFIs a year on strategic planning, product development, market research, and other solutions.

Our online learning system—the Virtual Learning Center—really took off this year. The VLC provides high-level training at your desk at a fraction the cost of face-to-face training.

✓ *Third*, we are a leading voice for the CDFI industry in policy and advocacy. We focus on increasing resources for CDFIs through the CDFI Fund, other government programs, and the Community Reinvestment Act. We also work on issues that will shape your market and your work over the long-term, such as predatory lending.

In short, NCCA's goal is to provide you with practical solutions that you will use every day.

I want to invite you to learn more about us by visiting our "NCCA Store" in the registration area. You can see a demonstration of the Virtual Learning Center, learn more about membership, and find out about the solutions we offer. NCCA staff members are there to answer your questions.

Please also join us for our Annual Membership Meeting Friday afternoon at 2:00 p.m. That meeting is open to everyone, members and non-members. Following some Association business, we are going to have an extended discussion about the CDFI Fund's new direction. CDFI Fund Director Tony Brown has agreed to discuss his strategy for moving the Fund and the field forward, and NCCA will be asking for your guidance on how to respond as an industry. This is a very important conversation that you do not want to miss.

## ***The New CDFI Era***

If the period 1994-2001 was "The CDFI Fund Era," how do we identify the era we are in now? What characteristics define it? What issues dominate it?

If you know me well, you know that I believe very strongly in the power of words. And if you know me at all, you know that when I can't find the right words I just keep talking until I do.

But this challenge—capturing the meaning of the new CDFI era—was too much for me. I wrestled with it on business trips, in meetings at NCCA, on the phone with some of you, at home, in the middle of the night, on a family vacation...

Now, you may not think this is important. But I couldn't get the question out of my head: How do you capture the spirit and meaning of an era and convey it simply?

My senior year in high school, the song of the year was the disco classic, "Don't Rock the Boat, Baby!" That said everything you needed to know—and wanted to forget—about the 1970s. My sister Linda, who was a Hampshire College student at the time, pointed out that one of her favorite songs when she was a senior in high school was the Jefferson Airplane classic, "Volunteers of America (Start a revolution)."

So no one is going to tell me that these things don't matter.

I knew that if a car maker can harness Steppenwolf's rock-and-roll anthem, "Born to be Wild," as the song for the SUV generation, surely I could find a creative way to describe the important roles that CDFIs play in this new era.

All I had to do was find a song, or a line in a song, or an image or metaphor in a song, and I would have what I needed. I tried the radio, my kids' CD collections—I can quote every word of every song Britney Spears has sung—and several online search engines ... nothing worked.

But now I couldn't let go. Where do we find the simple truths? How do we glean those powerful kernels of wisdom that distill the babble of complexity into neat, manageable nuggets of obvious answers?

And then it hit me. By now, maybe you've figured out where I'm going with this. Some of you are with me—I can see it. You know what I'm talking about... I'm talking bumper stickers.

You see, earlier this year, I was a student in a media training session with a reporter who was mystified about CDFIs. As we were getting up to take a break, he said: "Don't you just do the same thing as banks?"

Without thinking, I said, "Sort of, but CDFIs do it in different places." The other people in the class thought "CDFIs do it in different places" was a pretty good bumper-sticker of an idea.

Maybe I was on to something. Here, let me show you:



There was something to the idea, but when I really thought about it, I knew that it was not quite right. Not all CDFIs are place-based.

CDFIs operate without regard to place, race, gender, sexual preference, age, ethnicity, nationality, or other discriminatory factors. I needed to convey that CDFIs strive to create opportunities with an eye toward equal justice.

So I tried this:



But that might send the wrong message. You know how some people are.

I tried another tack.

I've spent a lot of time explaining recently that the difference between CDFIs and conventional financial institutions has to do with the differences in our underwriting criteria, the amount of time we spend with our customers, and the flexibility we bring to our transactions. The point, in short, is that we do non-conforming deals in non-conforming markets.

That led me to this idea:



Of course, that might scarce some of the people and institutions we need most—particularly investors. So I had sort of a knee-jerk reaction that came out a little too strongly the other way:

**CDFIs Do It  
Safely & Soundly**

That's just too conservative, don't you think? It called perhaps too much attention to the fact that our combined charge-off rate of 0.5% in 2001 was every bit as good (better actually) as the 8000 commercial banks in the FDIC system who reported charge-offs of 0.9%.

