

Federal Reserve Bank of St. Louis

“Green” Finance: Investing in Sustainable, Energy-Efficient Developments

Presented By:

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COMMUNITY
CAPITAL
MANAGEMENT
Revitalizing America

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Introduction: About Community Capital Management

- Institutional fixed income money manager and a registered investment advisor with the Securities and Exchange Commission
- To date, we have invested over \$100 million in investments that finance environmental sustainability
- All bond portfolios seek to produce above-average, risk-adjusted returns
- Investment Vehicles:
 - Mutual Fund: The CRA Qualified Investment Fund (3 Share Classes)
 - CRA Shares (Ticker: CRAIX)
 - Institutional Shares (Ticker: CRANX)
 - Retail Shares (Ticker: CRATX)
 - Separately Managed Account



Overview

- Seek undervalued, high credit quality fixed income investments financing environmental sustainability and community development
- Provide extensive research and documentation for each security purchased identifying the environmental and community development benefits of the project being financed
- For banks in the CRA Shares, shareholders will receive extensive documentation for each security purchased on behalf of their bank identifying why the investment is CRA qualified. After each exam, new investments are identified and purchased for the bank's next CRA exam.



“Green” Screening Criteria

Securities/instruments from various sectors (U.S. Agency Multi-Family MBS, ABS, and taxable municipal bonds) can be proactively screened to identify those that support one or more of the following goals:

Smart Growth

- ✓ Rehabilitating Existing Buildings & Encouraging Adaptive Reuse
- ✓ Developing Brownfields
- ✓ Encouraging Proximity to Services & Employment
- ✓ Requiring Access to Transit

Energy Efficiency

- ✓ Meeting Energy Codes
- ✓ Conforming to Energy Star® Program
- ✓ Requiring Renewable Energy

Resource Conservation

- ✓ Requiring Renewable, Reused, or Recycled Materials
- ✓ Conserving Water

Health Protection

- ✓ Remediation of Environmental Hazards



Sample Investment: Xunlight Corporation, Toledo, Ohio*

Financial

- Sector: Taxable Municipal Bond
- Coupon: 7.75%
- Maturity: December 1, 2015
- Credit Rating: AA/AA-e



Environmental/Community Impact

- Thin-Film Flexible Photovoltaic Modules
- Solar Energy-Harnessing Technology
- The company is expected to add hundreds of green manufacturing jobs in Toledo, a city where tens of thousands of citizens have lost their jobs in recent years
- New green technology company that is helping Toledo shift from representing the “rust belt” to the “renewable energy belt”



Sample Investment: Seola Crossing at Greenbridge, Seattle, Washington*

Financial

- Sector: Taxable Municipal Bond
- Coupon: 6.37%
- Maturity: December 31, 2046
- Credit Rating: AAA



Environmental/Community Impact

- Recycling, Water Conservation, Energy Efficiency
- Seola Crossing provides housing for low-income persons in King County
- It is the first rental housing project in the Greenbridge HOPE VI redevelopment of Park Lake Homes I**
- Seola Crossing garnered the highest, 3-star rating in King County's Built Green program for environmental sustainability

* As of June 30, 2009, this represented 0.41% of the Fund's assets.

** HOPE VI is a HUD (Housing and Urban Development) plan meant to revitalize the worst public housing projects into mixed-income developments.



Sample Investment: Historic Jeff Centre, Lafayette, Indiana*

Financial

- Sector: Multifamily MBS (Fannie Mae DUS)
- Coupon: 5.61%
- Maturity: April 1, 2024
- Credit Rating: AAA/Aaa



Jefferson High School, 1919



Historic Jefferson Centre Senior Apartments, 2005

Environmental/Community Impact

- Rehabilitation/Adaptive Reuse: Historic Jeff Centre was converted from the former Lafayette Jefferson High School, built in 1912, into 74 affordable housing for elderly residents
- Proximity to Services; Infill Development
- Lafayette Neighborhood Housing Services, the non-profit Community Development Corporation serving the area, has relocated its headquarters and training center into the building
- Historic Jeff Centre serves as a synergist for the continuing revitalization of downtown Lafayette



Sample Investment: Green Clean Recovery, Heber City, Utah*

Financial

- Sector: Asset Backed Securities
Small Business Administration (SBA) Loan: “Patriot Express”
- Coupon: Variable
- Maturity: January 31, 2024
- Credit Rating: AAA



Environmental/Community Impact

- Green Clean Recovery sets the standard for on-site recycling of construction waste
- By using their services, builders can drastically reduce the number of roll-offs sent to local landfills
- SBA’s Patriot Express Program loans can be used for business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real estate purchases
- Patriot Express is available to military community members



Summary: National Community Impact*

Community Capital Management has invested approximately \$3 billion in community development activities on behalf of its clients:

- 163,000 affordable rental housing units
- 7,000 home mortgages for low- and moderate-income people
- \$31 million in affordable healthcare facilities
- \$177 million in community development activities including “green” initiatives
- \$365 million in downpayment assistance and statewide homeownership programs
- \$127 million in job training and job creation programs



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Disclaimers

Community Capital Management, Inc. is a Florida-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940.

The CRA Qualified Investment Fund is distributed by SEI Investments Distribution Co. (SIDCo), 1 Freedom Valley Dr., Oaks, PA 19456. SIDCo is not affiliated with Community Capital Management.

Investing involves risk, including possible loss of principal. Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. Carefully consider the fund's investment objectives, risks, charges, and expenses. This and other information can be found in the fund's prospectus, which can be obtained by calling 866-202-3572. Please read carefully before investing.

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