

CDFI

Friendly

Evansville Region

Business Plan

2024
-
2028

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Note: This plan represents our best efforts to anticipate the first five years of CDFI Friendly Evansville Region (CFER). In practice, many things will vary. CFER will communicate material changes to its allies, supporters, funders, and partners on an ongoing basis.

EXECUTIVE SUMMARY

Business Plan: 2024-2028

INTRODUCING CDFI FRIENDLY EVANSVILLE REGION

CDFI Friendly Evansville Region (CFER) is a start-up nonprofit organization that is community-centered and community-controlled. Its purpose is to fill financing gaps across the Evansville Region, with a focus on under-financed communities and people.

CDFI Friendly Evansville Region identifies local financing needs and matches the demand for financing to community development financial institutions (CDFIs) from across the region and nation. CDFIs are special-purpose financial intermediaries that work to meet the financing and financial service needs of customers who are unable to access the mainstream finance system. More than 1,450 CDFIs are working in the U.S. today, managing more than \$450 billion.

New CDFI Financing

This business plan sets a goal of attracting a total of at least \$100 million in CDFI financing with loans in every county in the region. The Evansville region comprises fourteen counties across three states:

- Indiana: Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick Counties
- Kentucky: Henderson County
- Illinois: Gallatin, Johnson, Saline, White, and Williamson Counties

From 2005-2021 CDFIs financed just \$29.2 million across the Region, or \$52 per person, well below the national per capita average of \$435 per person. The corresponding figures were significantly lower through 2020, \$25 per person for the Region versus \$325 nationally. This one year change appears to show an increase due to a single large real estate transaction in Evansville in 2021 and not from a broad increase in CDFI financing overall.

CDFIs provide financing for a variety of purposes. This plan projects lending in the Evansville Region from 2024 through 2028 as follows:

CFER 2024-2028 CDFI Lending Goals

2024	2025	2026	2027	2028	Total 2024-2028
Affordable Housing					
\$2,000,000	\$2,000,000	\$3,000,000	\$5,000,000	\$10,000,000	\$22,000,000
Commercial Real Estate Development					
\$500,000	\$1,500,000	\$2,000,000	\$3,000,000	\$5,000,000	\$12,000,000
Community Facilities					
\$2,000,000	\$2,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$13,000,000
Consumer					
\$0	\$0	\$500,000	\$500,000	\$1,000,000	\$2,000,000
Home Mortgage					
\$0	\$3,000,000	\$4,500,000	\$5,500,000	\$6,000,000	\$19,000,000
Small Business					
\$3,000,000	\$4,000,000	\$7,000,000	\$8,000,000	\$10,000,000	\$32,000,000
TOTAL					
\$7,500,000	\$12,500,000	\$20,000,000	\$25,000,000	\$35,000,000	\$100,000,000

These projections are aggressive and aspirational. Based on CDFI industry history, they are realistic, however, as CDFI financing over time often exceeds expectations. Success depends largely though not solely on how well the staff and Board at CDFI Friendly Evansville Region execute the strategy.

The projections recognize that financing demand in the cities of Evansville and Henderson may be different from financing demand in the rural communities in the Region. In places in the Evansville Region with substantial BIPOC (Black, Indigenous, and People of Color) populations, CFER will focus substantially but not solely on them.

This assumes that CDFI lending will increase at an accelerating rate across the five-year period, reflecting in part (a) that this work gains momentum over time and (b) that larger real estate transactions take longer to come to fruition.

Last, this five-year projection assumes that CDFI financing will continue indefinitely. We would expect years 6-10 totals to exceed these initial five years.

Governance

The new nonprofit will be governed by a diverse Board of Directors drawn primarily from the diverse membership of the Advisory Group that oversaw the development of this business plan (See the membership lists of the Advisory Group and the Working Group below). The Board will include no more than 15 Members, including representatives of the philanthropic, civic, community, private, and public sectors.

Board Members will serve as fiduciaries and will oversee the policies and practices of the organization. They will also oversee organizational goals that they will set. Those goals will include a racial equity goal of ensuring that new CDFI financing annually and over the five-year plan period is at least proportionate to the percentage of BIPOC populations.

Budget

CDFI Friendly Evansville Region (CFER) will be a lean organization with no more than 2.5 FTEs during the next 5 years:

- An Executive Director
- A Communications & Technology Coordinator, and
- An Assistant to the Executive Director (0.5 FTE)

Staff will implement this business plan under the direction of the Board of Directors, with the Executive Director reporting to the Board. Staff responsibilities include outreach across the Region and to CDFIs across the nation, education about CDFIs in the Region and about the Region to CDFIs, and prudent management of the organization's resources. Over time, the Executive Director will assume responsibility for fundraising and development.

The Executive Director will work with the Board and with the Board's Investment Committee to provide clear and accurate financial and programmatic reporting internally and externally.

The Executive Director will be the primary public spokesperson for the organization and will be responsible for the implementation, operations, and execution of the organization's work.

The Communications & Technology Coordinator will report to the Executive Director. The coordinator will have primary responsibility for outbound communications (through marketing, social media, etc.) and for maintaining digital systems required for the organization's success, such as a Customer Relationship Management system, a website, social media accounts, and loan management software.

In its first year, 2024, CFER expects to spend \$295,750 against revenues of more than \$308,118. To achieve its goal of \$100 million in new CDFI Financing over five years (2024-2028), over that period it expects to spend \$1.73 million against revenue of just under \$1.8 million.

The Advisory Group of CDFI Friendly Evansville Region expects to raise the initial three years of operating funding (\$766,000) during start-up to ensure organizational stability.

See the full Budget on page 31 of the Business Plan.

CFER will also operate a Capital Enhancement Fund to provide *pari passu* (side-by-side with equal standing) financing alongside CDFIs from outside the region. By year-end 2024, that Fund should be capitalized at \$1.2 million, growing to \$3 million by year-end 2028.

The Advisory Group also expects to capitalize the Enhancement Fund through year 3.

CONCLUSION

This *Executive Summary* introduces CDFI Friendly Evansville Region. To obtain a copy of the full *CDFI Friendly Evansville Region Business Plan: 2024-2028*, please download it at CDFIFriendlyEvansville.org/businessplan.

ACKNOWLEDGMENTS

The Advisory Group for CDFI Friendly Evansville Region is grateful to the following supporters for making it possible to pursue this opportunity.

CDFI Friendly Evansville Region Supporters

Banterra Bank	First Federal Savings Bank
CenterPoint Energy Foundation	German American Bank
Chapman Family Foundation	Heritage Federal Credit Union
City of Evansville	John & Karen Cinelli
Community Foundation Alliance	Legence Bank
Evansville Regional Business Committee	Lisa & Bob Jones Family Foundation
Evansville Regional Economic Partnership	Old National Bank
Fifth Third Bank	Vanderburgh County
First Bank	

CDFI Friendly Evansville Region Advisory Group

Tara Barney - Evansville Regional Economic Partnership	Justin Elpers - Vanderburgh County
Shane Bradford - CenterPoint Energy Foundation	Bob Jones - Retired (Old National Bank)
Reverend Adrian Brooks - Memorial Baptist Church	Tom Moore - The Dream Center
Abraham Brown - Holy Name of Jesus Catholic Church	Connie Robinson - HMR Enterprises Inc.
Alex Burton - City of Evansville, IN	Roland Shelton - Old National Bank
Jill Carpenter - Community Foundation Alliance	DeAndre Wilson - Bedford Collab
Mike Carroll - Heritage Federal Credit Union	Mayor Lloyd Winnecke - City of Evansville, IN

CDFI Friendly Evansville Region Working Group

Rasheedah Ajibade - Memorial CDC	Geronica Hazelwood - Missing Pieces CDC
Larry Barnhill - Heritage Federal Credit Union	Tim Jones - Community Foundation Alliance
Josh Calhoun - Hope of Evansville	George Madison, II - Countryside Property
Tanisha Carothers - T. Carothers Law Office	Jared McIntosh - Fifth Third Bank
Carl Chapman - Retired (Vectren Corp.)	Tyler Stock - Evansville Regional Economic Partnership
Doug Claybourn - SouthWest Indiana SBDC	Amy Susott - Heritage Federal Credit Union
Dom Cosby - Trinity Tech	Liz Witte - Sigma Equipment
Jeremy Evans - Dream Center	

Market Analysis

INTRODUCTION

CDFI Friendly America conducted a market analysis of the potential to increase the flow of CDFI financing, know-how, and technical assistance in the Evansville Region. Our primary objective was to understand the demand for CDFI financing by sectors and in different areas within the region. We wanted to find out if the demand is sufficient to attract CDFIs to the Region.

We researched the market quantitatively and qualitatively: Initially, we used publicly available data sources and CDFI Friendly America's proprietary analyses. In addition, we conducted a series of interviews, conversations, and meetings in the Evansville Region with nonprofit leaders, public officials, bankers, foundation representatives, and others between January and July 2023.

We found ample demand for the types of financing CDFIs provide. The research suggests that CDFIs could be drawn to the Evansville Region and that more CDFI lending would produce positive economic and social results for the Region and community residents, particularly, but not only, Black and Hispanic residents.

The greatest potential impact would seem to be in the cities of Evansville, IN, and Henderson, KY, both areas with relatively high populations and levels of economic distress. Community support and engagement are strong in Evansville, evident in Henderson, and promising in many counties across the Region. CDFIs we spoke to expressed strong interest in lending in the Region.

The Evansville region is composed of fourteen counties across three states:

- Indiana: Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick Counties
- Kentucky: Henderson County
- Illinois: Gallatin, Johnson, Saline, White, and Williamson Counties

We identified many assets and opportunities across the Region that would facilitate a CDFI Friendly Strategy, including:

- Regional funding streams that could be leveraged for this strategy.
- Opportunities to educate the community about CDFIs and identify potential CDFI deals.
- The potential for collaboration with banks and credit unions.
- The opportunity to build on existing regional public-private collaborations.

- An awareness, particularly in Evansville and Henderson, of the need to advance racial equity.
- Strong public support and leadership for the CDFI Friendly Strategy.
- Historically strong corporate leadership.

The Region also presents challenges. Outside of Evansville and Henderson, we observed a low level of engagement in our educational and organizing conversations during our work in the Region. As in most communities, we found a limited understanding of CDFI financing. Finally, we learned that racial equity work has not focused on racial and other financing disparities and generally has not involved quantifiable goal-setting for impact and economic outcomes related to favorable financing.

THE EVANSVILLE REGION'S HISTORY OF CDFI FINANCING

We analyzed historic data from the U.S. Department of the Treasury's CDFI Fund using the Fund's Transaction Level Reporting data for the period 2005 to 2021. We found that per-person CDFI lending across the Evansville Region is significantly less than the national average: \$52 per person (\$29.2 million) versus \$435 per person (\$141.2 billion). In the Region's two largest cities, Evansville, IN (Vanderburgh County) and Henderson, KY (Henderson County), CDFI lending was \$199 per person totaling \$23.5 million and \$30 per person totaling \$866,124, respectively.

These figures show an increase in 2021 over 2020 that appears to result not from a broad increase in CDFI financing but instead from one large real estate transaction in Evansville in 2021. The corresponding figures through 2020—\$25 per person for the Region versus \$325 nationally—were significantly lower.

CDFI financing can range from small (\$50 for some consumer loans) to large (\$20 million or more in some instances). CDFIs make loans to affordable housing and other developers, startup and small businesses, nonprofit organizations, and consumers. What we have not observed in the Evansville Region is broad-based increases across asset types and across the geographic region.

Comparing levels of economic distress in the Region to the nation as a whole, we would expect per capita lending to be on par or significantly higher than national levels. The CDFI Fund defines CDFI "Investment Areas" as census tracts that include at least one indicator of economic distress. The CDFI Fund considers high poverty rates, high unemployment, and low median incomes as indicators of economic distress.

Nationally, 46% of census tracts are qualified Investment Areas. In the Evansville Region, 43% of census tracts are CDFI Investment Areas, very close to the national level. The Region's cities have much higher concentrations: 67% of census tracts in Evansville and

all (100%) census tracts in Henderson are Investment Areas (See Appendix A for a map of Investment Areas in the Region). Given these relative levels of economic distress, we would expect CDFI loans per person in the Region to be higher and in Evansville and Henderson to be substantially higher than the \$435 national average (See Appendix B. CDFI Lending 2005-2021).

During our interviews, we found minimal awareness or understanding of CDFIs. This is not surprising given that CDFIs have played no regular role in the Region. There is moderate bank familiarity with CDFIs, with several local banks participating in CDFI Friendly South Bend & CDFI Friendly Bloomington. Other banks have limited to no experience working directly with CDFIs.

Past CDFI lending in the region is described here by sector.

Small Business: No one we interviewed was aware of any CDFI lending to small businesses in the Region, though we later learned that at least two CDFIs (Community Investment Fund of Indiana (CIFI) and Allies for Community Business) have made at least one loan in the Region. CIFI is a statewide (IN) business loan fund interested in Evansville, and Allies for Community Business is a Chicago-based CDFI serving all of Illinois and Indiana. MEDA, a CDFI based in Minneapolis with a focus on Black-owned businesses, has expressed interest in sharing its experience with the generational transition of businesses from founders to new owners. A former CEO of MEDA is working with Evansville Regional Economic Partnership (E-REP) on the Evansville supplier diversity initiative. LOCUS Impact Investing, an affiliate of Virginia Community Capital, a CDFI bank, is advising the Community Foundation Alliance on the Alliance's new Impact Investment strategy. Both of these hold significant promise as complementary strategies alongside CFER.

Housing and Homeownership: At least two (2) CDFIs have financed nonprofit housing developers in Evansville—CIFI and Cinnaire, have made loans to affordable housing developers. In addition, Cinnaire and IFF are providing housing finance in the two established Indiana CDFI Friendly Cities (Bloomington and South Bend), including a line of credit to a for-profit developer and a loan for a housing cooperative.

