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# Community Investment Fund

**Tahoe Truckee Community Foundation**

Megan Morrice, Tyler Jackson & Olivia Martin - July 9, 2015

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## Executive Summary

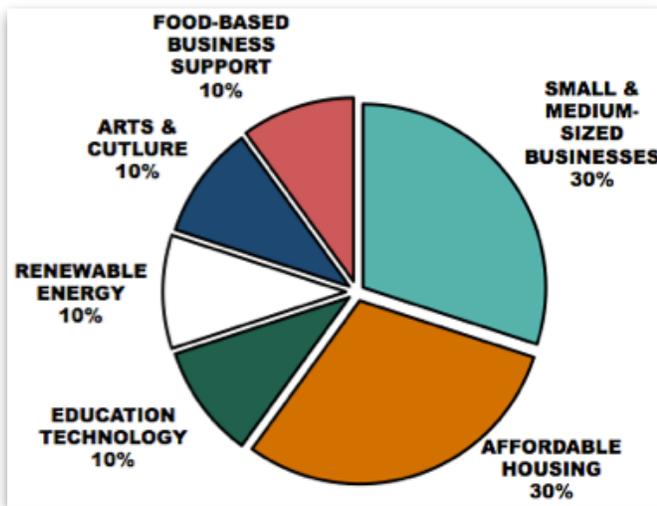
### What is local impact investing?

Community foundations were created to support the issues that shape their communities by creating links between resources and shared visions. Though roughly half of the jobs and output in the US economy come from local small businesses, “Main Street” receives virtually no domestic investment dollars, and close to none of the \$58 billion that community foundations control in the US is invested in the communities they were created to serve. The majority of the endowment that is not given in grants is invested in “Wall Street,” at times in vehicles that are in direct conflict with the goals of the community. The need exists for local and geographical experts, i.e. community foundations, to assist investors in stewarding their dollars to investments for optimal community outcomes. Thus, we suggest that the Tahoe Truckee Community Foundation (TTCF) creates a proprietary fund through which holistically accomplish its mission of generating resources to build a more caring, creative, and effective community.

### Why engage in it?

TTCF has educated its community on the value of place-based giving and it is our goal to help it devise a plan to manage investments that serve the critical needs of the community. We believe that TTCF has both the financial and social resources to create the first Community Investment Fund for the Tahoe Truckee region, the Tahoe Truckee Community Investment Fund (TTCIF). With a mission to make long-term, stabilizing, and transformative investments that maximize the impact of philanthropic capital, TTCIF can use place-based investing to leverage its investments and increase its community’s access to capital. By utilizing the endowment as a tool for investing in the community, the foundation will not only multiply the social and environmental impact of that philanthropic capital, but also increase the satisfaction of its donors, referrals, and future giving. Place-based investing can help build local economies by creating jobs, enhancing social mobility and increasing community empowerment. TTCIF would fill the very critical “credit gap” in the community where small businesses and mission-oriented projects lack the capital needed for launch and expansion. The demand for patient debt will increase, and for this reason, we advise that TTCF to narrow the scope of project acceptance.

## Where to invest?

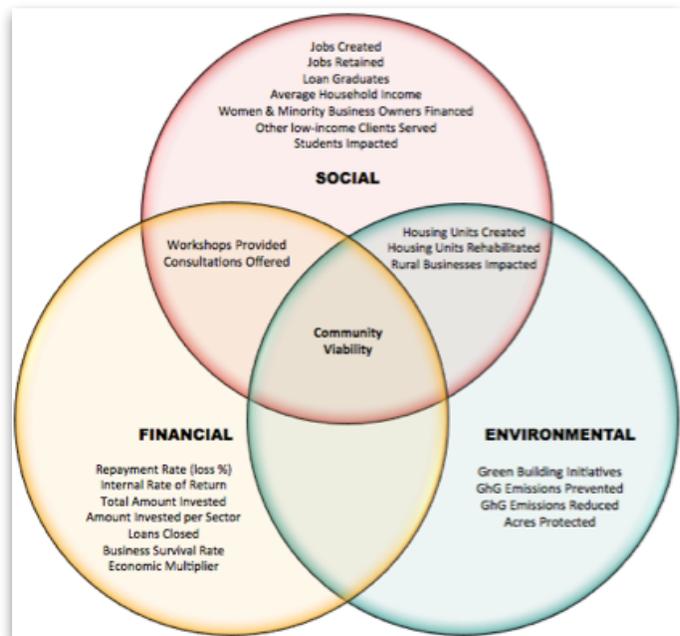


Through its grant program, TTCF meets the needs of the Tahoe Truckee community in the key areas: arts and culture; education, youth development and youth entrepreneurship; environment, conservation, and animal welfare; and health and human services. As a world-renowned destination for nature-bound tourism, the largest percentage of TTCF's grants, 41%, is directed to protect and maintain Tahoe's environmental health,

while 30% of grants meet health and human services needs.

## How to measure impact?

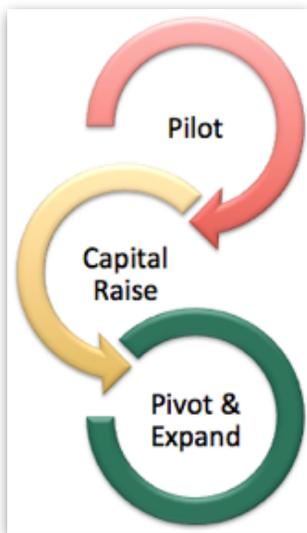
The field of impact investing has been key to creating a nexus between financial, social, and environmental growth. From communities in need of capital to investors looking to align their dollars with their values, the impact generated through this industry is quickly growing. Yet if investors and financiers are not aware of the importance of measuring and reporting that impact, interest and capital in the industry may decrease. True sustainable performance of investments can only be assessed by measuring social, environmental, and financial bottom lines. Taking into consideration the TTCF's interests as well as the needs of the community, we identified a number of metrics across the industry that aligned with TTCF's mission and TTIIF's suggested areas of focus.



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## What does an implementation timeline look like?

A pilot program is an ideal way to venture with TTCIF. Once proven successful, it can feed a prospectus for investors to review and thus raise further capital. We identified two projects for a pilot program The Queen of Hearts Women’s Fund and the Truckee Railyard Redevelopment Project by Holliday Development. By investing \$150,000 in The Queen of Hearts Women’s Fund, the organization can triple its current loaned amount to 10 or 15 smaller loans, representing a unique quick-win opportunity. The Truckee Railyard Redevelopment Project’s also presents a quick-win opportunity with its potential to access to \$8 million in cap and trade funding. By investing \$100,000 to \$300,000 in housing development TTCIF could tap into these earnings as well as impact its community.



Although the pilot programs do not necessarily fit the general layout of the fund’s ultimate structure, we believe that they are an effective way to market TTCIF to the greater community. The short-term nature and relative simplicity of these investments will be essential to the marketing and outreach needs of the fund during early phases. Such investment amounts would provide TTCF a quick-win opportunity of social and economic return on its investment while allowing enough capital to be available for small to medium-sized business lending that follows. With the success of the pilot programs, TTCIF can engage in a capital raise of \$750,000 or more that would allow its expansion.

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## Introduction

Community foundations were created to identify and support the issues that shape their local areas by creating links between resources and shared visions for the future. However, the community foundation's role is not to simply redistribute money in their place, it is to connect local stakeholders, leverage their resources, and ultimately catalyze a level of change that is much greater than what the foundation could achieve if it was acting in solidarity. With a history of bringing the community together around a common vision, the foundation is seen as the shepherd of equality, helping to ensure that their community retains its vitality and strength for generations to come. Therefore, it is important for community foundations to examine *all* of the ways that they can activate resources, beyond traditional philanthropic means, from *all* interested parties, in order to fulfill their mission.

**“We will no longer be a reactive grantmaker; we will be making proactive investments in the community.”**

Becky Ceperley, President, The Greater Kanawha Valley Foundation

One way community foundations can achieve this is through the support of small businesses in their community. Even though roughly half of the jobs and output in the US economy come from local small businesses, they receive only 1% of domestic investment dollars.<sup>1</sup> Were local businesses uncompetitive, unprofitable, and obsolete for the US economy, this would be understandable. But local businesses are highly competitive (their share of jobs in the United States is growing), and they are at least as profitable as larger corporations (sole proprietorships are three times as profitable as C-corporations).<sup>2</sup> Small businesses provide steady employment for current residents and serve as a lifeline for future generations to remain in the community instead of moving to areas with more job opportunities. Here's the bottom line: community foundations control a cumulative \$58 billion, but like their American compatriots, close to none of it is invested in the communities which they were created to

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<sup>1</sup> (Shuman, M 2013)

<sup>2</sup> (Shuman, 2010)

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## Case Study

### Hardwick, Vermont

The community investing landscape in Hardwick has been unfolding organically for over a decade. Many of the area's new generation of farmers, such as Tom Sterns of High Mowing Seeds and Pete Johnson of Pete's Greens were experiencing rapid growth and would run into cash flow problems, so they began lending money to each other to get through lean times. Other community investments in the area followed. Claire's Restaurant, which showcases food grown or raised by the area's farmers, sold prepaid "food coupons" to 50 (unaccredited) residents for \$1,000 apiece, which entitled them to \$25 off a meal once a month for four years. All of this mutual support and reinforcement has attracted more entrepreneurs to Hardwick, like the Vermont Food Venture Center, a shared use facility for food producers and startups, which has relocated to Hardwick from Burlington to be part of the action. In 2008, while most of the country was struggling with unemployment, Hardwick created 100 food and agriculture- related jobs, increasing local jobs by 25% *during* the recession.

