

# LEVERAGING PLACE-BASED INVESTING TO SUPPORT THE SIERRA CLUB FOUNDATION'S CLEAN ENERGY INITIATIVES

A Joint Case Study by the **Sierra Club Foundation** and **CNote**



# Executive Summary

*Leveraging innovative place-based investing to support existing initiatives and generate competitive returns.*

In 2018, the **Sierra Club Foundation** was looking for investment options with flexible liquidity that could support its existing programs, including its “**Ready for 100**” community-focused clean energy initiative.<sup>1</sup> In response, impact investing platform **CNote** created a customized solution to meet the Foundation’s local and thematic investment targets by deploying capital to five communities across America that had committed to the initiative.

**CNote**’s technology lowered the operational burden of investing across multiple geographies and provided flexible liquidity, helping the **Sierra Club Foundation** earn a higher rate of return on funds typically held as cash or invested in short-term cash equivalents.

The following case study provides an overview of the investment process, including key investment objectives, how the parties built a customized solution that had both financial and social objectives, and associated investment measurement and performance.

The **Sierra Club Foundation** is a national organization, established in 1960, that promotes efforts to educate and empower people to protect and improve the natural and human environment. The Foundation is the fiscal sponsor of Sierra Club’s charitable environmental programs.



**CNote** is a technology platform innovating in the impact and community investment space. Founded in 2016, **CNote** has unlocked a diversified network of federally-certified community development financial institutions (CDFIs) that allow investors to achieve competitive returns while targeting various thematic and place-based investment objectives in communities across America.



<sup>1</sup> [www.sierraclub.org/ready-for-100](http://www.sierraclub.org/ready-for-100)

# Maximizing The Impact of Foundation Dollars

Foundations are becoming more involved in impact investing as a complement to their targeted social and environmental work. However, impact investing is a serious undertaking and foundations like the **Sierra Club Foundation**, want to know that this transition will be seamless, produce measurable impact, and align with their values. For the **Sierra Club Foundation**, it was critical that any investments align with current efforts to steward environmental initiatives across the country.

In 2018, the foundation and its board began pursuing impact investing as a natural complement to their core mission and values. They were particularly interested in figuring out how their portfolio could help advance social justice outcomes as well as their core environmental objectives. The **Sierra Club Foundation** also expressed an interest in targeted local investments as a way to channel dollars to the communities and initiatives that **Sierra Club** was already engaged in.

**The Foundation** began working with **CNote** to identify how best to address these objectives through impact investing. This started with a review of the foundation's objectives and priorities which were then matched to potential solutions **CNote** could provide.



# Finding an Innovative Solution To Meet Multiple Investment Goals

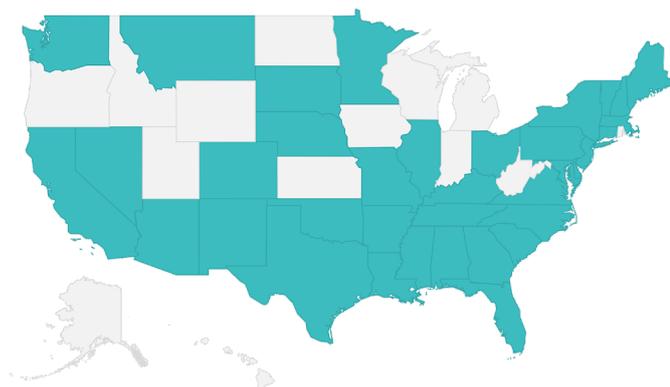
The **Sierra Club Foundation** met with **CNote's** team to see if they could help leverage their assets in a way that met their fiduciary duty while realizing climate solutions at scale and advancing social justice.

The foundation was particularly interested in connecting their investment with existing campaigns, such as the **“Ready for 100 Campaign.”** This campaign targets “leaders across the U.S. to commit to 100% clean and renewable energy for all.”

