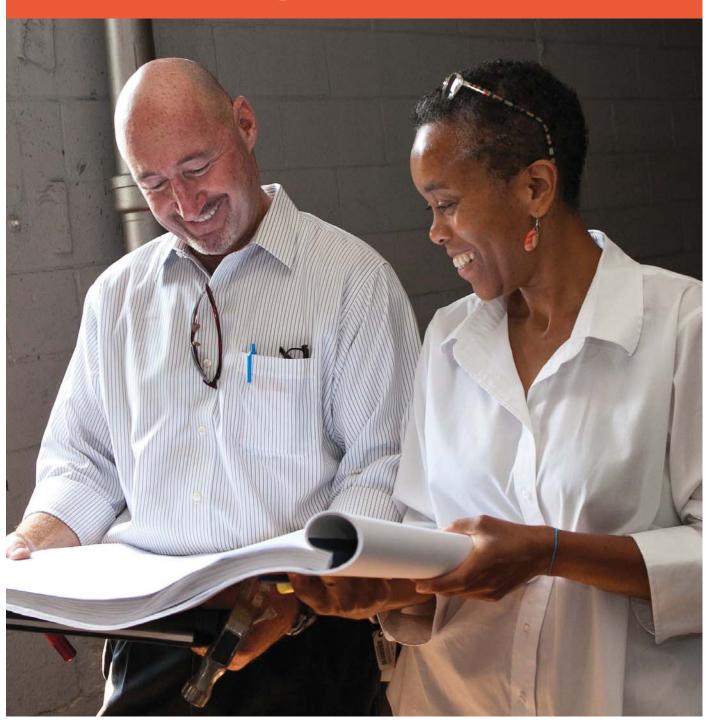
Boston Community Capital

2012–2016 Strategic Plan





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Introduction

FOR NEARLY 30 YEARS, BOSTON COMMUNITY CAPITAL (BCC) HAS HAD ONE MISSION: TO BUILD HEALTHY COMMUNITIES WHERE LOW-INCOME **PEOPLE LIVE AND WORK.** Yet over the years we have evolved in both capacity and knowledge. We have grown from a group of individuals with \$3500 in start-up funds to an organization that has invested over \$700 million to create and preserve housing, jobs and opportunities across the country. We have launched new business units, targeting specific problems—and in the process have expanded both our expertise and our ability to leverage that expertise. We have responded to shifts in the financial environment, addressing critical needs as they emerge, and seeking opportunities to increase our impact.

In the process, while our vision and goals remain constant, our strategies have also evolved to meet the changing needs of the communities we serve. We are pleased to present our guiding framework for the next five years.



Values

AT THE CORE OF ANY ORGANIZATION LIE CRITICAL VALUES AND IDEAS. They shape vision and strategy, inform daily actions and long-range planning. At Boston Community Capital the following six concepts are the platform from which we work to create and nurture healthy communities where low-income people live and work.

TO BE AN EFFECTIVE ORGANIZATION WE MUST RESPOND TO THE CHANGING NEEDS OF THE INDIVIDUALS AND COMMUNITIES WE SERVE AND ENHANCE THE EXCHANGE OF IDEAS AMONG MANY COMMUNITIES AND CONSTITUENCIES.

Our growth and performance are driven by our ability to recognize and respond to the evolving needs of our constituents and the changing nature of our market.

ISOLATION IS THE HALLMARK OF UNHEALTHY COMMUNITIES AND ORGANIZATIONS.

We therefore endeavor to stand at the intersection of multiple constituencies, to break through silos, and to work with organizations and individuals from diverse perspectives who can advance our mission.

LOW-INCOME COMMUNITIES AND RESIDENTS NEED AND ARE ENTITLED TO THE SAME EXPERTISE AND THE SAME EXPECTATIONS OF EXCELLENCE THAT ARE AVAILABLE TO THEIR WEALTHIER NEIGHBORS.

We work to deliver that excellence through staffing, technology, and infrastructure that promote efficiency and innovation.

THE CULTURE OF OUR ORGANIZATION SHOULD REFLECT THE VALUES WE BRING TO BEAR ON THE WORK WE DO AND THE COMMUNITIES WE SERVE.

As Mahatma Gandhi said, "We must become the change we want to see in the world."

SYSTEMIC CHANGE ENGENDERS POWERFUL, BROAD-REACHING AND LONG-LASTING RESULTS.

We seek ways to improve industry results, and to develop solutions that can be replicated on a nationwide basis.

ASKING THE RIGHT QUESTIONS IS A ROOT SOURCE OF GOOD LEADERSHIP. AS OUR WORLD EVOLVES, OUR QUESTIONS MUST EVOLVE.

We endeavor to increase our awareness of the transformational shifts that affect the environment in which we operate.



Core Goals

LOOKING AHEAD, BOSTON COMMUNITY CAPITAL'S OVERARCHING VISION REMAINS UNCHANGED: WE WANT ALL PEOPLE TO HAVE THE OPPORTUNITY TO CREATE GOOD LIVES.

Whether we are financing a health center or a charter school, solar panels or a saw mill, a low-income family or an established developer of affordable housing, our focus remains on developing financial tools with which to meet unmet needs. Yet the environment in which we pursue this vision has shifted, our capacity has grown and our expertise has expanded; thus, the strategies we employ to meet our goals must also change.

Broadly, in the period 2012—2016 we will continue to work towards five core goals, outlined below. Together as an organization, and in each of the business units of which our organization is comprised, we will work toward these goals employing the strategies outlined below. These strategies are described in detail in the sections that follow.

Since 1985, Boston
Community Capital has
worked to connect underserved
communities with mainstream
sources of capital. We endeavor
to stand at the intersection
of downtown expertise and
community values, working
with organizations and
individuals from all perspectives to reduce silos and
create wealth, opportunities
and lasting change.



BRING NEW CAPITAL TO UNDERSERVED COMMUNITIES

Connecting people in low-income communities with mainstream sources of capital is central to our mission as a CDFI. In recent years, the global financial crisis, the near collapse of the mortgage and real estate markets, the deepest recession since the 1930s, and the fallout from the predatory lending scandals have reshaped our communities and threatened the fragile community development successes of the previous two decades. The economic crisis has placed strain on public funding for housing, community development projects and community services; in the midst of budget and fiscal crises at the federal and local levels, government funding will likely remain tight for the foreseeable future. Meanwhile, low-income communities continue to struggle against high rates of unemployment, lack of credit, and a seemingly intractable cycle of mortgage default and foreclosure.

BCC seeks to operate at a scale that allows us to address these challenges, evolving the methods we use to connect underserved communities with capital from mainstream financial institutions and impact investors. We will endeavor to "look around the corner"—to see what needs are emerging in the communities we serve and develop new programs, products and services to meet these needs.

From 2012-2016, we will invest over \$300 million in underserved communities across the nation, bringing our cumulative dollars invested to over \$1 billion.

Key Strategies:

- Invest in "transformation zones"—geographic areas characterized by deep poverty and vicious cycles of disinvestment and economic decline that have also been designated for focused, place-based public and private investment. These communities need financing products that are unconventional and that recognize the transformative possibilities in these vital regional economies (Boston Community Loan Fund).
- Recapitalize our SUN Initiative—bringing in new capital to support the expansion of our foreclosure relief work and demonstrating that properly underwritten mortgages to low-income individuals and families—even those households which have been through foreclosure—can be sound investments. (SUN Initiative).
- Develop performance-based, long-term financing to reduce utility use in existing affordable housing (Energy Advantage Program).
- Develop new financing mechanisms to support the installation of solar photovoltaic systems on affordable housing developments, community facilities and municipal buildings (Solar Energy Advantage).
- Launch building performance benchmarking tools and measurement systems that provide data to support lending for energy efficiency (WegoWise).

- Use the New Markets Tax Credit program to attract new investment in distressed communities across the nation and to leverage additional investor capital to support our core programs and new initiatives (New Markets Tax Credit).
- Use our balance sheet and ability to raise flexible capital to structure financing that will both be repaid and bridge unmet needs in the markets we serve.
- Create and strengthen partnerships and tools which increase access to capital from mainstream financial institutions and impact investors across a range of investor types and sizes.



EXPAND OUR CORE PROGRAMS TO MEET THE CHANGING NEEDS OF UNDERSERVED MARKETS

In the last five years, BCC has more than tripled assets under management from \$200 million to over \$700 million. We have used our strengthened balance sheet to support innovation, launch new initiatives and develop products that respond to key needs in the communities we serve and that other financial institutions are unable to provide. We have established new businesses—including BCC Solar Energy Advantage (SEA), WegoWise and our Stabilizing Urban Neighborhoods (SUN) Initiative—growing them from pilot programs into businesses with the potential to transform the ways in which financing is provided to low-income people and community development projects. We have developed new lending programs and partnerships that have allowed us to expand our lending to community health centers and charter schools and expand our geographic reach to include projects in over 20 states. And we have worked with our borrowers to help them preserve and maintain housing and community development projects during the financial and real estate crises that jeopardized access to capital for underserved markets.