serve.<sup>3</sup> If community foundations across the country reallocated 10% of their endowments to Main Street, they would be injecting \$5.8 billion annually in locally owned small businesses. Furthermore, when accounting for the role-model effect that community foundations possess, the total amount invested in those communities is likely to be much larger, because when community stakeholders, such as the foundation's next generation of philanthropic donors (who are taking a hands-on approach to giving), are given secure ways to invest in Main Street instead of Wall Street, they will.<sup>4</sup>

There is an urgent need to create more of these opportunities all across the country and to make them simple to understand, easy to invest in, and efficient to run. Essentially, there is a need for them to be operated by geographically relevant professionals, such as community foundations, that intimately understand the businesses that are being invested in, so that investors feel confident that their dollars are being stewarded to optimal community outcomes. Unlike private foundations, which are often created with one large gift that's expected to last, community foundations are public institutions whose

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<sup>3</sup> (Buteau, Chaffin & Buchanan, 2014)

<sup>4</sup> (Schafer, 2014)

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growth and success rest on the number of donors they can continue to attract over time. They should be free to focus on demonstrating their relevance to the community and attracting the next generation of donors. There's no structural reason for them to be risk-averse and returns-focused -- the fact that many are is often a result of board culture.<sup>5</sup> Therefore, more and more community foundations are rising to the challenge, adding community investing solutions to their toolbox to meet the needs of their communities and their donors. Not only can the foundations multiply the impact of their funds in the community, but there is also an expectation of increased donor satisfaction, referrals, and future giving.

This plan serves as an exploration into the capacities in which community foundations can use their place-based expertise to lead this movement. More specifically, we look at a handful of community investment funds around the country and make suggestions as to how the Tahoe Truckee Community Foundation (TTCF), located in Truckee, California can create a proprietary fund of their own to more holistically accomplish their mission of generating resources to build a more caring, creative, and effective community.

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<sup>5</sup> (Schafer, 2014)

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# Part I - The Tahoe Truckee Community Foundation

## Background and History of TTCF

With a long-term goal of securing and facilitating discretionary resources from donors to meet the changing needs of the community, TTCF has been actively building the philanthropic community in North Tahoe through its work with donors, nonprofits and communities for more than a decade. Established through the vision of William Hewlett and the commitment of community leaders throughout the region, the Foundation serves thousands of people who share a common passion for the beauty and resilience of the Truckee Tahoe region. Today, the foundation's assets of \$25 million are held in stewardship for a base of more than 3,000 donors including individuals, families, businesses and organizations. Since opening their doors in 1998, TTCF has facilitated over \$20 million in grants and scholarships.

In addition to the great impact of TTCF's grants and scholarships, the foundation is already seen as an innovative change maker in the community. Currently, 2% of the endowment is invested in impact-oriented investments through RSF Social Finance and Northern California Community Loan Fund (NCCLF), investments that have achieved a below market rate return, but have yielded significant social and environmental benefits, albeit outside of the Tahoe Truckee region. In 2014, TTCF joined the BALLE - RSF Social Finance Community Foundation Circle, an 18-month leadership intensive of pioneering community foundations who advocate values driven and place-based investments in their communities.

## Alignment of Visions, Missions & Goals

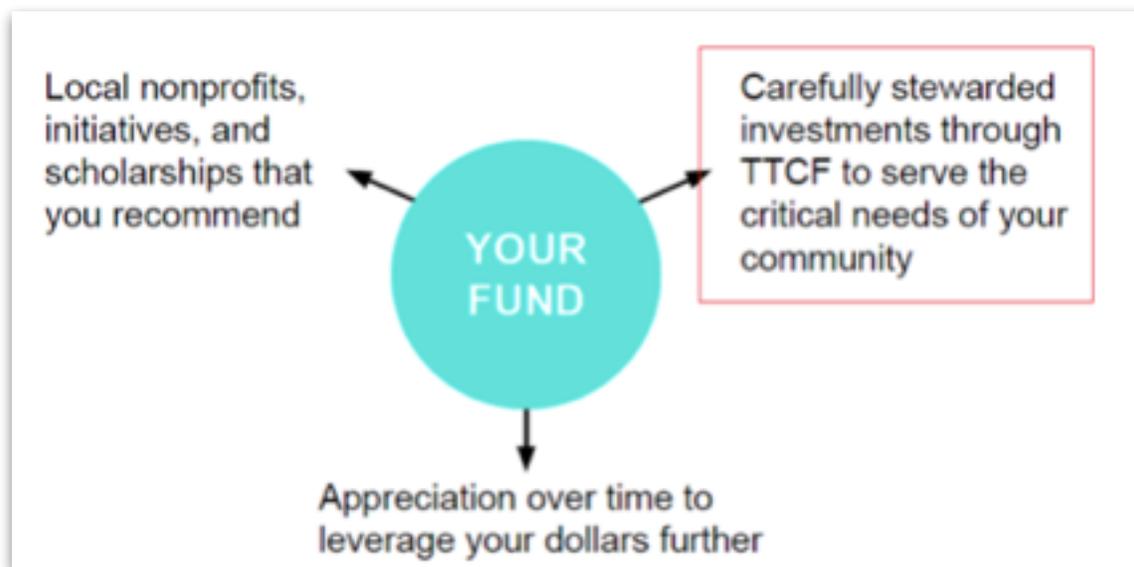
TTCF's current mission statement is to "connect people and opportunities, generating resources to build a more caring, creative, and effective community. The foundation's leadership has done a great job of educating the community on the value of place-based giving. However, it is our goal to take that mission one step further and help TTCF expand their stated goal of "stewarding investments through TTCF to serving the critical needs of the community".<sup>6</sup> We believe that TTCF has both the financial and social resources to take a

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<sup>6</sup> (Darzynkiewicz, 2013)

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leadership role in the creation of the first Community Investment Fund for the Tahoe Truckee region, the Tahoe Truckee Community Investment Fund (TTCIF).



**Figure 1. TTCF’s DAF agreement**

Many other community investment funds have conveyed their mission in only a few words. For example, NCCLF was founded to serve the people of Northern California by acting as an intermediary between interested investors and those groups located in or serving low-income and minority communities that are in need of affordable capital and their mission statement is: “Financial Solutions. Stronger Communities”.<sup>7</sup> The Vermont Community Loan Fund’s mission, however is a bit more explicit, stating that “we create opportunities that lead to healthy communities and financial stability for all Vermonters. We develop and promote capital-based approaches to issues of poverty and opportunity.”

**“Long-term, stabilizing, and transformative investments that maximize the impact of philanthropic capital”**

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<sup>7</sup> (Northern California Community Loan Fund, 2015)

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Our vision for TTCIF’s mission is to make long-term, stabilizing, and transformative investments that maximize the impact of philanthropic capital. Place-based investing is a tool that the foundation can use to leverage its investments in a way that, in the words of Stacy Caldwell, TTCF CEO, “levels the economic playing field”. By utilizing the endowment as a tool for investing in the community, the foundation will not only multiply the social and environmental impact of that philanthropic capital, but it will increase the satisfaction of the donor community. Place-based investing can help build local economies by creating jobs, enhancing social mobility and increasing community empowerment. As Lauren OBrien, TTCF Board Member says, “TTCF’s highly regarded accomplishments attract substantial gifts and resources. Donors know that they can trust the Foundation’s ability to leverage their dollars to create the greatest possible impact”.<sup>8</sup>

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<sup>8</sup> (Truckee Tahoe Community Foundation, 2014)

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## Part II - Investment Focus Areas

### Best Practice Models

TTCIF would fill a very critical “credit gap” in the community where small businesses and other mission-oriented projects lack the capital needed for expansion. For this reason, demand for patient debt financing in the community will be high and we advise TTCF to narrow the scope of the projects that they accept. To help narrow this pool, we have identified investment sector trends across the industry and have picked three funds as best practice examples, (1) NCCLF, (2) Coastal Enterprises Inc. (CEI), and (3) Vermont Community Loan Fund (VCLF) that we believe would be most relevant for determining the best investment sectors for TTCIF.

