CDFIs Making History Interview

Janet Thompson
Retired Vice President and Director, Citi Community Reinvestment

Mark Pinsky, President & CEO of OFN, conducted this interview on July 24, 2014.

Mark: I want to start open-ended, as you think back over your role as a banker in this crazy world of community development finance, is there an event or activity or accomplishment that really to you has great meaning. It might be from a board you sat on. It might be from [inaudible] NFF or it might be something you did at the bank. It might be something you saw that you didn’t even necessarily have a direct hand in.

Janet: Well I do, and I’ve thought about this. All of a sudden a memory came back. It was a critical moment, so let me tell that story.

In '84 or '85, mid-80s, I was a serving as the Director of Community Reinvestment for Citibank. That meant I oversaw the consumer banks giving across the country. You may recall that Citibank had started to acquire banks across the country in about '81 or so. By '84 or '5, all the new banks we had acquired had giving programs. I noticed in that year, '84, '85, we were getting increasing approvals from the field for investments grants, $5,000 or so, but investments nonetheless, in loan funds. As I saw this piling up, I became very concerned that we had set no standards for giving to community loan funds. We were a bank, and I suddenly thought, my gosh, what if one of our team out there, in all good faith, has made a grant to a place that we should not be giving money to. I, then, decided that we ought to set some standards for community development, lending into community development loan funds. They were very new. I wrote up a set of criteria I thought were important and called Martin Trimble at the forbearer of OFN, NACDLF, National Association of Community Development Loan Funds, I said, "Martin, you take a look at my criteria and see if they make sense for the work you're developing with loan funds." He said, "Why don't you send it to me?" I sent it to him. Then he saw me and said, "Why don't you let us make the grants?" Well, I thought that was a great idea. So we gave NACDLF money to both to make grants and to administer the grant program. It worked out brilliantly, because it gave us real authorities on what community development loan funds should be doing, should look like,
should consider, and overseeing the grant process which pleased everybody. That's how I came to know OFN.

I think that it has been so important for the community development loan fund to have a professional association that does the kind of work that started out oversight of criteria, and now really creates programs, creates training, creates a place where people of like minds can gather and learn from each other, which I think is just a terrific, terrific role.

Mark: Thank you. Thank you. That's one of the things I wanted you to talk about. That was one of our equity grants program. We called it grants equity program.

Janet: Yes, exactly right.

Mark: '92 was the year we launched that.

Janet: It was that late?

Mark: Yeah. But that was the right time. We started in '85—the organization started in '85 and we were just figuring it out. Martin came in in '89 and said we need to be about performance. We need to have standards, all that stuff, and was trying to do that and had started to borrow some money, borrowed some money from the National Episcopal Church, and borrowed money from Funding Exchange, which doesn't exist anymore. One of the big problems we had was that nobody... it was hit or miss whether people actually had any equity on the balance sheet.

Janet: All right, so my dates were off by about 5 years, so [crosstalk]...Anyway. But I did turn to him...[crosstalk].

Janet: ...and he did the job. It was just really terrifically well done.

Mark: Thank you, and I will tell him you said that. But even more than that, it became the basis for what the CDFI Fund became. It was that notion of putting performance around equity grants that got us accepted and integrated by the CDFI Fund and over the industry...It's now over a billion and a half dollars, based on that phone call you made, to Martin.

Janet: That's wonderful. I had never thought about it that way. I was focused on a very immediate problem.
Mark: Exactly. It's fascinating to me to hear what was behind that from your perspective and where it came from, because it was a bolt of lightning across our skies. What? This bank wants to do what? We weren't sure at that point in the industry, we weren't sure that banks could help us. Were they the enemy or were they the friend, right? [crosstalk]

Janet: That's true. Yes.

Mark: That was remarkable. Then, also when I look back on it, I want you to talk about this a little bit, if you follow that through to the EQ2, which was actually about four years later. In '96 we announced that. It was another effort to strengthen CDFIs. I wonder if you have any thoughts or memories around that effort from the perspective as a banker, as the perspective as a bank.

Janet: We were trying to figure out how to create an investment vehicle for a nonprofit, and it wasn't easy to do. It wasn't easy to think about. A colleague went to visit one of our senior investors and described what was essentially the EQ2, and he said, "Oh, you want people to take risks with no returns." Yes, that's right. We do want to do that. Anyway, it turned out to be a terrific program.

Mark: It was. That's really interesting. I give you a lot of credit for this for motivating the bank. What was remarkable about that from our perspective was that it wasn't just the community affairs officer, it was legal, and it was structured finance people.

Janet: Actually, I thought Citibank was quite remarkable in the way in which it focused on rebuilding societies, or building societies that hadn't yet been built. I think that was born in a great measure by the fact that Citibank was a bank in New York and around the world when the City of New York became so troubled in the 70s. All the banks in New York had to heave to and pay attention to what was going on around them. The 10-15 large banks and the savings banks created an organization that focused on rebuilding housing, and then subsequently how you use that to create jobs, etc. Some of that I think was born in the city in which they were invested in, or they were doing business in, the country was coming apart at the seams, which gives me great hope for Detroit, by the way.

Mark: Yeah. I have some hope for Detroit, but that's a separate topic.

Janet: That's right.
Mark: I just want to ask you one more question. From our perspective, from the CDFI industry, you were a pioneer. You were out in front of most folks in terms of the way you were working with us, at least. Maybe there were other folks doing it. What was that like? Did it feel like a land of opportunity or a land of who-knows-what?

Janet: I felt deeply grateful to the bank I worked for. There are ways to help build infrastructure and organizations that are going to make a difference, particularly in cities, to help those cities rebound and grow. Part of that is my personality. You grow up in a certain way and I was constantly reminded you must help others. Now I had a bank that was behind me using banking tools to figure out how you improve a society. I thought it was wonderful.

Mark, you're not going to believe this, but you probably will believe it, during the crisis in the late 70s in the city, I had a team of community affairs officers working and helping reorganize and organize communities across the city of New York, organizing merchants associations and then local development corporations and helping them learn how to invest in lending and building, etc. I got up every single morning, walked to work, thinking, "I'm saving New York City." That's a little over the top. But that was the kind of enthusiasm with which we were underwritten as an organization. That a community outreach people that the bank was really behind us. No question about it.

Mark: That's wonderful. That's a great story.

Mark: Janet, is there anything else that really stands out? Or even as you look forward based on a career in this stuff, saving New York City, saving CDFI industry, all those things. Is there some idea you have that for the next 30 years.

Janet: I'm somewhat removed, but I think it would be very easy for, but I don't think this particularly happened, this happened in some places ... It's very easy to say, "Okay, we fixed that. Let's move on to the next thing." What I would say is that certainly the banking industry, governments need to remember that people move up and down the economic ladder. You might be on top or on bottom, but you'll slip or you'll go up, but let's make certain that the people who slip and the people on the bottom have shots at being able to develop their own personas and their own opportunities. That they're greeted with some assistance to explore and think about what next.