

NoteWorthy

VERMONT COMMUNITY LOAN FUND

Winter 2012-13

VCLF Celebrates 25 Years of Putting Money to Work in Vermont, for Vermont

Great minds from William Shakespeare to Ben Franklin have cautioned against borrowing and lending, lest it lead to a drastic loss of friends. Based on the wonderful turn-out of friends — borrowers, investors, donors, partners, Board and staff past and present — and the spirited celebration of VCLF's 25th anniversary this past September, the Loan Fund is clearly the exception to this rule!

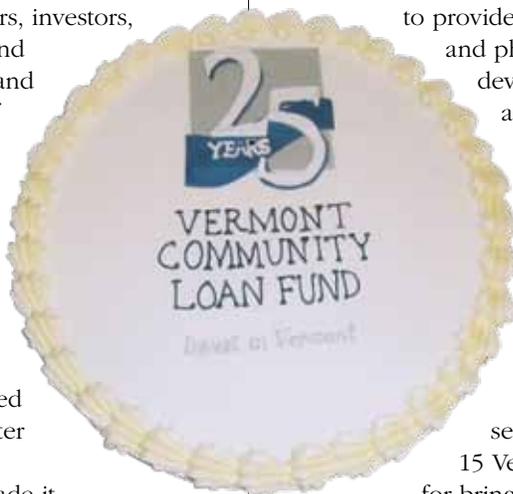
The anniversary party, held at The Ponds at Bolton Valley Resort on the evening of September 27th, recognized and honored VCLF's quarter century of achievements and the achievers who made it all possible, with success stories in abundance.

VCLF Executive Director Will Belongia's long list of thank you's included acknowledgement of the Loan Fund's devoted investors and donors who, he described, "believed early on, in the organization's mission, vision and dream."

*Background:
Roots & Wings Academy, Fair Haven*

He elaborated on that with a historical overview of the Loan Fund's work. Describing the climate that gave rise to the organization, Belongia said "Twenty-five years ago, Vermonters were looking to create mechanisms to provide private and public dollars and philanthropic support to develop affordable housing and support nonprofit organizations. But it was more than just ideas," he added. "It was about action. It was not just people saying, 'Someone should fix that.' It was people saying, 'I will fix that!'"

That introduction segued to honoring the 15 Vermonters responsible for bringing the Loan Fund into being back in 1987, with the presentation of VCLF's first annual Founders Award. Founder Jim Libby spoke about the early days of the Loan Fund and his fellow founders. "They are some of the most compassionate, creative and committed people I know, and have made a real positive difference in the lives of Vermonters," he said. *(See story on page 5 for more on VCLF's founders.)*



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From the Executive Director

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Dear Friends,

Twenty-five years ago, an idea sparked amongst a small group of Vermonters. It was an idea born from dissatisfaction with investments that emphasized financial return over conscience. It was an idea born from a love of Vermont, our culture, values and people.

That spark became the Vermont Community Loan Fund. Today, as then, we're an engine for social and economic change, using local capital to meet local needs, creating affordable housing, jobs and essential services, all to benefit low-income and low-wealth Vermonters and the communities we call home.

Twenty-five years since that spark, and where are we in 2012? 800 loans surpassing \$75 million. 4,000 jobs. 3,000 safe, affordable homes. Child care for 3,000 children and their families.

The statistics are impressive...but it's the stories, and the people in them, that really count. Businesses, programs and projects small and large. Hinesburg's **Vermont Smoke & Cure**. The Richford Health Center. Burlington's **Intervale Center**. St. Johnsbury's **Catamount Film & Arts**. Brattleboro's **Latchis Theatre**. Montpelier's **Hunger Mountain Co-op**. **WomenSafe**. **Draker**. **Spectrum Youth & Family Services**. **American Flatbread**. Child care programs serving every part of the state. **Gilman Housing Trust**, the **Champlain Housing Trust**, the **Windham & Windsor Housing Trust**...ALL of Vermont's regional affordable housing developers. Over the years, we've provided the mission-driven capital that's helped them do what they do best: help Vermonters thrive at home.

