

**2010
PHILANTHROPY
PARTNERS
CONFERENCE**

Changing Times / New Opportunities



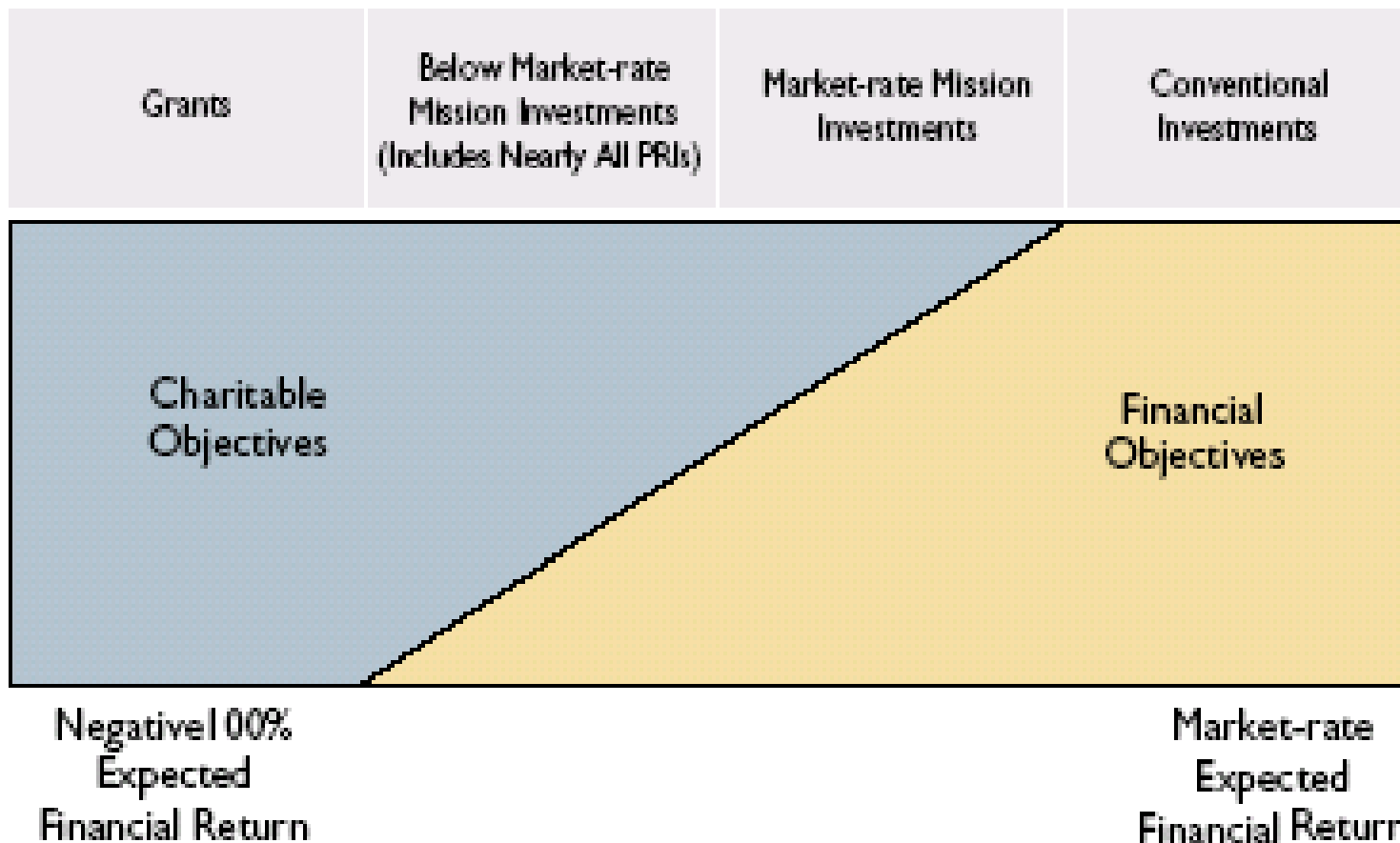
Mission Investing and Social Enterprises: New Tools for Greater Impact

Bill Eldridge, MOO Milk
John Piotti, Maine Farmland Trust
Ellen Golden, Coastal Enterprises, Inc.
Peter Taylor, Maine Community Foundation