We are unaware of any CDFIs having provided home mortgage loans in the Region to date.

Community Facilities: Two CDFIs have financed at least three non-profit community facilities in the Region. Cinnaire made a New Markets Tax Credit investment in a YMCA. IFF, based in Chicago with an office in Indianapolis, made a loan to ECHO for a healthcare facility and to the Lampion Center, a social service agency that provides affordable counseling services for children, adults, and families.

Commercial Real Estate: We are aware of a single CDFI commercial loan in the region. IFF made a commercial real estate loan to Memorial CDC to purchase a shopping plaza.

Consumer: We did not identify any CDFI consumer lending in the Region. At least one interviewee mentioned that Prosperity Indiana, a membership organization for individuals and organizations focused on strengthening communities, is the statewide coordinator for the Community Loan Center (CLC). A CDFI-affiliated program based in Texas, CLC provides an employer-based payday alternative loan program. A CLC lender serves twenty-three counties in northern and west central Indiana; to date, the CLC loan is unavailable in the Evansville Region.¹ We also learned that Memorial CDC considered starting a CDFI credit union to offer much needed financial services to the community, but was unable to obtain the startup capital required by the credit union regulatory body, National Credit Union Administration (NCUA).

DEMOGRAPHICS

Slightly more than half a million (560,130) people live in the largely rural Evansville Region. The Region is defined by a relatively stable economy but has long experienced nearly stagnant population levels and a significant shortage of quality affordable housing. The Region's population is overwhelmingly White.

The cities of Evansville and Henderson have the highest concentrations of people of color. These cities also have the Region's highest poverty rates.

This section provides a brief description of the region as a whole followed by descriptions of various geographic subsets (the cities of Evansville and Henderson, Vanderburgh County, Henderson County, the Evansville Metro Area, the outer Indiana counties, and the Southern Illinois counties). See Appendix C for the CDFI Friendly America Data Assessment for supporting data.

The Evansville Region: The Evansville Region has a total population of 560,130, with 56% living in the four counties in the Evansville Metro Area and the remaining 44% disbursed throughout the other ten counties. Wages are low: the median family income is almost \$67,766 compared to \$77,263 for the U.S. The poverty rate is almost 14%, which is comparable to the U.S. rate. Unemployment is slightly lower than the U.S. at 3.2% versus 3.6% nationally. Housing costs are high, with almost 19.1% of homeowners and 44.8% of renters spending more than 30% of their incomes on housing. Diversity is low, with 10.8% people of color in the Region compared to almost 21% in Indiana and 39% in the US. Forty-three percent of the region's census tracts are CDFI Investment Areas. CDFIs

¹ [Prosperity Indiana - Community Loan Center](https://www.prosperityindiana.org/CLC) (https://www.prosperityindiana.org/CLC)

prioritize these investment areas and also serve low-income individuals and businesses located outside of these areas.

City of Evansville: Evansville is the third largest city in the state after Indianapolis and Fort Wayne. With a population of just under 120,000 people, the city comprises more than one-fifth of the Region's total population. Evansville had a low population growth rate of less than 0.5% from 2010 to 2019, compared to Indiana at 3.9% and the U.S. at 6.8%. Recognizing the need to grow its population if it is to thrive economically, E-REP's Regional Development Plan sets a goal of increasing the population by 10,000 by 2025 through strategies such as attracting high-paying jobs, building quality and conveniently located affordable housing, developing amenities such as riverfront parks, and rebranding the region as the "talent and economic region of choice in the Midwest"².

Median family income (\$52,589) is more than \$18,000 lower than Indiana (\$71,164) and almost \$25,000 lower than the median family income in the U.S. (\$77,263). The poverty rate is almost 22%, with higher rates for people of color: more than 34% for both Blacks Hispanics. The city's 3.4% unemployment rate is comparable to the rate of Indiana and the United States³. Notably, 40% of Evansville is considered a food desert. Sixty-seven percent of the city's census tracts are CDFI Investment Areas.

The racial composition of the city is 13% Black and 3% Hispanic, with the Hispanic population growing rapidly in the last five years. Due to increased immigration, there is a growing need for resources for non-English speakers (in Spanish, Haitian Creole, French, and Marshallese) in Evansville businesses, nonprofit organizations, financial institutions, and the school system. Even as the city becomes more racially diverse, racial disparities continue to exist, and the city remains racially segregated.

Vanderburgh County, Indiana: The population of Vanderburgh County is 181,291, with 65% of residents living in Evansville, the county seat. Vanderburgh County is the most diverse county in the Evansville Metro Area, with people of color concentrated in the city of Evansville: Blacks comprise almost 10% of the county population versus 13% of the city population; Hispanics comprise 2.7% of the county population, just below the city's 3%.

The county's median family income is \$66,382, almost \$14,000 higher than the City of Evansville but \$11,000 lower than the U.S. Hispanic, Black, and Native American residents have the lowest incomes in the county. The county's poverty rate is 16.7%, which is lower than Evansville (22%) but higher than Indiana and the U.S. (both 12.6%). Almost 20% of children live in poverty and 14% of residents face food insecurity regularly. The county's unemployment rate of 3.0% compares favorably with Indiana

² [READI-Regional-Development-Plan-1.pdf \(evansvilleregion.com\)](#)

³ Unemployment rates at the city level come from 2021 Census ACS data; while all other geographies reflect 2022 Bureau of Labor Statistics (BLS) data.

(3.0%) and the U.S. (3.6%). Fifty-seven percent of the county's census tracts are CDFI Investment Areas. CDFIs target these areas as well as low-income individuals living outside of these areas.

City of Henderson: Almost 29,000 people reside in the City of Henderson, which grew by less than 1% from 2010-2019. The population is 10% Black and 3% Hispanic. The median family income is \$57,753 and the poverty rate is 23%. One hundred percent of the city's census tracts are CDFI Investment Areas. The unemployment rate is 1.8%, which compares favorably with Kentucky (3.9%) and the nation (3.6%); however, the labor force participation rate is only 55%, which is lower than Evansville's 63%, and Kentucky's 59.3%. The city has a shortage of affordable housing. More than 21% of homeowners and 45% of renters are housing-cost burdened, paying more than 30% of their income for housing. Many lower-income people live in the East End of the city, which has outdated infrastructure, blight and few economic development opportunities. The redevelopment of this area is a priority for the city administration.

Henderson County, Kentucky: Henderson County has 45,829 residents. The county is less diverse than Evansville and Vanderburgh County, with Blacks comprising 7.3% of the population and Hispanics 2.6%. Henderson County has a median family income of \$61,645, higher than Evansville (\$52,589) but lower than Vanderburgh County (\$66,382). The poverty rate is 18.5%. The county's unemployment rate of 3.8 % is slightly higher than Vanderburgh County's (3.0%). Sixty-four percent of the county's census tracts are CDFI Investment Areas.

Evansville Metro Area (Posey, Vanderburgh, and Warrick Counties in Indiana and Henderson County in Kentucky): The Metro Area population is almost 315,000, 56% of the Region's population. Median income is more than \$71,000, on par with the state of Indiana but below the national \$77,263. The unemployment rate is 3.0% which is the same as Indiana (3.0%) and lower than the U.S (3.6%). Wages for manufacturing jobs are higher than the state average but there is no reliable public transportation to many of these jobs. The poverty rate is 12.9%. For Blacks, the poverty rate is more than double at over 30%, and 26% for Hispanics. These are considerably higher than the national poverty rates of 22% for Blacks and 18% for Hispanics. One fifth (20%) of homeowners and almost 48% of renters are housing cost-burdened, spending more than 30% of income on housing—and vacancy rates for multifamily rental housing are very low. The population is 13.2% people of color, including 7% Black, 2.4% Hispanic, and 1.3% Asian. Forty-nine percent of the metro area's census tracts are CDFI Investment Areas.

Outer Indiana Counties (Gibson, Knox, Perry, Pike, and Spencer): These counties have a population of 122,648, and their population declined by 1.9% between 2010 and 2019. Median income is \$67,852 and is considerably higher than the cities of Evansville (\$52,589) or Henderson (\$57,753), but lower than the State of Indiana (\$71,164) or the

U.S. (\$77,263). The unemployment rate is low at 2.6%, lower than Indiana (3.0%) and the U.S. (3.6%).

Southern Illinois Counties (Gallatin, Johnson, Saline, White, and Williamson):

These five Southern Illinois counties are largely rural with very small towns and counties. The combined five-county area has a population of 122,522. The largest county is Williamson, with a population of just over 67,000; the smallest is Gallatin, with a population of just under 5,000. People of color comprise 9.4% of the area’s population. The median family income is \$60,335, and the poverty rate is 14.6%. The economy is primarily agricultural and medical, with limited manufacturing. In the 2008 financial crisis, unemployment reached 13%; it has fallen, but at 4.5% it is still higher than Evansville or the outer Indiana counties. Notably, when asked about the most challenging areas and areas where people of color live, interviewees gave examples outside of the five-county region. The state is developing a port in Cairo (Alexander County) which could bring a massive number of jobs to the region, but there is no infrastructure for the workers (workforce housing, restaurants, retail). A new organization, Southern Illinois Now (SI Now), was launched in Fall 2022 by business leaders across 11-12 Illinois counties to work together as a single region. Forty-nine percent of the area’s census tracts are CDFI Investment Areas.

Racial Inequities in the Region: The Evansville Region’s racial disparity, as evidenced by poverty rates, is substantial and similar to nationwide racial disparity. The table below shows that poverty rates among Black and Hispanic populations are significantly higher locally, regionally, statewide, and nationally than the rate for White people, based on the most recent available data. In Evansville and the larger Evansville metro area, approximately twice the percentage of people of color live in poverty compared to White people. The poverty rates for all populations are higher than those in Indiana or the U.S.

Poverty Rates by Race and Ethnicity (2021)

<i>Race and Ethnicity</i>	<i>City of Evansville</i>	<i>Evansville, IN-KY Metro Area</i>	<i>Indiana</i>	<i>United States</i>
White	16.8%	11.3%	10.3%	10.3%
Black	34.7%	30.4%	25.8%	21.7%
Hispanic	34.4%	26.1%	19.4%	17.7%
Total	19.9%	12.9%	12.5%	12.6%

Source: US Census Bureau, 2021 American Community Survey.

Although the incomes of people of color seem to be increasing, the median income of Blacks, \$27,604, is 35.0% lower than the median household income (\$42,623) of all households. There is a higher proportion of Black and Hispanic renters (74.0% and

61.6% respectively) than whites (46%). Further, renters of color are more likely to be cost-burdened: half of the ten highest rental cost-burdened census tracts in Evansville are areas with the highest proportion of people of color⁴.

Several interviewees commented that few people of color are included in local power structures, and our observations seem to bear this out. While there is widespread acknowledgment of racial & ethnic inequality harming Black, Hispanic, and other residents of color, there are disagreements between people of color and White community leaders on the extent of racism as an economic and social factor.

THE NEED FOR CDFI FINANCING & FINANCIAL SERVICES

We found a need for the responsible, affordable CDFI Financing across financing sectors—business and commercial real estate, housing and homeownership, community facilities, and consumer.

Small Business: There is a lack of access to retail services in the Region, particularly for small communities where getting a new gas station or dollar store is a major. Low-income neighborhoods in Evansville have many restaurants but few grocery stores and other businesses. Entrepreneurs, small farms, and small-scale housing developers struggle to access capital and lack professional networks. BIPOC (Black, Indigenous and People of Color) entrepreneurs in particular lack access to appropriate assistance in starting and growing their businesses, including training, advisors, mentors, and professional network building.

The Southwest Indiana Small Business Development Center (SBDC) is the primary business support organization in the Region. The organization helps businesses start, grow, finance, innovate, and transition through no-cost, confidential business advising and training. In 2022, the SBDC provided counseling to 462 entrepreneurs. Twenty-two percent of the SBDC's counseling clients are people of color. The volunteer-run Black Chamber of Commerce is the only support network specifically for Black entrepreneurs.

A new source of support to new and expanding businesses is a business incubator planned by the The Knox County Economic Department.

From 2010-2018, 44 banks made 328 Small Business Administration 7a (guaranteed) loans totaling \$140 million in the Metro Area. Most SBA 7a loans were made by regional and local banks (German American Bank was the largest lender (112 loans) followed by Legence Bank (35 loans), Old National Bank (27 loans), and First Federal Savings Bank (20 loans).

⁴ Socio-Economic Data Analysis Prepared for the City of Evansville, Indiana by Bowen National Research.. November 2, 2022

In 2022, the SBDC helped facilitate 24 small business loans totaling more than \$8 million, including approximately 12 SBA 7a loans. Only 4%⁵ of SBDC-facilitated loans went to BIPOC entrepreneurs despite the fact that BIPOC entrepreneurs represent 22% of all clients served. This disparity in financing highlights the significant issue of access to financing for BIPOC entrepreneurs in the Region. The only other non-bank small business lenders in the region are small revolving loan funds that are not well known and have limited reach. These are run by the City of Evansville (EDA Promise Zone Revolving Loan Fund, Community Revitalization Loans), HOPE of Evansville, and the University of Evansville (ACE3 for women- and minority-owned businesses). Vectren Corporation used to operate a business loan fund before its 2019 merger with CenterPoint Energy. The Warrick County Economic Development Dept is considering creating a business loan fund.

Housing and Homeownership: Access to affordable housing is a significant challenge in the Region and in Evansville in particular. In Evansville alone, there is an estimated need for more than 5,000 additional units of quality affordable housing (between 2020 to 2025, the city will need 2,806 new rental housing units and 2,229 owner-occupied units⁶). The need is particularly acute for people making less than 30% of the median income.

Homeownership: Median owner-occupied home values in the Region are low relative to Indiana and the U.S. (\$111,350 in the Region compared to \$141,700 in IN and \$217,500 in the U.S.). Yet, more than 20% of Metro Area homeowners and 19.1% of the Region are cost-burdened, spending more than 30% of their incomes on housing. Low housing values make it challenging to build new units or rehabilitate existing older homes as the cost of acquisition and construction often exceeds the final value of the home.