From 2012 to 2016, bcc will expand our own programs, endeavor to break down silos between them, and create financing that bridges gaps between key players in underserved markets.

Expansion will include:

- Broadened geographic reach: We will seek to expand our financing models to new geographies, building and leveraging relationships with trusted on-theground partners (Boston Community Loan Fund, SUN Initiative).
- Development of new financing products and expansion of existing products that respond to market gaps including early stage predevelopment and collateral gap lending (Loan Fund).
- Collaboration between our Loan Fund, SEA and large permanent lenders to multi-family affordable housing in Massachusetts to create an energy conservation lending program (Loan Fund, SEA).

A PLATFORM FOR TRANSFORMATION

Over the past 30 years, BCC's trajectory has, in large measure, been guided by three strategic business plans: our original business plan; *Growing to Scale* (1999–2005); and *A Platform for Transformation* (2006–2011). Each has anticipated how we could grow to the next level.

Our most recent plan, A Platform for Transformation, had five broad goals that guided our operation over the plan period:

- Bring new capital to underserved communities.
- Expand our leadership role in the effort to build healthy communities.
- Expand our core programs to meet the changing needs of underserved markets.
- Build a platform that both enables BCC to achieve our objectives and can be replicated at a national level.
- Develop an effective measurement matrix for the social and community impact of CDFIs.

At the end of the plan period, we accomplished—and in many cases exceeded—each of our goals. We launched several independent businesses—SUN, WegoWise, SEA—that respond to key challenges facing low-income communities. Finally, BCC continues to be financially self-sufficient. Bolstered by those successes, yet mindful of the tremendous challenges ahead, we now chart our course for the coming five years.

- Exploration of new products and tools to advance access in low-income communities to healthy food, health care, early childhood education, excellent schools, good jobs, and affordable, high quality and appropriate housing (Loan Fund).
- Launch of new platforms to extend WegoWise's performance measurement and benchmarking tools to commercial building and single family homes (Wegowise).
- Exploration of possible FHLB membership and use of the CDFI Bond Fund to expand capital available for mortgage financing (SUN Initiative, Loan Fund).
- Outreach to new audiences, including individuals, underserved communities and the organizations that serve them.

Additional questions we will explore as we examine broad trends that may impact our communities over the next five years and beyond include:

- How do we ensure that the emerging regulatory landscape for the origination of residential mortgages does not inadvertently limit access to mortgage credit in low-income communities?
- · A decade after bank mergers created global financial institutions, how has the financial industry shifted? As local and regional lending institutions—many of whom share our community focus—grow, how can we work together to meet the needs of underserved people and communities?
- · As national demographics shift and new policies toward immigration emerge, what role can CDFIs like BCC play to help ensure that hardworking but undocumented members of our communities receive access to opportunities, including the fair benefit of their labor and a pathway to citizenship?

Our challenge is to remain thoughtful, dynamic and optimistic in the context of uncertainty—and to help everyone keep moving forward as we respond to the new and bigger challenges faced by the communities we serve.

Asking the right questions is a root source of good leader-ship. As our world evolves, our questions must evolve. We endeavor to increase our awareness of the transformational shifts that affect the environment in which we operate.



EXPAND OUR LEADERSHIP ROLE IN THE EFFORT TO BUILD HEALTHY COMMUNITIES

BCC's work is rooted in practice—on the ground actions we take to respond to the evolving needs of underserved markets. We will translate this practice into policy—leveraging the power of our work "in the trenches" to promote systemic change in the communities we serve by advancing policies, programs and practices that strengthen and stabilize low-income people and communities.

From 2012—2016, BCC will work with civic, government, community-based and private sector partners and stakeholders to create and preserve resources for neighborhood stabilization and revitalization and to advance initiatives that have the potential to transform our communities. We will play an active leadership role in the housing, community development and CDFI sectors, working to ensure that resources are mobilized and moving in concert to provide solutions at the scale of the problems we seek to address.

BCC endeavors to stand at the intersection of many communities—reducing silos and bringing together individuals and organizations from all perspectives who can advance our mission. Through active civic leadership, we strive to broaden our networks and to build bridges across disciplines, geographies and institutions—cultivating relationships and knowledge that allow us to transcend the fractured environments in which we often operate.

From 2012 to 2016, we will:

- Collaborate with peers across the country to support policy initiatives that benefit low-income people and communities, including the extension of the New Markets Tax Credit program, the development of the CDFI Bond program, reform of Government Sponsored Enterprises (GSEs) such as Fannie Mae and Freddie Mac.
- Engage in strategic communications and media outreach focused on changing public perceptions around foreclosure and principal reduction and advancing solutions that stabilize communities and ensure that these communities are not left behind (SUN Initiative).
- Participate in working groups, task forces, and advisory boards focused on broadening access to capital for low-income and underserved communities (e.g. Working Cities Challenge) and protecting these communities from predatory lending practices (e.g. work with the Consumer Financial Protections Bureau [CFPB] on issues related to the provision of mortgage credit to low-income consumers; participation on the MA Governor's Foreclosure Impacts Task Force and the Advisory Committee to the MA Office of Consumer Affairs and Business Regulation).
- Work with lawmakers focused on housing foreclosure issues (e.g. proposed changes to Massachusetts General Law Chapter 244 governing foreclosure); continue to partner with the Massachusetts Attorney General's office to assure lender and Federal Housing Finance Agency compliance with Chapter 244 (SUN Initiative).
- Document our SUN Initiative's policies, procedures, criteria for success and lessons learned, and share this knowledge with policy-makers, funders and community development practitioners across the country through participation in conferences, panels, workshops, and working groups as well as publications of white papers and articles (SUN Initiative).
- Play an active role in CDFI industry impact measurement initiatives—working to ensure that new tools (including CARS, CDFI certification and reporting requirements, impact metrics) address the need for accountability and capture the real value of a CDFI's role.
- Encourage civic leadership and engagement in our staff, understanding that our employees' engagement in our communities benefits the employees themselves, the organization, and the community. BCC will offer flexibility in hours so staff can participate in board meetings and other civic engagement activities; our charitable contribution policy also supports organizations in which our staff members actively participate.

The culture of our organization should reflect the values we bring to bear on the work we do and the communities we serve. As Mahatma Gandhi said, "We must become the change we want to see in the world."



MAINTAIN ORGANIZATIONAL SELF-SUFFICIENCY, AND STRENGTHEN STAFF AND SYSTEMS

Operating from a stable platform gives BCC the freedom and security to continue to stretch, to grow, and to expand our ability to serve our constituent communities. From 2012—2016, we will maintain 100% organizational self-sufficiency and invest in the staff, infrastructure and technology needed to achieve our goals.

Key objectives:

Maintain Organizational Self-Sufficiency and Sustainability: Since 2005, BCC has operated on a self-sufficient basis, generating enough income from our core businesses to support operations. BCC intends to:

- Sustain this status permanently through a combination of fee income and growth in volume and activity levels.
- Demonstrate and communicate our impacts and excellent stewardship of resources to our stakeholders, including investors, funders, policymakers, borrowers and lending partners.
- Use our strengthened financial position to negotiate increased access to market-rate capital.
- Ensure compliance with state and federal regulatory requirements and all investor covenants and reporting requirements.
- · Continue to seek new sources of capital.
- Ensure maximum capital is retained for supporting BCC's mission by investing strategically—looking for opportunities to streamline BCC's operations with an eye toward saving time and money while aligning BCC's business practices with our principles.

Invest in Information Technology, Knowledge Management and External Communications: Nimbleness and efficiency have historically been key drivers in our efficacy. Moving forward, our systems must continue to support this efficacy at our expanded organizational scale. Moreover, we must communicate our accomplishments effectively with internal and external stakeholders in our work, and ensure that information travels between these constituencies effectively and efficiently. We will:

- Invest in management information systems (MIS) and infrastructure that remain a step ahead of the organization's business needs.
- · Maintain an IT infrastructure that is flexible, scalable and secure.
- Upgrade our website functionality to enhance communication and collaboration with BCC's varied stakeholder groups.
- Capture institutional knowledge and make this information accessible across the organization.

- Measure success quantitatively and qualitatively, looking at server, phone and internet uptime; system scalability, security and resilience; and employee productivity and satisfaction.
- · Ensure all employees continue to be able to work remotely as needed.
- Invest in Staff: We strive to be a "life cycle employer"—investing in benefits, training, growth opportunities and infrastructure that make it possible for talented staff to envision a career at BCC. These investments have paid dividends in employee retention, creating a culture of empowerment and shared commitment to building a stronger and more effective organization.
- Maintain commitment to a collaborative, supportive and collegial environment in which staff are encouraged to share knowledge and information, identify key challenges and work together to address them. Employees at all levels of the organization are encouraged to exercise initiative and offer ideas, criticisms and new approaches to accomplish the tasks at hand and contribute to the overall success of the organization.
- Measure success in terms of employee retention and productivity, and our ability to control costs while maintaining competitive benefits for employees.