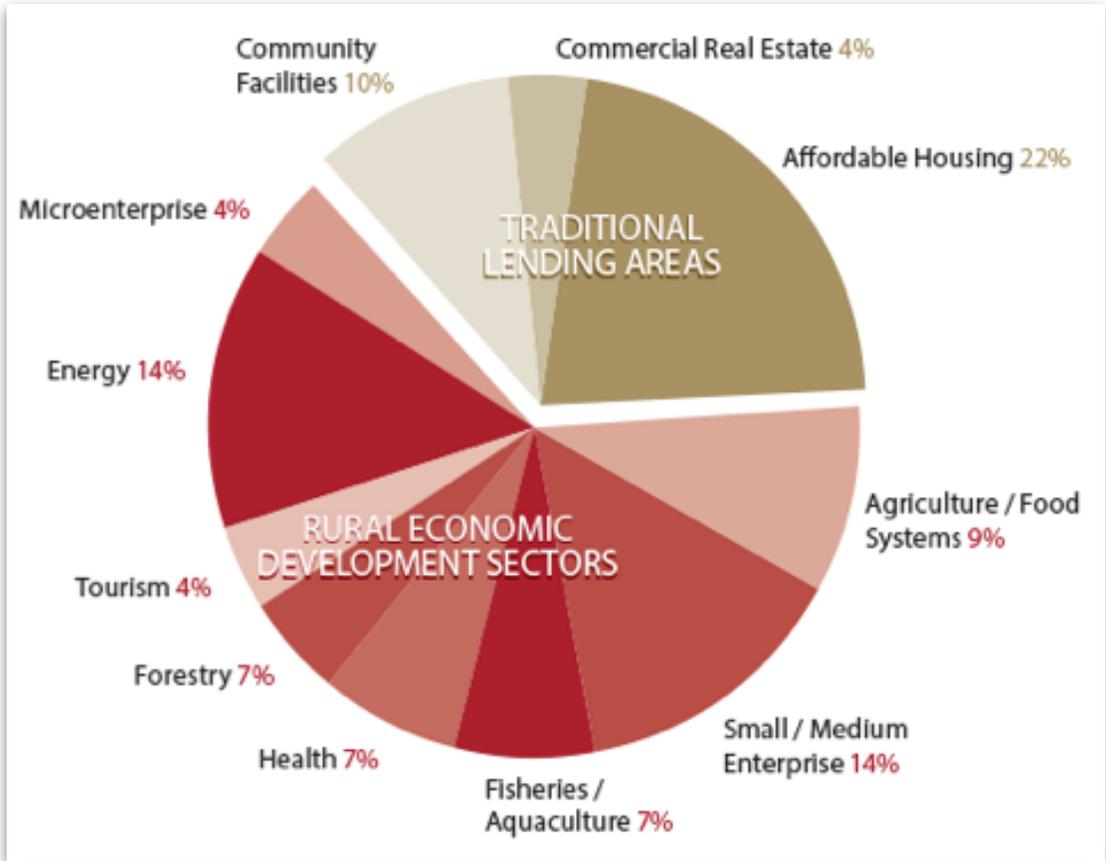
**“ NCCLF supports a wide range of initiatives including incubators that promote business initiatives within their communities ”**

The first fund, NCCLF, characterizes itself by providing loan capital and financial expertise to nonprofits while serving low-income communities in the 46 northernmost counties of California, from south of Fresno up to the Oregon border. With a structure highly similar to TTCIF, but in a larger scale, NCCLF has four priority areas of focus, affordable housing loans, community facility loans, economic development loans, and operating lines of credit. We found that its geographic focus and extensive involvement in affordable housing could be of particular interest to TTCF. The organization provides loans for all types of housing from multi-family rental to home ownership. They finance all phases of housing production including acquisition, pre-development and construction costs. Although NCCLF only invests in other non-profit organizations, it supports a wide range of initiatives including incubators that promote business initiatives within their communities.<sup>9</sup>

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<sup>9</sup> (Northern California Community Loan Fund, 2015)

While they also finance affordable housing projects, Coastal Enterprises Inc. directly funds small and mid-sized businesses and natural resource-based industries.<sup>10</sup> With \$4.2 million in capital, \$3.3 million in approved loans and 82 Investors, its investments range from \$5,000 - \$500,000. CEI’s geographic focus is in Maine, CEI pairs its natural resources lending program with technical assistance in a diverse number of industries such as sustainable fisheries and aquaculture, agriculture in food systems, forestry practices, and renewable energy companies.<sup>11</sup> Figure 2 shows the breakdown of CEI’s areas of focus giving a clear visual of the importance of affordable housing projects as part of their community development strategy.



**Figure 2. CEI’s structure of focus contrasting traditional vs rural economic development.**

<sup>10</sup> (Coastal Enterprise Inc., 2015)

<sup>11</sup> (Coastal Enterprises Inc., 2015)

And finally, the Vermont Community Loan Fund (VCLF) is a \$30 million fund that invests a combination of debt and equity in projects within Vermont borders. While their areas of focus range from small and medium size businesses to affordable housing developers and education programs, they also have a fund specifically for loan programs dedicated to agritourism and foods, and farms and forests. VCLF also supports their business lending with technical assistance and consulting at an additional fee. At the same time, its Project SUCCESS provides training and consulting that helps meet Vermont’s early care and education entrepreneurs’ needs at no cost.<sup>12</sup>

### Current TTCF Sector Focus Areas (Grants)

Through their extensive grant program, TTCF works to meet the needs of the Tahoe Truckee community in the following key areas: arts and culture; education and youth development & youth entrepreneurship; environment, conservation, and animal welfare; and health and human services. As a world-renowned destination for nature-bound tourism, the largest percentage of TTCF’s grants, 41%, are directed to protect and maintain Tahoe’s environmental health. However, TTCF also helps meet community needs through focusing 30% of their grants on health and human services.

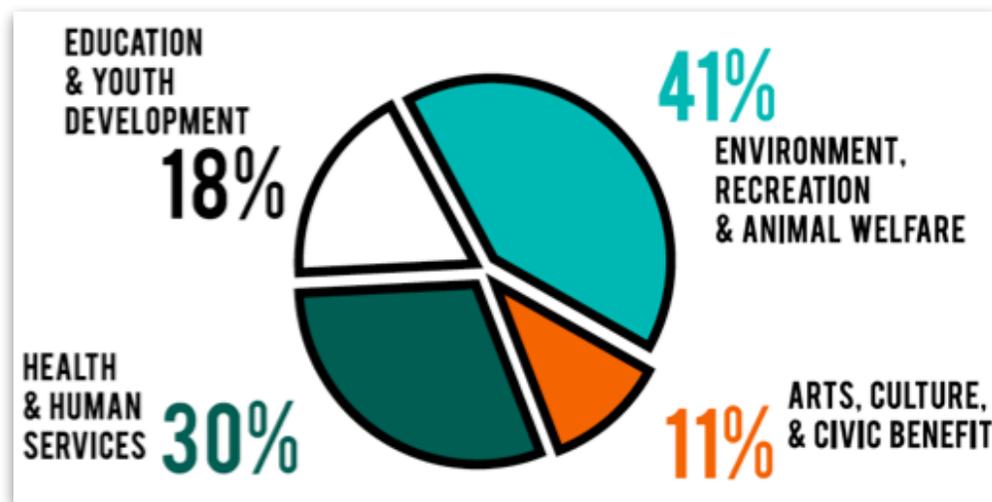


Figure 3. Current TTCF focus areas (grants)

<sup>12</sup> (Vermont Community Loan Fund, 2015)

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## Suggested Investment Focus Areas (Loans)

After combining our research on similar organizations with TTCF's current focus areas we identified the following key sectors of focus for TTCIF. The investment percentage breakdown in figure 4 is based on an initial focus and is subject to change.

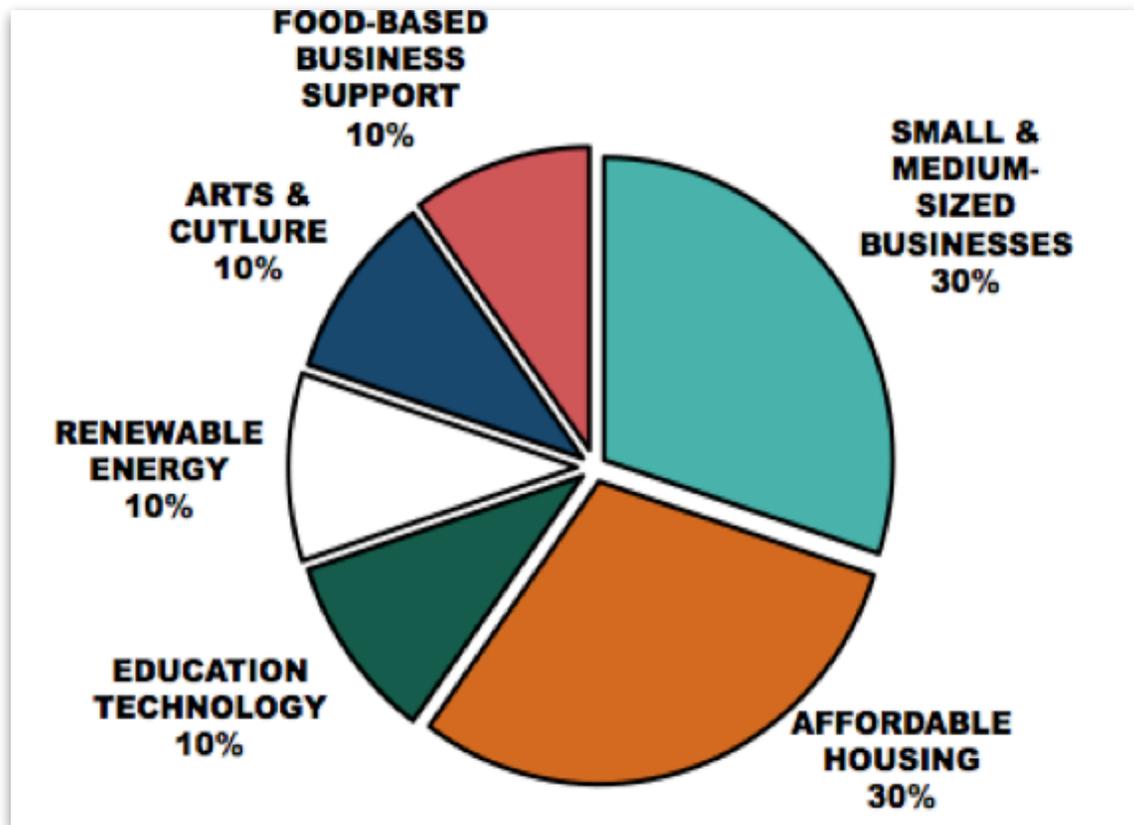


Figure 4. TTCIF suggested focus areas (loans)

### 1. Small to Medium-Sized Businesses

TTCF's mission to connect people and opportunities plays a big role in our decision to suggest that TTCIF should include an arm of small to medium-sized business lending. The Tahoe Truckee area has seen a spurt of entrepreneurial spirit in recent years that, if supported, could help counteract the growing risk of economic activity and jobs loss and reallocation that have hit the community due to growing climate volatility and other factors.

