EXECUTIVE SUMMARY

Cross-Sector Capital Convening at the Federal Reserve Bank of New York

On May 22, 2026, Investing in Flourishing (IIF) convened >75 cross-sector leaders from across the nation — including 20 Cincinnati leaders — at the Federal Reserve Bank of New York. The gathering marked a turning point: from conceptual interest to active market formation. Participants focused squarely on **what specific conditions, buyers, capital structures, governance, and partnerships are needed to implement.**

The market infrastructure is the product. Participants repeatedly returned to governance, financing structures, legal frameworks, shared savings agreements, measurement systems, and use of AI tools — not just a set of interventions. IIF is helping create the enabling infrastructure and community readiness for flourishing markets to function. Alongside Cincinnati as the lead demonstration site are Columbus, Anne Arundel County MD, and Upper Cumberland TN. A half dozen other communities and states have expressed strong interest in adapting the IIF approach to outcomes-based finance and will begin exploration with the IIF Solutions Lab.

WHAT WE HEARD

Participants were energized by:

- Solving the “wrong pocket” problem
- Moving beyond Social Impact Bond limitations
- Stacked shared savings and layering with TIF
- Cincinnati’s readiness as the first demonstration site
- AI’s role in accelerating market development

Participants challenged IIF to:

- Simplify the narrative
- Demonstrate authentic community co-design
- Identify actual outcome buyers
- Clarify governance structures
- Build the legal and enabling environment

THREE KEY ACHIEVEMENTS

1	2	3
Validated the emerging IIF market architecture as actionable and fundable	Accelerated Cincinnati as the leading national demonstration site, with a dozen other locales and states interested	Generated concrete partners, buyers, funders, and collaborators across expertise sets ready to advance the work

KEY CROSS-CUTTING THEMES

From Programs to Markets

The conversation shifted repeatedly from funding interventions to building functioning outcome markets — where buyers, sellers, capital, and governance interact to produce population-level flourishing impacts.

From Scarcity to Abundance

Multiple participants emphasized value creation, not merely cost reduction, as the larger opportunity. Economic mobility creates new customers, new buyers, and new revenue streams.

From Single-Sector to Multi-Sector Finance

Broad agreement emerged that stacked savings and multi-sector participation are essential. Everyone contributes proportional to their benefits — solving the wrong pocket problem. Shared savings can be coupled with TIF and other revenue sources.

Community as Co-Designer
The clearest challenge of the day: communities must be co-pilots, not stakeholders. Wendy Ellis's call was direct and widely affirmed — co-design is not a nice-to-have.

The Missing Buyer Problem
The entire financing architecture depends on identifying the pioneer outcome buyers. Capital exists; providers exist. The bottleneck are the first payers willing to go.

Infrastructure Before Transactions
Civic compacts, legal structures, data systems, governance, and communications are enabling infrastructure, not afterthoughts. These must be built before deal-making can begin.

AI Changes the Equation
AI tools have compressed months of modeling work into a single day. The IIF Flourishing Engine© — powered by human-centric agentic AI — can accelerate risk estimation, planning, and market communication.

Cincinnati and the Nation
Cincinnati is not a standalone project. It is the first proving ground for a national market-building strategy. The goal is to identify what conditions, tools, and financing mechanisms are transferable. A dozen places are poised to adapt to local conditions and opportunities.

VOICES FROM THE ROOM

> This is a big deal that you solve the things you're solving. Those were the linchpins that when they got pulled out from under social impact bonds, imploded. When you get this right in Cincinnati, welcome to Syracuse, welcome to Atlanta.
>
> **— Christina Hollenback, Justice Capital**

> I was having a lot of 'this solves that' moments. The ability to aggregate data and estimate risk is all you need for investment. Before, we were estimating the evaluation rate. That was so far removed from the way the system works.
>
> **— Kristin Giantris, Non-Profit Finance Fund**

> Cincinnati could be a Flourishing Island, in a sea that is struggling.
>
> **— David Erickson, Federal Reserve Bank of New York**

PRIMARY CHALLENGE & LEADERSHIP TASK

PRIMARY CHALLENGE
Identifying and securing the first outcome buyers. No one wants to be first — but many want to be second. Find the firsts.

PRIMARY LEADERSHIP TASK
Move from concept development to comprehensive leadership and multi-sectoral commitment across finance, government, philanthropy, and community.

HOW WE WILL GET THERE: 5 STEPS

The Flourishing Engine to support this work across communities is being built through a structured analytical sequence. We are early in this process — but the analytical foundation is in place to move quickly.

1. Structure	Get the causal architecture right.
2. Prioritize	Sensitivity analysis identifies high-impact inputs.
3. Refine	Literature, community data, program experience.
4. Analyze	Produce bounded, probabilistic estimates.
5. Communicate	Deliver results local leaders can act on.

EVERYONE AT THE TABLE: 3 CONTRIBUTION AREAS

1. Model Structure
Which sectors belong? What causal pathways are defensible? Requires practitioners, researchers, and systems thinkers who understand how family stabilization works.

2. Parameter Estimates
What is the realistic hospitalization rate? What does a foster care placement cost here? These come from published literature, existing programs, and communities.

3. The Right Questions
What do payers need before entering a Shared Learning and Savings Agreement? What does a lending or bond investor need? The model must answer questions that matter to each shareholder.