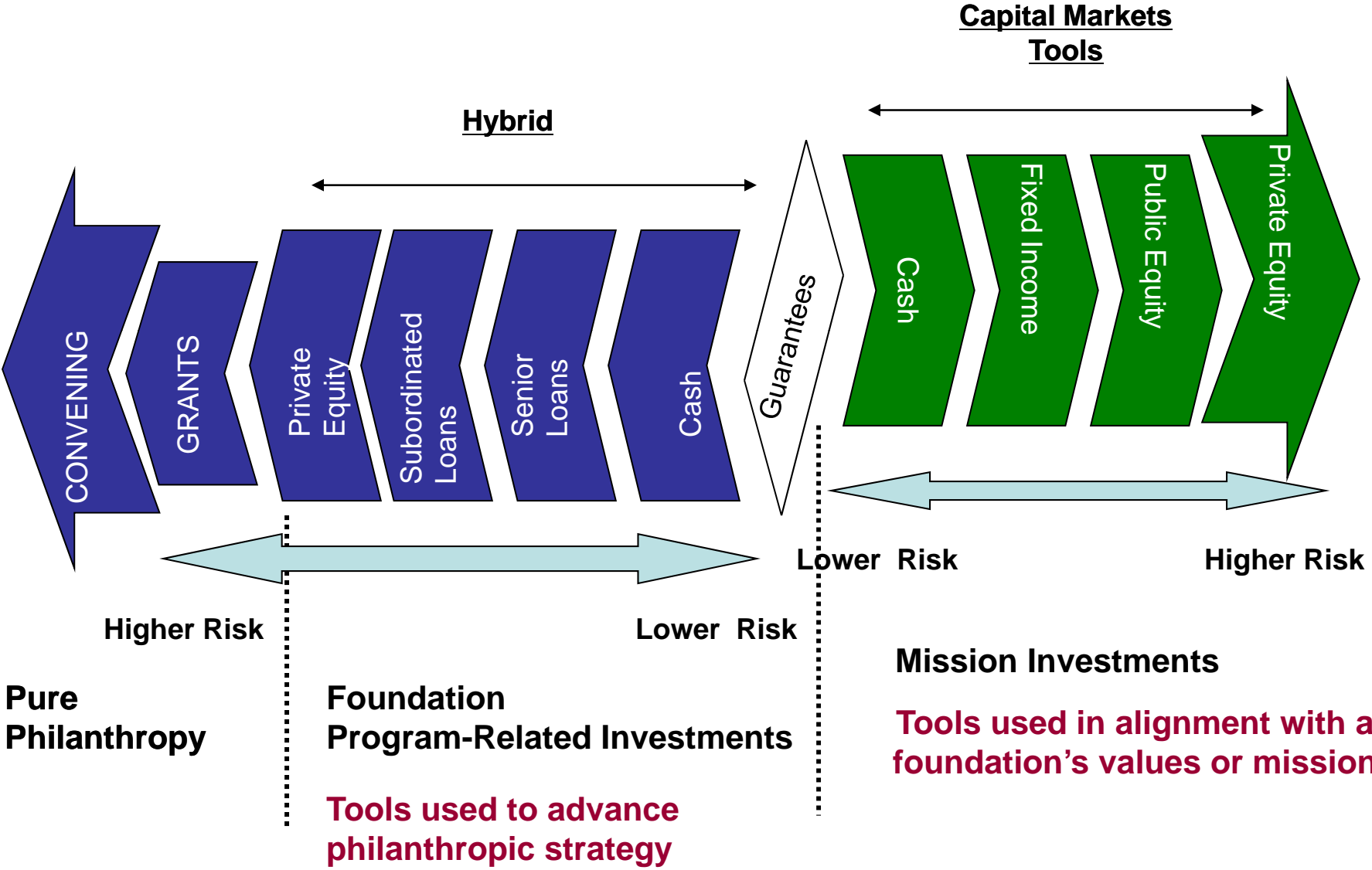
Session Goals

- Introduce the spectrum of strategies and tools for mission investing and new corporate structures being created to secure foundation investments.
- Illustrate how Maine organizations and funders are using these strategies to achieve economic development goals.
- Highlight the role of intermediaries in facilitating mission investing and aggregating capital to serve and benefit nonprofits and funders.

