SOUTHWEST OHIO IMPROVEMENT FUND
THURSDAY, AUGUST 13, 2026 9:00 - 10:00 AM

The Liberty Township Administration Building
5021 Winners Cir Dr, Liberty Township, OH 45011, USA
Dave Kern Conference Room

1. **Call Meeting to Order (9:00 AM)**
   The meeting was called to order at 9:00 am.

2. **Roll Call**
   President Caroline McKinney - **present**
   Treasurer Scott Timmer- **absent**
   Secretary Ashley Combs- **present**
   Executive Director Joshua Smith- **present**
   Director Craig Bucheit- **present**
   Director Lisa Brown- **absent**

   Other attendees:
   Nathaniel Kaelin- City of Fairfield, sitting in for Scott Timmer
   Rob Wile- BCFA Board of Directors
   Abby Haverkos- BCFA Staff
   Joe Huber- Cincinnati Development Fund, Presenter

3. **Motion to Approve May 14, 2026 Southwest Ohio Improvement Fund Meeting Minutes.**

   Motion made by **President McKinney**, seconded by **Director Bucheit**.
   Voice Call Vote - 3 in favor; 0 opposed; 0 present. Motion Passes (3 to 0).

4. **Motion to Approve Q2 2026 Financials.**

   Motion made by **Secretary Combs**, seconded by **President McKinney**.
   Voice Call Vote - 3 in favor; 0 opposed; 0 present. Motion Passes (3 to 0).

5. **Mr. Joe Huber - President & CEO | Cincinnati Development Fund |**
   https://www.linkedin.com/in/joe-huber-92551112/

   Mr. Joe Huber, President and CEO of the Cincinnati Development Fund (CDF), shared the organizational trajectory and technical mechanics of community development finance. The discussion focused on leveraging federal tax credits, managing risk through grants, and the transition from a passive intermediary to a self-sustaining "small bank" model.

Strategic Evolution of CDF

CDF originated in 1988 as a bank-funded intermediary to manage affordable housing loan pools that local banks were reluctant to underwrite directly.

- Financial Model Shift: Originally, CDF earned only a ~50 basis point servicing spread, which was insufficient for growth. In the early 2000s, the organization shifted to controlling its own capital by becoming a certified Community Development Financial Institution (CDFI).
- Current Scale: CDF now manages approximately $90 million in loans on its balance sheet. It operates on the interest spread (borrowing at 1-2% and lending at market rates) and fees generated from tax credit allocations.
- Risk Management: CDF maintains a conservative 10% loan loss reserve. Their default rate is approximately 1%, attributed to deep geographic knowledge and a willingness to be more patient than regulated banks during workouts.

The New Market Tax Credit (NMTC) Mechanism

Mr. Huber identified NMTCs as the primary "game changer" for scaling community impact.

- The Subsidy: NMTCs provide a 39% federal tax credit to incentivize investment in low-income census tracts. After bank monetization (typically at $0.80 on the dollar) and legal/consultant fees, a project usually nets a 20-25% equity subsidy.
- Application Complexity: Unlike project-specific historic or affordable housing credits, NMTC allocations are awarded to the intermediary (a Community Development Entity or CDE). The application is highly competitive and requires a documented track record and a specific pipeline of "but-for" projects.
- Consultancy: CDF currently uses SP Friedman Associates to assist with the annual application.

Funding & Leverage Tactics

The group discussed how to bridge financing gaps for deals that traditional banks avoid.

- Grant Stacking: CDF uses federal grants to provide subordinate debt. This "hardest to find" capital incentivizes developers to take on projects where costs exceed appraised value (common in pioneering neighborhoods like Walnut Hills or Over-the-Rhine).
- Concessionary Capital: To offer low-interest loans (e.g., 4% for affordable housing), CDF attracts capital from non-traditional sources like Mercy Health (4 million at 1%) or the Greater Cincinnati Foundation, who are motivated by social determinants of health rather than pure profit.
- Loan Loss Reserves: Mr. Joshua Smith proposed using a $3 million reserve to entice banks to lend in difficult residential areas. Mr. Huber advised that this is most effective when forged as a specific program with a single partner bank rather than a "plug and play" offer for multiple lenders.

Regional Development Insights

- Pipeline Building: Success depends on having a "CDC" (Community Development Corporation) or a private developer (like Model Group or Ackerman Group) that focuses exclusively on a specific neighborhood every day.
- Butler County Opportunity: Joshua Smith noted the potential for the Butler County Commissioners to provide patient capital to achieve immediate scale.
- Key Contact: Mr. Huber offered an introduction to Dave Gibson at Huntington Bank, a specialist in NMTCs and CDFI support.

6. UPDATES:

- Community Updates

The Directors had no community updates.

7. Adjournment

Motion made by **President McKinney**, seconded by **Director Bucheit**.
TIME: 10:24 A.M.