

## **Summary of October 18, 2005 SBI Roundtable on Finance and Funding**

On October 18, 2005 representatives from across the finance and funding industry met for a roundtable discussion on how to grow and support the local industry. Sponsored by Mayor Kitty Piercy's Sustainable Business Initiative, participants included bankers, social investment fund managers, and representatives from credit unions, economic development, educational, and technical assistance organizations.

Bob Doppelt began the meeting by discussing preliminary findings on practitioners' vision and suggestions for growing the industry. This was followed by a presentation by Randall Leach of ShoreBank Pacific Enterprises. A summary of his comments follows:

- ShoreBank began over 30 years ago in Chicago; initially focused on property loans in "red lined" areas
- ShoreBank Pacific grew out of ShoreBank, in collaboration with Eco-Trust of Portland; 1<sup>st</sup> commercial bank in the U.S. with a commitment to environmentally sustainable community development.
- ShoreBank Enterprise Pacific was formed to assist traditionally natural resource-reliant rural communities to build new economic development strategies.
- ShoreBank Pacific assists with growth of businesses whose primary focus is sustainability related and assists mainstream businesses in shifting toward sustainability.
- Through detailed assessment of a client's economic and social footprint, ShoreBank Pacific is better able to identify opportunities for clients to shift from risk mitigation to sustainability; this information from all clients is shared with stockholders.
- Even though the expertise and additional time for thorough client assessment is expensive, there are still many large companies who could benefit from their services because they could realize equally large impacts from their efforts.

Mr. Leach then answered questions from participants.

- In ShoreBank Pacific's 5-year history, they only began to realize a profit two years ago; they have seen huge gains in the last 18 months.
- ShoreBank Pacific's target market is about 50% real estate, with emphasis on historic, high-density residential, and small business; primarily active west of the Cascades.
- ShoreBank Pacific has 75-80 criteria broken down into social, economic and environmental categories that are used to assess loans.
- ShoreBank Pacific is a basic business bank compared to a high-risk, green investment lender; they have little difficulty attracting investors willing to take a lower rate of return for green investments.

After Mr. Leach's presentation, roundtable participants discussed these and other issues; the main topics and ideas follow:

- Types of entrepreneurs range from those already passionate about sustainability to those trying to change an existing business incrementally – some need sustainability assistance, others need basic business skills.
- Business education is probably more important than loans; information about avail-

ability of either could be greatly improved.

- Loan approval depends on potential success of the business, not sustainability; LCC, SCORE and SBA are all excellent resources for the former and each could benefit from more knowledge of sustainability principles.
- All banks must manage risk, whether focused on traditional lending or sustainability.
- A wide range of resources are needed by entrepreneurs at different times – capital, technical skills, physical location; this determines level of technical assistance needed.
- If sustainability practices can demonstrate a competitive advantage, this may make them a stronger loan candidate.
- Win-win of sustainability is that it reduces volatility and mitigates the volatility of payback.

#### Suggestions:

- Banks could offer seminars on sustainable practices to customers and employees
- Establish a sustainability certification process packaged with business education and loans.
- Banks could consider a revised debt/equity ratio for businesses establishing sustainability practices.
- More customized counseling/training/technical assistance through LCC for entrepreneurs with little time for classes or extended training would be helpful.
- Expand knowledge base for existing funds and loan programs through a website or City resources.
- Develop a City Department of Sustainability to expand knowledge of these and other issues to expand sustainable practices throughout the community.
- Develop a business incubator with assistance from the City, e.g. through subsidized rent, a staff person, possibly at the library.
- Develop a Green CD for local investment in sustainable businesses.
- Encourage the Chamber of Commerce to discuss and promote sustainability education.
- Assist banks in addressing sustainability within their own practices so they can lead by example.

#### Next Steps:

- SBI will send out a questionnaire to all participants regarding sustainability practices in their organizations.
- Follow through on action items above (both in resources and in labor) are outstanding issues at this time.