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As a strategy that compliments grants made to non-profit entities, we suggest that an initial lending focus of TTCIF is geared towards investments in for-profit companies within the Tahoe Truckee community. Following is a breakdown of what types of small business could be funded: alternative energy, technology, incubators, outdoor sports, agribusiness, youth entrepreneurship, community work space (offices, kitchens, art studios, etc.), and food-based business.

We believe that TTCIF could direct up to 30% of its investment pool towards small to medium-sized business lending in order to generate significant impact in an area of immediate need and opportunity for successful economic, social, and environmental return.

### **Case Study - Opportunity Fund**

“We didn’t know if small amounts of money and financial advice could be enough to enable people to make big changes for the better. But we believed there was a way for working people to achieve life goals that once seemed out of reach, simply because they didn’t have the financial means or know-how”. Today, Opportunity Fund has impacted over 8,000 people by deploying over \$83 million through microloans and microsavings accounts.

## **2. Affordable Housing**

TTCF expressed a strong interest in providing its community the opportunity to have access to affordable living arrangements given the needs of its residents. Grantmaking and local financing vehicles cannot fill in the gap that remains between traditional banking opportunities for meeting housing needs and the rest of the community, thus, we identified a second area of early focus to be Affordable Housing. Some ways in which TTCIF can help meet Tahoe Truckee’s housing needs are by providing direct ownership loans, gap financing, or investing in pre-development and /or construction phases of housing projects.

For the purpose of this TTCF Community Investment Fund we have identified three affordable housing industry leaders that share a similar geographic boundary to that of

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TTCF, such as NCCLF, the Chicago Community Loan Fund (CCLF), and the New Hampshire Community Loan Fund. New Hampshire Community Loan Fund extends all types of housing loans with flexible rates that can be adjusted according to the borrower's needs, CCLF has penetrated the affordable housing market in its community by also investing in mixed use development projects, while New Hampshire Community Loan Fund has found a unique way to impact its community by investing in Manufactured Home Parks projects.

Given TTCF's strong interests in tackling Tahoe Truckee's housing issues, we foresee 30% of the investment pool directed to this focus.

### **3. Education & Technology**

With the growing number of technology-focused businesses in the Tahoe Truckee area and given the community's proximity to San Francisco and Silicon Valley, a tremendous opportunity has arisen for technological application-driven solutions. One particular sector in which these applications can be significantly beneficial is education. The Annie E. Casey Foundation (AECF)'s research on grade-level proficiency reading indicates that children who do not know how to read by the end of the third grade are four times more likely to drop out of school than those who do. More specifically, correlations between poverty, minorities and non-grade level reading in children have been found by further research; black and Hispanic children are twice as likely as white children to never graduate from High School.<sup>13</sup> TTCF, already deploying 18% of its grants to education and youth development, has noteworthy interest in continuing this impact through its investment fund.

We see investment in education and technology, especially the intersection of the two, as an area of importance and a sector of focus for TTCIF. The Tahoe Silicon Mountain group organizes and maintains a network of technology entrepreneurs and professionals with interests in the Tahoe Truckee area. Organizations as such can help TTCIF identify growing technology trends and solutions to aid in the development of the region's educational sector. Because this is still a growing nexus and one with potential risks, we believe that an appropriate timeframe for this area of focus' implementation is closer to year four, when 10% of the fund's pool can be directed towards these initiatives.

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<sup>13</sup> (Annie E. Casey Foundation, 2015)

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## 4. Renewable Energy

A key sector of interest for the Tahoe Truckee community is the protection and preservation of its environment. With its strong outdoor sports and recreation industry, the people of Sierra Nevada are increasingly aware of the effects of climate-related changes and the effect these can have on its economic activity. Lake Tahoe, for example, a natural basin for wood-burning and auto emissions due to its altitude of 6,200 feet above sea level, and these emissions are of high importance given the drought and wildfires in the region.<sup>14</sup> Actions to mitigate the greenhouse gas emissions around the world, but very specifically in California, have geared populations towards investing increased efforts and capital in changing the way energy is produced. The number of facilities and homes partially with installed solar power capacity, for example, is an all-time high in the state.

TTCF is aware of the importance of supporting clean energy efforts and expressed particular interest in Biomass gasification, a process through which emissions are almost completely prevented from going into the atmosphere at a reduction rate of 75-99% of the current pile-and burn methods used in the Sierra forests.<sup>15</sup> Opportunities for investment in biomass are growing in the region. The Sierra Pacific Industries' Loyalton Biomass Power Plant was closed in 2010 because of low power prices, but a new owner will open up different market options. The plant recently received a grant from the Forest Service. The Loyalton Biomass Power Plant was the largest private, year-round employer in Sierra County before it closed, with 19 jobs on-site and another 50 jobs off-site in the supply chain. it is a win-win-win situation, not only creating sustainable jobs and renewable energy, but also preventing fires. Many loggers are out of work and the tops of trees that have been left in the forest create fire danger. There are a number of grants, low-interest loans, and tax credits available to biomass power developers. For example, Coastal Enterprises, Inc. (CEI) financed Market Square, an affordable housing in Houlton, Maine, which featured a biomass heating system fueled by a local mill.<sup>16</sup>

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<sup>14</sup> (Lee, 2014)

<sup>15</sup> (Lee, 2014)

<sup>16</sup> (Coastal Enterprises Inc., 2009)

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In the context of TTCIF, more research must be done to determine the appropriate partnership and funding structures for such projects. We consider potential alliances with USDA, the US Forest Service, Northern Sierra Partnership, and the SBC to be helping with identifying location, run feasibility plans, and assess long-term returns. Given the time needed to iron out these details, we estimate a 10% allocation in year 5 of TTCIF's implementation.

## **5. Arts & Culture**

Arts and culture have been an important part of civilizations since the beginning of time. These activities support community identity and centralization, generating a sense of belonging that strengthens communal ties. TTCF has been supporting the arts and culture of the Tahoe Truckee area for years through its grants program, currently applying 11% of its finance pool to this area of focus. We recommend maintaining this area of focus through TTCIF as well, however, it is an area that we do not suggest investing in until year 7. This amount of time would give TTCIF the appropriate amount of time to have established itself in the community as a leader in local impact investing and have strengthened its operations enough to be able to invest a larger and more impactful amount in significant projects.

We identified interesting vehicles through which to launch this area of focus. NCCLF's Community Facility Loan, for example, supports financing for new existing infrastructure in need of remodeling within low-income communities. NCCLF has funded many arts projects. For example they helped the Community Arts Stabilization Trust (CAST) purchase two buildings in the Central Market neighborhood in San Francisco, thereby helping to build community by having multidisciplinary arts programming accessible to local residents. They also purchased a theater called CounterPULSE to provide space and resources for community-based art and serve as an incubator.<sup>17</sup> Within Tahoe Truckee specifically, TTCIF could also partner with the Tahoe Arts Foundation, the North Lake Tahoe Resort Association, and the Riverside Studios in Truckee.

## **6. Food-based business support**

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<sup>17</sup> (Sutton, 2015)

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As innovative local food businesses have proliferated the Tahoe region in recent years, and as the food industry has notoriously high costs of entry, we expect the need for startup financing to grow. Financial support from TTCF could help create a more inclusive economic landscape in this sector. However, sourcing good deals in the food space can be a full time job. As a solution, we suggest partnering with the Tahoe Food Hub as a boots on the ground non profit. The mission of the Tahoe Food Hub (TFH) is to provide fresh local food for the Tahoe region. One of their long term goals is to expand their retail outlet and offerings and create a community kitchen incubator to facilitate growth of small food-based businesses. TTCF financing could be pivotal in helping TFH reach scale. Additionally, we believe there is an opportunity for TTCF to get involved with the Tahoe Truckee Airport District's \$9M plan to construct a new hangar with an integrated commercial kitchen facility. We believe that TTCF could work with TFH to provide funded businesses with state-of-the-art kitchen facility.<sup>18</sup>

### **Case Study - Pioneer Valley Grows Loan Fund**

In 2008 a \$750,000 pilot PVGrows Loan Fund established a strong partnership between community lenders, foundations, and agricultural service providers, including the state Department of Agricultural Resources. The next phase was the PVGrows Community Investment Fund, a \$2.5 million fund which provides both an opportunity for local residents to finance the creation of a food system and helps provide flexible financing for food system businesses.