In interviews we learned about a growing problem with unscrupulous companies preying on Hispanics, Blacks, and low-income residents. The companies buy poor-quality houses and make cosmetic improvements. They sell to people of color at high prices and interest rates, not disclosing the significant additional renovations still needed.

There is a need for quality for-purchase housing options affordable to low- to moderate-income individuals and families. There is also a need for creative, flexible financing to build and renovate properties in a market where the cost of construction tends to be higher than the revenue generated by the sale of the property.

Rental Housing: Gross monthly rents are relatively low in the region: \$595 in the Metro Area and \$476 in the Region compared to almost \$650 in Indiana and \$896 in the USA. These low rents make it challenging to build new units or rehabilitate existing older units

⁵ 2 loans totaling \$338,000.

⁶ State of E Report 2022 <https://www.forevansville.org/stateofe>

as the cash flow from the rents do not support the loan required to finance acquisition and construction.

Although rent is modest, more than half of renters in the city of Evansville and 45% of renters in the Region are cost-burdened, paying more than 30% of income on housing. In Evansville, low-income people double and triple up, live in dilapidated units owned by irresponsible landlords and experience frequent evictions and moves.

Supportive Housing (housing with services on the premises): The number of individuals experiencing homelessness was largely unchanged over the past 10 years in Vanderburgh County with 488 individuals in 2020.⁷ Poor mental health and substance abuse are major concerns throughout the Region. There are few supportive housing options for these populations and for people with disabilities.

Housing Developers: Nonprofit community organizations are active developers of affordable housing in the Region. These include five Community Housing Development Organizations (CHDOs) in Evansville (Community Action Program of Evansville (CAPE), ECHO Housing, Evansville Housing Authority, HOPE of Evansville, and Memorial Community Development Corporation), as well as one other nonprofit affordable housing developer, Habitat for Humanity. The largest developer of affordable rental units in the Region is Advantix, the Evansville Housing Authority's nonprofit developer. Advantix has completed more than ten Low Income Housing Tax Credit (LIHTC) projects in the state, one of which is in the Region. In 2022, it developed more than 400 units across three projects.

In interviews, some of these nonprofits reported that their production is limited by a lack of access to affordable financing. For example, Advantix estimates that it could take on two to three more projects annually if additional financing became available.

The Evansville Land Bank is a potential partner for developers in the city. Created in 2015, from mid-2016 through the end of 2018, the Land Bank transferred 320 parcels to individuals, nonprofit organizations, and for-profit businesses. As of 2019, the Land Bank held title to approximately 400 parcels, 96% of which are located in Pigeon Township.

Community Facilities (buildings owned by nonprofit organizations): There is significant demand for substance abuse and mental health services. This may translate into the need for new facilities or renovation of existing facilities. There is also a need to increase access to affordable childcare, particularly since some childcare facilities closed during the pandemic. In addition to financing community facilities, IFF offers the expertise needed to take community facility projects from concept to reality, supporting

⁷ The Commission on Homelessness for Evansville and Vanderburgh County and the Regional Homeless Service Council: <https://www.evansvillegov.org/egov/apps/document/center.egov?view=item:id=6455>

them throughout the feasibility assessment, planning, site selection, design, financing, groundbreaking, and construction to ribbon-cutting.

Commercial Real Estate: Commercial real estate was mentioned only occasionally during our interviews other than to acknowledge that banks do not typically lend to non-owner occupied real estate, pointing to a potential need for CDFIs that finance these properties. We believe there is significant unmet potential demand here.

Consumer Finance: There are few bank and credit union branches in low-income communities in the Region. In Evansville’s Tepe Park, for example, there is only one walkable bank branch. The percentage of unbanked residents in the states represented in the Region to the U.S. (5.4% in the U.S. vs 5.6% in Indiana, 5.2% in Kentucky, and 4.4% in Illinois). Though data are not available for the region, we expect that unbanked rates are higher among lower-income, Black, and Hispanic individuals just as they are nationally.

The underbanked rate is 12% in Indiana and 10% in Illinois, both lower than the U.S. rate of 14.1%; Kentucky is higher at 16.1%. The underbanked have bank accounts but regularly use check cashers and payday lenders.⁸ Several interviewees expressed a need for low-cost check cashing services, responsible car loans, and alternatives to payday loans. Residents of the Region’s underserved communities pay a fee to cash checks at food markets and other retailers. For example, Tepe Park residents go to Simpson’s Food Market to cash checks. There are multiple high-cost auto lenders in the Region.

There is a recognized need for financial literacy training in the Region and the state. A bill in the Indiana State House that would require financial literacy education in high schools could help address this problem for youth but not adults.

THE DEMAND FOR CDFI FINANCING

The Evansville Region has significant needs that CDFI financing can help address. CDFIs target their lending to economically distressed areas (called CDFI Investment Areas and defined as census tracts with high poverty, high unemployment, and/or low incomes) and to low-income individuals regardless of whether they live in a CDFI Investment Area. These findings are consistent with the Evansville Regional Development Plan (Talent 2025), which includes a goal to reduce the number of households in poverty “to make sure every family” has access to employment, shelter, food, etc. Many of the Plan’s priority projects align with basic CDFI priorities (e.g., developing affordable housing and supporting small businesses, particularly those owned by people of color through

⁸ Source: 2021 FDIC Household Survey

targeted initiatives including diversification of supply chains). Our interviews and subsequent loan inquiries demonstrated real demand for this financing.

In May 2023, CDFI Friendly Evansville Region began accepting loan inquiries from potential CDFI borrowers. In the first three months, we received 44 inquiries.

- The majority, 38, are entrepreneurs seeking financing for small businesses. Fourteen (14) were seeking financing to start a business and 24 to grow a business. Loan requests ranged from \$2,500 to \$800,000. Business types include general contractors, trucking and hauling, barbershops, nail salons, restaurants and food trucks, and lawn care.
- Four (4) are non-profit organizations interested in financing for community facilities such as community centers, wellness centers, commercial kitchens, and career centers. Loan requests range from \$40,000 for working capital to \$630,000 to purchase equipment.
- Two (2) are affordable housing developers seeking financing to develop rental and for-sale housing and to provide mortgages to future homeowners.

Almost all inquiries are from Evansville. Three (3) are entrepreneurs based in Newburgh, Boonville, and Vincennes; and three (3) are real estate deals (one community facility and the two housing projects) in Henderson. We have not received any inquiries from Illinois as of this date. As our outreach expands and CDFI financing gains greater visibility, we expect this pipeline to grow.

CDFIS INTERESTED IN THE EVANSVILLE REGION

As described above, historically, there has been minimal CDFI lending in the region. CDFI Friendly America has identified nineteen (19) CDFIs headquartered across the country that are interested in lending in the Evansville Region. See full list of CDFIs on page 20. Eight of them traveled to Evansville for the May Convening, and we have begun to refer loan inquiries to them as the potential deals come in. This section details interested CDFIs by sector. This information is based on interviews and does not include historical CDFI loans that our interviewees were not aware of when we spoke to them.

Small Business: To date, we have identified nine (9) CDFIs interested in making micro-enterprise and small business loans in the Region. These include three CDFIs based in Indiana—Bankable, CIFI, and LISC-Indiana—and six based outside the state, including Allies for Community Business based in Chicago and Community Reinvestment Fund based in Minneapolis. Together, these CDFIs make loans to startup and growing businesses. Loans range in size from \$500 for entrepreneurs who need to repair their credit or establish a credit history to \$10 million for growing businesses acquiring real estate.

Housing and Homeownership: To date, we have identified eight (8) CDFIs interested in making affordable housing development loans in the Region. In addition to CIFI and Cinnaire, which have already made housing loans in the Region, six other CDFIs are interested in entering the market: Clearinghouse CDFI based in California, LISC-Indiana, Fahe based in Kentucky, Housing Assistance Council based in Washington, D.C., IFF based in Illinois, and Rural LISC based in New York. Together, the eight CDFIs provide predevelopment, acquisition, construction, and permanent financing for affordable housing projects. Loans range in size from \$50,000 to more than \$10 million.

We have identified two CDFIs interested in expanding their mortgage lending to the Evansville Region. These are Just Choice Lending, an affiliate of Kentucky-based Fahe and Great Rivers Community Capital, an affiliate of Missouri-based Justine Petersen. These CDFIs provide a range of mortgage products for first-time and income-constrained borrowers. Products include down payment assistance loans, first and second mortgages, and refinance loans. Some products do not require any down payment.

Community Facilities: To date, we have identified four CDFIs—Cinnaire, Clearinghouse, IFF, and CIFI— that offer community facilities loans of up to \$10 million to nonprofits in the region that want to purchase or renovate a building.

Commercial Real Estate: Our market research did not find current demand for commercial real estate loans in the region; we often find that local community leaders do not know CDFIs lend for commercial real estate. In addition to IFF, however, which has already made a commercial loan in Evansville, four other CDFIs we talked to can make these loans should the opportunity arise. These include Capital Impact Partners based in Virginia, CIFI, Clearinghouse, and Community Reinvestment Fund based in Minnesota. Together, these CDFIs offer pre-development, acquisition, construction, and permanent financing of up to \$40 million for commercial real estate.

Consumer: To date, we have identified two CDFI consumer lenders interested in offering loans in the Evansville Region. On the Road Lending, based in Texas, makes low-cost loans on reliable cars to individuals that would otherwise have to turn to high-cost auto loans. On the Road Lending is in the process of acquiring an Indiana consumer lending license. The Capital Good Fund based in Rhode Island provides low-cost small dollar loans of \$300 to \$1,500. Loans can be used for a wide range of purposes including auto repair and emergencies, and can serve as an alternative to predatory payday loans. Capital Good Fund also offers immigration loans of up to \$20,000 for fees related to acquiring U.S. citizenship and other immigration steps. Capital Good Fund is licensed to lend in Illinois but not Indiana or Kentucky.

CDFIs Interested in Lending in the Evansville Region by Sector (including headquarters location)

Small Business

- Allies for Community Business (Illinois)
- Bankable (Indiana)
- CDC Small Business Finance (California)
- CIFI (Indiana)
- Clearinghouse CDFI (California)
- Community Reinvestment Fund (Minnesota)
- Justine Petersen (Missouri)
- LiftFund (Texas)
- LISC (Indiana)

Housing

- CIFI (Indiana)
- Cinnaire (Michigan)
- Clearinghouse CDFI (California)
- Fahe (Kentucky)
- Housing Assistance Council (HAC) (Washington, D.C.)
- IFF (Illinois)
- LISC (Indiana)
- Rural LISC (New York)

Homeownership

- Just Choice Lending (Kentucky)
- Great Rivers Community Capital, affiliate of Justine Petersen (Missouri)

Community Facilities

- CIFI (Indiana)
- Cinnaire (Michigan)
- Clearinghouse CDFI (California)
- IFF (Illinois)

Commercial Real Estate

- Capital Impact Partners (Virginia)
- CIFI (Indiana)
- Clearinghouse CDFI (California)
- Community Reinvestment Fund (Minnesota)
- IFF (Illinois)

Consumer

- Capital Good Fund (Rhode Island)
- On the Road Lending (Texas)

Potential Partners: CDFIs, local organizations, and community-focused individuals in the Region would find mutual benefit in collaboration. Local economic development organizations can facilitate CDFI lending by connecting potential borrowers to CDFIs; the regional focus of these local organizations aligns with many CDFIs' interest in serving the Region rather than a particular municipality or county. Similarly, the existence of regional funding streams can bolster CDFIs' impact in the region. For example, the regional Community Foundation Alliance's new impact investing initiative creates opportunities for collaboration at the deal level as well as the potential for additional support to CDFIs. Finally, experienced small business owners can mentor aspiring entrepreneurs. This is of particular importance in communities of color, where professional networks may not exist. For example, successful first-generation Hispanic restaurant owners can help next-generation Hispanics start up restaurants and other businesses that provide goods and services needed in their communities.

In addition to finance, several CDFIs also provide coaching assistance to small businesses, consumers, and non-profit organizations. This is particularly important for new business owners that may require assistance establishing a business plan, learning how to market their products and services, and other areas. Building a relationship with borrowers and assisting them with the demanding and multi-faceted aspects of owning and operating a business is a major goal of CDFIs. Further, this coaching can provide the assistance they need to secure financing. This assistance is also available after a loan has been approved due to their hands-on monitoring of loans.

Current Technical Assistance (TA) capacity from CDFIs and local resources is inadequate to meet the scope and scale of the need across the Evansville Region. While several strong TA providers are at work, we identified the need for deeper technical assistance in a range of instances to help prospective borrowers get ready to seek financing. This TA ranges from bookkeeping to tax preparation to hiring to bidding on contracts to financial literacy and financial systems literacy. While CFER may need to provide some basic TA, it also should plan to draw on regional and national resources and so should acquaint itself with the growing number of TA providers. These include several programs offered by large CDFIs and/or groups of large CDFIs to build the capacity of entrepreneurs of color seeking to become real estate developers and existing and planned offerings for entrepreneurs of color such as the ICIC (the Initiative for a Competitive Inner City), which is already working with CDFI Friendly Fort Worth and which is interested in working with more CDFI Friendly communities.

CONCLUSION

There is ample potential demand in the Evansville region for CDFI financing, from affordable housing to small businesses to consumer finance. We estimate at least \$100

million in effective demand over the next five years (See page 31 for Pro Forma Financial Statements). To date, we have identified nineteen (19) CDFIs interested in lending in the Region. All but three are headquartered outside of the Region. We fully expect this list to grow over time as CDFI Friendly Evansville Region gains visibility.