But the story of the Loan Fund's first 25 years isn't just our borrowers' story. It's the story of our investors and donors too. It's the story of a community aligning our money with our values, and putting those values into action. It's the story of emerging entrepreneurs, vital community programs, basic human rights like safe, affordable housing...and the community-minded, forward-thinking people who came together to make it all happen.

What will we do for the next 25 years? I want to stay inspired. I want everyone whose life the Loan Fund touches — borrowers, investors, donors, partners and allies — to be inspired by what we can accomplish together. I want to continue to find ways to make capital available to those for whom it is scarce. I want to inspire more people to put their money to work doing amazing things, right here in Vermont.

Twenty-five years later, VCLF's founders have been proven right. Our money and values CAN coexist. We CAN use our money to make a difference. Today, I'm excited for the future of VCLF and Vermont. I hope that you are too.

Very truly yours,

Will Belongia, *Executive Director*



Will Belongia



Borrower:
Armistead Caregiver Services,
Shelburne

Year of First Loan: 2004

VCLF provided early-stage financing to Armistead. Today, Armistead provides non-medical caregiver services throughout northern Vermont and western New Hampshire.

Throughout this newsletter we share some of our success stories of 25 years of putting money to work in Vermont, for Vermont!

The Loan Fund at Work

January 1— September 30, 2012

Small Business Lending

Bella Farm, Monkton

Bella's incubator farmstead was a total loss when Tropical Storm Irene hit Burlington's Intervale Center last year. Owner Rachel Schattman relocated to a 20-acre parcel in Monkton earlier this year and used VCLF financing (in partnership with the Carrot Project, thecarrotproject.org) to purchase the farm equipment she needed to expand her operation. bellapesto.com



Highfields Center for Composting, Hardwick

In addition to making and selling compost, Highfields consults with farmers and other composters, provides lectures and workshops, sets up community food waste collection programs and provides composting education in Vermont schools. VCLF financing helped them purchase processing equipment and resulted in the retention of six full-time livable wage jobs, as well as three new jobs that were expected to be created. highfieldscomposting.org

Maple Leaf Malt and Brewing Company, Wilmington

Maple Leaf is a casual pub-style restaurant located in Wilmington, one of the towns most devastated by Tropical Storm Irene. With help from VCLF, Maple Leaf reopened this spring; seven jobs have been preserved as a result.

Paine's Christmas Trees, Morrisville

Paine's Christmas Trees has been selling Christmas trees for over 40 years — roughly 2,500 trees a year. They used a VCLF loan to make improvements to their farm store and sugarhouse, resulting in six part-time and two seasonal jobs preserved. paineschristmastrees.com

Vermont Wood Pellet, North Clarendon

Vermont Wood Pellet used VCLF financing to purchase raw materials and finance the production of wood pellet heating fuel during the off-season. There is a ready supply of the wood used for VWP's pellets within a 30 mile radius of the company's facility, allowing for local harvesting as well as processing. vermontwoodpellet.com

W. Masonry, Westford

Earlier this year, commercial masonry company W. Masonry was awarded the contract for the new CVS Pharmacy project in Williston. They used a VCLF loan to finance their payroll until the contract's completion.

WallGoldfinger, Randolph

For 40 years, WallGoldfinger has created custom corporate furniture, serving major corporate, institutional and government clients nationally and internationally. VCLF financing helped them replace and repair equipment damaged as a result of flooding from Tropical Storm Irene. wallgoldfinger.com



Child Care Lending

Creative Spirit Children's Center, Vershire

Creative Spirit is a five-STAR-rated, full-day, full-year licensed child care center serving children ages six weeks to 12 years. VCLF financing helped them buy new cribs to meet new licensing requirements. The loan has helped retain seven jobs and care for 27 children, 90% from families receiving state subsidy.