MEASURE OUR SOCIAL IMPACT, AND USE LEARNINGS TO GUIDE PROGRAM ITERATION AND INNOVATION

BCC exists to create healthy communities where low income people live and work. As the CDFI industry and our funding partners mature and expand—and as resources for community development face external constraints—metrics, accountability and data measurement play an increasingly important role in ensuring that limited resources are deployed effectively.

BCC will endeavor to measure and communicate our impact to internal and external stakeholders in ways that accurately capture the value of a CDFI's role as well as our outcomes and impacts. We will actively participate in broader data collection and impact assessment efforts (e.g. CARS, CIIS, etc.) and work with our peers to understand and inform industry best practices. We will seek out external data that allows us to better understand the broader trends and demographic shifts in the communities we serve. Finally, and perhaps most importantly, we will use our learnings as tools to inform program evaluation and iteration, to support our policy work and to guide our innovation of new products, programs and services for the communities we serve.

From 2012–2016, we will focus on:

Asking the Right Questions

- Hone a system of data collection which allows us to learn and consequently shape our products and the way we lend.
- Maintain an impact measurement system that asks questions which will generate actionable answers.

• Find questions which we can ask of our borrowers and clients as part of our impact data collection which will help them to better assess their projects and services.

Systemic Change

- Focus data collection and usage not only on activity, but on results.
- Maintain accurate output data while encouraging benchmarking around outcomes and impact.

Looking Outward for Models of Excellence

- Expand the organizations we look to for examples of impact measurement and ways to systematically incorporate that measurement into what we do.
- · Consider what we can draw from the for-profit as well as the nonprofit world that will enable us to better understand and serve our communities.

Incorporating Impact Measurement into Daily Practices, and Use Data to Inform Program Development and Iteration

- Establish, customize, and maintain effective database systems that will intuitively and robustly incorporate impact and data collection.
- Systematize the way that our learning is incorporated into action; using data to improve and grow our lending in ways that most effectively target community needs.

Maintaining Flexibility and Responsiveness to Changing Needs

- Create systems which allow us to measure impact in the context of filling a changing set of needs—refining a set of standards that allow us to benchmark ourselves without restricting the range of needs we can meet.
- Track our lending flexibility in response to changing conditions and the manner in which it has allowed projects to move forward; telling the story of the ways that our role has changed a project to make it more resilient to externalities.

BCC's SUN initiative helped foreclosed homeowner Sellou D. of Springfield, MA reduce her monthly payments by 24% and her principal balance by 33%.





2012–2016 Goals By Business Unit

TODAY, BCC AND ITS AFFILIATES—including Boston Community Loan Fund, our Stabilizing Urban Neighborhoods (SUN) Initiative, BCC Solar Energy Advantage, WegoWise, Boston Community Managed Assets and Boston Community Venture Fund—provide a wide range of debt and equity products for low-income communities and individuals and emerging businesses.

Five years ago, when we created our last strategic plan, several of these units—including SUN, Energy Advantage and WegoWise—were merely ideas; today they are independent, emerging businesses working in unison towards a common vision: to create healthy communities where low-income people work and live. While the strategies these businesses employ vary, each responds to a unique need as we work together toward the overall strategic goals of the organization. On the pages that follow, we provide the detailed strategic plans for each of these individual business units.



BOSTON COMMUNITY LOAN FUND

Boston Community Loan Fund (BCLF) was founded in 1985 to lend to nonprofits developing affordable housing. Today, BCLF seeks to create transformational change across low-income communities by financing community development projects that include affordable housing, but also encompass child care, public education, healthcare facilities and commercial revitalization projects—areas that serve as a foundation for healthy communities.

In the next five years, BCLF's overarching goal is to deploy \$150 million, in order to enhance 150,000 lives.

To accomplish this, bull steadily accelerate lending activity, the number of quality community assets financed and our positive impact on low-income families.

From 2012-2016, BCLF will:

- · Leverage competitive advantages in our core lending
- Expand geographically through strategic partnerships
- · Bring new products to scale to meet emerging needs
- · Support BCC affiliate innovation
- · Maintain self-sufficiency
- · Invest in our systems and our staff
- Measure our social impact, and use learnings to guide program iteration and innovation

Leverage Competitive Advantages in Our Core Lending

Recognizing the value we bring to various situations and a range of partners allows us to harness the flexibility we have as a well-capitalized unregulated financial institution to keep capital flowing into neighborhoods that are not prioritized by conventional funders/lenders/investors. We will:

- Deploy our capital to build quality housing and great schools, expand community health centers, repurpose vacant mills and factory buildings, stabilize neighborhoods and generate renewable energy.
- Recognize that people and cash flow repay loans, not ratios. Bank regulations
 stipulate requirements that may not always reflect the ability to repay. The
 difference between debt that can be repaid from cash flow and the amount of
 debt that can be supported by conventional measures can create an opportunity
 to better support important projects.
- Continue to lend to good projects with strong sponsors that make a difference in our communities in the face of market jitters and government uncertainty.

Isolation is the hallmark of unhealthy communities and organizations. We therefore endeavor to stand at the intersection of multiple constituencies, to break through silos, and to work with organizations and individuals from diverse perspectives who can advance our mission.



Expand core programs to meet changing needs of underserved markets

- Use our balance sheet and ability to raise flexible capital to structure debt that can both be repaid and bridge unmet needs in the market.
- · While not embracing complexity for complexity's sake, we will not shy away from complicated financial transactions that mirror the structures that high-wealth communities benefit from routinely.

Expand Geographically Through Strategic Partnerships

Geographic expansion increases the pool of high-capacity borrowers working to advance our mission, while partnering with top-tier CDFIs and mission-aligned lenders enriches our knowledge and network, generates a growing number of opportunities and extends our impact.

- We will push the boundaries of our target market out from Massachusetts and surrounding states to include all of New England and the Mid-Atlantic states as far south as Virginia and including Washington D.C.
- By nourishing and expanding our web of relationships, we will forge strategic partnerships to deliver appropriate capital combined with deep local knowledge and industry expertise across an expanded footprint.
- Of course, credit exposure across a larger geography increases loan monitoring costs; larger transactions require a larger BCLF balance sheet; and lending with and through partners introduces another level of risk which we must underwrite. We are addressing each of these risks.

Bring New Products to Scale to Meet Emerging Needs

There are unmet needs everywhere. For instance, in the early phases, projects need to finance feasibility assessments, site control, permitting and architectural and engineering. Single-tenant, special purpose community facilities often appraise below the total development cost, creating a financing gap that exceeds the equity available from the non-profit school or health center. Without a collateral gap product, quality projects languish. From 2012—2016, we will work to address these needs by creating new products and expanding existing products and services offered to our borrowers and potential partners. We will seek to:

- · Offer an early-stage predevelopment product at scale.
- · Make a community facilities collateral gap product available.
- Develop a Market Gap product in locations or project types that have been targeted by broad public investment.
- Stay attuned to emerging financing needs to support the advance of Healthy Food Access, Family Financial Stability, Energy Generation, Conservation and Sustainable Development, Social Determinants of Health, Pathways to Work and Supportive Housing, and other such themes.
- Participate actively in policy initiatives, task forces and working groups aimed at improving the lives of low-income people and communities (e.g. Charter School Lenders Coalition, Community Health Lender Coalition, MA Grocery Access Task Force, The Working Cities Advisory Board).

CORE GOAL

New capital for underserved communities



Build a platform that enables us to achieve our objectives and can be replicated at a national level

Support BCC Affiliate Innovation

BCC affiliates generate nationally recognized strategies to improve the lives of low-income families and communities. BCLF expertise, relationships and capital flexibility applied to internally generated entrepreneurial ideas enables them to grow at a far more rapid rate. Moreover, being the first lender to our affiliates allows them to mature and prepare for outside loan capital.

- Finance renewable energy projects developed by our SEA/EAP affiliates and provide financing to our SUN affiliate to respond to the mortgage foreclosure crisis in our communities.
- Develop an energy conservation lending program in partnership with SEA and large permanent lenders to multi-family housing in MA.
- · Share knowledge with Loan Fund Borrowers about utility tracking to improve the energy performance of our portfolio and strengthen our Borrowers.
- · Look for new ways to work across business units to achieve and extend mission.

Maintain Self-Sufficiency

- Self-sufficiency is at the heart of our capacity to serve our communities at all points along the curve in the inevitable cycles in the economy. Maintain a diverse set of funder relationships across a range of institutional types and sizes.
- Structure credit facilities so we can draw opportunistically to match liabilities and assets effectively and maintain an acceptable spread between our cost-of-funds and the interest we earn on our lending.
- Develop fee-based services to support revenue generation when the spread is compressed by market pressures.
- Maintain a strong, balanced and growing portfolio, actively managing challenging credits.

Invest in Our Systems and Our Staff

We are only as strong as our people and our systems.

- Develop an integrated data management platform that has integrity and is easy to use and maintain by all parts of the organization.
- $\boldsymbol{\cdot}$ Continue to invest in loan management software and loan operations systems.
- Maintain a highly experienced team of professional community development lenders.
- Support the deepening of the Loan Fund team's networks, knowledge and expertise.