Strategy and Goals

CFER will be a community-centered and community-controlled nonprofit organization. It fills financing gaps across a 14-county Region in Indiana, Kentucky, and Illinois by matching demand for financing with CDFIs that can meet the demand. This strategy is customized for the Evansville Region and recognizes that financing demands in the cities of Evansville and Henderson is different than financing demands in most other communities in the region. It focuses on under-financed markets, including Black, Hispanic, and other BIPOC (Black, Indigenous, and People of Color) markets. It will also work to educate local public, private, and philanthropic organizations, residents, and businesses about CDFIs and to incentivize and reduce the risk of CDFI lending in the Evansville Region.

It will work to develop and sustain a high-functioning CDFI marketplace in the Evansville Region by generating and identifying demand for CDFI financing and by educating and informing Evansville Region residents, developers, government officials, civic leaders, businesses, and nonprofits about how CDFIs can address their needs with customized financing and then by connecting them to CDFIs.

- To those ends, CDFI Friendly Evansville Region will develop, promote coordination among, and make the most of trusted Evansville Region relationships with:
 - Entrepreneurs, businesses, nonprofits, developers, homeowners, renters, and others to understand their financing needs and to discuss opportunities—with a focus on Black, Hispanic, and other BIPOC led enterprises and efforts.
 - County and local economic development experts to understand financing needs in their geographies and to identify prospective CDFI borrowers.
 - Community organizations, faith-based institutions, and local government agencies to get their guidance on the financing needs of their communities and to match prospective borrowers with the technical assistance they need.

- Technical assistance (TA) providers to learn what types of support they can provide to help prospective borrowers become loan-ready and to help ensure borrowers succeed.
- CDFIs that have demonstrated interest in providing financing in the Evansville Region market to understand their priorities and to connect them to opportunities for financing.
- Mainstream financial institutions working in the Evansville region, particularly banks and credit unions, to discuss their priorities, their understanding of market conditions, and their opportunities for financing the community either directly, in partnership with CDFIs, or through CDFIs.
- Public entities (local, regional, state, and national, as needed) to anticipate opportunities and other factors that might affect this effort and to identify prospective CDFI borrowers.
- Local philanthropic sources to explore opportunities to collaborate on projects or provide operating grants or loan capital to CDFI Friendly Evansville Region or CDFIs.
- Identify, cultivate, and provide a steady pipeline of financing opportunities to CDFIs by:
 - Actively engaging small businesses, entrepreneurs, developers, nonprofits, consumers, and others—with a focus on BIPOC-led groups—to utilize CDFIs.
 - Providing “warm” referrals of businesses, nonprofits, developers, community organizations, homeowners, renters, and others seeking financing to appropriate CDFIs that might meet their specific needs; or, alternatively, to TA providers that can help prepare them to borrow.
- Ensure a reliable flow of CDFI financing in support of viable opportunities for potential borrowers by:
 - Providing financing or financial guarantees to CDFIs, on occasion, through CDFI Friendly Evansville Region’s Capital Enhancement Fund.
 - Encouraging private, philanthropic, and public funders to invest in CDFIs and/or CDFI Friendly Evansville Region.
 - Convening CDFIs regularly to identify and help address challenges that may hinder their ability to lend to these referrals.

- By its local presence, monitoring CDFI asset performance for CDFIs that are not in the market on a regular basis.

CFER will work to stimulate Evansville Region’s community development finance ecosystem. The current collaborative network of local government, CDFIs, TA providers, nonprofits, community organizations, banks, and City departments today has strengths and weaknesses. Strengths include strong interest among CDFIs and among community residents for a solution to credit disparities adversely affecting people of color in the Region and other people and communities that lack adequate access to customized CDFI financing. Weaknesses include a limited history of CDFI financing in the Region, which in turn causes all actors in the ecosystem to underestimate what is possible, and limited capacity among developers (particularly developers of color) and TA providers that work to strengthen developers and small businesses.

CFER will work to redress these weaknesses by, for example, becoming a convener of ecosystem participants to help them coordinate their services and identify solutions to gaps.

CFER will be a lender and/or guarantor into CDFI-financed opportunities but will not make independent lending decisions or finance loans on its own; rather, it will use a modest Capital Enhancement Fund to participate in deals that CDFIs have approved (see “The Capital Enhancement Fund” below).

CFER will not be a primary TA provider itself though it will play an important role identifying possible areas for TA. It will add value by introducing CDFIs to known TA providers so that they, in turn, can form mutually beneficial relationships to serve their respective clients. It might also work with national and regional TA providers as needed.

While CFER is not currently eligible for “certification” as a CDFI under federal CDFI Fund rules, the Board intends to explore CDFI Certification with the goal of securing CDFI Fund grants to support its participation in CDFI deals.

FINANCING PRODUCTS

CDFI Friendly Evansville Region’s Capital Enhancement Fund

CFER will launch a permanent revolving loan fund (RLF) in 2024 as The CDFI Friendly Evansville Region Capital Enhancement Fund. The Capital Enhancement Fund is designed to address a key risk CDFIs have identified in the Evansville region and other CDFI Friendly markets: the need for close, on-the-ground monitoring of loan performance in the Evansville Region.

Most, if not all, CDFIs working in the Evansville region over time will work in the market on a part-time basis or only from a distance. Some CDFIs will need a local lender to

participate with their loan so that someone local with “skin in the game” will actively monitor the loan performance close-up.

The Enhancement Fund will use a structured lending participation model offering two possible products:

- Debt alongside CDFI debt into local deals offered on equal terms and conditions (*pari passu*).
- A Guarantee (also on equal terms). See Appendix D for a draft Capital Enhancement Fund term sheet.

Both products ensure that a local lender (CFER) that can closely monitor local and regional market conditions and other risk factors that might affect the performance of a loan. In such events, CDFI Friendly Evansville Region will notify the primary CDFI in the transaction; that CDFI will lead resolution efforts.

The CFER Capital Enhancement Fund products will be employed only in response to requests from CDFIs and will follow, rather than lead, CDFI financing into transactions. In addition, it will not assess the potential risks of investments or guarantees until a CDFI has made a determination that it intends to proceed with its financing. The Enhancement Fund will participate in CDFI loan originations or provide guarantees. As with all CDFI financing, the transactions may also include banks, credit unions, public, or other financing.

CDFI Friendly Evansville Region will create an Investment Committee under the purview of its Board of Directors to make recommendations on the use of the Capital Enhancement Fund. This provides a measure of community control over the use of funds in line with CDFI Friendly Evansville Region’s priorities.

The Investment Committee might set programmatic priorities to guide its decisions. For instance, the Committee might prioritize financing for entrepreneurs of color seeking to participate in public contracting opportunities but not for other business uses.

In addition, CDFI Friendly Evansville Region will reserve the right not to work with any CDFI that does not meet its standards of performance or mission.

START-UP ACTIVITIES TO DATE

From January 2023 to the present, CDFI Friendly America led the City, the community, and CDFIs through the four phases of work for creating CDFI Friendly Evansville Region (See Appendix E. CDFI Friendly Evansville Region Timeline). The Timeline for this work was accelerated at the request of the local stakeholders.

Phase One: Assessment & Outreach

From January 2023 through the present, CFA partners and senior consultants conducted approximately 26 outreach meetings involving more than 39 community residents, business owners, public officials, policymakers, heads of nonprofit organizations, and business owners.

In addition, CFA talked to more than 20 CDFIs and 12 banks. Nineteen CDFIs have expressed interest in lending in the Evansville Region. Banks in general have expressed support for the CDFI Friendly Evansville Region strategy; some have provided support for the development work completed since January 2023.

Phase Two: Organize and Educate

In Phase Two, the focus shifted from CFA to the community as the owner of the CDFI Friendly strategy in the Evansville Region. The work helps community stakeholders embrace ownership, work together across groups in ways they haven't previously, and understand their goal is to develop a productive CDFI marketplace where prospective borrowers—especially people of color, low-income residents, and others who face barriers to achieving success—learn how to seek financing. CDFIs start looking at financing deals while banks and other investors explore how to work with CDFIs.

Starting March 1, 2023, CFA started connecting stakeholders so they could start working together—i.e., CDFIs and prospective borrowers. CFA also deepened its education efforts, correcting misconceptions such as “CDFI Friendly Evansville Region will be a government program” and clarifying nuances such as “CDFIs are lenders who need to be repaid; they are not grantmakers.”

Organizing activities included setting up an online borrower inquiry portal for prospective borrowers. Unlike a detailed loan application, the inquiry portal asked for minimal information about the potential borrower and their financing needs. CFA matched each inquiry to one or more CDFIs who were then able to contact the prospective borrowers.

On behalf of CFER, CDFI Friendly America held a virtual meeting with engaged area bankers to explain CFER and organized meetings with prospective borrowers interested in business and consumer loans.

The Advisory Group and Working Group members were highly engaged and agreed to meet monthly until a Board of Directors is named.

The organize and educate phase included raising CFER's visibility. CFA launched a website in March and regularly updates it. The Advisory Group has formed a Marketing Group that will oversee social media, earned media, and other marketing efforts. The budget (see below) includes funding for marketing.

On May 17, 2023, CFER hosted the first of two public events at the University of Evansville to announce the launch of CFER and to provide general information and education to a diverse group of potential participants.

The event featured members of the CFER Advisory Group, including Evansville Mayor Lloyd Winnecke, Former Old National Bank CEO, Bob Jones, City Councilman Alex Burton, and Director of Hispanic Ministries at Holy Name of Jesus Catholic Church, Abraham Brown. During the event, CDFI Friendly America's founder, Mark Pinsky, gave a presentation about the CDFI Friendly strategy and participants heard from Bloomington Mayor John Hamilton and City of Fort Worth's Chief Equity Officer & Diversity, Equity and Inclusion Department Director, Christina Brooks, who both spoke about their experiences establishing CDFI Friendly communities. The remainder of the convening was devoted to panel discussions and Q&A with representatives from 8 of the CDFIs that are interested in lending in the region (See Appendix F for May 17, 2023 Launch Event Agenda).

The event also provided an opportunity for potential borrowers to meet with the CDFIs in attendance. More than 150 people attended the event, including potential borrowers, community organizations whose constituents are potential borrowers, CDFI leaders, civic leaders, bankers, credit union officials, and public officials. The event introduced or reintroduced City and community leaders to CDFIs and the CDFI Friendly strategy. The event succeeded in energizing the community: CDFIs and potential borrowers were excited to talk to each other. Community organizations and local leaders left with a clearer understanding of the breadth and depth of the potential impact.

On September 27, 2023, CDFI Friendly Evansville Region will hold a second public meeting to share the initiatives' progress, share testimonials from CDFI borrowers, and provide an interactive learning experience on how CDFIs evaluate loan requests (See Appendix H for September 27th What's Next? Event Agenda).

Phase Three: Business Planning

After the May convening, CFA began working with the Advisory Group to develop realistic and measurable goals and this business plan. This plan is a road map for the Board and staff to formalize and grow the organization to achieve a set of five-year goals from January 2024 to December 2028.

The organization will update the Plan as needed.

Phase Four: Implementation

In the fall of 2023, the Advisory Group will announce CFER's founding Board of Directors, which will be charged immediately with electing officers, starting work on bylaws and

other legal documents, discussing the implementation of the business plan, and agreeing on steps to hire CDFI Friendly Evansville Region's founding Executive Director.

The Executive Director will be hired and in place by January 1, 2024.

The Board will implement an onboarding process for the new Executive Director. The orientation will be based on the skills and experience of the Executive Director. It will include but not be limited to a review of the CDFI Friendly organizing effort and all that was learned in that process, introductory meetings with key players not on the Board, and, if needed, training in CDFIs and nonprofit management. CFA will assist in developing the orientation curriculum and materials.

The Advisory Group and CFA will focus on raising operational funding for CDFI Friendly Evansville Region as well as financing for its Capital Enhancement Fund. In addition, CDFI Friendly Evansville Region will work with banks, in particular, to lend to CDFIs operating in the region and to explore collaboration with CDFIs on deals the CDFIs source.

After January 31, 2024, when CFA's contract with CFER ends, CFA will continue to support implementation and will involve its Executive Director and Board Chair in ongoing TA and support meetings with their peers at other CDFI Friendly locations.

FIVE-YEAR GOALS

Evidence to date demonstrates the potential of CDFI Friendly Evansville Region's strategy. Early-stage outreach for prospective CDFI borrowers across the region has identified 44 potential borrowers, primarily businesses. CDFIs are currently underwriting potential loans.

Assessment findings and initial lending efforts suggest that there is ample demand for CDFI financing in the Evansville Region.

Subject to changing market conditions and unanticipated opportunities, this Business Plan estimates that CDFIs will finance at least \$100 million in new lending across the Region, as summarized in the table on the next page.

CDFI Lending Goal Assumptions

Lending goals are best estimates based on the market analysis CDFI Friendly America completed in early 2023, feedback from CDFIs planning to work in the Evansville Region, and initial outreach to prospective borrowers. They also incorporate experiences from other CDFI Friendly communities and decades of CDFI lending history.

It is likely that the actual CDFI financing activity will vary substantially by sector. Market conditions could change needs and opportunities substantially. For example, ongoing increases in interest rates could stimulate more than expected CDFI lending

CFER 2024-2028 CDFI Lending Goals

2024	2025	2026	2027	2028	Total 2024-2028
Affordable Housing					
\$2,000,000	\$2,000,000	\$3,000,000	\$5,000,000	\$10,000,000	\$22,000,000
Commercial Real Estate Development					
\$500,000	\$1,500,000	\$2,000,000	\$3,000,000	\$5,000,000	\$12,000,000
Community Facilities					
\$2,000,000	\$2,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$13,000,000
Consumer					
\$0	\$0	\$500,000	\$500,000	\$1,000,000	\$2,000,000
Home Mortgage					
\$0	\$3,000,000	\$4,500,000	\$5,500,000	\$6,000,000	\$19,000,000
Small Business					
\$3,000,000	\$4,000,000	\$7,000,000	\$8,000,000	\$10,000,000	\$32,000,000
TOTAL					
\$7,500,000	\$12,500,000	\$20,000,000	\$25,000,000	\$35,000,000	\$100,000,000

to small businesses or for affordable housing development. External factors such as new business activity or corporate relocations, public funding for major projects, and philanthropic investments could create new opportunities or lower demand in some areas.