Why not go right to the heart of the matter? The fastest growing source of new investment capital in CDFIs comes from the banking sector. I've been saying for years that banks are our friends. So how about this?

**CDFIS DO IT WITH  
BANKERS!**

I didn't know how the bankers would feel about that, though.

Perhaps if I just made it clear *how* we worked with bankers it would help:

**CDFIs Do It with  
LEVERAGE!**

Or this:

*CDFIs Do It in  
Subordinate Positions*

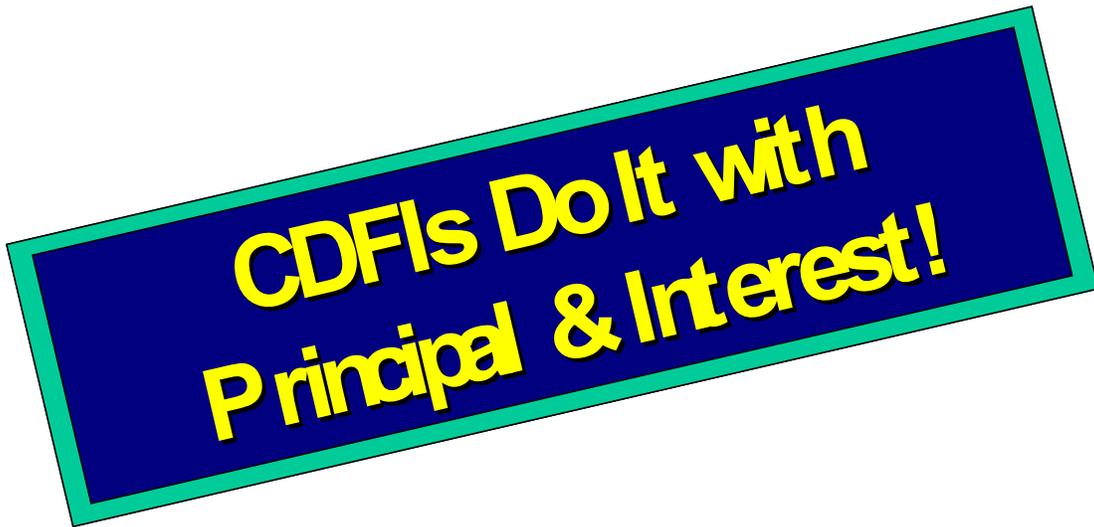
But is our audience really bankers? If you think about all the bankers who already know and appreciate CDFIs, maybe that's not the most important message to send.

Bankers are our friends. But that's not news anymore. Some of you remember how I talked last year about the bipartisan appeal CDFIs have in Washington, DC. Well, let's not be afraid to say who our new friends are:



Come on, now... You know you do!

I was way off message by now! I tried to refocus myself by going back to basics:



Gee, I'm sorry. That's the wrong bumper sticker. Try this:

**CDFIs Do It with  
Principle & Interest!**

Better, but maybe I should go back to tried-and true language:

**CDFIs Do It with  
A Double Bottom Line**

Now *this*... this is something I can hang my hat on. This is *true*. I talk about CDFIs this way. Many of us have, and do. But the more I thought about the "double bottom line" as the message for a new CDFI era, the less satisfied I grew, for two reasons:

First, who was I kidding? I can't explain to my mother what I do for a living. Few of us can. All the bumper stickers and all the catchy phrases in the world won't change that.

Second, and more important, the double bottom line misses something fundamental about our work—it sells us short. In my job, when I look across the national and international landscape of development finance, I see so much more than a double bottom line.

Let me explain.

Every day, each of you spends most—if not all—of your time finding ways to make deals work that improve the lives of the people you serve. Every one of those deals has a double bottom line, no doubt about it. And when you add up all those double bottom lines, you get a powerful sum of the potential we have to change lives, create opportunities, and improve the future.

But from my position I see something different. As other NCCA staff and I travel the country going to places as different as Washington, DC, and Seattle, WA; Albuquerque, New Mexico, and Trenton, New Jersey, what we see first is not the individual transactions. We don't even focus on the sum of the transactions. What we see can't be measured in the number of jobs created, or even the quality of the jobs. It's not obvious in the housing units financed or the kids whose futures turned around because they had safe, decent housing.

We all know that if you give a person a fish, she'll eat for a day, but if you teach her to fish she'll feed herself and her family for the rest of their lives. But the way I see it, CDFIs take that one big step further.