### **Pilot Program**

We understand the importance of an implementation strategy that includes quickly profitable and highly impactful investments. Therefore, instead of waiting until TTCIF is prepared to move forward with its individual loans, we recommend launching a pilot program with established partners in the community: the Queen of Hearts Women's Fund and the Truckee Railyard Development Project. Although the pilot programs don't

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<sup>18</sup> [https://ktrk-production-assets.s3.amazonaws.com/public\\_file/60/PROPOSED\\_HANGAR\\_4\\_Website\\_Article.pdf](https://ktrk-production-assets.s3.amazonaws.com/public_file/60/PROPOSED_HANGAR_4_Website_Article.pdf)

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necessarily fit the general layout of our the fund's ultimate structure, we believe that they are an effective way to market TTCF's new investment vehicle to the greater community. The short-term nature and relative simplicity of these investments in terms of their underwriting and origination requirements will be essential to the marketing and outreach needs of TTCIF, especially in its early phases. These projects will serve as a baseline that will help establish TTCF as an impact investor in the community. They also have the potential of becoming longer-lasting projects if TTCF's board sees fit.

### **Queen of Hearts Women's Fund**

The Queen of Hearts Women's Fund has already established itself in the Tahoe Truckee community as a grantmaking institution that has granted over \$300,000 to over 30 local nonprofit organizations. Within the context of a lending operation, these organizations represent a strong initial flow of borrowers for a pilot program. We believe that this fund represents a perfect opportunity for a pilot program through which to generate a quick return on investment, both economic and social. Through the pilot program we see the possibility of tripling their loaned amount by investing \$150,000 in their activities. This would equate to 10 or 15 smaller loans for local organizations.

Once the Queen of Hearts Women's Fund loans are settled, TTCIF would move away from internally identified borrowers to those recruited through external partnerships such as with the Sierra Business Council.

### **Truckee Railyard Redevelopment Project**

The second pilot program we identified is with the Truckee Railyard Redevelopment Project by Holliday Development. This project has the potential to access \$8 million in cap and trade funding through the Strategic Growth Council, and SBC is assisting in the greenhouse gas and vehicle miles traveled savings calculations for the high density, transit-centric, affordable housing portion. All of these factors should be considered for any new developments in Tahoe Truckee, which also makes this an innovative and highly impactful project.<sup>19</sup>

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<sup>19</sup> (Holliday Development, 2015)

Given the initial size of the fund and the contrasting investment amounts needed for larger housing projects, we suggest investments within a range of \$100,000 to \$300,000 on impactful housing development projects. Such investment amounts would provide TTCF a quick-win opportunity of social and economic return on its investment while allowing enough capital to be available for small to medium-sized business lending that follows.

## Timeline for Implementation

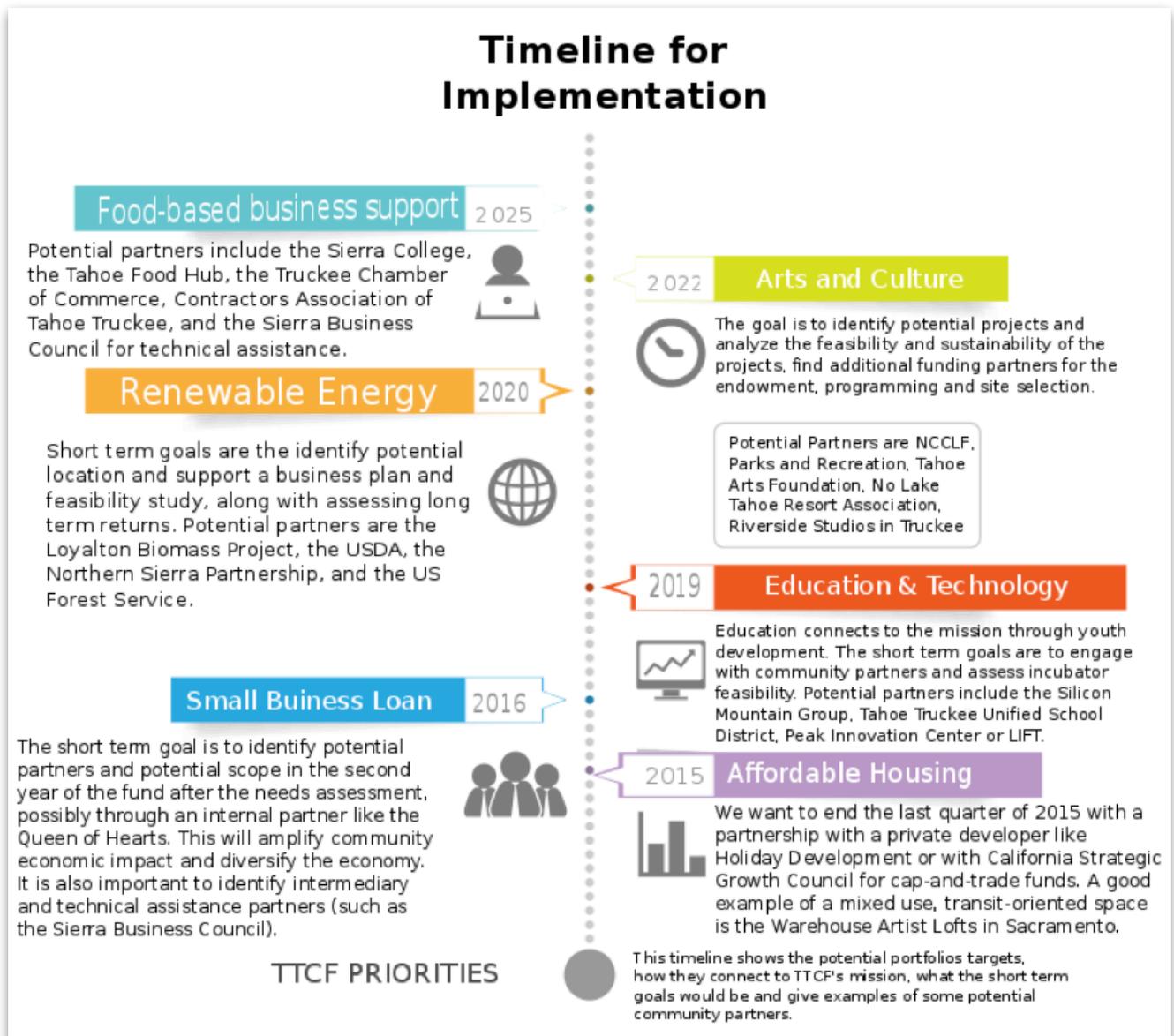


Figure 5. Timeline for implementation. From bottom to top.

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After the success of the of the Truckee Railyard Redevelopment Project in the end of 2015 and the Queen of Hearts Women’s Fund in 2016, we expect TTCIF to continue building the number of loans in the priority areas of affordable housing and small to mid-sized business for the next two years until 2018. After relationships with community partners have been strengthened, we will began to add additional priority sectors from education and technology, forms of renewable energy, arts and culture, and food-based business support. In 2019, education and technology will be the focus. In 2020, 33% of California’s power must come from renewable energy. This is the perfect time to add a focus to this sector to TTCIF. Toward the end of the first decade of the fund we will also add arts and culture starting in 2022. Finally, as the fund enters it 10th year we would look at adding food-based business support.

## **Deal Flow**

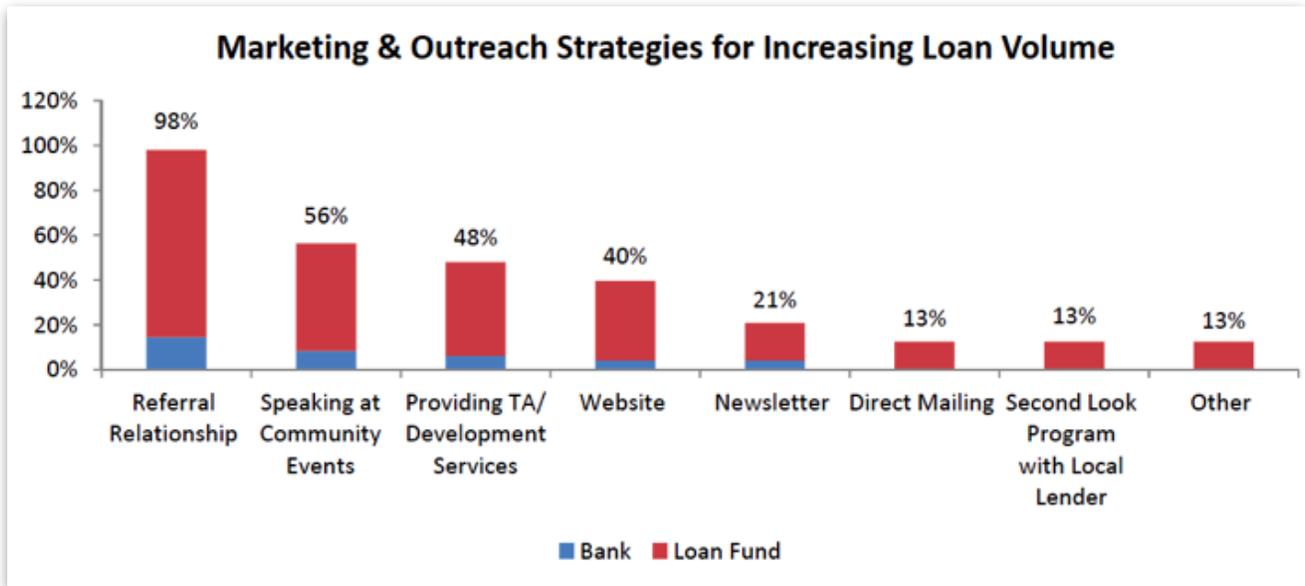
Research shows that one of the challenges of launching an investment fund is the maintenance of quality deal flow. One of the concerns regarding deal flow lies in the fact that funding is being rerouted outside of the community by organizations like SEDCorp, 3CORE, and larger banks. However, deal flow is a concern for investment funds across the country. Among some of the reasons why quality deals are difficult to maintain are low credit scores and reduced cash flow for small to medium businesses owners.<sup>20</sup>

Common best practices to address deployment barriers include marketing and outreach strategies as demonstrated below. For loan funds specifically, the strongest channel through which to attract borrowers has been identified as community partnerships that increase referrals, as shown in figure 6.