MVP WORKSHOP: DEFINING THE CINCINNATI MARKET

Carley Riley, MD, MPP, MHS facilitated an interactive session to define the Minimum Viable Product needed to begin building evidence in Cincinnati. Nine actionable outputs emerged that can also inform other demonstration sites:

Define the Buyers First
Who will pay for all the outcomes? Could be government; could be a health system. A long-term view — individual buyers purchasing impact. Answering this unlocks most other questions. Outline different buyers, buying different things they care about, at different times.

Validate with Third-Party Experts
Investors will rely on a third party to validate data and numbers. Train them, make them ready to prepare a report, then test those reports with investors: what else do we need to know?

Ingest Buyer Data
Take what exists from literature and AI; go to buyers and challenge it — is this true for you? Buyers need to believe in the buy and understand their own cost structure. Currently too much administrative friction; systems not set up for generating value for anyone but themselves.

Identify the Pockets
Get tactical: what pockets are receiving money, who controls them? Work thru each. Who is going to buy the “bond”?

Think Capital Stack Backwards
Different buyers will have different requirements; might be 6 different bonds or agreements. Takes significant human power to set up. Capital stack vs. revenue bridge isn’t hard. If we get the other pieces right, capital will come.

Build Milestone Success Payments

Timelines vary by buyer. Certain buyers want population outcomes; others can be tied to individual outcomes with quarterly check-ins. Structure contracts so that if 3–4 things fail, the system still works. Quarterly data helps identify successes and problem areas.

Producer Capacity Building

Producers already operate from a scarcity model with very low costs. Buyers won't stay if you don't deal with operational problems at the producer level. Build financing to overcome scarcity challenges. Ask project leaders directly about what is holding them back.

A 'Quarterback' Role

Someone needs to be on the ground, paying attention, translating, and making sure outcomes are happening. Also need a portfolio manager and fiscal broker to organize which interventions align across which investment parameters.

Organize Around the Flourishing Measure

Use the flourishing measure as wholesale buyer, but include benchmarks with multiple, easily measurable outcomes pointing toward the bigger picture. The story that comes out of belonging and civic muscle — that's investable.

KEY OBSERVATIONS

- Cincinnati needs bigger buyers — local philanthropy is the catalyst not a complete solution.
- Different investors buy different outcomes/outputs or invest in different types of financial products. Public sector pension funds, employers, and others are potential buyers.
- Neighbors themselves are buyers too — and that belongs in the financial model.

NEAR-TERM CAPITAL ARCHITECTURE

Participants outlined a pragmatic sequencing for Cincinnati's demonstration:

Phase 1: Plan & Prototype	Phase 2: Scale	Phase 3: Market Architecture
$1–2M per site	$25–50M	Long-term
Operational Flourishing Council and Clubs; pioneer buyer identification; MVP deal structuring	Community-wide expansion; multiple payers; stacked shared savings agreements across sectors	Utility-layer bonds (~6%/yr); 10-year civic capital; philanthropy as credit backstop, not primary funder

Shelby Kohn's practical advice: "Find one payer willing to pay for a thing. Find a provider able to pursue that thing. Find the investors. Start. Size based on what the outcome payer is willing to pay, then back into the deal structure from there."

CINCINNATI'S READINESS

Cincinnati is increasingly positioned to become the first functioning flourishing market. The region has:

Aligned Philanthropy: Committed philanthropic partners with capacity to serve as credit backstop and patient capital.

Civic Infrastructure: A 10+ year community journey with organized, cross-sector relationships and existing investments.

Community Engagement: 72% of Opportunity Corridor residents report they can be their true selves. Belonging and civic muscle are investible assets.

Emerging Buyer Landscape: Health systems, Medicaid wellness funds, self-insured employers, public pension funds, and even neighborhood residents as potential outcome buyers.

Local Leadership: The Cincinnati delegation — 20 participants strong — presented the community's opportunity and helped shape the day's work.

COMMITMENTS & NEXT STEPS

- Pursue pioneer buyer identification with urgency — healthcare, public sector, and employer pools prioritized first
- Price 2–3 MVP deal scenarios using the Flourishing Engine©; develop investor-ready materials
- Advance civic compact and governance design for Cincinnati's Flourishing Council
- Integrate community co-design formally into the Cincinnati demonstration architecture
- Engage the IIF Solutions Lab to support other demonstration communities (e.g., Columbus, Anne Arundel, Upper Cumberland) in parallel readiness-building.
- Explore foundation balance sheet deployment as credit enhancement — a significant national gap identified
- Identify and cultivate anchor investors: family offices, next-generation philanthropists, and civic leaders with personal stakes in community flourishing
- More detailed notes from the May 22 convening are available for participants who would like them – just ask!

DAVID ERICKSON'S CLOSING: FOUR POINTS

1. The Fed as Honest Broker

No money, no power — which is exactly what makes Federal Reserve Banks valuable as conveners. IIF should work with local reserve banks wherever it is operating.

2. The Cost of the Status Quo is Massive

The NY Fed's Making Missing Markets white paper estimates $2.4 trillion per year is wasted on downstream consequences of not investing upstream. "This is not feel-good, it's big business."

3. From SIBs to a TIF

The evolution in capital architecture: capturing positive externalities through layered structures. Stacking revenues from attributable lives (IIF) and TIF/TADs. Cincinnati Children's catchment area could be formally described as a "health TIF" in financial materials.

4. Try Something

The first community development corporation started with assembly lines, ice cream shops, fashion studios — all failed. Arts, culture, and affordable housing succeeded. "We don't know what the future of this is going to be, but we have to try something. Cincinnati is in the lead on this."