Measure Our Social Impact, and Use Learnings to Guide Program Iteration and Innovation

Because BCLF works with a diverse group of stakeholders, we have access to a broad range of data, both inside and outside our portfolio. Working together, we can use it to better understand the problems we're addressing and the potential solutions we can pursue.

From 2012-2016, we will:

- Collaborate with other CDFIs to measure impact and develop a more robust understanding about the way the industry's work, taken as a whole, affects the communities we serve.
- Support data aggregation between agencies; the larger the data-collection effort, the more predictive and powerful the data can be.
- Work to better understand and use our borrowers' industry-specific benchmarks to assess impact, gauging the efficacy of projects based on criteria important to the service provider.
- · Staff our commitment to measuring and increasing social impact.
- · Share our knowledge with our borrowers.



Measure our impact and use learnings to guide program iteration and innovation

CASE STUDY

Holcroft Park Homes, Beverly, MA



A resident of Holcroft Park Homes, Beverly, MA.

HOLCROFT PARK HOMES IS A NEIGHBORHOOD-WIDE REVITALIZATION PROJECT in the Gloucester Crossing area of Beverly, MA. Originally developed to provide workforce housing for United Shoe Company employees, this historic neighborhood experienced a period of neglect and economic decline after the United Shoe manufacturing facility closed in the early 1980s. Buildings fell into disrepair, abandoned cars dotted empty lots, and crime followed. Despite these changes, the neighborhood remained home to many local families and became increasingly diverse with a growing Brazilian immigrant population. Its proximity to the commuter rail, downtown Beverly, and a well-maintained park made it a prime target for gentrification. In 2007, a \$4.9 million loan from Boston Community Loan Fund and our

partners enabled North Shore Community Development Corporation and the YMCA of the North Shore to purchase 11 contiguous properties with a plan to transform the neighborhood by creating 58 units of new affordable rental housing. The development, which features cutting edge energy-efficient design elements such as solar-thermal hot water collectors, full insulation, and Energy Star lighting and appliances that reduce operating costs for the owners and for the tenants, is 100% affordable and provides 16 units for extremely low-income households. The neighborhood has been transformed. And, since completion, the Beverly Police Department reports a 90% reduction in 911 calls.



THE SUN INITIATIVE

In early 2009 BCC launched the SUN (Stabilizing Urban Neighborhoods) Initiative to address the foreclosure crisis that threatens our nation's economic recovery and the stability not only of individual homeowners but also of entire neighborhoods—disproportionately impacting low- to moderate-income communities. To date, SUN has helped homeowners facing foreclosure or eviction stay in their homes by matching their stable incomes with affordable mortgages that are in line with current market values. Between 2009 and early 2011, SUN piloted its program in Boston and Revere neighborhoods hardest hit by the foreclosure crisis; in mid 2011, SUN expanded its geographic reach to communities across Massachusetts.

As we now strategically position SUN for continued growth and impact we face several major challenges, including:

- Predicting the course of the foreclosure crisis and specifically the need for SUN's current product.
- · Accessing appropriately priced capital.
- · Securing cooperation and appropriate partnerships with banks and investors.

For the purposes of this strategic plan we have assumed sufficiently available capital and a continuing need for SUN services—both from homeowners facing foreclosure and from low- to moderate-income consumers with limited access to the conventional mortgage market.

From 2012—2016, SUN will evolve from a pilot program to an early-stage mortgage business with the necessary staff and infrastructure to operate efficiently in our target market. We will:

- Provide sufficient mortgage and purchase financing to stabilize over 600 low-income families.
- Raise the capital needed to support SUN's ongoing investment goals and operating budget.
- Maintain local and national leadership on policy and regulatory issues relating to foreclosure and access to mortgage financing.
- · Build and maintain a sustainable business with breakeven or better operations.
- Expand SUN's impact to additional communities affected by the housing foreclosure crisis.

To be an effective organization, we must respond to the changing needs of the individuals and communities we serve and enhance the exchange of ideas among many communities and constituencies. Our growth and performance are driven by our ability to recognize and respond to the evolving needs of our constituents and the changing nature of our market.

Provide Mortgage And Purchase Financing To Help Stabilize 600+ Low-Income Families

ightarrow Mortgage and Purchase Financing Projections by Year

Period	\$ Volume (net dollars)	# Properties
2012	\$25,000,000	125
2013	\$25,000,000	125
2014	\$25,000,000	125
2015	\$25,000,000	125
2016	\$25,000,000	125
Total	\$125,000,000	*625

^{*}Assumes average loan amount of \$200,000

New capital for underserved communities

CORE

GOAL

Raise the Capital Needed to Support Sun's Ongoing Investment Goals and Operating Budget

SUN raised an initial pool of debt capital sufficient to support over \$50 million in mortgage finance for families facing foreclosure. We expect to have fully deployed this initial pool in 2013, at which point we will need to bring in additional capital in order to continue providing new mortgages for households facing foreclosure.

- Recapitalize our investment capital. Options include: a secured or unsecured note; CDFI Bond Fund; the resale of existing mortgages; a loan from the Federal Home Loan Bank; the payoff of existing mortgages primarily through refinancing by conventional lenders.
- Secure and manage grant funding to fund operating costs and make loans more affordable for homeowners. We will identify and potentially partner with other organizations that offer grants or low cost capital for our clients to finance repairs, closing costs and other similar items.

Maintain Local and National Leadership on Policy and Regulatory Issues Relating to Foreclosure and Access to Mortgage Financing

- Civic leadership, including participation in Governor Patrick's Foreclosure Impacts Task Force and the Advisory Committee to the MA Office of Consumer Affairs and Business Regulation.
- Work with lawmakers focused on housing foreclosure issues (e.g. proposed changes to Massachusetts General Law Chapter 244 governing foreclosure, prohibiting lenders who own foreclosed properties from refusing to sell those homes to a nonprofit organization simply because that organization intends to resell the property to the homeowner).
- Continued partnership with Attorney General's office to assure lender and Federal Housing Finance Agency compliance with Chapter 244.



Expand leadership role in the effort to build healthy communities

- Policy work, including working to ensure that the CDFI Bond Fund will be available for mortgage finance, and work with Consumer Financial Protections Bureau (CFPB) on issues related to the provision of mortgage credit to lowincome consumers.
- Strategic communications, including media outreach, op-eds, and white papers describing SUN model and lessons learned. Our focus is on changing public perception of foreclosure and providing information for policy makers, lenders and community groups interested in advancing solutions that keep homeowners in place and stabilize neighborhoods.

Build and Maintain a Sustainable Business with Breakeven or Better Operations

To keep expenses in line with revenue and achieve operational breakeven at a minimum by 2016, SUN must:

- Establish and achieve annual budgets in line with this objective. In the start-up phase of this business, we note that program expenses will exceed revenue.
- · Continue to streamline operations and improve operational efficiency by:
 - » Leveraging our mortgage software platform while maintaining database integrity.
 - » Improving operational efficiency and maintaining project management discipline within each functional area.
 - » Updating checklists, procedures, contracts/forms/agreements as needed.
 - » Maintaining an information and reporting system that supports close management of the business.
- Maintain focus on strong underwriting. Manage delinquencies to industry standards.
- · Increase the pipeline of applicants to meet the budgeted goals.
 - » Continue to creatively and cost-effectively market SUN and its products to our target markets.
 - » Pursue media and PR activities to continue to build market awareness for SUN. News articles and interviews are key drivers of inquiries.
 - » Launch a new website that can be found by our target market through search engines and that has the ability to take on-line inquiries and applications.
- Strengthen existing partnerships and establish new relationships with banks/ organizations that are willing to work with SUN. This goal potentially enables SUN to negotiate more efficiently, shortening the time to an accepted offer while also increasing the acceptance rate. Our relationship with Bank of America is a good model for moving forward.
- Manage staff levels to accomplish SUN goals, and provide a productive and healthy work environment where both the business and its employees have opportunity for growth.

Systemic change engenders powerful, broad-reaching and long-lasting results. We seek ways to improve industry results and to develop solutions that can be replicated on a nation-wide basis.



Build a platform that enables BCC to achieve our objectives and can be replicated on a national level

- Maintain compliance with and knowledge of evolving state and federal regulations.
 - » Complete internal audit of loans and prepare for external audit.
 - » Monitor new CFPB (Consumer Financial Protection Bureau) requirements and provide feedback where appropriate.
- · Continue to improve the client experience and improve customer service.
 - » Have trained staff dedicated to providing high quality customer service.
 - » Incorporate client feedback into our processes and procedures and into our evaluation of new potential products.
- Continue to explore the development of products and services that address the residential mortgage credit availability for low- to moderateincome homeowners.