Heather's House, Shelburne

Heather's House, a registered, home-based early childhood program serving children ages birth to 12, used

VCLF financing to cover fire, safety and licensing improvements including playground upgrades, fire-rated doors, a roof cover for outside play space and storage space inside and out. This loan has resulted in retained services for six children, the creation of six new child care slots, the preservation of one job and creation of two new jobs.

Imagination Station Preschool, Barre

Imagination Station Preschool is a full-day, home-based licensed preschool program serving children ages three to five. VCLF financing helped them expand services, resulting in 22 child care slots retained and eight new slots created. Half of Imagination Station's slots serve families receiving state child care subsidy.

Mud City Kids Child Care Center, Morrisville

A full-day, full-year program, Mud City Kids used a VCLF loan to expand their facility, adding 4,300 square feet onto their current building, expanding their infant and preschool programs and adding an afterschool program. The loan has resulted in 47 child care slots retained, 27 new slots created, with half of the slots used by families receiving child care subsidies. Ten jobs were retained and six new jobs were created.

Red Doors Children's Center, Sutton

Red Doors used one of two VCLF loans to finance engineering, permitting and appraisal costs associated with

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Welcome to the Board!

Andrew Perchlik, Director of the State of Vermont Clean Energy Development Fund, joined the VCLF board in August. Andrew's deep knowledge of alternative energy will be a great asset with regard to our alternative energy lending.

Jennifer Silpe, who has served on various committees at VCLF for several years, joined the board in Spring 2012. Jennifer brings a broad range of entrepreneurial and financial skills and experience.

Stephanie Wernhoff rejoined the VCLF board in September, having served several years previously. We're so glad she's back! Stephanie again brings her extensive experience in banking and finance to VCLF. She's currently Senior Vice President with People's United Bank.

Christine Zachai joined the VCLF board in November of 2011. Christine's career has centered on nonprofits, nonprofit development, and child care. She recently started

Forward Philanthropy in Montpelier, working with funders to develop nonprofits. She's also served as Executive Director of the Permanent Fund for the Well-Being of Vermont Children and the Vermont Women's Fund.

Sadly, we said goodbye to longtime board Vice President **Chuck Lief**, who left the board in August to become President of Naropa University in Colorado. We're thrilled that Chuck will continue to serve on the Housing and Community Facilities Loan Committee. ■

Introducing "25 Years of VCLF!"

We've created a new video, **25 Years of VCLF**, featuring our borrowers and investors talking about the role VCLF has played in their lives. Visit investinvermont.org to see for yourself!



VCLF Celebrates 25 Years of Putting Money to Work in Vermont, for Vermont

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The Loan Fund debuted a new video, **25 Years of VCLF**, which chronicled our origins, mission and work. (Visit investinvermont.org to see **25 Years of VCLF** for yourself!)

Annie Gould, of WallGoldfinger furniture makers — at various times both a VCLF borrower and an investor — spoke about the Loan Fund's role in keeping their factory operational after the devastation of Tropical Storm Irene.

"On August 28th, 2011, the Dog River rose 25 feet and roared through the WallGoldfinger factory. Seven feet of water on the first floor and four feet of water on the second floor. But we got back into production... and didn't lose a single client or miss a single delivery," she explained, crediting the Loan Fund's quick response.

The evening's menu focused on local foods, much of it supplied by producers financed by the Loan Fund over the years. Artisanal cheeses from **Lazy Lady Farm**

and **Neighborly Farms of Vermont**, Vermont Smoke and Cure bacon, and pesto from **Bella Farm** were among the treats, paired with reds and whites from **North Branch Vineyards**. Raffle prize tables displayed yet more borrower 'goodies': sleds from **Mad River Rockets**, a picture frame from **Danforth Pewterers**, compost from **Vermont Compost Company** and **Grow Compost of Vermont** and much more. The music of former VCLF borrower **Raphael Groten** supplied the backdrop.