As detailed in the Quick Wins section, an initial collaborative project with the Queen of Hearts Women’s Fund and the Sierra Business Council will help ascertain an initial group of borrowers with low risk and a high chance of return of investment. This pilot program will also serve as a vehicle for exposure and advertisement of TTCIF’s initiatives and investment opportunities that will attract Tahoe Truckee businesses. However, we believe that a deal flow strategy must also be comprised of external opportunities.

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<sup>20</sup> (Sereleas, Barber and Warnement, 2014)



**Figure 6. Strategies employed by CDFIs to obtain quality deals.**

## Potential Partners

We have sought out partnerships with the potential of exponential growth and therefore community impact. Naturally, TTCF's board, integrated by community members and professionals, is likely to have a solid understanding of what those potential partners may look like. To name a few, board members such as Wally Auerbach, Paquita Bath, Marilyn Disbrow, Lauren O'Brien are involved in initiatives that are already reaching potential borrowers for TTCIF. We encourage the board to distinguish entities outside of TTCF's current network with the potential to provide a steady flow of borrowers during the different phases of the fund's implementation and expansion. In the following paragraphs we feature partnerships with the potential to increase TTCIF's loan volume and quality.

TTCIF signifies the first concerted effort to aggregate demand for impact investment capital in the Sierra region. A key partner to identify potential borrowers is the Sierra Business Council (SBC), which offers the community over 20 years of active involvement.<sup>21</sup> Currently, it is working on addressing the needs to provide microfinance opportunities to lower income residents, a niche that TTCIF could serve through joint efforts. TTCF has a unique and readily available opportunity to begin its lending efforts by joining the pool with reduced risk. With access to a growing number of small to medium businesses, we see

<sup>21</sup> (Sierra Business Council, 2015)

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immediate opportunity for impact in establishing a pipeline of borrowers through a partnership with SBC.

More specifically, Sierra Business Council's aforementioned Small Business Development Center (SBDC), holds the potential to pipeline a strong flow of borrowers. The SBDC is a magnet for small to medium sized businesses looking for access to capital and technical assistance. It counsels and provides technical assistance to businesses seeking capital from non-traditional sources. The SBDC routinely works with underwriters to analyze the financial feasibility of loan candidates across diverse market sectors. As an example, during the 2014-2015 loan cycle, the SBDC reviewed loans ranging from \$5,000 to \$550,000 for businesses in the Tahoe Truckee area. These businesses included start up tech-based businesses, light manufacturing, import/export, retail, food processing, health counseling, construction services and broadband access installation. The annual deal flow financed by out-of-area capital totaled over \$1 million in the past 18 months.

The Peak Innovation Center (“the Center”) is likely to serve as a strong partner in the years that follow established lending practices at TTCIF. Serving as a co-working space with a “triple bottom line approach to business incubation”, it could open a window of opportunity for small businesses and entrepreneurs to access working and seed capital with which to launch their ideas and expand their practices.<sup>22</sup>

We have identified strong likelihood of success within these partnerships, however, it is recommended that TTCF further expands its stakeholder map and considers other organizations and professionals in the area that could be of equal value to TTCIF. From the Tahoe Prosperity Center to the Nevada Small Business Development Center, a detailed list of these institutions can be found in our Communication and Outreach Strategy section below.

## **Competitive Truckee Landscape**

Although businesses in the Tahoe Truckee region have a handful of lending opportunities through organizations such as the California Credit Union and SEDCorp,

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<sup>22</sup> (Sierra Business Council, 2015)

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demand for loans is high and there remain no solutions that allow community members to be involved in the lending process.

One option for a small business in the Tahoe Truckee community that is looking to finance an investment in their company is to apply for a loan through the U.S. Small Business Administration (SBA). The California Credit Union offers U.S. SBA loans for small and medium size businesses that range from \$25,000 to \$100,000 at an interest rate equal to the Prime + 2% to Prime + 6% and a \$500 origination fee. However, collateral requirements can be stringent and terms inflexible.

Another option for small businesses in the agriculture industry is to pursue a loan through SEDCorp which offers an AG-Express loans to support the needs of agriculture related businesses. To qualify, businesses must have a 3-year track record and be able to show profitability and repayment ability. Additionally, the maximum loan amount from SEDCorp is \$25,000 for up to 5 years with a \$100 application fee, a 2% loan origination fee and interest rates ranging from prime + 4% to prime + 6%.<sup>23</sup>

Given the extremely limited number of financing opportunities for small to medium size businesses in the Tahoe / Truckee community, we believe that there is a significant amount of need for a mission-aligned small business lender in the community. TTCF would be unique in its ability to tailor its support to the specific needs of each client. Furthermore, its patience means that it could work with each borrower to come up with a loan structure that works for their proposal.

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<sup>23</sup> (Sierra Economic Development Corporation, 2015)

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## Part III - The Fund

### Legal Structure

#### Size of Fund

Based on comparable funds, we recommend the total initial fund size to be equal to \$1.25 million, or at least 5% of \$25 million, TTCF's 2014 net assets.<sup>24</sup> Additionally, a loss reserve fund should be created that is equal to 10% of the fund's total value, or \$2.5 million.

#### Best Practices - Size of Fund

CEI has \$4.2 million in Capital, with \$3.3 million in approved loans & 82 Investors while NCCLF is a \$44 million Fund with 237 investors. Until the program has been running for five years, TTCF is legally required to maintain a loss reserve fund equal to at least 15 percent of the fund's total assets under management. After 5 years the amount of the reserves can be reviewed, but must never be less than 10% of the fund's total assets under management (Cornell University Law School, 2015).

#### Investor Note Terms

In addition to TTCF's seed capital contribution, the intention is to increase the amount of available funds by selling 1-5 year notes to community stakeholders with a rate of return of

Investment Term (Years)	Maximum Return Offered
1	1.00%
2	1.25%
3	1.50%
4	1.75%
5+	2.00%

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<sup>24</sup> (Foundation Center, 2015)

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1-2% depending on the length of the term. We believe that this could raise the amount of money in the fund as well as the visibility of the fund and predict that it would lead to more unrestricted donations.

### **Best Practices - Investor Note Terms**

The Vermont Community Loan Fund notes range from 0.85% to 3% depending on the term, which range from 1-10 years. The Vermont Community Loan Fund is also the only loan fund we observed which offers a cash account, from which investors can remove their money at anytime with returns ranging from 0 - .5%.

### **Size of Loans**

We suggest that TTCF typically approve small business loan requests between \$25,000 - \$100,000. Loan requests marginally larger or smaller than the listed range should also be considered. We recommend a minimum of \$25,000 because loans of lower amounts require the same amount of due diligence as larger loans but provide less revenue and so are rarely profitable. At the aforementioned fund size of \$1,250,000, we recommend a maximum loan size of \$125,000, so that no single loan comprises more than 10% of the fund.

### **Best Practices - Size of Loans**

Opportunity Fund's loans range from \$20,000 - \$100,000 while the PV Grows Community Investment Fund's loans range from \$1,000 - \$250,000. Additionally, NCCLF's smallest loan is technically \$30,000, though their actual minimum is closer to \$50,000.

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## Loan Terms & Interest Rates

We suggest that TTCF offers loan terms between 1-5 years. However, loan terms for purchasing land, buildings or businesses should be extended up to 10 years. In order to maintain financial viability, the investment fund will need to charge borrowers interest rates ranging from 7-9% depending on the terms and size of the loan. While most terms are based upon a fixed interest rate, in some circumstances a variable interest rate may be warranted. Extensions and flexible payment schedules should be accommodated .

### Best Practices - Loan Terms & Interest Rates

The Vermont Community Loan Fund's interest rates vary based on the program and risk. Housing loans starts at 4.625%, the business loan average is 7%, childcare loans are as low as 5% and community facility interest rates are as low as 6%. Terms range from a few months up to 5 years, with extensions generally permitted for another 3 to 5 years. Additionally, Opportunity Fund's small business loans have interest rates ranging from 8.5-18% and up to 5-year terms. Lastly, Social Enterprise Fund's interest rates generally range between one to two and a half points above Prime.

Loan Term (Years)	Interest Rate (AVERAGE)
1	9.00%
2	8.50%
3	8.00%
4	7.50%
5	7.00%

## Borrower Requirements

Borrowers must put down 10% of the total loan value. Eligible businesses must be headquartered in the Tahoe/Truckee community for the duration of the loan.

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## **Best Practices - Borrower Requirements**

The New Hampshire Community Loan Fund requires a 5% down payment on a \$100,000 loan.

### **Loan Fees**

Loan applicants must submit a \$200 fee with a completed application package. If a loan request is approved, an additional loan processing fee of 2% of the total loan amount will be charged in addition to all direct closing costs. No prepayment penalty will apply.

## **Best Practices - Loan Fees**

SEDCorp charges a \$100 application fee and a 2% loan origination fee while 3Core, another lender that operates just outside the Tahoe area, requires a \$250 application fee as well as a 2-3% origination fee. CEI Maine does not charge an application fee or prepayment fee but they do charge a 1% loan origination fee.