CORE

Expand core programs to meet the changing needs of underserved communities

Expand Sun's Impact to Additional Communities Affected by Housing Foreclosures

- Document SUN's processes and procedures in a blueprint and implementation toolkit that other organizations and partners can use to replicate and adapt SUN for their communities.
- Promote SUN's model for foreclosure relief in conferences, speaking engagements and publications.
- Meet with organizations that seek to develop similar programs or replicate SUN's model in other communities.
- Research locations that have been hardest hit by the foreclosure crisis to evaluate the fit and need for SUN products, and to identify and establish appropriate partners that have a local presence in the targeted communities.
- · Consider one or two pilot sites to test the feasibility of expanding SUN.

CASE STUDY:

Joel and Rebecca M. Brockton, MA

Joel M. makes a living helping people save their homes—as a firefighter in Brockton, MA, the town where he lives with his wife Rebecca and their daughter. When Rebecca lost her job, they fell behind on their mortgage payments and were unable to catch up. BCC helped Joel and Rebecca repurchase their home, reducing their monthly mortgage payments by 33%.





GREEN INITIATIVES

Too often, environmental responsibility and stewardship have been seen as a luxury for low-income communities, both domestically and around the globe. For years, many affordable housing developments were built or rehabbed with limited "first cost" budgets that traded off lower development costs for higher life-cycle costs. Today, those properties have higher operating and utility expenses, are less durable and create less healthy living environments. Consequently, low-income communities spend a disproportionate percentage of their household income on housing and utilities—and shoulder a disproportionate share of environmental health burdens. This is particularly troubling as they house the population that can least afford these liabilities.

Three BCC initiatives are specifically designed to address these problems:

- \cdot The Energy Advantage Program (EAP)
- · The Solar Energy Advantage (SEA)
- $\cdot \ {\rm WegoWise}$

The following pages describe their five-year plans.

Low-income communities and residents need and are entitled to the same expertise and the same expectations of excellence that are available to their wealthier neighbors.



 \leftarrow

Solar panels on the rooftops of Old Colony homes in South Boston.

Energy Advantage Program (EAP) Financing

The Energy Advantage Program (EAP) was established in 2007 to develop financing tools and policy initiatives for energy conservation, energy efficiency and renewable energy investments to improve buildings' energy and environmental performance, stabilize and lower developments' operating expenses and allow low-income residents to participate in addressing solutions to climate change, environmental damage and adoption of new energy technologies.

Existing affordable housing developments have a series of barriers to making energy efficiency improvements, including:

- · Limited reserves or capital to make investments.
- · Restrictions by lenders and investors on taking on additional debt.
- · Limited organizational capacity to focus on capital improvements in existing stock.
- · Limited expertise on what and how to make buildings perform better.
- · Little data on building performance, benchmarks or feedback loops.
- Operating distributions and resale restrictions limiting owners' ability to benefit from a better building.

In order to improve existing multi-family properties, going forward we must focus on financing tools to overcome these barriers and then expand to other markets and products.

From 2012-2016, EAP will:

- Develop tools and programs that align building science expertise, financing and affordable housing requirements to improve the long-term building performance.
- · Expand EAP financing to new products and markets.
- Share our experience and learnings with partners and peer organizations across the country.

Develop Tools and Programs that Align Building Science Expertise, Financing and Affordable Housing Requirements to Improve The Long-Term Building Performance

- In partnership with Mass Housing and Massachusetts Housing Partnership, and with support from the Bank of America Energy Efficiency Finance Program, develop a performance-based, long-term financing program to reduce utility use in existing affordable housing developments by approximately 30%.
- Through BCLF, provide \$10 million in financing, serving over 1000 units, for the demonstration phase of the performance-based lending program.
- Explore the feasibility of financing deep-energy retrofits of aging affordable housing developments in order to demonstrate design and financing strategies to improve and extend the useful life of these properties.



New capital for underserved communities

CASE STUDY

Lyndon B. Johnson Apartments, Cambridge, MA







LBJ apartments in Cambridge, MA under construction (left). LBJ apartments in Cambridge, before (top right) and after (bottom right renovation

"When the Lyndon B. Johnson Apartments were built, they featured cutting edge architectural design—and the idea that electricity was cheap and easy. That was 1973. By 2009 they were the most expensive property in the Cambridge Housing Authority's stock, with energy and water costs exceeding \$500,000 a year. So we thought about a new approach.

"We added a new exterior envelope that creates a thermal separation between interior and exterior. We created a new mechanical 'penthouse,' with a roof angled to accommodate 378 solar panels. We converted from all electric heat to high-efficiency gas-powered boilers and installed central air-conditioning. We used passive solar plenum and energy recovery units to

preheat incoming fresh air and we put in large new windows that reduce airflow and leaks, while making the apartments feel lighter and brighter. To be able to do all that and still save more than 50% of our annual operating budget, we thought was pretty notable. Really, we're building a long-term hedge against inflationary energy pricing escalation.

"BCC's help in this process is invaluable. As an agency we're working to conserve on an annual basis, but at the same time increase our own ability for co-generation. Having someone to go to for renewable energy is invaluable."

Interview with Tina Miller, Cambridge Housing Authority



Expand our core programs to meet the needs of underserved markets



Measure social impact and use learnings to guide program iteration and innovation

Expand Eap Financing to New Products and Markets

- · Expand performance-based financing to community facilities.
- \cdot Explore opportunities to link healthy home improvements with community health centers and health financing sources.
- Explore integration of energy efficiency and healthy home standards and financing into BCC's regular lending activities and standards.
- Explore establishing financing partnerships with emerging community-based and high performance energy service companies (ESCOs).

Share Experience and Learnings

- · Measure our impact and use these learnings to refine program offering.
- Communicate our knowledge and work with lending partners, peer CDFIs, property owners and managers, policy makers and others to ensure that lifecycle costs are integrated into financing and lending standards.

Solar Energy Advantage (SEA)

BCC's Solar Energy Advantage (SEA) affiliate was established in 2008 as the first initiative of the EAP. SEA develops, owns and installs solar photovoltaic systems for affordable housing, non-profit organizations, community and municipal facilities. SEA provides all the upfront capital for the panels and installations, captures the value of the significant solar tax credit incentives, and ensures that the systems are designed and operated to maximize the solar electricity generation—overcoming three of the barriers our customers face in adopting this clean technology.

Through the first quarter of 2012, SEA has completed four rounds of solar projects for a total of 2.4 megawatts—making us one of the largest solar providers for low income communities in the country. The discipline for environmental and financial benefits that our customers require has led us to develop innovative financing tools that can push the whole solar industry towards being cost comparable to natural gas, coal and nuclear, alleviating dependence on long-term unsustainable subsidies.

From 2012-2016, SEA will:

- Develop and manage solar installations serving affordable housing and community facilities.
- $\boldsymbol{\cdot}$ Expand our solar model to include wider uses and applications.
- Participate in local, state, regional and national renewable energy policy to ensure equitable access to solar is included in new policies.
- $\boldsymbol{\cdot}$ Develop data-driven strategies to increase expansion feasibility.

Develop and Manage Solar Installations Serving Affordable Housing and Community Facilities

- · Develop second NMTC-Solar aggregation.
- \cdot Develop additional NMTC-Solar aggregations annually if awarded additional NMTC allocations.
- Manage and monitor our portfolio of solar to maximize performance and help develop best practices for solar industry.
- · Establish financing model for installations not eligible for NMTC financing.
- Develop solar model not dependent on deep state and federal solar incentives (which are scheduled to expire in 2015–2016).
- Begin refinancing or sales of initial solar projects as tax compliance periods expire.

Expand Our Solar Model to Include Wider Uses and Applications

- Include back-up, storage and resiliency capabilities in current and new installations.
- Establish community solar facilities that allow residents and communities without on-site solar opportunities to participate in the benefits of local solar.
- Explore integrated solar installations, such as solar-integrated roofs, parking canopies, storm water and irrigation management.
- Explore opportunities for using financing models for solar domestic hot water (SDHW) and combined heat and power (CHP) applications.
- Consider opportunities to bring solar to single family, including SUN, customers.
- · Explore expanding SEA to other states.

Participate In Local, State, Regional and National Renewable Energy Policy Generation to Ensure Equitable Access to Solar is Included in New Policies

- During this period, Massachusetts's primary solar incentives and policies— SRECs and net metering—will hit caps and expire. We will participate in developing follow-on solar policies.
- Regional power grid operators and institutions set rules for pricing wholesale and ancillary electricity services, many of which could better benefit solar, renewable and distributed generation. We will participate in their rule-making and stakeholder proceedings.
- The primary federal solar incentive—the 30% investment tax credit—is scheduled to expire in 2016, while other federal policies are being developed that may shape renewable energy projects.

Develop Data-Driven Strategies to Increase Expansion Feasibility

- Capture pricing benefits of ancillary solar services: demand response, price suppression, frequency regulation, forward capacity.
- Develop a model that shares direct financial benefits of solar with low income tenants.