If you teach a person to fish and also finance a fish market so that she can realize maximum benefits from the sale of her fish—instead of losing half to a middleman—you're building wealth. Ron Phillips of Coastal Enterprises knows what I'm talking about, because Coastal did this. And if you support a network of family fishermen and women in this way, and couple it with advocacy to ensure that fishing habitats are not over-fished, you're starting to build a sustainable economy that will re-shape the fishing industry in a place like Maine. In fact, through Coastal's work, it already has.

What we see at National Community Capital is a slowly cresting wave of CDFI accomplishments that has created real and lasting changes—*structural and systemic changes*—in mainstream markets and economies. It's hidden in plain sight, but it's there.

So it is that when I go into the produce section of my local chain grocery store to buy organic fruits and vegetables, I think of the work that Margaret Lund—and before her, Karla Miller—and the Northcountry Cooperative Development Fund have done to seed and cultivate a national organic and whole foods production and distribution system. What started for Northcountry as a few isolated efforts in the Twin Cities not that many years ago has grown into a key part of the vibrant and healthy organic and whole foods industry.

And when I see that more and more economists and policy makers recognizing that nonprofit organizations are permanently transforming local and national labor, housing, cultural, and retail markets, I think about the work that so many of you do—for example, Kate Barr at Community Loan Technologies, who we heard from this morning, and Mary Rogier of the Northern California Loan Fund, which just recently launched a large-scale initiative to preserve nonprofit space in San Francisco. I think of Clara Miller at the Nonprofit Finance Fund, and Trinita Logue at the Illinois Facilities Fund.

When a CDFI in South Dakota has the vision to see that restoring a local movie theater can also be a way to revitalize a community's social capital, you see that even a single CDFI deal can generate enduring ripples of social impact. That is what Bob Hull and his team at the Northeast South Dakota Economic Corporation did by financing a theater that serves not only as an arts center and an economic engine but as a meeting place for social and political discourse.

When A CDFI provides a comprehensive product line to enable its credit union members to climb the ladder to financial health, it is bringing thousands of people into the financial and economic mainstream ... and bringing the financial and economic mainstream into underserved communities. That is what Bill Myers and Alternatives Credit Union have done in and around Ithaca, New York, through its innovative Credit Path Model which serves each person on a continuum between poverty and wealth.

If you took any one of these examples—or any of hundreds of other examples I could name involving any one of you—you would see great work and important outcomes. But what at first glance looks like a scattered network of people working individually is in fact a collective effort toward a bigger goal than any of us alone can undertake—creating structural and systemic change in mainstream economics, cultures, and institutions.

This is not a vision of what is possible. It is a statement of what we have accomplished. It is *real* social, economic, and political impact on *real* communities and *real* markets that no data collection, no portfolio analysis, no outcome measures can capture. It is how we are meeting the over-arching challenge all CDFIs face—playing transformational roles in a transactional business.

It is the story of how tens of thousands of unique transactions over several decades have re-directed our nation toward a more inclusive prosperity. Archimedes said, “If you give me a lever long enough and a fulcrum on which to place it, I can move the world.” The CDFI story is a story of structural and systemic leverage—transformational change—that appears only when seen from the long view. You will not see it if you look through the lens of political cycles or Wall Street fluctuations.

It’s a story that’s hard to tell, but that is what we must do, because That is the vision we set out together 18 years ago and have held ourselves to ever since.

### ***Chuck Matthei***

The first person who made that vision real was Chuck Matthei.

Chuck died on October 1<sup>st</sup>. He was 54.

I don’t know how many of you were fortunate to know Chuck, but I am not exaggerating when I tell you that most of us would not be here today if not for him. Chuck was the Johnny Appleseed of the community development loan fund movement. He traveled relentlessly planting the seeds that blossomed into scores of community-based financial intermediaries.

He was instrumental in the early development of, among others, the New Hampshire Community Loan Fund, the Vermont Community Loan Fund, Capital District Community Loan Fund, the Reinvestment Fund, Leviticus 25:23 Alternatives Fund, and scores more. Beyond that, he was influential in starting or shaping hundreds of other loan funds. His values, vision, and priorities shaped the world views of thousands of people inside and outside our movement.