By sector, these estimates are conservative. For instance, the existing affordable housing development capacity across the region and particularly in Evansville and Henderson could result in substantially higher actual results. We assume that affordable housing will be a mix of single-family homes and multifamily developments. Even just a few additional multifamily development projects could increase the projections substantially.

There appears to be an active commercial real estate market in multiple places, including both the cities and the rural counties. While these deals generally take time to come to financing, we learned of multiple active potential commercial real estate financing opportunities in our 2023 outreach.

Our community facilities goals could be met by one of several possible deals we learned about in 2023. Consumer finance—generally small dollar loans for one-time expenses in the CDFI context—could start sooner and grow more rapidly than projected.

The greatest area of uncertainty is CDFI financing for small businesses. Our initial 2023 outreach indicates active demand for small business financing. Small business starts and expansions are very sensitive to market conditions and so represent the greatest potential volatility in our lending goals. We are confident in our projections, however, because the Evansville Region has an entrepreneurial culture, with a significant number of microentrepreneurs. While CDFI financing may not occur at the pace or in ways we envision, we are optimistic about projecting \$32 million in small business financing by CDFIs over 5 years based on local market conditions and CDFI interest in small business financing.

Organizational Goals

Toward these lending goals, the CDFI Friendly Evansville Board of Directors will set operational goals on an annual basis and for the five-year term of this plan. Those goals will concentrate on making sure CDFIs are providing financing where it is needed most and where mainstream lenders are unable to work; indeed, the CDFIs will seek to assist mainstream lenders in providing financing in historically under-financed people and places.

The goals will include provisions to:

- Steadily increase access to CDFI financing by people of color, including BIPOC entrepreneurs, developers, nonprofits, consumers, and others. The Advisory Board has pledged to ensure that lending to BIPOC borrowers is at least proportionate to the demographics of the cities of Evansville and Henderson and to the Region overall.
- Annually increase the number of “trusted partners”--including community organizations, TA providers, banks, public entities and local governments, and others.
- Ensure steady outreach by events, marketing, and other means across the Evansville Region and among CDFIs, mainstream financial institutions, as well as at an annual public meeting to report on progress and invite community feedback.
- Ensure lending is reaching all areas of the Evansville Region where it is sought.
- Close a steady stream of Capital Enhancement Fund loans and/or guarantees

Budget & Pro Forma Financials

STATEMENT OF ACTIVITIES

CDFI Friendly Evansville DRAFT Pro Forma Budget	2024	2025	2026	2027	2028
Income					
Interest on Loans Receivable	\$14,000	\$27,500	\$37,500	\$52,500	\$71,250
Interest on Cash & Investments	\$50,618	\$49,012	\$46,164	\$45,134	\$53,124
Grants	\$230,000	\$258,000	\$278,000	\$258,000	\$255,000
In Kind	\$13,500	\$13,905	\$14,322	\$14,752	\$15,194
<i>Total Income</i>	<i>\$308,118</i>	<i>\$348,417</i>	<i>\$375,986</i>	<i>\$370,385</i>	<i>\$394,568</i>
Expenses					
Executive Director	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551
Communications & Technology Coordinator	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Assistant to Executive Director	\$22,500	\$23,175	\$23,870	\$24,586	\$25,324
Payroll taxes & benefits	\$51,750	\$53,303	\$54,902	\$56,549	\$58,245
Lease	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Bookkeeping	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441
Marketing & PR	\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
Dues and Subscriptions	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Conference Fees	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Legal & Professional Fees	\$5,000	\$10,000	\$15,000	\$15,000	\$20,000
Travel & Meals	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004
	<u>\$279,750</u>	<u>\$292,993</u>	<u>\$306,482</u>	<u>\$315,227</u>	<u>\$329,234</u>
Interest Expense	\$16,000	\$38,000	\$50,000	\$30,000	\$36,000
Provision for loan loss	\$0	\$4,500	\$6,000	\$9,500	\$13,000
<i>Total Expenses</i>	<i>\$295,750</i>	<i>\$335,493</i>	<i>\$362,482</i>	<i>\$354,727</i>	<i>\$378,234</i>
Surplus (loss)	\$12,368	\$12,924	\$13,504	\$15,659	\$16,335
<i>Percent of Revenue</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>	<i>4%</i>

ASSUMPTIONS

	2024	2025	2026	2027	2028
Interest Rate - Loans Receivable	7.0%	5.5%	5.0%	5.0%	5.0%
Interest Rate - Cash & Investments	5.0%	4.0%	3.0%	3.0%	3.0%
Interest Rate - Long-Term Debt	4.0%	4.0%	4.0%	2.0%	2.0%
Wages & Salaries Growth Rate		3.0%	3.0%	3.0%	3.0%
General & Admin Growth Rate		3.0%	3.0%	3.0%	3.0%
Provision for Loan Loss	0%	1%	1%	1%	1%

STATEMENT OF FINANCIAL POSITION

Statement of Financial Position @ YE	2024	2025	2026	2027	2028
ASSETS					
Cash	\$12,368	\$25,293	\$38,796	\$54,455	\$70,790
Investments	\$1,000,000	\$1,200,000	\$1,500,000	\$1,450,000	\$1,700,000
<i>Subtotal Cash + Investments</i>	<i>\$1,012,368</i>	<i>\$1,225,293</i>	<i>\$1,538,796</i>	<i>\$1,504,455</i>	<i>\$1,770,790</i>
Loans Receivable					
- Current	\$100,000	\$300,000	\$200,000	\$250,000	\$300,000
- Long-term	\$100,000	\$150,000	\$400,000	\$700,000	\$1,000,000
<i>Subtotal Investments</i>	<i>\$200,000</i>	<i>\$450,000</i>	<i>\$600,000</i>	<i>\$950,000</i>	<i>\$1,300,000</i>
Total Assets	\$1,212,368	\$1,675,293	\$2,138,796	\$2,454,455	\$3,070,790
LIABILITIES					
Long-term	\$800,000	\$1,100,000	\$1,400,000	\$1,600,000	\$2,000,000
<i>Total Liabilities</i>	<i>\$800,000</i>	<i>\$1,100,000</i>	<i>\$1,400,000</i>	<i>\$1,600,000</i>	<i>\$2,000,000</i>
NET ASSETS					
Unrestricted	\$12,368	\$25,293	\$38,796	\$54,455	\$70,790
Temporarily Restricted	\$400,000	\$550,000	\$700,000	\$800,000	\$1,000,000
Total	\$412,368	\$575,293	\$738,796	\$854,455	\$1,070,790
LIABILITIES PLUS NET ASSETS	\$1,212,368	\$1,675,293	\$2,138,796	\$2,454,455	\$3,070,790

CAPITAL ENHANCEMENT FUND

Enhancement Fund	2024	2025	2026	2027	2028
Equity	\$400,000	\$550,000	\$700,000	\$800,000	\$1,000,000
Debt	\$800,000	\$1,100,000	\$1,400,000	\$1,600,000	\$2,000,000
Total	\$1,200,000	\$1,650,000	\$2,100,000	\$2,400,000	\$3,000,000
Credit Enhancements made	\$200,000	\$550,000	\$900,000	\$1,150,000	\$1,550,000
Payments Made	-	(100,000)	(300,000)	(200,000)	(250,000)
Outstanding at YE	\$200,000	\$450,000	\$600,000	\$950,000	\$1,300,000
Enhancement Fund YE Balance					
Investment Balance	\$ 1,000,000	\$ 1,200,000	\$ 1,500,000	\$ 1,450,000	\$ 1,700,000

BUDGET NARRATIVE

As a nonprofit, CDFI Friendly Evansville Region will solicit and receive philanthropic grants and program-related investments (PRIs) (low-cost, risk-tolerant loans or investments). It expects to raise most of its operating support from local financial institutions, local non-financial corporations, and local, regional, and possibly national philanthropies.

CDFI Friendly Evansville Region will spend its revenue entirely on activities related to its purpose of addressing the credit gaps in underinvested neighborhoods and populations in the Evansville region that can help the most vulnerable people, particularly Black, Hispanic, and Asian American people and places. As an agile intermediary between CDFIs and local Evansville Region small businesses, affordable housing developers, nonprofits, consumers and others, its business model must demonstrate bang-for-the-buck. In other words, its expenses must be tightly controlled to ensure it is creating net-positive value for the community.

FINANCIAL OVERVIEW

The *pro forma* financials prepared for this business plan assume first-year Revenues and Expenses of \$308,118 and \$295,750 respectively. Over five years, it assumes total Revenues and Expenses of \$1.8 million and \$1.73 million, respectively. CDFI Friendly Evansville Region will be primarily grant-supported and will earn some income from the Enhancement Fund.

Projected Statement of Activities (Income Statement)

These costs will result in new CDFI financing in the Evansville region of \$100 million or more over the five-year period.

Operating Funds: Most of CDFI Friendly Evansville Region’s operational funding is grant revenue. Earned revenue from financing activity could cover as much as 30% of operational costs but may provide less, especially in the first few years of operations. CFA has been in conversation with more than 20 private and philanthropic funders and investors about future and ongoing support for CFER. Based on responses to date, we are confident that CFER will be able to raise operating grants on an ongoing basis. The five-year *pro forma* Statement of Activities shows income and expenses over the complete start-up cycle, with the expectation that the organization will be operating at full capacity by early 2024. Our business model assumes that CFER will operate with positive net operating results annually. This assumes ongoing regular fundraising for operating support as earned revenue potential is limited.

Grant Revenue: CDFI Friendly Evansville Region will raise grants in the form of general operating support to give management and the Board of Directors the ability to adjust nimbly to changes in operating conditions. Sources of grant funding will include local, regional, and national financial institutions, philanthropic institutions, and corporations. It could also include state funding and—if CFER becomes a Certified CDFI— federal funding from the CDFI Fund at the U.S. Department of the Treasury (An organization must have at least two years of financing experience to become a CDFI, so this may be possible starting in 2026).

Fundraising: Starting in fall 2023, the Advisory Group of CFER expects to secure at least \$766,000 in committed grant support to ensure operational stability for the first three years of operations. It will extend opportunities to all 17 of the supporters who backed the startup work to create CDFI Friendly Evansville Region as well as others committed to ensuring an inclusive economic future for the Region.

During the first three years, it also expects to raise \$700,000 in capital grants and \$1.4 million in concessionary debt to capitalize the CDFI Friendly Evansville Region Capital Enhancement Fund.

This effort will be led by Bob Jones and Carl Chapman, the chairs of the Advisory and Working Groups respectively, with support from Mark Pinsky of CDFI Friendly America.

Earned Revenue: A modest component of total revenues will be earned. CFER projects to produce earned income from its financing activities. This would include fees and interest.

In-kind Revenue: CDFI Friendly Evansville Region will seek in-kind revenue through donated professional services, where possible. This could include rent and bookkeeping.

Expenses: The largest expense will be personnel and related benefits (\$1.19 million of total expenses of \$1.73 million, or ~70% of total expenses over five years). Because the CDFI Friendly strategy is transactional, it relies very heavily on interpersonal and interorganizational relationships. We are planning a lean organization with 2.5 FTEs. CDFI Friendly Evansville Region expects to provide competitive compensation and benefits to attract and retain high-quality talent.

Other expenses include:

- Contracted professional services: As needed
- Interest Expense: Interest paid on debt borrowed to capitalize the Capital Enhancement Fund.
- Indirect Expenses: Overhead costs.
- As a financial intermediary, CDFI Friendly Evansville Region will maintain loan loss reserves (LLR) at a level consistent with the risks it understands it is taking.

Projected Statement of Financial Position (Balance Sheet)

This plan assumes that CFER will have slightly more than \$1.2 million in assets at year-end 2024 rising to more than \$3 million at year-end 2028. It projects net assets of \$412,368 at YE24 and \$1.07 million at YE28.

Assets: CFER's main assets will be loans made using capital dedicated to financing and operating grant funding for future use. More than half of the financing assets will be in the form of loans and so will be offset by loans payable liabilities.

Liabilities: The most significant liability will be loans payable. Most, if not all, the loans will be from financial institutions and some may be from philanthropic entities.

At least through the startup period, CDFI Friendly Evansville Region will seek to have stable loans-payable liabilities by borrowing for fixed terms at fixed costs. For that reason, these five-year financials do not reflect what may be the significant challenges of recapitalizing its financing as needed, particularly if future financing involves a range of terms, prices, and loan terms and conditions. Other liabilities includes operating payables.

Net Assets: CFER will maintain unrestricted and temporarily restricted net assets.

As a financial intermediary, CFER will hold substantial net assets as temporarily restricted net assets securing the debt it borrows. Initially, it will maintain a net asset ratio of 30% or greater to de-risk the loans that financial institutions and others make to a start-up financial intermediary. Based on performance, it will aim to reduce that ratio over time, subject to the decisions of the lenders working with the Board of Directors.

As with most nonprofit financial intermediaries, net assets will be acquired almost entirely through capital grant funding that is raised as temporarily restricted net assets for financing and will not be used for operating costs. Sources may include financial institutions, government, quasi-governmental agencies, foundations, and others.

Unrestricted net assets will include retained earnings and should also involve some grant support.

Capital Enhancement Fund Projections: CDFI Friendly Evansville Region has prepared projections of lending and guarantee activity on a conservative basis for planning purposes.

On a rolling basis, CDFI Friendly Evansville Region projects \$4.35 million in Capital Enhancement Fund loans and guarantees made over 5 years alongside CDFIs in support of projected CDFI financing activity of more than \$100 million. Loan losses are projected at \$33,000 over 5 years.