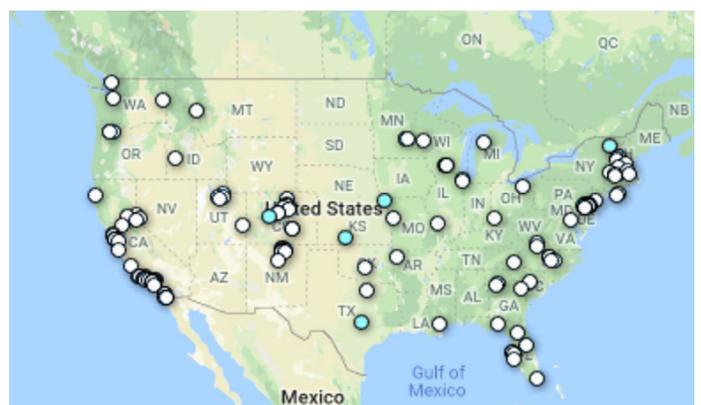
The premise for this connection is that the **Sierra Club Foundation** felt that now that these communities had made the commitment to this cause, they would need investment capital to meet these goals. By reinforcing and supporting the initiative they hoped to deepen their relationship with decision makers on the ground while providing critical resources to help achieve initiative targets.

## Leveraging CNote's Network To Scale Place-Based Investing

This targeted investment approach aligns with **CNote's** mission which is to increase capital access and economic activity in communities that need it most. **CNote's** nationwide network of CDFIs allowed the **Sierra Club Foundation** and **CNote** to match lists of overlapping geographies with CDFI coverage and those cities committed to the Ready for 100 Campaign. This resulted in a menu of geographic options that allowed the **Sierra Club Foundation** to target specific locations where it wanted to deploy its investment capital.



**CNote** Impact Coverage  
As of May 2019



Ready for 100 cities

““

This investment strategy helped deepen the relationship with decision-makers on the ground because they see the Sierra Club bringing additional resources to the community as well.””

**Dan Chu, Executive Director**  
SIERRA CLUB FOUNDATION

## Investment Terms and Targeting Ready-For-100 Committed Cities

After finding a solution that allowed the **Sierra Club Foundation** to meet its objectives through place-based investing, the parties had to negotiate the terms of the investment.

The **Sierra Club Foundation** was looking to use its cash allocation for this investment. This meant that it needed to have favorable liquidity terms to provide the necessary flexibility for that part of its portfolio. **CNote** was able to structure the investment to pay 2.5% with a 30-month term and quarterly liquidity. The flexible terms of the investment coupled with **CNote's** extensive CDFI due diligence and risk mitigation practices gave **The Foundation** the confidence to move forward with the investment.

After finalizing the terms of the investment, through **CNote**, **The Foundation** deployed capital to the following communities/regions:

- Pueblo, CO
- Abita Springs, LA
- Hanover, NH
- St. Louis, MO
- Columbia, SC

**CNote** made it possible for the **Sierra Club Foundation** to connect the partner CDFIs on the ground with local **Sierra Club** leaders to further reinforce the momentum behind the Ready for 100 campaign.

