CHRISTA VELASQUEZ

Christa Velasquez: I work at the NE Casey Foundation; we're a $2.5 billion foundation based in Baltimore. Our mission is to improve outcomes for vulnerable kids and families in the US. We started investing in this space in 2002. I started as a PRI [?] maker, then I became a social investor; mission investor was in there and now I'm an impact investor. So, lots of changes but lots of things stay the same. Most of the investments that we have made have supported our grant-making work in our community change efforts, particularly in our civic sites in Baltimore and Atlanta, as well as our family economic success program areas; they just they fit with the social investing and the use of non-grant capital to achieve mission. We're really excited about finding opportunities to utilize our social investment capital and our system and service reform; so the social impact bond is something that has our CEO really buzzing. So, we now have five percent of our endowment, so $125 million set aside to make social investments. We invest across all asset classes, both the low market and market rate investments; so in that little flash that we saw, the Heron [?] Spector [?] and we're in every single one of those buckets. I do just want to preface my comments by saying, you know, the lens that I have is the Casey lens; we are domestic. Our portfolio is heavily CDFIs and so my comments will be targeting that and I think there's a lot of other investors in the room that do international investments that they can talk about other kinds of certifications and ratings. So, at Casey, we really try to support the development of industry standards, both through our own investing practices as well as collaborative field-building efforts. Like many foundations, when we make loans to CDFIs, we have standard financial covenants. I have no shame in admitting that we borrowed most of those covenants from the Ford Foundation and I think lots of other foundations across the country have done the same. We, however, tried not to be too burdensome on our investee organizations by asking for specific or separate reports. So, getting to Julia's comment, we try to utilize reports that the organizations are already generating, both on the financial performance side as well as the social results reporting. But it's still, having those minimum standards, particularly on the financial performance side, really helps us better manage our portfolio; that transparency is really useful and it helps on a very basic level because we're in all different kinds of program areas, some comparisons of organizational strength across the portfolio and within program areas. And also, and I wasn't expecting this when we first started the program, but having those minimum standards, having those performance requirements is helping us to educate and influence our foundation staff, our program officers staff. So, I'm in the investment office and this is something new for our program officers. So, you know, explaining why we have these minimum standards and what they are helps them understand why we would say yes or no to a particular investment but we're also seeing that it's affecting how they look at their grantees; so not necessarily organizations that we end up investing in, but they are now doing more thorough financial due diligence on their grantee organizations. Casey is a supporter of IRIS and we're starting to apply the IRIS measures to our portfolio, although only a portion of it, and we're a fund of funds so we're not quite at the GIIRS implementation stage yet but we're definitely looking at ways that we can do that. On the ratings side, we are longtime subscribers to CARS; hey Paige. At the beginning, actually, it was interesting because most of our investee organizations or CDFIs in the pipeline weren't yet rated but we were subscribers because we really believed, again, in setting industry standards, the increased transparency of the field, and I think it, in some ways, demystifies CDFIs to outsiders, folks who aren't doing this on a day-to-day basis, and really illustrates the business discipline and rigor that CDFIs operate under and I think that's really important. I think, originally, the hope or the expectation, Paige, and you've said this before, that individuals CDFIs thought getting rated and getting a good rating was going to attract lots of capital to their organization and I don't think that has happened, one, and I don't think that that's going to be the more likely outcome. I think, and I think, Ellen, you mentioned this, that it's more on a field level, this is going to attract more capital, again, to show the strong performance and the transparency will attract investors. And then at certifications, we use some certifications or we look at some certifications when we're assessing investment opportunities; so certainly looking for organizations among funds with CDFI certification, it's not an absolute requirement and even simply having certification is not enough for us. Other certifications, say like a B Corp or these L3Cs are not as relevant to our work; we're not making direct investments in companies and so I'm still looking closely at those certifications to see how-- what the value is both to the field and to foundation social investors. The CDFI certification, getting back to that, I'd really encourage or what I have seen is that simply having a certification is not really meaningful, I'm sorry if I offend everyone by saying that, but it just, you know, I get lots of program officers who say "Oh yes, here I have a potential borrower; they're a CDFI. Well, they got certified last week and they don’t have any capital and they’ve never done this before." So, you know, is there a way that we can increase the standards to the certification process or is there some way to categorize or segment the CDFIs within that receding certification? And I think this came up in a number of cases, and anyway, ratings and certifications don’t replace our due diligence; it's certainly a supplement and, particularly, because of all the social aspects of the investments that we make. So, again, getting to improving existing products or products that don’t exist around ratings and certifications, certainly this issue around CDFIs; we look at CRA ratings and we look at the NCIF ratings but we don’t always use them and I think part of it is because of the purpose of our investments. If, for example, we were simply looking for depository institutions as a cash management, you know, simply placing our $250,000 deposits in CDFI banks and credit unions across the country, I think, they would be very useful, however, we use them for a different programmatical [sic]. We are trying to engage financial institutions into our program strategies in our play space sites. A lot of times we don't have a CDFI bank or credit union, so, you know, I have to say in my deposit portfolio I have a deposit with Citibank or Fifth Third Bank but because they're engaging with our program staff on the ground that's why we're doing it. And so, their ratings are where they would end up in your four quadrants is less important to us because they're willingness to participate in our work. Again, I'd like to see the value of the business certifications benefit corporations L3Cs [sic] more clearly articulated and, again, that might just be my bias as a CDFI investor and not as a direct investor in companies. And then also something that I would urge us to think about, and it has come up like a half a dozen times throughout the course of the day already, is, you know, this issue of green washing and what-- how do you determine what constitute a social mission impact investment. You know, this is really trendy these days; everybody wants to be or is an impact investor. I get pitched constantly by fund managers who say "Yes, we're an impact investing fund," and then when you look at what they're actually doing they're kicking poor people out of apartment buildings so that they can raise the rents or, you know, buying pools of mortgages and then, you know, aggressively managing them. So things that, you know, they want to say they're social or impact but are they really? I mean, they might be to someone, I don't quite know who, but, you know, is there some kind of-- and I don't think it's a certification but maybe a checklist, are there minimum standards that we could look at this burgeoning field.