New capital for underserved communities

CORE GOAL

Expand core programs to meet the changing needs of lowincome communities

CORE GOAL

Expand our leadership role in the effort to build healthy communities

CORE GOAL

Measure our social impact, and use learnings to guide program iteration and innovation

CASE STUDY

Greater Boston Food Bank, Boston, MA



Solar panels on the roof of the Greater Boston Food Bank

"The commitment to green is also a commitment to community," says Catherine D'Amato, President and CEO of The Greater Boston Food Bank. "Every dollar we save means we can feed more people. It's that simple."

The Food Bank is New England's largest hunger-relief organization. Over the past two years they have seen a 25% increase in the need for their services, and D'Amato only anticipates that demand will grow. So, in building the Food Bank's new facility she was focused on achieving every possible efficiency.

"We also have a commitment to being green," she continues. "After all, we are old recyclers; what we recycle happens to be food. Our site was where Boston burned its garbage. Our vision was to transform a brownfield into green buildings."

Working with BCC made that possible. "I am not in the photovoltaic cell business," D'Amato notes. "It's not my core competency, it's BCC's." Solar panels spanning the Food Bank's roof form the cornerstone of the organization's broad green footprint—a footprint that includes non-carcinogenic cement, ambient air in the refrigerators and hydraulic-free lift gates. The partnership with BCC enabled the Food Bank to get energy at a low, fixed price—and to be green—while remaining focused on their own mission.

"People who are fed and have the resources they need can be better contributing members of their communities." The Food Bank itself sets a fine example

Wegowise

Existing efforts to improve our built environment typically focus on providing expensively featured systems to large commercial and industrial properties where ownership structures and capital budgets are more likely to support such improvements. Multifamily properties—especially affordable housing with its tax credit-enhanced ownership and minimal excess cash flow—offer energy service and systems providers fewer clear business opportunities. Yet, multifamily properties can greatly benefit from efficiency undertakings; 85% of multifamily properties were built before 1990 and many affordable properties were built in the 1970s.

The market does not lack the building technologies to improve these properties. Rather, it lacks data to identify the worst performing buildings, prioritize them for upgrades, and verify that savings are achieved.

As part of our broader green initiatives, BCC identified the lack of a robust building performance dataset as a key inhibitor for greater adoption of resource-efficient technologies and practices in our multifamily building stock. In particular, owners and tenants have little sense whether their buildings are efficient or not. Therefore, BCC co-founded WegoWise, Inc. in 2010, expanding upon our work to connect renewable energy and building efficiency solutions to low-income communities. WegoWise is built on the premise that data is not merely information, but can be transformative knowledge.

The multifamily market enthusiastically embraced our platform and WegoWise now has the largest multifamily dataset in the country. The WegoWise five-year plan broadly positions the company as the ubiquitous data platform for the building efficiency industry. WegoWise is the first tool that property owners should deploy to quickly identify poorly performing buildings, prioritize them for upgrades, and monitor their ongoing performance. The data we collect then can be further enhanced through additional downstream services, such as other software platforms, energy auditors, or a full-service energy service provider. Ultimately, we believe WegoWise can become the industry standard for building performance benchmarks, certification of efficiency improvements, and the basis for an efficiency financing underwriting engine.

From 2012–2016, WegoWise will:

- $\boldsymbol{\cdot}$ Become the multifamily efficiency market leader.
- · Launch commercial and single family platforms and benchmarking systems.
- · Develop smart-meter analytics and a network of related referral partners.
- · Create a loan platform and a network of lending referral partners.

To be an effective institution, we must respond to the changing needs of the individuals and communities we serve and enhance the exchange of ideas among many communities and constituencies. Our growth and performance are driven by our ability to recognize and respond to the evolving needs of our constituents and the changing nature of our market.



Expand core programs to meet the changing needs of underserved markets



Measure our social impact, and use learnings to guide program iteration and innovation

Become the Multifamily Efficiency Market Leader

We will seek to establish WegoWise as the multifamily efficiency market leader and best practice solution, through LEED certification and other metrics.

- · Complete first iteration of product.
- · Establish a national footprint.
- · Focus on renewals for our tracking system.
- Establish WegoWise as a best practice solution for building performance benchmarks.

Launch Commercial and Single Family Platforms and Benchmarking Systems

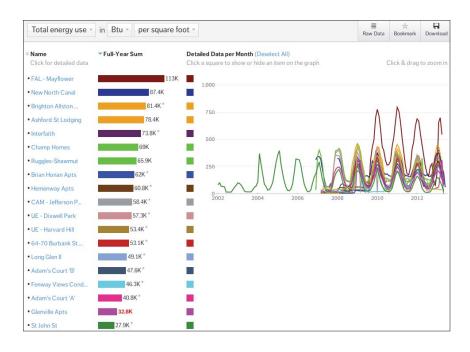
- Expand WegoWise offering with platforms serving commercial buildings and single family housing.
- · Launch benchmarking systems to provide additional analytics.

Develop Smart-Meter Analytics and a Network of Related Referral Partners

- Expand beyond tracking platform to provide additional analytics (WegoReports).
- · Develop efficiency savings calculator.
- · Establish ratings system.
- · Establish a network of referral partners for analytics.

Create a Loan Platform and a Network of Lending Referral Partners

- · Develop efficiency loan platform.
- Establish a network of referral partners for lending and service.





NEW MARKETS TAX CREDIT PROGRAM

For New Market Tax Credit (NMTC) purposes, BCC is a certified Community Development Entity (CDE) with a national service area. To date, BCC has received six NMTC allocations totaling \$428 million. Through deployment of these allocations and leverage lending for other NMTC projects, BCC has developed NMTC expertise and a pipeline that enable us to deploy our allocations quickly and effectively, while ensuring maximum benefit to low-income communities. Over the next five years, BCC will continue to apply for and deploy NMTC allocations (as they become available) to expand this work.

From 2012-2016 we will:

- Deploy BCC's existing NMTC awards and apply for additional awards as appropriate.
- · Continue to report on prior awards and monitor for compliance.
- Use NMTC proceeds to expand existing lending and launch new initiatives benefitting low-income and underserved communities.
- · Continue our policy work to support the continuation of the NMTC program.

Deploy BCC's Existing NMTC Awards and Apply for Additional Awards as Appropriate

BCC has used our existing NMTC awards to invest in projects that create jobs, services and opportunities for distressed communities across the United States. We will continue to invest our existing allocations in high impact projects that benefit low-income people and communities, and will seek additional allocations that allow us to expand this work.

Report on Prior Awards and Monitor for Compliance

We will continue to fulfill our reporting obligations to the CDFI Fund, IRS and our investors. As we begin to exit our first NMTC investments, we will review the impact of these investments and evaluate lessons learned.

Use Nmtc Proceeds to Expand Existing Lending and Launch New Initiatives Benefitting Low-Income and Underserved Communities

BCC has used proceeds from prior awards to capitalize new financial products for highly distressed rural and urban communities. To date, that equity investment has supported the development of our SUN foreclosure relief initiative, which has helped families facing foreclosure remain in their homes; BCC Solar Energy Advantage, a business that funds energy production, conservation and energy efficiency improvements in existing multifamily properties, and WegoWise, a business aimed at tracking and benchmarking utility inputs/outputs for multi-family affordable housing.



New capital for underserved communities

CORE GOAL

Expand core programs to meet the changing needs of underserved communities By investing equity from future NMTC awards in new initiatives (for example, expanding our energy conservation work or bringing our foreclosure relief work to cities around the country), BCC will seek to leverage an additional investor capital for these initiatives that allows us to extend the impact of our NMTC allocations beyond the life of the awards.

Continue Our Policy Work to Support The Continuation of the NMTC Program

We will continue to participate in CDFI industry initiatives focused on extending the NMTC program, through engagement with Opportunity Finance Network, the NMTC Coalition and other organizations.

CASE STUDY

The Forestland Group's Project Blue, Bluefield, West Virginia

"The Forestland Group has nothing more important than its reputation," says Managing Director Chris Zinkhan. "We are able to work with stakeholders in the purchase of timberland property because they realize we will steward the land."

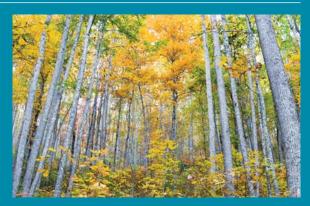
The Forestland Group is the first timber management organization in the world to receive SmartWood/Forest Stewardship Council (FSC) certification for its entire global timber portfolio.

"We harvest and manage for sustainability," Zinkhan continues. "We have a long-term plan to ensure the ecological integrity of the forest and to sustain the non-timber plants and wildlife." But that kind of care comes at a cost—a cost that is magnified when the property is the size of Project Blue.

Project Blue is over half a million acres of timberland—roughly half the size of Rhode Island. The land begins at Charleston, West Virginia and stretches 200 miles southwest.

Zinkhan observes, "Appalachia is known for having high quality timber. Project Blue is very well stocked; its timber inventory levels are well above average, a good mix of deciduous hardwoods: oak, poplar and maple trees." The Forestland Group intends to keep it that way. NMTC investment from BCC means they can.