Financial Statements Conclusion: These preliminary draft pro forma financial statements and plans reflect the best thinking of the CFER planning team and are intended for planning purposes only. They likely will change during implementation at the discretion of the Board of Directors and at the direction of the Executive Director.

They show the organization’s commitment to operating at a profitable but not a profit-maximizing level through the first five years of operations, to provide a steady supply of enhancement financing to support CDFI financing in line with the strategic priorities developed for this effort, and to steadily and gradually build the financial strength and capacity of CDFI Friendly Evansville Region.

Organizational Structure & Operations

CDFI Friendly Evansville Region is a private startup nonprofit organization chartered to carry out the work of the Evansville Region’s CDFI Friendly strategy. CFER is community-controlled and community-centered. It is focused on increasing economic opportunity for people and communities—particularly, but not only communities of color and historically under-financed—through increased access to flexible, fair, and patient capital. CDFIs work with all prospective borrowers in the places they serve; in some communities, they work primarily with BIPOC borrowers while in less diverse communities they do not.

ORGANIZATIONAL STRUCTURE

The Advisory Group is recommending that CFER become an independent nonprofit organization and that it plans to work with the Community Foundation Alliance either as its fiscal sponsor or as a support organization. This will be determined in Fall 2023.

It will be a small and lean organization with a clear purpose of matching demand for financing in the Evansville Region to CDFIs near the region and across the nation. The business plan anticipates no more than 2.5 staff members at any one time over the next five years. The staff will do the organization’s core work of connecting the demand for CDFI financing in the Evansville Region to the supply of financing from CDFIs across the state and the nation.

CDFI Friendly Evansville Region’s Executive Director will report to a Board of Directors, which will operate as a Committee of the Whole. The Board will also establish committees as necessary, including an Investment Committee to oversee the CDFI Friendly Evansville Region Capital Enhancement Fund. The Fund will provide pari passu lending alongside CDFIs, as requested, and may serve additional purposes, as well.

The organization will apply for 501(c)3 nonprofit status under the Internal Revenue Service Code. CDFI Friendly organizations in other communities have received 501(c)3 status without difficulty, and we expect CDFI Friendly Evansville Region will, too.

OPERATIONS

Operational responsibility roles are distributed among the board, staff, and contractors as follows:

Board: The founding Board of CDFI Friendly Evansville Region will represent the diversity and range of the community, includes expertise on key strategic areas, is independent of any single entity (government, financial institution, community organization, etc.), and—with 15 or fewer members—is agile enough to govern a rapidly growing organization through start-up and beyond. The founding Board will include approximately 50% people of color and includes expertise in small business, affordable housing development, nonprofits, childcare, financial education, finance, marketing, and legal.

As the Board evolves over time, it will aim to maintain these characteristics when seeking new Board members.

The Board may include representatives of some of the Capital Enhancement Fund investors. Investors are not guaranteed Board seats, however, as a variety of perspectives is essential to the success of CDFI Friendly Evansville Region.

With support from the Executive Director and CDFI Friendly America, the Board will develop and approve policies for Capital Enhancement Fund financing, financial management, investments, personnel, and other key areas. It will draw on the work of the CDFI Friendly entities in operation, including CDFI Friendly Bloomington, CDFI Friendly South Bend, and CDFI Friendly Fort Worth, and the deep resources available through the CDFI industry.

During its first year, 2024, the Board will meet monthly. The Board will revisit the frequency of its meetings at its December 2024 meeting. The Board will meet at least quarterly throughout the five-year business plan period. The Board will be self-appointing and recruit its own members. Members will serve two-year terms, with a recommended maximum of three terms. The initial Board will roll off in a sequenced, staggered schedule to ensure overlapping terms. The Bylaws, which will be considered and approved by the founding Board, will specify the length of the term and term limits.

Investment Committee: The Board will appoint an Investment Committee to oversee the work of the organization's Capital Enhancement Fund (see below). The Committee will include Board Members, community members, and others.

It will comprise financial professionals and community leaders and/or representatives. The inclusion of individuals familiar with and engaged in community issues is important: as with CDFIs, the Committee needs to be able to take a 360-degree look at community factors that affect both the value of investments and their risks.

Its responsibility includes but is not limited to decisions on whether to deploy the Fund when requested by CDFIs. When asked by a CDFI to consider investing in transactions in Evansville Region, the Investment Committee will rely primarily on underwriting completed by the CDFI. It will retain the right to conduct complete additional underwriting or credit analysis at its discretion.

Staff: The **Executive Director** is responsible for the operation and efficacy of CDFI Friendly Evansville Region. The Executive Director will lead CDFI Friendly Evansville Region to collaborate locally and with local, regional, and national CDFIs, banks, credit unions, and other sources of capital to serve the Evansville Region Market. The Executive Director is responsible, as well, for ongoing outreach to prospective borrowers across the Evansville Region and for providing support to prospective borrowers through partners, CDFIs, or other means. The Executive Director also will be responsible for facilitating closings, as needed, for CDFI financing and for managing the work of the Capital Enhancement Fund.

The Executive Director will oversee all aspects of the start-up's set-up and operations and have primary responsibility for community relations, program development, management, fundraising, capitalization, and public relations. The Board intends to hire CFER's founding Executive Director in late 2023.

The Business Plan envisions two additional staff:

- The **Communications & Technology Coordinator** will support the work of the organization through marketing, social media, earned media, and other means and for maintaining and improving CFER's core technology functions (i.e., website, CRM).
- The **Assistant to the Executive Director**, a half-time position, will provide administrative support to the Executive Director and for the organization.

Professional Services: CDFI Friendly Evansville Region will contract for or seek in-kind contributions of certain professional services. Where possible, CFER will seek donated services from supporting institutions. CFER expects to enter into an agreement with the Community Foundation Alliance for support services. There will be offsetting revenue and costs to that agreement that is included in the *pro forma* financials.

Financial Management and Audits: CDFI Friendly Evansville Region will be audited following its first full year of operations and annually thereafter. Accounting will be done in line with generally accepted accounting practices, including monthly internal reporting for

management; quarterly reporting for management, the Board of Directors, and investors; and annual reporting and annual audits for all external parties and the public.

START-UP ACTIVITIES

Starting an organization requires implementing many basic administrative requirements. Some of these may be accomplished by the Board prior to the hire of the Executive Director—for example, opening bank accounts and finding suitable, low-cost office space. The office could be in a shared or incubator space, but it will not be co-located with a government agency or traditional financial institution. It should be easily accessible to public transportation and include access to a private conference room.

Other start-up administrative activities will wait until the Executive Director is hired. These include:

- Providing for accounting, bookkeeping, and technology services.
- Ensuring that an audit is in place for fiscal 2024.
- Developing basic organizational policies for Board approval, including accounting, personnel, and investment policies that cover the operation of the Capital Enhancement Fund as well as how to best manage idle cash.

CFA is on contract to assist CFER with start-up activities through January 2024. Beyond that date, CFA will remain available as needed to advise CDFI Friendly Evansville Region and to help resolve issues that may come up. CDFI Friendly Evansville Region may contract with CFA after January 2024 if it so chooses.

In addition, the organization's Executive Director and Board Chair will be invited to join the Network of CDFI Friendly Communities which meets periodically to discuss challenges and opportunities, ask questions, and seek assistance.

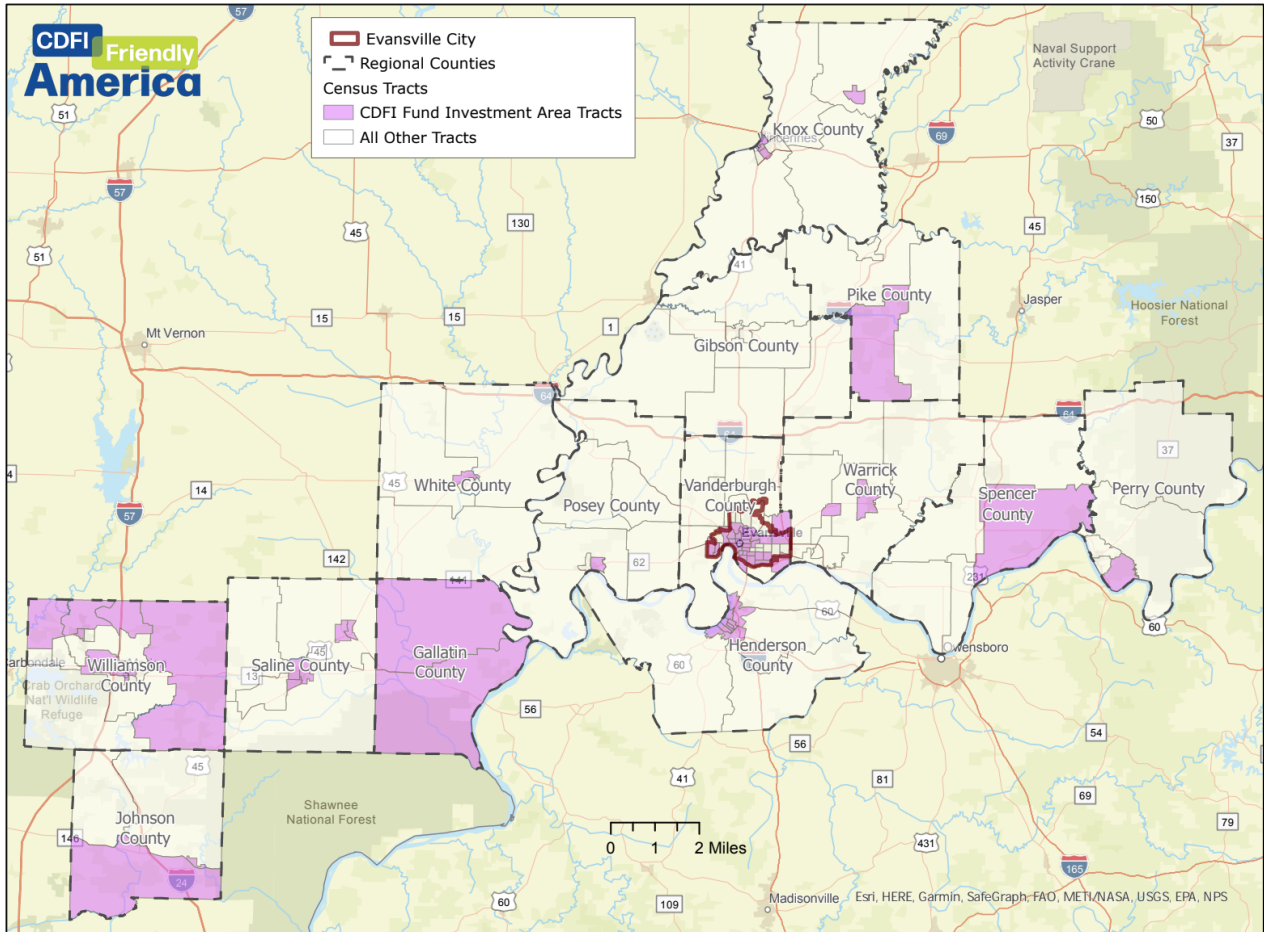
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APPENDIX A

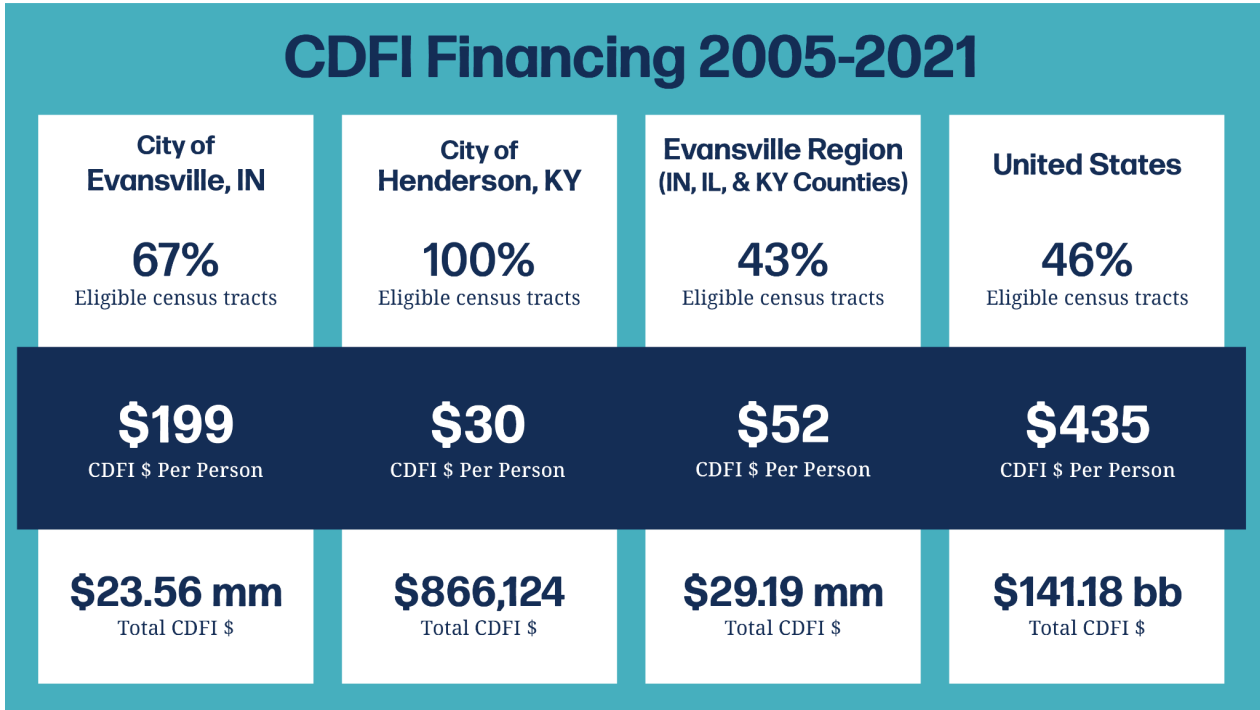
Map of CDFI Fund Investment Areas in the Evansville Region

CDFIs are required to do at least 60% of their lending in the CDFI Fund's eligible target markets: Investment Areas, low-income individuals, and/or historically disinvested populations defined as African Americans, Hispanics, and Native Americans.