### **Collateral**

In general, 100% collateral coverage is required – in other words, a \$50,000 loan requires collateral worth \$50,000. For borrowers that are unable to meet collateral requirements, they are allowed to find a guarantor. A guarantor is a person who agrees to repay the loan if you are unable to.

## **Best Practices - Collateral**

Opportunity Fund often requires a vehicle title for small business loans. The New Hampshire Community Loan Fund takes a first lien position on all business assets.

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## Capacity Planning & Technical Assistance

In the same way that TTCF may offer capacity planning or technical assistance to grant recipients, the foundation may find that it is beneficial to harness the expertise of its board of directors, volunteers or other intermediaries in the community, to serve as a points of connection between the borrower's needs and the community's intellectual capital. The assistance provided may vary from the types of assistance provided to grant recipients, and can include but is not limited to business planning, entrepreneurial training, one-on-one business technical assistance, tax preparation assistance, accounting assistance, or legal assistance. Assistance of this type can be provided in tandem with an investment, or it can precede a debt investment for businesses that lie outside of the fund's risk profile. There are **two ways** that the foundation can go about financing these services:

(1) If members of the foundation's board of directors possesses the skills needed to advise a specific enterprise they may be willing to provide the assistance pro-bono or at a fee.

### **Best Practices - Capacity Planning & Technical Assistance**

CEI Maine staff members serve as consultants to the sustainable fisheries, agriculture and food systems, forestry practices, and renewable energy companies that they invest in. In fact, CEI has holistically integrated consulting into their investment practices. CEI seeks to integrate the 3Es (economic, equity & environment) into all of its programs. By providing business loans or venture capital financing, they help local companies either start or continue operations (economic). By requiring the company to hire low-income individuals to fill a portion of new jobs created, they provide jobs for people in need (equity). Lastly, they also offer technical assistance and expertise in environmental best practices for businesses (environment).

The Vermont Community Foundation provides business development and technical assistance to its borrowers at a fee to make sure businesses know everything they need for their business to succeed. However, VCLF's project SUCCESS provides free training and consulting to meet the business development needs of Vermont's early care & education entrepreneurs.

(2) As a grantmaking organization, TTCF may want to harness their grantmaking capacity to outsource consulting and technical assistance activities to intermediaries in the community. Either on an annual or workshop-by-workshop basis, grants may be utilized to support small business consulting intermediaries such as the Sierra Business Council that can provide technical assistance and capacity building to TTCF borrowers and other businesses in the area. Additionally, TTCF may find that grants can be used to support scenarios where businesses are not ready for debt. Covering the cost of outside consulting TTCF may be a tool that can be used to reduce the risk level before an investment is made. Lastly, TTCF may find that it has existing donors that are passionate about supporting these services from their donor advised fund.

**Projected Return on Investment**

Depending on the size of the loan pool, the pool’s average interest rate, the average investor return and the loan default rate, we predict that TTCF could expect returns ranging anywhere from 2% to 3% per year, net of investor returns and fees.

**Best Practices - ROI**

The Marin Community Foundation has a revolving loan fund for nonprofit organizations in Marin County, which has maintained a 0% default rate over the past twenty years. Their return history is outlined in figure 7, with 4-year term loans producing the greatest yield of 2.5%.

	1 Month	Quarter	1 Year	3 Years	5 Years	7 Years	10 Years
1 year term	0.13%	0.38%	1.5%	1.5%	N/A	N/A	N/A
2 year term	0.15%	0.44%	1.75%	1.75%	N/A	N/A	N/A
3 year term	0.17%	0.5%	2.0%	2.0%	N/A	N/A	N/A
4 year term	0.21%	0.63%	2.5%	2.5%	N/A	N/A	N/A

**Figure 7. Marin Community Foundation yield schedule**

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## Potential Alternative Structures

Impact investing can take many forms, ranging across asset classes and instruments. We have discussed one instrument, the community loan fund, but some community foundations are experimenting with alternative structures such as using cash for loan guarantees and recoverable grants (Figure 8). We will briefly discuss some examples of investing forms besides a Community Loan Fund for future consideration.



**Figure 8. A rendering of F. B. Heron Foundation's Mission-Related Investment Continuum.**

One common form of impact investing, that sits between loans and grants, is recoverable grants, a form of program related investment that serves as a way to smooth the transition for recipients from grants to loans. They provide for the return of capital under certain circumstances, but are treated as grants until they are recovered.

Benefits to recoverable grants:

1. Minimal transaction cost
2. Zero downside protection
3. Reasonable upside benefits
4. Blended social and financial return

Besides grants, recoverable grants, and loans, some community foundations have begun to look to program-related investments (PRIs) as ways to involve the potential return of endowment capital within an established time frame. While they sometimes include financing methods such as loans or loan guarantees, they can also include equity investments.

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## Best Practices - Program Related Investments

The Bill and Melinda Gates Foundation, which has given out billions of dollars in grants, has made about a dozen direct equity investments as PRIs in areas that further health and living conditions in developing countries (Max, 2015).

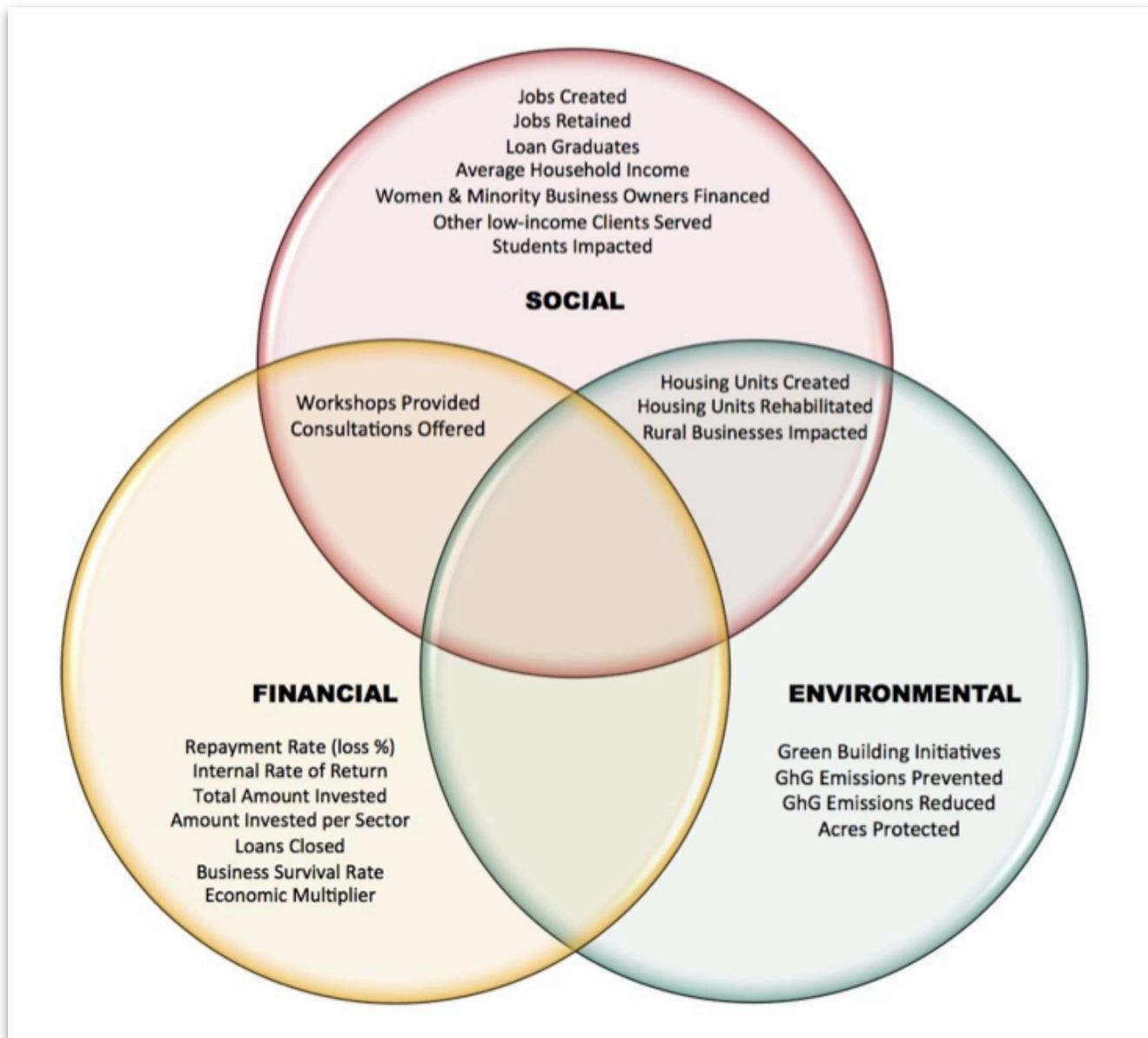
Another example of a community foundation making equity investments in a startup companies is with the Greater Cincinnati Foundation. They invested \$500,000 investment in CincyTech USA, a public-private seed-stage investor whose mission is to strengthen the regional economy by driving talent and capital into scalable technology companies in Southwest Ohio. CincyTech USA emphasizes job creation and creating a financial return for their investors first and foremost. In May 2011, CincyTech USA sold it's first company, Blue Ash Therapeutics, creating a 10x return on investment (Mission Investors Exchange, 2013).

