

Maryland Community Investment Venture Fund

Open Session Meeting Minutes

Friday, October 25, 2024, 10:00 a.m. – Noon

Participation Options

In Person:

100 South Charles Street
Suite 5300
Baltimore, MD 21201

Google Meet

Board Members in Attendance

- Portia Wu (Secretary of the MD Department of Labor)
- John Bratsakis (MD|DC Credit Union Association)
- Tisha Edwards (Maryland Bankers Association)
- Robin McKinney (CASH Campaign of Maryland)
- Mike Ravenscroft (Maryland Momentum Fund - University System of Maryland)
- Evan Richards (Maryland Bankers Association)
- Anwar Young (MD NAACP)
- Marceline White (Economic Action Maryland)
- Troy LeMaile-Stovall – (TEDCO)

OFR Staff and Counsel

- Stephen Clampett (Assistant Commissioner)
- Michael Sprouse (Deputy Commissioner)
- Teresa Louro (Assistant Commissioner)
- Michelle Denoncourt (Director of Administration)
- Ayanna Daugherty (Board Administrator)
- Emily Hanson (Advice Counsel)
- Ken Krach (Advice Counsel)

Topics

1. Call to Order

Michael Sprouse called the meeting to order at 10:02 a.m., and a quorum was established.

2. Welcome Remarks and Introductions

Mr. Sprouse stated that the notice of the October 25, 2024, meeting was: (i) published in the Maryland Register on October 4, 2024; and (ii) posted on the Department of Labor/Board website on October 22, 2024. Additionally, the agenda for the October 25, 2024, meeting was posted on the Department of Labor/Advisory Board website on October 22, 2024.

MD Department of Labor's Secretary Portia Wu introduced herself, gave brief remarks, welcoming the Advisory Board members and staff for their willingness to work with the Maryland Community Investment Venture Fund.

3. Update from OFR Counsel

Emily Hanson and Kenneth Krach advised the Advisory Board on the Board Meeting process and gave an overview of their responsibilities and the Open Meetings Act.

4. Access to Banking Act

Assistant Commissioner Clampett advised the Advisory Board with a PowerPoint slide presentation called "The Access to Banking Act". The key points presented and discussed were:

- a. History of the Access to Banking Act
- b. The Assessment Fee Credit
- c. The Maryland Community Investment Venture Fund
- d. The Operating Principles and Advisory Board

Mr. Sprouse advised the Advisory Board with a PowerPoint slide presentation called "Next Steps and Strategy". The key points presented and discussed were:

- a. Strategy of the Maryland Community Investment Venture Fund
- b. Products and Services that Have an Opportunity to Support the LMI Communities
- c. Innovators, Entrepreneurs, and Existing Businesses
Next Steps - Operationalization of the Fund

5. Questions

1. Are the maps of the LMI communities in the presentation available on the website?
2. Can we add a layer on the LMI communities map to show the federal institutions as well? Also, a great data source called Mapping Financial Opportunity, which shows state and federal chartered institutions, and alternative service providers in particular markets, was shared through following link: <https://www.newamerica.org/in-depth/mapping-financial-opportunity/where-are-financial-services-located/>
3. Have we already identified which banks are going to participate in the potential pilots, or is that part of the process they will be undertaking as an Advisory Board?
4. Does the startup company that we will be providing a grant or investment for have to be chartered in Maryland?
5. What are the Fund's structures for "investment and grants"?
6. What types of investment instruments are the Advisory Board going to use?
7. What kind of value are we trying to create for our banking partners, their customers, and the companies we plan to work with?
8. With the amount of money we have in the Fund, is it better to do fewer with more impact, or more with less "grant or investment" dollars?
9. What kind of real funds are required to create a real impact? Determining the value and impact will help dictate the structure, number, and size of the awards we want to make.
10. What are the solutions we are trying to find for consumers to be delivered through financial institutions? And what types of products do we need to use?
11. Is the focus here on the business owners being from the LMI community, or businesses serving the LMI community?
12. Are there any restrictions or opportunities to leverage other state investment funds, like something that lives in TEDCO or some other tax credit? Can we

blend investments, whether it's a grant or other investment types, or is there a restriction on that? This may help with the size problem.

13. Can we look more into the scope of the Access to Banking Act to investigate the idea to support mortgages or home repairs through bank/credit union lending? This would complement what they are doing for the CRA with the banks. This may allow more flexibility and creative lending for affordable mortgages, etc.

14. What are the requirements for financial institutions to start with the Maryland Community Investment Venture Fund?

15. Who are the true believers that we want in this first cadre of potential customers to evaluate these solutions?

16. How do we make sure that we are bringing enough to the table to incentivize the financial institutions and the startups to basically do what we are looking for?

6. Comments

1. Since the Access to Banking Act is only eligible for state-chartered institutions, we should be able to engage all our financial institutions with marketing at once, since it's a small number/audience.

2. Knowing that the universe of possible partners only includes state chartered institutions, ideas and conversations should be addressed openly with banks/credit unions and not in a vacuum with the businesses/partners. We need to make sure we do not create a one-way street in regard to where information is coming from.

3. There are two main audiences we are trying to address:

- a. State chartered financial institutions
- b. Potential entrepreneurs

One of the current fintech companies stated that they are facing challenges marketing to entrepreneurs in LMI communities. In addition to the African American communities, we also need to consider others, such as Latino and women entrepreneurs. We need to determine what communities we are trying to reach and what entities are already in contact with these communities, so that we can partner/work with them for outreach.

4. If we have a customer partner discovery initiated by our banking partners and people on the Advisory Board, and determine the problems that need to be solved, we have to be very strategic in how we get the word out to groups that are conveners of fintech companies. We want to have some type of criteria, like what size of company, and what kind of companies we want to work with.
5. It is important for the Advisory Board to distinguish the needs of larger institutions and of smaller institutions, because they could be drastically different.
7. Mr. Clampett informed the Advisory Board that we will be meeting quarterly, but would like to meet again sooner, hopefully in January, to discuss updates, progress, and the next steps. He then stated he will send an email to everyone to circulate some proposed dates.

Mr. Sprouse thanked everyone for their interaction and collaboration and is looking forward to the Advisory Board doing some great things.

The meeting was adjourned at 11:49 a.m.