APPENDIX B

CDFI Financing From 2005-2021



**As noted in the Business Plan narrative, these figures are higher than the 2005-2020 figures that CDFI Friendly Evansville Region worked with in 2022 and most of 2023 due to one very large transaction.*

APPENDIX C
CDFI Friendly America Data Assessment

Assessment Indicator	Cities		Counties		County Groups			Metro Area, State, and Nation		
	Evansville, IN	Henderson, KY	Vanderburgh (IN)	Henderson (KY)	IN Counties	Outer IN Counties	IL Counties (incl KY)	Evansville, IN-KY Metro Area **	Indiana	United States
Population										
Total Population	118,588	28,625	181,291	45,829	391,779	122,648	122,522	314,960	6,665,703	324,697,795
% Change in Population 2010-2019	0.3%	0.6%	1.7%	-0.2%	1.0%	-1.9%	-1.2%	0.4%	3.9%	6.8%
% Population of Color	21.0%	18.4%	16.4%	13.4%	11.0%	6.1%	9.4%	13.2%	20.9%	39.3%
% Black or African American	13.1%	10.4%	9.5%	7.3%	5.5%	2.1%	4.1%	7.0%	9.4%	12.7%
% Hispanic	3.1%	3.4%	2.7%	2.6%	2.2%	1.9%	2.3%	2.4%	6.9%	18.0%
% Asian	1.0%	0.6%	1.2%	0.4%	1.2%	0.6%	0.9%	1.3%	2.3%	5.5%
% Native American	0.1%	0.3%	0.1%	0.2%	0.1%	0.1%	0.2%	0.1%	0.2%	0.8%
Geographic Square Miles	44	15	233	437	3,144	2,116	1,962	1,465	35,867	3,531,905
Population Per Square Mile	2,686	1,871	778	105	125	58	62	215	186	92
CDFI Lending										
% Census tracts eligible as CDFI Investment Areas	67%	100%	57%	64%	39%	23%	49%	49%	44%	46%
CDFI Lending 2005-2021*	\$23,557,100	\$866,124	\$23,557,100	\$1,149,602	\$26,201,382	\$1,539,733	\$1,837,888	\$25,811,251	\$673,065,985	\$141,179,238,240
CDFI Lending Per Capita 2005-2021	\$199	\$30	\$130	\$25	\$67	\$13	\$15	\$82	\$101	\$435
CDFI Lending: Average % Population of Color	33%	20%	33%	16%	9%	4%	5%	17%	55%	58%
HMDA Lending: Average % Population of Color	16%	18%	13%	12%	6%	5%	6%	11%	17%	32%
Ratio of CDFI to HMDA % Population of Color	2.0	1.1	2.5	1.4	1.4	0.8	0.9	1.5	3.3	1.8
Economy										
Median family income	\$52,589	\$57,753	\$66,382	\$61,645	\$71,426	\$67,852	\$60,335	\$71,166	\$71,164	\$77,263
Percent change in median family income 2010-2019	13.3%	29.4%	16.3%	16.8%	19.7%	21.7%	24.5%	22.7%	20.7%	22.7%
Poverty rate	21.8%	22.7%	16.7%	18.5%	12.6%	11.2%	14.6%	14.4%	13.4%	13.4%
Unemployment rate***	3.4%	1.8%	3.0%	3.8%	2.8%	2.6%	4.5%	3.0%	3.0%	3.6%
Labor force participation rate	62.6%	55.2%	63.4%	58.3%	64.6%	60.9%	54.1%	63.2%	63.9%	63.4%
Housing										
% Owner households spending >= 30% of income	23.6%	21.7%	20.6%	23.5%	18.6%	16.4%	19.7%	20.0%	19.5%	27.7%
Median owner-occupied home value/purchase price	\$94,200	\$120,700	\$129,000	\$128,400	\$123,363	\$109,100	\$88,720	\$111,350	\$141,700	\$217,500
% Change median home value/purchase price: 2010-2019	5.4%	23.7%	15.5%	26.9%	17.0%	16.1%	19.5%	18.6%	15.2%	15.4%
# Mortgage Loans Per 100 Owner-Occ Housing Units 2018-2020	17	11	17	14	14	9	10	13	17	18
% Renter households spending >= 30% of income	50.3%	45.3%	50.2%	43.9%	45.5%	37.6%	43.1%	44.8%	46.7%	49.6%
Median contract rent	\$590	\$540	\$606	\$537	\$504	\$449	\$420	\$476	\$649	\$896
% Change in median contract rent: 2010-2019	20.9%	22.7%	20.2%	24.0%	20.0%	19.0%	37.7%	26.6%	19.7%	28.2%
% Households headed by a single parent	21.8%	20.9%	16.5%	16.5%	13.4%	11.9%	14.2%	13.8%	14.4%	13.4%

Sources: US Census Bureau, 2019 American Community Survey; CDFI Fund, 2021 Transaction Level Report (TLR) Database; Urban Institute HMDA Database, 2018-2020.
 *Includes lending from CDFIs receiving Financial Assistance Awards and reporting to the CDFI Fund's Transaction Level Report (TLR) database for years 2005-2021.
 **Percent change calculations from 2010-2019 for the Evansville, IN-KY Metro Area are straight averages of each member county: Henderson, Posey, Vanderburgh, and Warrick.
 ***Unemployment rates at the city level come from 2021 Census ACS data; while all other geographies reflect 2022 Bureau of Labor Statistics (BLS) data.

APPENDIX D

Draft Capital Enhancement Fund Term Sheet

DRAFT TERM SHEET

Proposed Credit Facility

Borrower:	CDFI Friendly Evansville Region ("CFER"), a to be created 501(c)(3) non-profit organization with a mission to encourage and increase the activities of Community Development Financial Institutions (CDFIs) in the Evansville region of Indiana, Illinois, and Henderson County, Kentucky.
Purpose:	CFER will provide financing incentives to CDFIs to increase their mission-oriented financing in the Evansville region for affordable and workforce housing, small businesses, commercial real estate, community facilities, nonprofit enterprises, and other purposes. CFER will establish a fund (CFER Capital) to manage its financing.
Facility Type:	Term Loan(s) This term sheet describes the terms upon which CFER Capital proposes to borrow from one or more banking institutions or foundations ("Lender" or "Lenders"). Each Term Loan shall be structured as a bilateral agreement between CFER Capital and a Lender in the structure and terms described herein. All loans to Borrower shall be <i>pari passu</i> in priority and payment.
Closing Date:	TBD
Amount:	Up to \$5,000,000 in aggregate; however, no more than \$2 million in term debt during the first 12 months following Closing Date.
Eligible Use of Proceeds	Borrower may use proceeds of this Credit Facility to originate mission-oriented loans ("End Loans") to affordable housing developers, non-profit organizations and to small businesses ("End Borrowers") in the Evansville region; however, any such End Loans shall require that an independent CDFI also make a loan to the End Borrower in an amount equal to or exceeding the End Loan ("a Risk Sharing Agreement"). {It is expected that such Risk Sharing Agreement is done on a <i>pari passu</i> basis with CDFIs} Borrower may also use proceeds to pledge to an independent CDFI as a credit enhancement (in the form of partial guarantee) to encourage such CDFI to extend loans to affordable housing developers, non-profit organizations and to small businesses in the Evansville region.

APPENDIX D (continued)

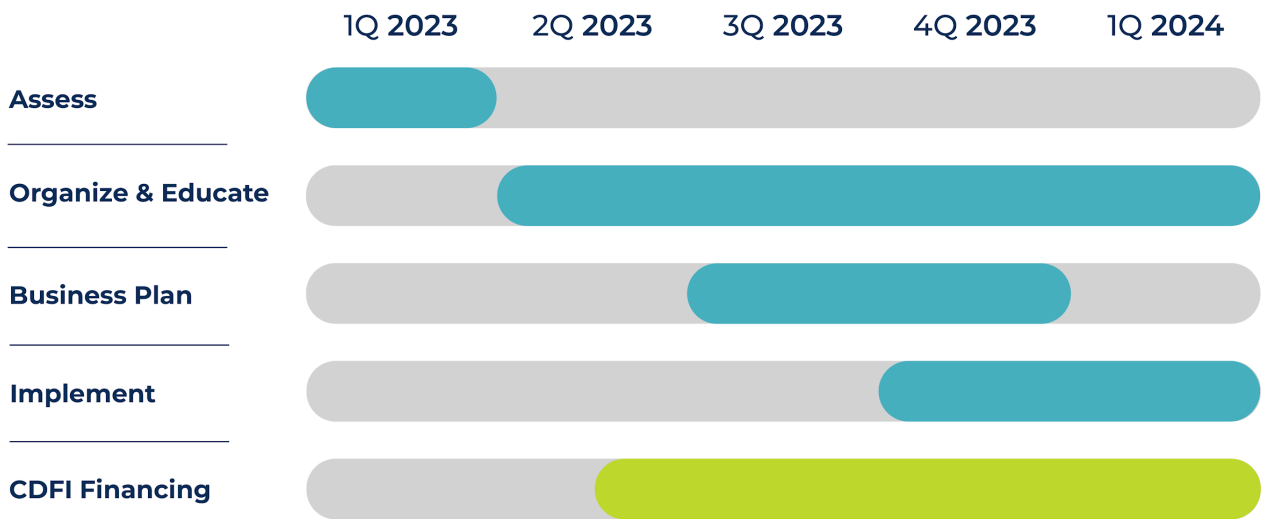
Draft Capital Enhancement Fund Term Sheet

Conditions precedent to Closing:	<ul style="list-style-type: none"> • Delivery of Lending Policies and Procedures in form and substance satisfactory to Lender(s); • Evidence (in form and substance satisfactory to Lender(s) that Credit Facility shall qualify under the Community Reinvestment Act (CRA) for banks and under Internal Revenue Service distribution rules related to Program Related Investments (PRIs) for foundations.
Interest Rate:	As set by CFER's Board of Directors
Recourse:	Full and direct recourse to Borrower.
Collateral:	This Credit Facility shall be unsecured; All loans to Borrower shall be <i>pari passu</i> in priority and payment
Maturity:	This Facility shall be paid in full on the fifth anniversary following Closing Date
Covenants:	<p>Borrower must comply with the following:</p> <ul style="list-style-type: none"> • Minimum Capital Requirement – Borrower's ratio of Total Net Assets to Total Assets shall not fall below 33% during the first 12 months of this Facility and shall not fall below 20% thereafter. • Loan Loss Reserve – Borrower shall maintain allowance for loan losses at a level set by the Board and consistent with Generally Accepted Accounting Principles
Management & Board:	Borrower shall establish a Board of Directors, to include investors, funders and members of business community, civic organizations and local government; Borrower shall establish an Investment Committee authorized to approve loans and guarantees.
Reporting:	Borrower will provide audited financial statements and loan portfolio report within 120 days following the end of each fiscal year (following the closing of this Facility).

APPENDIX E

CDFI Friendly Evansville Region Timeline

Project Timeline



APPENDIX F

May 17th Introducing CDFI Friendly Evansville Region Event Agenda

Introducing CDFI Friendly Evansville Region

May 17, 2023

University of Evansville, Ridgeway University Center, Eykamp Hall

AGENDA

- | | |
|----------|---|
| 9 am | Registration and Light Breakfast |
| 9:30 am | Welcome
Bob Jones and Alex Burton, <i>CDFI Friendly Evansville Region Advisory Group</i> |
| 9:40 am | Keynote Remarks
Mayor Lloyd Winnecke, <i>City of Evansville, IN</i> |
| 9:50 am | Introducing CDFI Friendly Evansville Region
Mark Pinsky, <i>Founding Partner, CDFI Friendly America</i>
Mayor John Hamilton, <i>City of Bloomington, IN</i>
Christina Brooks, <i>Chief Equity Officer & DEI Department Director, City of Fort Worth</i>
Q&A |
| 10:30 am | Discussion: What Can CDFIs Do for the Evansville Region?
Moderator: Marva Williams, <i>Senior Consultant, CDFI Friendly America</i>

Speakers:
Amandula Anderson, <i>Executive Director, Indiana Region, IFF</i>
Alfredo Martel, <i>CEO, Martel Management Consulting, LLC.</i>
Mary Fran Riley, <i>Director of Community Relationships, Allies for Community Business</i>

Q&A |
| 11:15 am | Introducing CDFIs that Are Interested in the Evansville Region
Moderator: Serita Cabell, <i>Executive Director, Memorial CDC</i>

Speakers:
Phil Black, <i>Executive Director, Community Investment Fund of Indiana</i>
Katey Forth, <i>Executive Vice President, Public Funding, Cinnaire</i>
Galen Gondolfi, <i>Chief Strategy Officer, Justine Petersen</i>
Anisha Murphy, <i>VP of Community Advancement, Community Reinvestment Fund</i>
Drew Pritchard, <i>Business Development-Community Lending, Fahe</i>

Q&A |
| 12:00 pm | Wrap Up and Next Steps
Abraham Brown, <i>CDFI Friendly Evansville Region Advisory Group</i> |
| 12:05 pm | Lunch and Networking |
| 1:00 pm | Adjourn |