Chuck’s home base through those years was the Institute for Community Economics, where he helped develop and implement the community land trust model. From the early 1970s through the early 1990s, Chuck traveled at least 6 days out of 7 spreading the gospel of community-controlled housing and development finance.

In 1985, Chuck and ICE convened the first meeting of what became the National Association of Community Development Loan Funds. That organization has evolved 18 years later into NCCA.

If you ever heard Chuck speak, you did not forget it. There was nothing fancy about his speeches—no PowerPoints, no clever phrases, certainly no bumper stickers. With subdued passion and clear vision, Chuck described a future where community development loan funds used their political capital as levers to change the course of the economy, policy, and individual lives.

Everything I've tried to say to you today, Chuck said better in 1985. As you leave lunch today, we will be handing out excerpts from Chuck's remarks at that conference, but I'd like to read to you some of his comments that have inspired me repeatedly over the past 12 years.

"Obviously, we're going to go forward," Chuck promised. "We're going to raise more capital, make more loans. But I'd like to talk about what else I think we can and must do. ... I think that our opportunities for responsibility go far beyond the accumulation, the management, and even the wise, productive use of capital. In a certain sense you can say that we must join the Wizard of Oz. The Wizard of Oz managed to put brains in a scarecrow and a heart in a tin man. It's our job somehow to graft a conscience on the capitalist. ...

"... [W]e need to define ourselves as groups that have multiple mission fields," Chuck said. "It is our job to address the needs of those who need capital, but it is equally our job to address the people and institutions that invest capital. We have not only to respond to needs but to challenge abundance, to talk about the responsibility of wealth. There is then a third mission field, and that is to address the institutional structures that control the formation of capital, the flow of capital, and the distribution of resources. We must define and commit ourselves to that kind of economic development that will fundamentally change and democratize the economic and social relationships in our communities."

Chuck Matthei was a prophet. Our prophet, if we'll have him.

I've always associated Chuck with the prophet Isaiah. Long ago, Isaiah challenged the people of Jerusalem—the wealthy and the not-so-wealthy—for their lackadaisical commitment to peace and justice. Isaiah railed against those who prayed at the Temple but exploited their labor, those who treated their neighbors unfairly, and those who saw God as a personal Providence rather than a universal source of love, compassion, peace, and justice.

Chuck, too, was a deeply religious and spiritual person who focused on how people lived their lives. It was not enough to work at justice; you need to live it, too.

But it is the enduring lesson of Isaiah that binds Chuck to him, in my view.

The Rabbis have long taught that without God there can be no justice. But for Isaiah that was only half the equation. Isaiah taught that without justice, there can be no God.

If you knew Chuck, you knew that he lived, spoke, and acted in the tradition and spirit of Isaiah. And all you need do is look around the world today, or look around your community, or read today's newspaper, or turn on the TV at the end of the day, to know that our work is not done.

I said I wanted to pay tribute to Chuck, and I do. Many people have called or e-mailed to ask what they could do to honor Chuck. There may be a fund or a cause to give to, but that is not how I want to pay tribute to Chuck today.

Chuck dedicated his life to social, economic, and political justice. He expected nothing less from himself and wanted nothing more than deep dedication to transformational change that brings more justice into our world.

If you will join me in re-committing and re-dedicating ourselves to that vision—to approaching our work not as a series of transactions but as a movement for transformation—I think we can pay Chuck the only tribute he would ever want or expect. And as we remember Chuck as the inspiration behind so much of what we do, we'll know that it is Chuck's spirit that we celebrate this Halloween, and for many years to come.

And we can pay tribute to Chuck in one final way, by recognizing him in the words of another great leader who we lost, tragically, just last week. In the Introduction to his book, *The Conscience of a Liberal*, the late Senator Paul Wellstone wrote this:

“There is one lesson I have learned that I hold above all others from my experience as a father, teacher, community organizer, and U.S. senator: We should never separate the lives we live from the words we speak. To me, the most important goal is to live a life consistent with the values I hold dear and to act on what I believe in.”

Chuck wouldn't have said it better himself.

### ***Conclusion***

I'm grateful for this chance to talk to you today. I hope what I've tried to say stays with you over the next few days and makes you want to learn more about the work that the people sitting next to you do. If it helps you think about your work with a fresh perspective, we are one-third of the way to meeting the goals I set for this conference. And if it leads you to do something new, something different, or something more, please come back to our 19<sup>th</sup> Annual Training conference next year and tell us about it.

Thanks for coming.