Belongia concluded the evening with a look forward to the next 25 years. "VCLF has been a major catalyst in creating healthy and vibrant communities throughout Vermont. Capital is still a very powerful tool that is too often held by a few. I want to continue to find ways to make capital available to those for whom capital is scarce," Belongia said. "It is our job to champion the belief that money and values can coexist." ■



Borrower:
Richford Health Center,
Richford

Year of First Loan: 1998
A VCLF loan helped rehabilitate a blighted building into a new health center, pharmacy, grocery, and 12 affordable homes.



Borrower:
Mud City Kids, Morrisville

Year of First Loan: 2007
VCLF financing helped Mud City Kids renovate their facility and expand their service, creating 59 child care slots and 16 jobs.

VCLF's Founders — Celebrating Their “Picnic Table Moment”

One day back in 1986, the Institute for Community Economics convened a conference at Goddard College to discuss the importance of and challenges to “divestment”— the ending of investments in corporations that did business with the pro-apartheid government in South Africa. A small group of concerned Vermonters met during the lunch break, gathered around a picnic table, and started talking. And dreaming.

Those picnickers became the nucleus of a group that would go on to create the Vermont Community Loan Fund the following year. At VCLF's 25th anniversary celebration this past September, their vision and early work were honored with the presentation of the first ever Vermont Community Loan Fund Founders Award.

Jim Libby, General Counsel for the Vermont Housing & Conservation Board (VHCB) and one of the original 15 founders, remembered that picnic table conversation. “There was a growing recognition that many people couldn't afford to buy the homes that they lived in, and that it was going to get worse. Federal loan programs were being slashed, and there was this feeling — ‘If we want to get anything done, we're going to have to do it ourselves,’” Libby recalled.

“It was the idea of raising and lending money locally, using our money in our community,” remembers Larry Mires, VHCB's administrative officer and another Founders Award recipient. “Lending capital invested by community members who wanted to put their money to work, here in Vermont. As loans were paid back, the capital could be loaned out again and again, for as long as investors wanted to keep their money in the Loan Fund,” he said. “The return on investment isn't just financial, it's community.”

The 2012 VCLF Founders Award recipients are:

Russ Hahn
Lucinda Jones
Artemis Joukowsky
Jim Libby
Tim McKenzie
Larry Mires
Polly Nichol
Jack Northrup
Christine Owre
Avram Patt
Gus Seelig
William St. Cyr
Jeffrey Staudinger
David White
Chris Wood

Within the first year, Vermonters had invested \$309,000 in the Loan Fund. The organization's first loan — \$5,075 to the Brattleboro Area Community Land Trust — allowed them to make a deposit on land purchased for affordable housing.

By 1990, VCLF had lent more than \$1 million to support 26 affordable housing projects throughout the state.

Managed by founding Executive Director Nancy Wasserman, the Loan Fund kept an eye on the dollars and cents, but also on emerging community needs. As loan capital grew over the years, new loan programs were developed to meet changing community needs: financing for community organizations providing essential services, small businesses and child care programs.

“Each of VCLF's lending programs addresses a core need in Vermont that serves our mission of transforming Vermonters' lives,” said current Executive Director Will

Belongia at the anniversary party. “Parents need high quality, reliable child care if they are to hold quality jobs, and Vermont's children need a safe and nurturing environment in which to grow and learn. Small businesses are our state's economic engine, and community facilities such as medical centers, arts facilities and nonprofits are at the heart of healthy, vital communities.”

Many of the Founders Award recipients have served as VCLF board members, committee members, volunteers and other roles over the years. Several continue to work in the affordable housing, community development and nonprofit sectors in Vermont, nationally and internationally.

“All of us who believe in and value the Loan Fund, its mission and vision, will always be grateful and indebted to our founders,” said Belongia. “Their legacy is a remarkable one.” ■



Shown from left: Russ Hahn, Jim Libby, Polly Nichol, Gus Seelig, Jeffrey Staudinger, David White, Chris Wood



Borrower:

The Intervale Center,
Burlington

Year of First Loan: 2004

VCLF has provided multiple loans to The Intervale Center over the years, financing everything from new farm equipment to general operations.