## Metrics

The field of impact investing has been key to creating a nexus between financial, social, and environmental growth. From communities in need of capital to investors looking to align their dollars with their values, the impact generated through this industry is quickly growing. Yet if investors and financiers are not aware of the importance of measuring and reporting that impact, interest in the industry and capital available may decrease. In order to assess the sustainable performance of investments, impact must be measured in a social, environmental, and financial bottom line, and the indicators identified and measured must align with existing standards that respond to the institution's mission and areas of focus in ways that respond to the needs of its stakeholders.

We considered metrics that repeated themselves across the industry to be standards. Examples of these are number of jobs created and/or retained, or number of affordable units created and/or rehabilitated, as found in Opportunity Fund, CCLF, NCCLF, CEI. Social and financial metrics were easily identified. In contrast, environmental metrics were not as

commonly used. For those entities that did measure environmental impact, such as CEI, the metrics were specifically aligned with the type of investment made. CEI's focus on climate change mitigation and adaptation gives way to metrics such as investments in sustainable fishery, forestry, aquaculture, and farming practices.<sup>25</sup> VCLF does something similar and measures acres of sustainable and workable landscape supported, and pounds of food produced.<sup>26</sup>



**Figure 9. Metrics by triple bottom line area of investment impact.**

<sup>25</sup> (Coastal Enterprises Inc., 2015)

<sup>26</sup> (Vermont Community Loan Fund, 2015)

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Taking into consideration the TTCF's interests as well as the needs of the community, we identified a number of metrics across the industry that aligned with TTCF's mission and TTCIF's suggested areas of focus. We picked these metrics focused on the hopeful significant improvement for the population serviced because we believe they are indicative of long-term impact. The diagram below includes the metrics according to their triple bottom line impact and where they overlap, collectively contributing to overall community viability.

As is visualized in Figure 9, there is room to further develop indicators. Metrics that impact both financial and environmental, or all three sectors, can be identified as TTCIF's investment activities expand. We recommend selecting the metrics that make the most sense for each individual loan and requiring that the borrowers report the data on a quarterly or yearly basis, similar to how TTCF tracks the impact of their grants.

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## Part IV - Implementation

### Communication & Outreach Strategy

Providing a reliable, impactful vehicle for interested stakeholders to engage with and invest in the enterprises in their community is one thing, but getting people to invest is another.

The first route for increasing the size of the fund is to engage the foundation's existing donors. Although this is a natural first step, a number of community foundations are finding innovative ways of engaging donors outside of simply asking them to purchase investment notes. Often times, existing donors will prefer to begin engaging with the loan fund by sharing their intellectual capital by serving as consultants to the businesses in the fund. "One of foundations' first mistakes is looking at donors only for money," said Paul Major of Telluride Foundation. Instead, Major's foundation calls on Telluride donors to participate as mentors in its Venture Accelerator. "Telluride happens to have many successful entrepreneurs," he said. "For example, one of the founding members of hotels.com is very active as a mentor." These business mentors might become TTCF's "secret sauce" for fund success.

In addition to engaging existing donors, TTCF should also engage the wider community by producing an external education plan on the topic of place-based investing. Topics could include, but are not limited to: the connection between money and meaning, socially conscious capitalism, the B-Corp movement and the growing movement of social enterprises, and the merits of place-based investing.

TTCF should also consider engaging in cross-promotional partnerships with other institutional stakeholders in the community that would be willing to help increase awareness. A sample list is as follows:

1. Sierra Business Council - Small Business Development Center
2. Regional Chambers & Rotary Clubs

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3. South Lake Tahoe Entrepreneurship Meetup
  4. Lake Tahoe Business Expo
  5. Social Capital Markets conference in San Francisco
  6. Sierra Economic Development Corporation
  7. Sierra College
  8. Tahoe Silicon Mountain
  9. North Tahoe Business Association
  10. SCORE - Regional Chapters
  11. BALLE

## **Minimum Viable Product - Outsourcing**

Although the concept of a community loan fund fits very well with TTCF's existing mission and vision, the intricacies of running a lending operation is not likely to fall within the scope of the organization's capacity or expertise. Instead of increasing the internal capacity of the foundation, it is advisable, from a minimum viable product standpoint, to leverage the expertise of organizations in the community. We have identified three potential partners in Northern California with expertise in place-based investing and community finance, all of which could serve as consultants or as surrogate legal structures.

(1) The Northern California Community Loan Fund (NCCLF) provides loans and training programs for mission-aligned organizations in Northern California. In addition, they have taken on a handful of consulting roles for large projects that align with their mission of creating opportunities that revitalize Northern California communities. For example, in what they refer to as a "midwife" role, they are currently engaged in a flat-fee consulting capacity to develop a loan fund for American Farmland Trust.

(2) Opportunity Fund has deployed \$83 million and helped more than 8,000 people access the financial resources they need throughout California since 1994. Furthermore, as a U.S. Treasury certified Community Development Financial Institution and a Small Business Administration approved lender, TTCF may be able to piggyback on Opportunity Fund's existing lending platform to reduce the barriers to entry of creating a proprietary loan fund.

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(3) The Low Income Investment Fund (LIIF) has been serving as a financial intermediary that helps bridge the gap between low income neighborhoods and public and private capital sources for the past 25 years. Based in Northern California, LIIF partners with local community development organizations, similar to TTCF, to create capital solutions for low income people. LIIF works closely with its community development partners to understand the economics of a project and helps to catalyze public and private sector involvement.

## **Conclusion**

It can be challenging to shift from the traditional mindset of a foundation's role simply as a grantmaker to a more holistic view that incorporates the organization's entire impact on the community it was created to serve. The potential for a foundation's endowment to be continually recycled, and the implicit encouragement of the sustainability of the business it supports have long-term multiplying effects. The community foundation's role is not to simply redistribute money in their place, but to examine all of the ways that they can activate resources from all interested parties, in order to fulfill their mission. A great first step is to examine all of the options available and to study the success stories of community foundations creating loan funds in similar regions. We hope this document can be used as a resource to provide that background information.

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## Additional Resources

### Community Foundation Field Guide to Impact Investing - Mission Investors Exchange

The interactive Field Guide takes community foundations through three main stages of the impact investing journey: Learn, Design, and Activate. At each stage, visitors can click on various topics within that stage to learn more about what the topic entails and how other community foundations have approached place-based investing. The Field Guide includes unique perspectives from a range of actors in the community investing space, from CEOs of large community foundations to impact investing researchers. Interviews with practitioners ground this report in the real world, while case studies of actual investments make the issues tangible for readers.

### Solutions for Impact Investors: - Rockefeller Philanthropy Advisors

This 136-page monograph provides impact investors with tools to tighten the link between their investment decisions and impact creation. The authors identify their intent as threefold: to attract more capital to impact investing; to assist impact investors as they move from organizational change to executing and refining their impact investment decision-making process; and to narrow the gap within foundations between program professionals and investment professionals thereby contributing to a mutual understanding and implementation of a portfolio approach to impact investing. After describing the field and the impact investing cycle, the report provides tools and techniques and uses case studies to articulate mission and values, create impact themes, define impact, develop an impact investing policy, generate deal flow, analyze deals, and evaluate impact.

### Evolution of an Impact Portfolio - Sonen Capital

This paper reports on the performance of KL Felicitas Foundation's impact investments. It illustrates how impact may not necessarily imply making a financial sacrifice. In addition to reporting the performance of its market-rate impact investments by asset class (cash equivalents, fixed income, public equity, hedge funds, and private investments), the paper includes the performance of its impact first investments, including program-related investments. KL Felicitas Foundation (KLF) in 2004 decided to eventually allocate its entire

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portfolio of \$10 million in assets to impact investments. Over the seven-year period from 2006 to 2012, KLF moved from 2% of capital allocated to impact to over 85%. KLF delivers specific impacts through different asset classes across KLF's Return-Based Impact Portfolio. The paper also reports projected impact areas and measured impact on some of its impact investments, including implementation and recommendations for using IRIS measurements and GIIRS ratings.

### Connecting CDFIs (and Loan Funds) to the Socially Responsible Investor Community

This report examines triple-bottom-line CDFI investments from the point of view of socially responsible investors, as represented by professionals in the SRI sector. That examination yielded seven main barriers that currently hold back socially responsible investment in CDFIs. Using those seven barriers as a framework for discussion, the report surveys current CDFI efforts to recruit SRI capital. The results provide a context for CDFIs as they consider further CDFI action in this important investment sector. Readers will see that this report focuses mainly on unregulated CDFIs – non-profit business and housing loan funds. These CDFIs are clearly differentiated from regulated banks and credit unions that are CDFIs, in the eyes of SRI professionals, and all references to CDFIs in this report can be assumed to generally refer “unregulated CDFIs.

### Creating a Community Investment Fund: - Cutting Edge Capital

This guide aims to help communities across the United States create their own investment funds to grow local food businesses. It grows out of the efforts of a network called PVGrows in which local food advocates are working together in the Pioneer Valley of Western Massachusetts to revitalize the local economy, support the agricultural community, and increase residents' access to healthier food. From the beginning, PVGrows has given high priority to raising capital.

### Open for Business: Building Local Economies through Place-Based Investing

This is a resource guide specifically for foundations working at the intersection of impact investing and localism. The discussion heavily emphasizes important, but sometimes

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overlooked, role played by the small businesses, the potential for job creation, and the need for catalytic systems change.

A New Anchor Mission For A New Century - Community foundations deploying all resources to build community wealth

Investing in Local Food Businesses for Community Health and Wealth - Forbes

Community Foundations: What it Takes to Become Dynamic Hubs for Local Capital

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