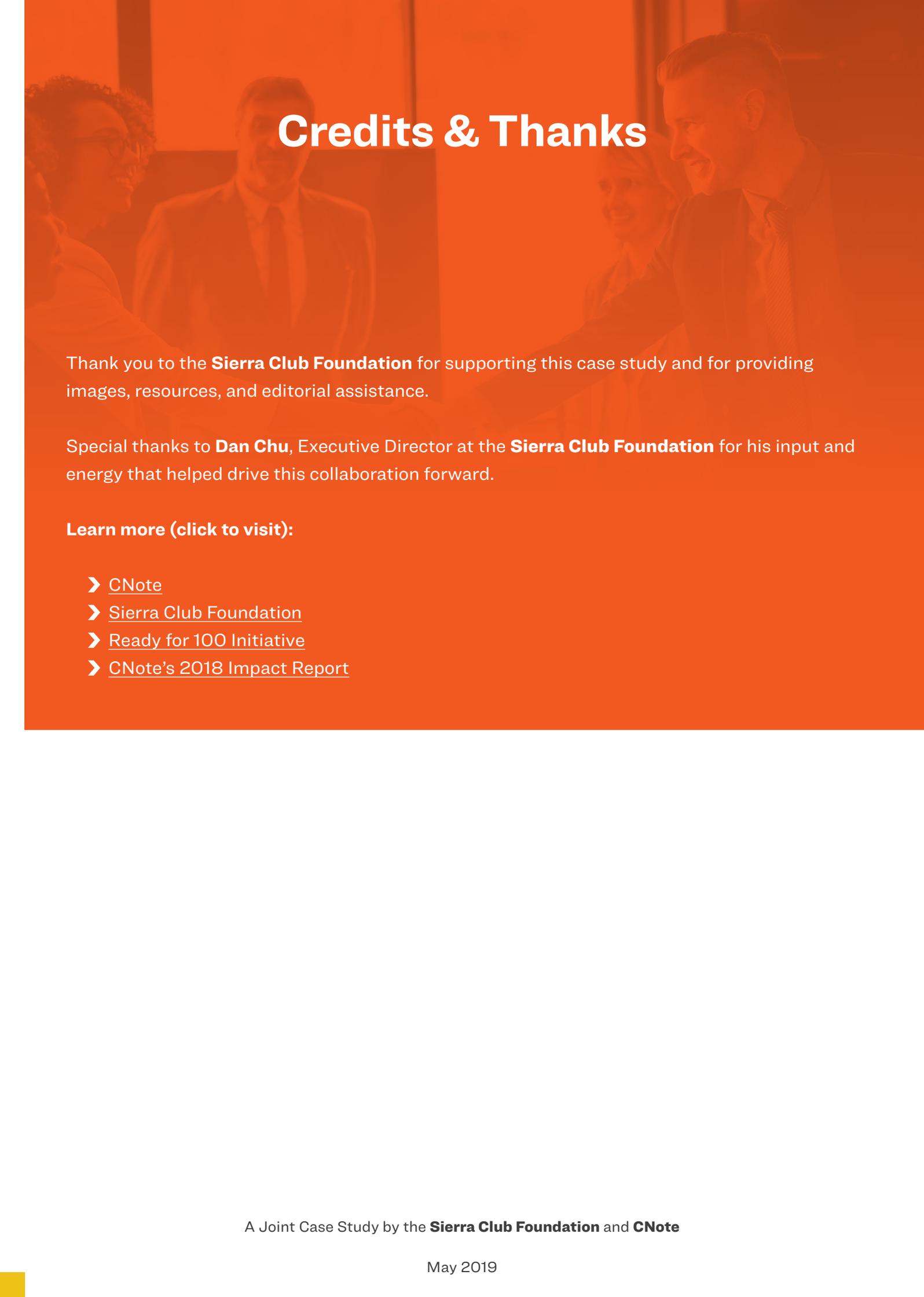
As noted by **Dan Chu** of the **Sierra Club Foundation**, “This investment strategy helped deepen the relationship with decision-makers on the ground because they see the **Sierra Club** bringing additional resources to the community as well.”

# Achieving Shared Goals & Delivering Impact

Since the investment, **CNote** has provided impact reporting along with streamlined online access to monitor the investment and note servicing to minimize the operational burden on the **Sierra Club Foundation**. In recognition of this successful investment, **CNote's** CEO **Catherine Berman** remarked, “**CNote's** work with the **Sierra Club Foundation** is a powerful example of how impact investing can create an even greater opportunity for tangible impact in a highly targeted, mission-aligned way.”

The **Sierra Club Foundation's Ready for 100 campaign** now has over 122 cities committed and the team is excited to see pre-grant dollars align with their objectives. As the 501(c)(3) sponsor of all of the **Sierra Club's** charitable activities, the foundation is constantly evaluating their investments to make sure they align with their values, fulfill their fiduciary responsibilities and offer an attractive risk-reward balance. **Dan Chu**, Executive Director, **Sierra Club Foundation**, noted that, “We are always looking for ways to align behind organizational priorities not just through our grants, but through our investments as well. **CNote** made executing on such investments seamless.”





# Credits & Thanks

Thank you to the **Sierra Club Foundation** for supporting this case study and for providing images, resources, and editorial assistance.

Special thanks to **Dan Chu**, Executive Director at the **Sierra Club Foundation** for his input and energy that helped drive this collaboration forward.

## Learn more (click to visit):

- [CNote](#)
- [Sierra Club Foundation](#)
- [Ready for 100 Initiative](#)
- [CNote's 2018 Impact Report](#)