"When the purchase of timberland has a high capital cost, lots of companies adopt an aggressive harvest strategy that impairs long-term sustainability. We practice selective cutting, removing crooked and defective trees along with just a portion of the highquality trees, directing the sun and water towards the residual high-quality trees, so they can grow for



the future," Zinkhan explains. "For Project Blue, the New Markets Tax Credit monies lowered our cost of capital enough to be competitive in the bid process, and that means we can afford to defer cutting the higher quality timber."

"Our plan on the property is to harvest less than growth, so we can sustain into perpetuity."

Not only does Project Blue put a tremendous amount of land under responsible care, it also brings employment to a region low on job opportunities. "We have about 30 contractors working on the properties today," Zinkhan states. "Mostly, these companies hire local folks to cut and haul the logs to the mills. There are probably 160 people working in the forest. Most of the volume goes to about ten local mills, which have well over 1,000 additional employees."

Now proven, Project Blue's success is spreading across the country. "We've already used the New Markets Tax Credit financing model on a project in southern Louisiana," Zinkhan enthuses. "There is no reason this can't work anywhere."



BOSTON COMMUNITY VENTURE FUND

Boston Community Venture Fund (BCVF) launched two double-bottom-line venture funds in 1997 and 2000, respectively. We have exited from most of our portfolio companies and we envision completing the exits from the remainder of the portfolio in the next two years.

From 2012–2014, BCVF will:

- Continue to monitor and advise our existing portfolio companies and seek exits that maximize shareholder and social return.
- Distribute capital to Fund I and Fund II investors as we achieve exits.
- · Complete reporting requirements for LPs.
- Evaluate the financial and social performance returns of Fund I and Fund II.

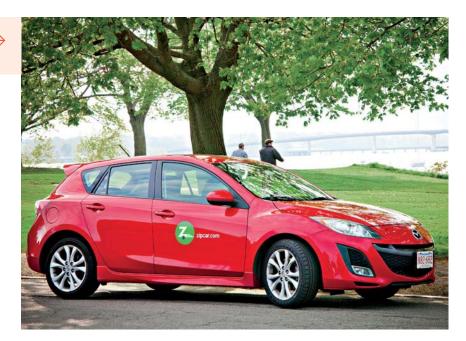
Continue to Monitor and Advise Our Existing Portfolio Companies and Seek Exits that Maximize Shareholder and Social Return.

We will work with our co-investors and management teams to achieve key milestones and to make key introductions. We will continue to serve on Boards (members and observers) and Board Committees as required until exit.

→ Existing Portfolio Companies and Exit Timing

Company	Exit Timing	Comments
Eating Well Media Group	2012	Final distribution from escrow at year end
Thermo Energy	2013	Exit will be either the sale of the stock (should wait for stock rebound) or the sale of the company
WorkSource	2013	No return likely
Zipcar	2013	Sale of Company
Acelero	2013–2014	Exit most likely via a recapitalization from expansion stage investors or sale to larger company in early childcare space
Dynex	2013–2014	Exit most likely in 2014 as the company introduces a new product critical to achieving maximum return
Magellan Diagnostics (LeadCare)	2013–2014	Exit may be delayed until 2014 as the company achieves key milestones for maximum return
SelecTech	2013–2014	Exit most likely as a sale to a larger company

Zipcar, a Boston Community Venture Fund portfolio company



We do not have controlling interest in most of the remaining portfolio companies and in some companies are not lead investors. In these instances, BCVF has limited ability to drive a specific exit date. However, in most of the companies, the shareholder group is seeking an exit as soon as is practical.

Distribute Capital to Fund I and Fund II Investors as We Achieve Exits

Complete Reporting Requirements for LPs

We will issue quarterly reports and annual valuation of holdings for FAS157 compliance until we have closed the funds.

Evaluate the Financial and Social Performance Returns of Fund I and Fund II

We will continue to track the social and financial returns of Fund I and Fund II, and report on these returns to our investors. As we wrap up Funds I and II, we will evaluate the Funds' impact and experiences, and report on lessons learned.



Measure our social impact, and use learnings to guide program iteration and innovation



Appendices

- 54 HIGHLIGHTS OF THE BOSTON COMMUNITY CAPITAL OPERATIONS FIVE-YEAR WORK PLAN
- 55 HIGHLIGHTS OF THE BOSTON COMMUNITY LOAN FUND FIVE-YEAR WORK PLAN
- 56 HIGHLIGHTS OF THE SUN INITIATIVE FIVE-YEAR WORK PLAN
- 57 HIGHLIGHTS OF THE ENERGY ADVANTAGE PROGRAM FIVE-YEAR WORK PLAN
- 58 HIGHLIGHTS OF THE SOLAR ENERGY ADVANTAGE FIVE-YEAR WORK PLAN
- 59 HIGHLIGHTS OF THE WEGOWISE FIVE-YEAR WORK PLAN
- 60 HIGHLIGHTS OF THE NEW MARKETS TAX CREDIT PROGRAM FIVE-YEAR WORK PLAN
- 61 HIGHLIGHTS OF THE BOSTON COMMUNITY VENTURE FUND THREE-YEAR WORK PLAN



HIGHLIGHTS OF THE BOSTON COMMUNITY CAPITAL OPERATIONS FIVE-YEAR WORK PLAN

2012

- Review and potentially transition health insurance, dental and vision plan offerings
- Review MIS needs and IT consulting relationships
- Implement Sage AccPac Accounting System
- Upgrade office space at 57 Warren Street

2013

- Review and potentially transition to ISPS
- TEA X upgrade
- Trademarking
- Branding and web redesign
- Review long-term disability and life insurance, 401(k) and investment advisor
- Office space: First floor of Palladio Hall renovation; interim improvements
- Evaluate contact management systems: Salesforce, etc.

2014

- Determine longer-term office space solutions
- Ongoing system upgrades
- Upgrade contact management systems

2015

- Maintain and review policies and procedures
- Maintain and review equipment needs

2016

Ongoing activities



HIGHLIGHTS OF THE LOAN FUND FIVE-YEAR WORK PLAN

2012

- Pilot Acquisition Line of Credit to preserve affordable multi-family properties
- Expand relationships with missionaligned partners
- · Geographic expansion in MD, PA
- \$30 million lending target to schools, health centers, commercial revitalization and affordable housing
- Refine Borrower Impact Survey

2013

- Pilot High Loan-to-Value Community Facility Product
- Pilot Market Gap product for commercial real estate projects
- Pilot Energy Conservation Product in partnership with SEA
- Expand relationships with missionaligned partners
- · Geographic expansion in NY, CT, RI
- \$32 million lending target to schools, health centers, commercial revitalization and affordable housing
- Invest in impact data collection and analysis
- Upgrade Loan Servicing Software

2014

- Strategic focus on Gateway Cities and CHOICE Neighborhoods
- Scale high LTV CF product
- Scale Market Gap product
- Expand relationships with missionaligned partners
- · Geographic expansion in VA
- \$35 million lending target to schools, health centers, commercial revitalization and affordable housing
- Refine feedback loop between impact/results data and program activities

2015

- · Geographic expansion in VT, ME
- Scale energy conservation product
- Expand relationships with missionaligned partners
- \$37 million lending target to schools, health centers, commercial revitalization and affordable housing
- Pilot new product based on data collected about disparities in populations served

- · Geographic expansion in NH
- Expand relationships with missionaligned partners
- \$40 million lending target to schools, health centers, commercial revitalization and affordable housing



HIGHLIGHTS OF THE SUN INITIATIVE FIVE-YEAR WORK PLAN

2012

- \$25 million in mortgage and purchase financing to stabilize families facing foreclosure
- Staffing: Hire SUN General Manager to oversee operations and staffing
- Policy work: MA General Law Chapter 244—proposed changes re: arm's length affidavits; CDFI Bond Fund; CFPB
- Expanding impact: Document SUN's processes and procedures in a "how to" manual that can be shared with community development practitioners and policy makers; presentations and speaking engagements
- Strategic communications: Outreach to local media to raise awareness of SUN

2013

- \$25 million in mortgage and purchase financing to stabilize families facing foreclosure
- Recapitalize SUN's investment capital; open "SUN II" for additional investment
- Expanding impact: Meet with organizations interested in SUN model; explore potential partnerships for expansion outside of Massachusetts
- Policy work: CDFI Bond Fund; CFPB safe harbor regulations
- Strategic communications: local and national media outreach

2014

- \$25 million in mortgage and purchase financing to stabilize families facing foreclosure
- Continue to raise capital for mortgage financing (SUN II)
- · Ongoing policy work
- Ongoing expansion effort: additional states
- Ongoing strategic communications

2015

- \$25 million in mortgage and purchase financing to stabilize families facing foreclosure
- Second recapitalization transaction
- Repay SUN I investors
- Ongoing policy work
- Ongoing expansion effort: additional states
- Ongoing strategic communications

- \$25 million in mortgage and purchase financing to stabilize families facing foreclosure
- Ongoing policy work
- · Ongoing expansion effort
- Ongoing strategic communications