The Loan Fund at Work

Continued from page 3

the program's start-up, and a second loan for facility renovation, equipment and supplies purchases. Red Doors is a full-day, full-year child care facility providing up to 40 new child care slots in the Northeast Kingdom.

Sunny Lane Daycare, Brookline

Sunny Lane used a VCLF loan to grow a home-based program into a larger, licensed facility. The loan resulted in retained services for 11 children and families, the creation of 34 new slots and six new jobs.

Turtles 'N Tots Daycare, Johnson

Turtles 'N Tots meets a significant community need: there are no other licensed centers in Johnson or Hyde Park. Turtles 'N Tots used VCLF financing to cover costs during the transition from a smaller, existing home-based program to their new larger facility. The program will serve up to 54 children; 90% of these slots will be used by families receiving child care subsidies. Additionally, the loan resulted in two jobs retained and eight new jobs created.

Housing & Community Facilities Lending

Addison County Community Trust, Middlebury

ACCT used a VCLF loan to purchase a seven-acre parcel in Middlebury that will provide up to 36 new units of affordable housing for seniors. These new homes are of critical importance as, at present, all



of the 210 affordable units locally managed by ACCT are fully occupied. A second loan was used by ACCT to purchase an existing 3-bedroom condominium unit in Middlebury for transitional, emergency family housing for qualifying Section 8 voucher holders. addisontrust.org

Central Vermont Community Land Trust — Phoenix House, Barre

CVCLT, which manages and develops affordable housing in Washington and Orange Counties, used a VCLF loan to convert a private home into transitional housing in partnership with a mental health counseling agency. The loan resulted in the creation of two new jobs; 35 Vermonters will be served annually by Phoenix House. cvclt.org

Champlain Housing Trust — Bright Street, Burlington

CHT provides a wide range of housing services, including affordable housing development, throughout northwestern Vermont. They used a VCLF loan to purchase two homes on Bright Street. CHT already owns a ten-apartment property on nearby Archibald Street. Together, these properties present

a unique redevelopment opportunity that is projected to significantly improve this section of the Old North End, resulting in as many as 30 new homes. champlainhousingtrust.org

Gilman Housing Trust, Orleans

GHT, which provides home-ownership, property management and affordable development services throughout northeastern Vermont, used a loan from VCLF to refinance and rehabilitate an affordable single-family home. myvthome.org

Housing Trust of Rutland County, Brandon

A nonprofit affordable housing developer serving Rutland County, the Housing Trust used a VCLF loan to finance the redevelopment of the old Brandon Training School, to be known as Park Village, which will feature three handicap-accessible units and USDA rental subsidy on 17 of the 18 total units. Additionally, nine more units at the Erastus Thayer House on Route 7 in the heart of Brandon will be preserved as affordable housing. housingrutland.org

Saxton's River Housing Limited Partnership, Saxton's River

Saxton's River is an affordable housing project consisting of seven buildings housing 17 apartments. VCLF financing helped them make much-needed energy improvements to their buildings. The other partners involved in this project were Housing Vermont and Windham-Windsor Housing Trust. hvt.org and w-wbt.org ■



Borrower:

Hollister Hill Farm, *Marshfield*

Year of First Loan: 2005

Bob and Lee Light have used VCLF financing to make improvements to their farm's bed & breakfast, farm store and barn.

Total Lending January 1 – September 30, 2012

Small Business Lending:

7 loans \$817,000

Child Care Lending:

8 loans \$543,102

Housing & Community Facilities Lending:

7 loans \$1,424,300

Total Loans:

22 loans \$2,784,402

Investor Profile

“To whom much is given, much is expected.”

Those are the words **Charlie Hunter** fondly remembers his mom Edith telling him over the years. You might recognize her name: Edith Hunter was a well-known author, historian, Weathersfield resident and Vermont Public Radio commentator. And before she passed away earlier this year, Edith was also a longtime investor in and supporter of the Vermont Community Loan Fund.