APPENDIX G

May 17th *Introducing CDFI Friendly Evansville Region Participants*

First Name	Last Name	Organization/Business Name	Title
Kim	Acree	Banterra Bank	Community Development Officer
Rasheedah	Ajibade	Memorial CDC	Program Development Director
Amandula	Anderson	IFF	Director of Real Estate Solutions
Adolfo	Angel	Essential Food & Produce	Owner
Kyle	Armstrong	Heritage Federal Credit Union	Mortgage Loan Officer
Lora	Arneberg	New Harmony Development Organization	Vice President
Connie	Baltzell	NAACP	President
Tara	Barney	Evansville Regional Economic Partnership	Chief Executive Officer
Larry	Barnhill	Heritage Federal Credit Union	Commercial Banker
Phil	Black	Community Investment Fund of Indiana	Executive Director
Ayana	Blair	University of Evansville	Major Gifts Officer
Jonathan	Boettcher	For Evansville	President & Executive Director
Jeff	Bone	Old National Bank	V.P. Senior Commercial Relationship Manager, Minority
Courtney	Brock	Heritage Federal Credit Union	Sales Manager
Chris	Brockman	University of Evansville	Professor of Finance - Director, Institute for Banking and
Abraham	Brown	Evansville Latino Center	President
Alyssa	Brown	Heritage Federal Credit Union	Mortgage Loan Officer
Alex	Burton	City of Evansville, IN	City Council Member
Bill	Bussing		Attorney
Serita	Cabell	Memorial Community Development Corporation	Executive Director
Joshua	Calhoun	Hope of Evansville	Executive Director
Amy	Canterbury	United Way of Southwestern Indiana	President & CEO
Susan	Carey	Gibson County Economic Development Corporation	Administrative Assistant
Tanisha	Carothers	T. Carothers Law Office	Principal Attorney
Jill	Carpenter	Community Foundation Alliance	President & CEO
Alex	Chang	Ascension St. Vincent Evansville	President
Carl	Chapman	CDFI Friendly Evansville Region	Working Group Member
Robert	Chester	Development Corporation Of Evansville LLC	Owner
Doug	Claybourn	Indiana Small Business Development Center	Business Advisor
Melissa	Clements	United Way of Henderson County	Executive Director
Diane	Clements-Boyd	Evansville-Vanderburgh Human Relations Commis	CEO
Bernard	Cooper	Los Cooper Alvarez Family Urban Farm	owner
Dom	Cosby	Trinity Tech Solutions / Magnolia Bridal House	Business Owner
Jonas	Cueche	OneIndiana Financial Group	Financial Professional
Bill	Curtis	City of Mount Vernon, IN	Mayor
Ron	Dempsey	Oakland City University	President
Sylvia	DeVault	University of Evansville	Corporate and Foundation Relations Officer
Jonathan	Ehlke	Gratus Development, LLC	Principal / Owner
Jeremy	Evans	Dream Center Evansville	Executive Director
Donna	Fabiani	CDFI Friendly America	Senior Consultant
Tyrell	Ferguson	Higher Image Hair Studio	Owner
Chris	Fleming	Potter's Wheel	Executive Director
Beth	Folz	Habitat of Evansville	Executive Director
Katey	Forth	Cinnaire	Executive Vice President, Public Funding
Chad	Frazier	Haitian in Evansville for Redress of Emancipation	Member
Bri Rose	Gallic	CDFI Friendly America	Communications & Operations Manager
Juan	Garza	Garza's Construction	Owner
Kelsey	Georges	New Harmony Music Studio	Director
Cina	Gibson	Evansville Christian Life Center	CEO
Galen	Gondolfi	Justine Petersen	Senior Advisor
Denise	Greenwell	Indiana Small Business Development Center	Business Advisor
Dean	Hall	Urban Hope Collaboration	Exec Director
Charles	Hamilton	Chamfit	Owner
John	Hamilton	City of Bloomington, IN	Mayor
Sidney	Hardgrave	Community Foundation Alliance	Regional Director of Community Engagement & Impact
Justin	Hawkins	Oakland City University	Women's Basketball Coach
FahKara	Hawkins	Oakland City University	Women's Basketball Coach

APPENDIX G Cont.

May 17th Introducing CDFI Friendly Evansville Region Participants

First Name	Last Name	Organization/Business Name	Title
Geronica	Hazelwood	Missing Pieces CDC	Executive Director
John	Heflick	Crossroads Christian Church	Local Outreach pastor
Rob	Henson	Ascension St. Vincent	Foundation Director
Kandace	Hinton	Indiana State University	Professor
MiOshi	Holloway	Hugh Edward Sandefur Training Center	Supported Employment Specialist
Bobbie	Jarrett	Housing Authority of Henderson	Executive Director
Chris	Johnson	Ivy Tech Community College	Talent Connection Manager/Entrepreneur Support
William	Johnson	SBBI Enterprise Inc	CEO
Bob	Jones	CDFI Friendly Evansville Region	Advisory Group Member
Tim	Jones	Community Foundation Alliance	CEO
Pam	Jordan	Builda CM	
Kyle	Kempf	Indiana Members Credit Union	Commercial Lender
Charles	Kennedy	Cambridge Capital Management Corp	Executive Vice President
Jane	Kupersmith	CDFI Friendly Bloomington	Executive Director
Darin	Lander	Old National Bank	DEI Program Manager
Edward	Lander	WEOA Radio Broadcast 1400 AM	President/CEO
Javien	Langley	Jae's lawncare llc/ Jae's Inflatables &Party Rentals	Owner
Katie	Loehrlein	Kabriel - herbal products and therapeutics	Business Owner
Lori	Madison	Dream Center Evansville	Director of Impact
Darlene	Marshall-Ware	Love Temple Church of God in Christ	Youth and Fund development Coordinator
Alfredo	Martel	Martel Management Consulting	CEO
Gelina	Mascoe	Haitian Community Resource Center	
Silas	Matchem	ECHO Housing Corporation	Promise Zone Director
Elizabeth	Maurer	Leadership Everyone, Inc.	Director of Operations
Austin	Maxheimer	Community One	Neighborhood Revitalization Director
Ted	Mccreary	Southern Indiana Mentoring Academy (SIMA)	President/Executive Director
Art	McDonald	Skyline V and F	Owner
Jared	McIntosh	Fifth Third Bank	Vice President, Business Banking Relationship Manager
Lynn	Miller-Pease	Leadership Everyone	Executive Director
Randall	Montgomery	Twymon Art Gallery	Communications
Tom	Moore	Dream Center Evansville	Director of Engagement
Rick	Moore	Evansville Housing Authority	Executive Director & CEO of Advantix Development Corp.
James	Mosley	Envirokinetics Inc.	Owner
Anisha	Murphy	Community Reinvestment Fund, USA	VP, Community Advancement
Leslie	Mustard	Community Foundation Alliance	Board Member
Lori	Noble	Evansville African American Museum	Executive Assistant
Roger	Orth	Welborn Baptist Foundation	Chief Administrative Officer
Stacia	Osborne	Osborne Funeral Home	Owner
Pete	Paradossi	Evansville Regional Business Committee	President
Arlinda	Payne	Evansville Area Black Nurses Inc	RN,PRESIDENT/ CEO
Mark	Pinsky	CDFI Friendly America	Founding Partner
Dominic	Poggi	Southwest Indiana Small Business Development Ce	Regional Director
Danielle	Powell	Bedford Collab	Recruiter
Taylor	Price		Owner
Christine	Prior	City of Evansville, IN	Program Manager
Drew	Pritchard	Fahe	Business Development - Community Lending
Connie	Ralph	Evansville Goodwill Industries	CEO
Tylon	Rankin	Tyke Investment Properties	Owner
Ellis	Redd	Process & Pipeline Technologies	Division President
Katie	Reineke	Evansville Vanderburgh Public Library	Outreach Manager
Matthew	Reynolds	Habitat for Humanity of Henderson KY Inc.	Chief Operating Officer
Mary Fran	Riley	Allies for Community Business	Director of Community Relationships
Kathy	Riordan	Twymon Art Gallery	Advisor
Chioka	Roach	Entrust Homes	Administrative
Connie	Robinson	Hmr Enterprises INC	President, Former City Councilperson
Ileana	Robinson	HMR Enterprises Inc	COO
Steve	Roelle	Warrick County Economic Development	Executive Director

APPENDIX G Cont.

May 17th Introducing CDFI Friendly Evansville Region Participants

First Name	Last Name	Organization/Business Name	Title
Stephanie	Roland	Old National Bank	Community Development & Outreach Director
Jason	Rucker		
Lisa	Sebree	Sebree Consulting	Co-owner
Roland	Shelton	Old National Bank	Executive Vice President, Chief Strategic Business
Jaimie	Sheth	JD Sheth Foundation	President
Timothy	Simmons	Bread of Life Kingdom Ministries	Lead Pastor
Britney	Smith	Habitat for Humanity of Henderson KY Inc.	Executive Director
Brian	Southern	Indiana Small Business Development Center	Business Advisor / Business Owner
Jerome	Stewart	Diversity Supply Co.	President/CEO
Tyler	Stock	Evansville Regional Economic Partnership	Director of Talent EVV & E-REP
Erika	Strong Rodriguez	Key associates	Realtor
Margaret	Stuckey	United Way of Southwestern Indiana	Director of Community Impact
Steven	Stump	University of Southern Indiana	Director of Applied Science
Amy	Susott	Heritage Federal Credit Union	CHRO
James	Sutton	F.C. Tucker Emge Realestate	Broker/Associate
Legra Jamal	Swope	4 S Construction	President
Lawrence	Taylor	Edward Jones	Financial Advisor
Harlan Sr	Taylor	Memorial Baptist Church	Outreach Minister
Eric	Teppen	German American Bank	Commercial Banking Officer
Stephanie	Terry	Koch Family Childrens Museum & Mayoral Candidate	Executive Director & Mayoral Candidate
Liz	Tharp	Welborn Baptist Foundation	Learning & Impact Officer
Enos	Tibnol	Wow Windows Tinting LLC	Manager
Allan	Tidwell	My Two Sons Home Improvement	Contractor
Lawrence	Timmons		
Taneasha	Torain	Twist Of Magic Balloons.com	Owner
Fred	Travis	Banterra Bank	CRA & Fair Lending Officer
Billy	Twymon	Twymon Art Gallery	Artist/gallery owner
Julie	Vann	Churches Embracing Offenders	Secretary
Lisa	Vaughan	Feed Evansville	Chair
Talmadge	Vick	Vick Strategic Consulting & Development	Owner
Jessica	Welcher	Community One	Executive Director
Matt	Whetstone	First Bank	SVP
Mark	Whited	Crossroads Christian Church	Executive Director of Mobilization
Tammy	Willet	City of Henderson Community Development	Community Development Specialist
Marva	Williams	CDFI Friendly America	Senior Consultant
DeAndre	Wilson	Bedford Collab	COO
Mayor Lloyd	Winnecke	City of Evansville, IN	Mayor
Liz	Witte	Sigma Equipment	Chief Financial Officer

APPENDIX H

Sept. 27 What's Next for CDFI Friendly Evansville Region? Event Agenda

What's Next for CDFI Friendly Evansville Region?

September 27, 2023

University of Evansville - Eykamp Hall

AGENDA

- 9:00 am Registration and Light Breakfast**
- 9:30 am Welcome**
 Connie Robinson *CFER Advisory Group Member*
 Jill Carpenter *CFER Advisory Group Member*
- 9:40 am CDFI Friendly Evansville Region Progress Report**
 Mark Pinsky *Founding Partner, CDFI Friendly America*
 Rev. Adrian Brooks *CFER Advisory Group Member*
- 10:20 am Break**
- 10:30 am A Conversation with CDFI Clients and CDFI Lenders**
 Moderator: *Celina Peña - Senior Consultant, CDFI Friendly America*
 Speakers:
 Jeremy Evans *Executive Director, Dream Center Evansville*
 Tyrell Ferguson *Owner, Higher Image Hair Studio*
 Andre Gibson *Director of Lending IN and KY, IFF*
 Mary Tritsis *Sr. Director of Community Lending, Allies for Community Business*
- 11:15 am Lending Roundtables: What Makes CDFI Lending Different?**
 Facilitator: *Donna Fabiani - Senior Consultant, CDFI Friendly America*
 CDFIs: *Allies for Community Business, Cinnaire, Clearinghouse CDFI, Community Investment Fund of Indiana, Community Reinvestment Fund, IFF, Justine PETERSEN, and On the Road Lending*
 Other Mission Lenders: *Cambridge Capital Management*
- 12:15 pm Lunch & Panel Presentation: What's Next for CDFIs in the Evansville Region?**
 Moderator: *Councilman Alex Burton - CFER Advisory Group Member*
 Presenters:
 Keith Broadnax *Sr. Vice President, Business Development, Cinnaire*
 Lonnie Smith *President, On the Road Lending*
 Robert Boyle *Founder & CEO, Justine PETERSEN*
- 1:15 pm Adjourn**

APPENDIX I

Challenges and Opportunities in the Evansville Region

Evansville Region Assessment at a Glance

Market	Challenges	Assets	Opportunities
Region	<ul style="list-style-type: none"> • Low Engagement to date • Very low CDFI awareness/understanding • Limited exposure & involvement • Little market demand understanding • Racial diversity & equity 	<ul style="list-style-type: none"> • Regional funding streams • Significant upside potential for engagement, involvement • Regional collaboration 	<ul style="list-style-type: none"> • Education & deal identification • Leveraging funding streams • Bank collaboration • Growing use of regional public-private collaborations
City of Henderson	<ul style="list-style-type: none"> • A significant number of lower income residents • Limited local resources for urban development • Lack of affordable housing 	<ul style="list-style-type: none"> • Highly regarded Housing Authority • Riverfront development and recreation • Viable and attractive downtown 	<ul style="list-style-type: none"> • New employer moving to the community • City investments in a lower-income community • Active religious community
Evansville	<ul style="list-style-type: none"> • Regional responsibilities vs local focus • Limited understanding of CDFIs & CDFI Friendly • Limited focus on racial equity 	<ul style="list-style-type: none"> • Multifaceted funding streams • Awareness of need for racial equity • Strong current public support & leadership • Historically strong corporate leadership 	<ul style="list-style-type: none"> • Leveraging funding streams • New, focused initiatives • Significant racial inclusion & better racial power dynamics • Immediate needs CDFI interest