HIGHLIGHTS OF THE ENERGY ADVANTAGE PROGRAM FIVE-YEAR

2012

- RFP—Mass Housing and MHP Partnership
- Integrate energy efficiency and healthy home standards and financing into BCLF's regular lending activities and standards (ongoing)
- Knowledge sharing to ensure that lifecycle costs are integrated into financing and lending standards (ongoing)

2013

- Mass Housing and MHP Partnership project selection and initial construction
- Through BCLF, commit \$10 million in initial financing serving over 1000 units, for demonstration phase of performance-based lending program
- Explore ESCO financing model with local and regional partners
- Integrate energy efficiency and healthy home standards and financing into BCLF's regular lending activities and standards (ongoing)
- Knowledge sharing to ensure that lifecycle costs are integrated into financing and lending standards (ongoing)

2014

- Mass Housing and MHP Partnership refinement and expansion of program
- Report on performance of deep energy retrofit, work with permanent lenders to integrate into recapitalization requirements and financing
- Expansion of BCLF energy efficiency financing; integration into BCLF product line
- Explore ESCO financing model with local and regional partners (continued)
- Explore opportunities for integrated financing model for single family homes
- Launch new initiatives based on research and market analysis
- Integrate energy efficiency and healthy home standards and financing into BCLF's regular lending activities and standards (ongoing)
- Knowledge sharing to ensure that lifecycle costs are integrated into financing and lending standards (ongoing)

- Mass Housing and MHP Partnership refinement and expansion of program
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HIGHLIGHTS OF THE SOLAR ENERGY ADVANTAGE FIVE-YEAR WORK

2012

- Begin work on second NMTC-Solar aggregation of approximately \$10 million, 2 megawatts
- Engage in Mass net metering expansion policy
- Manage and monitor existing portfolio of solar to maximize performance and help develop best practices for solar industry (ongoing)

2013

- Develop second NMTC-Solar aggregation of approximately \$10 million, 2 megawatts (continued).
- Begin work on the next NMTC-Solar aggregation of approximately \$10 million (if awarded additional NMTC allocation)
- Establish financing model for installations not eligible for NMTC financing
- Research technology, regulations and economics for adding back-up capacity to current and future solar installations
- Research and engage in policy discussions on pricing ancillary benefits into solar incentives and financing
- Engage in Mass SREC/incentive expansion policy
- Participate in regional stakeholder policy making on grid-related distributed generation regulations, pricing and policies
- Develop financing model providing direct economic benefits to tenant, residents through net metering and community solar

 Manage and monitor existing portfolio of solar to maximize performance and help develop best practices for solar industry (ongoing)

2014

- Continue work on the next NMTC-Solar aggregation of approximately \$10 million (if awarded additional NMTC allocation)
- Continue development of plan for non-NMTC solar project
- Develop new solar projects, explore expansion into other states
- Develop financing model providing direct economic benefits to tenant, residents through net metering and community solar
- Develop integrated PV installations with solar hot water, rain water capture
- Participate in regional stakeholder policy making on grid-related distributed generation regulations, pricing and policies
- Research and engage in policy discussions on pricing ancillary benefits into solar incentives and financing
- Manage and monitor existing portfolio of solar to maximize performance and help develop best practices for solar industry (ongoing)

2015

- Develop new solar projects, explore expansion into other states (ongoing)
- Develop business model not dependent on deep subsidies, post SREC/ ITC world

- Explore financing models for other distributed generation (solar hot water, combined heat and power)
- Explore options for integrating distributed generation into single family homes
- Participate in regional stakeholder policy making on grid-related distributed generation regulations, pricing and policies
- Begin refinancing or selling off initial solar projects as tax compliance periods expire (2015-2016)
- Manage and monitor existing portfolio of solar to maximize performance and help develop best practices for solar industry (ongoing)

- Develop new solar projects, explore expansion into other states (ongoing)
- Develop business model not dependent on deep subsidies, post SREC/ ITC world
- Explore options for integrating distributed generation into single family homes
- Participate in regional stakeholder policy making on grid-related distributed generation regulations, pricing and policies
- Manage and monitor existing portfolio of solar to maximize performance and help develop best practices for solar industry (ongoing)



HIGHLIGHTS OF THE WEGOWISE FIVE-YEAR WORK PLAN

2012

WegoWise is in developmental stage

- \$500,000 revenue target
- · Expand development staff
- Complete first iteration of product
- · Test markets and pricing
- Establish national footprint
- Focus on renewals for tracking service
- · Goal: Multifamily market leader

2013

Early stage company

- \$1.5MM revenue target
- Expand sales staff
- · Refine marketing and pricing
- Add more robust systems and processes
- Launch commercial property and single-family platforms
- Offer energy disclosure compliance service
- Expand beyond tracking platform to provide additional analytics (WegoReports)
- Deploy API for external information exchange
- Goal: Establish WegoWise as best practice solution

2014

Early-expansion stage

- \$5MM revenue target
- Consistently profitable
- Add senior management team for financial, sales & marketing, and operations
- Build regional teams
- Commercial space benchmarks
- · Efficiency savings calculator
- Establish rating system
- Smart-meter data analytics
- Establish network of referral partners for analytics

2015

Expansion stage

- \$11MM revenue target
- Work towards 30% net margin business
- Efficiency loan platform
- Establish network of referral partners for lending and service
- Explore international markets

2016

Expansion stage

- \$17MM revenue target
- 30% net margin with strong recurring revenue stream



HIGHLIGHTS OF THE NEW MARKETS TAX CREDIT PROGRAM FIVE-YEAR WORK PLAN

2012

- 2011 NMTC Round award decisions (received \$75 million)
- Invest remainder of 2010 **NMTC Award**
- Apply for 2012 NMTC Round
- Continue to report on prior awards and monitor for compliance

2013

- Invest remainder of 2011 **NMTC Award**
- 2012 NMTC Round award decisions expected Spring 2013
- Apply for 2013 NMTC Round (late summer/fall 2013)
- Continue to report on prior awards and monitor for compliance

2014

- Invest 2012 NMTC Award (if awarded)
- 2013 NMTC Round award decisions
- Apply for 2014 NMTC Round (if eligible)
- Continue to report on prior awards and monitor for compliance

2015

- Invest 2013 NMTC Award (if awarded)
- 2014 NMTC Round award decisions
- Apply for 2015 NMTC Round (if eligible)
- Continue to report on prior awards and monitor for compliance

- Invest 2013 NMTC Award (if awarded)
- 2014 NMTC Round award decisions
- Apply for 2015 NMTC Round (if eligible)
- Continue to report on prior awards and monitor for compliance



HIGHLIGHTS OF THE BOSTON COMMUNITY VENTURE FUND THREE-YEAR WORK PLAN

2012

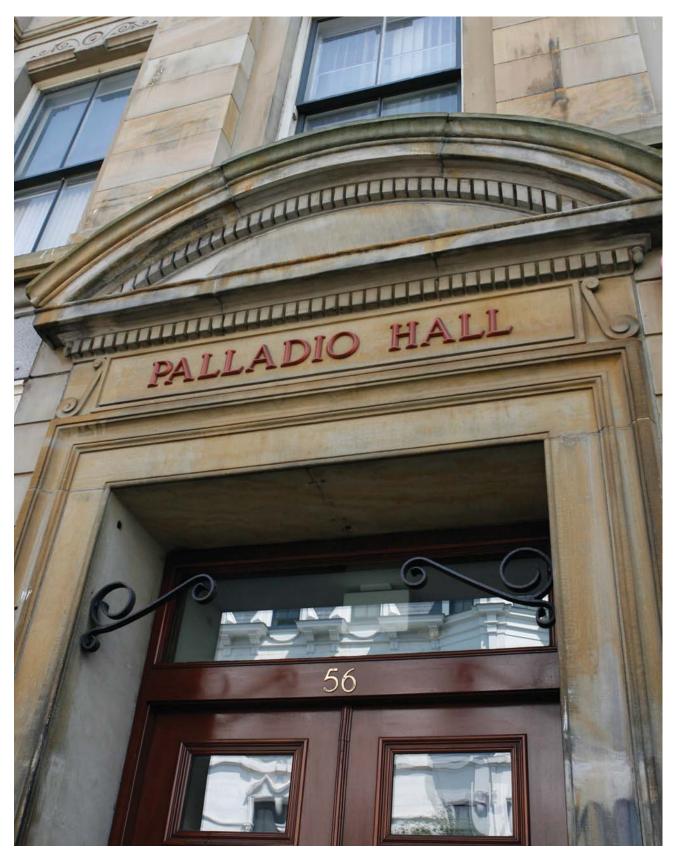
• Eating Well Media Group: final distribution from escrow at year end

2013

- Exit from Zipcar, Magellan, Dynex, Acelero, SelecTech, Thermo Energy, WorkSource (exits may be delayed pending key milestones)
- Evaluation of the social and financial returns of Fund I and Fund II

2014

Complete remaining exits



Photography Marilyn Humphries, except as follows: Zipcar photo courtesy of Zipcar, LBJ Apartments photo courtesy of John Ziniewicz of the Cambridge Housing Authority