Settled in Bellows Falls, just down the Connecticut River from where he grew up, Charlie himself is a new VCLF investor. He's one of a growing number of second-generation investors inspired by their parents' commitment to a stronger, more prosperous Vermont through VCLF.

“For my mom, giving back to the community was important. That spirit was community. Keeping her money in the community through the Loan Fund was an important way to do that.”

Though he's had many jobs over the years — newspaper layout, graphic design, professional music manager, concert promoter and poster and album cover artist — these days Charlie makes his living as an oil painter, working out of his studio in an old mill building on Bridge Street. As we talk, he cleans paint brushes, reflecting on his recent success.

“I've had a good summer. These things have been good

to me,” he laughs, waving a paint brush. “So, I'm in the position of having a little money to invest. I'm more comfortable having it do something good through the Loan Fund while it waits for me to need it.”



*Charlie Hunter with one of his paintings.
See more of Charlie's work at hunter-studio.com.*

“A CD, even if it's from a local bank, is mostly just trying to maximize the financial return. That money might get back out to do some good in the community, but not necessarily. I'd rather be sure. I'd rather know for sure that that money is getting back out there to help folks rebuild from Irene. I'd rather help try to keep Vermont Vermont.”

The images in Charlie's paintings are instantly familiar to anyone who loves the contrasts of “modern” Vermont: old barns, once-thriving small towns fallen into disrepair, natural landscapes that evoke nostalgia and the weight of age, a love for the real beauty in scenes decades past their prime. As he says, he likes to paint “what nature does to what man creates.”

“I think there's real tragedy in the love of the aesthetic of the old farm. You go for a bike ride down some back road and you see the small farm that's just barely hanging on. It's a remarkable image...but mostly you wonder what you can do to help. For me, that's what the Vermont Community Loan Fund does: VCLF lets you put your money where your mouth is, or put your money where your heart is.” ■

Join the Legacy Investors Circle!

The Loan Fund offers three opportunities for you to plan for a gift that will support our work forever: **Legacy Investments**. 100% of your Legacy Investment will support our Permanent Capital Fund, which will be dedicated strictly to loan capital in perpetuity. Your gift will be the foundation on which VCLF is able to both make more loans and raise additional capital. How you can help:

1. **Make a bequest.** Consider including a gift to VCLF in your will.
2. **Bequest your investment.** If you're already an investor in the Loan Fund, you can bequest your investment to VCLF. Your investment will continue functioning normally, and you'll be able to continue choosing your rates and terms over time. At the end

of your life, your investment will become permanent loan capital and continue working to transform Vermonters' lives forever.

3. **Make a Charitable Gift Annuity.** In exchange for your gift, you and/or your designee will receive interest payments for life, while the capital you've provided to the Loan Fund is loaned out to create opportunities throughout Vermont. At the end of your life, your CGA will become a part of our Permanent Capital Fund, to be loaned and re-loaned in perpetuity. A CGA allows you to make an immediate gift to the Loan Fund with permanent effects.

For more information about Legacy Investing, please contact Jake Ide, Director of Development, at (802) 223-4423 or jake@vclf.org. ■



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COMMUNITY
LOAN FUND

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Invest in VCLF – Invest in Vermont

In every corner of our state, VCLF investors strengthen Vermont. They create and preserve jobs for themselves and their neighbors, ensure that single adults, seniors and families have homes that are both safe and affordable, provide critical community services, preserve our working landscape, and provide quality child care, creating healthy beginnings for Vermont's youngest citizens.

It's easy to help. VCLF offers a variety of investment options to accommodate your social and financial goals.

Current Investment Rates*

Social Investment Term Account

1-2 Years	3-4 Years	5-9 Years	10+ Years
1.0%	1.5%	2.5%	3.0%

Social Investment Cash Account

No term, Withdrawals on Demand
0.5%

* Rates as of November 1, 2012. Lower interest rates allow us to keep financing affordable to borrowers, increasing the impact your investment has in Vermont communities. Rates are subject to change.

For more information, contact Susan Hood at (802) 223-4426 or susan@vclf.org