Spectrum of Foundation Investments

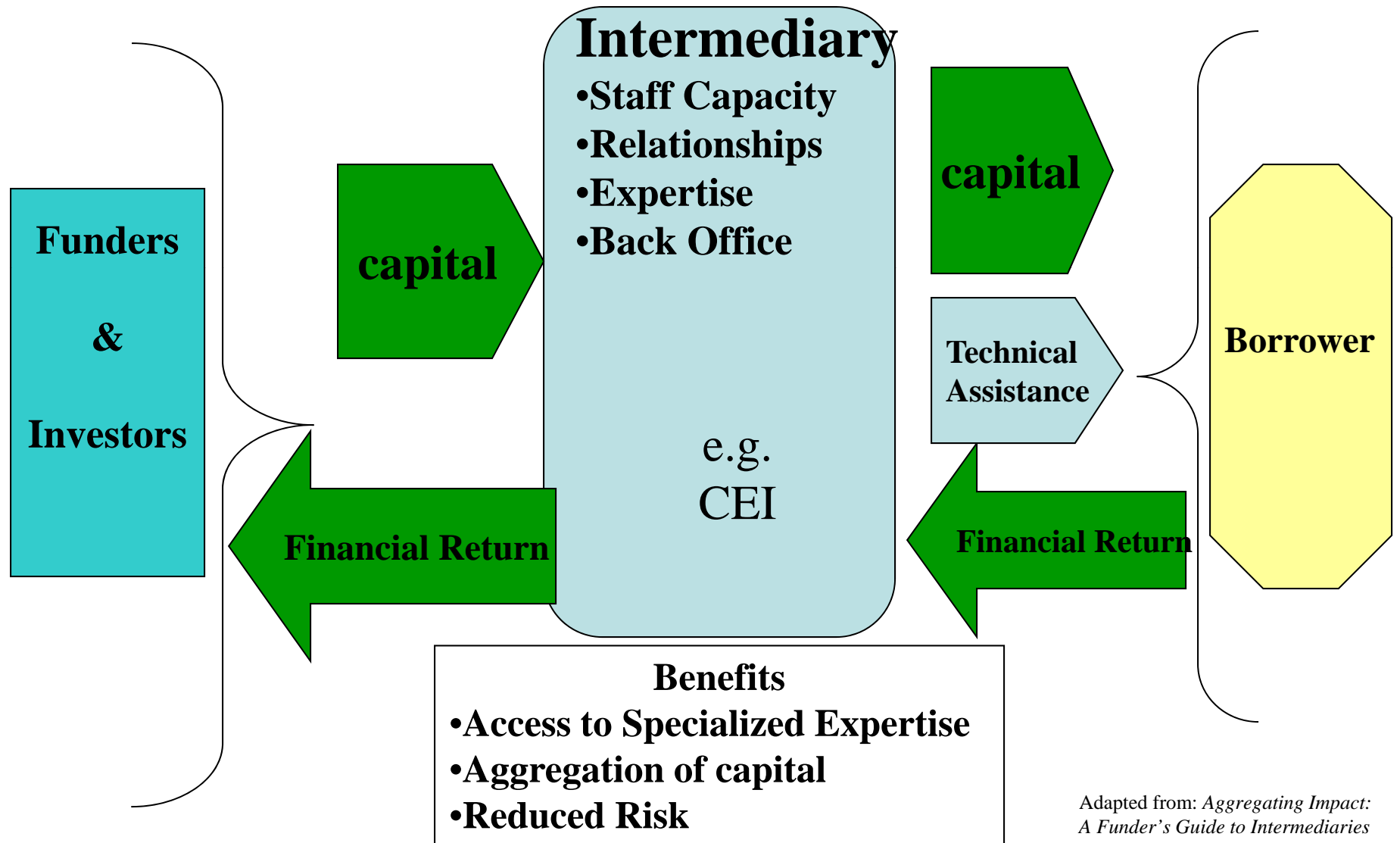


SPECTRUM OF MISSION INVESTING



Adapted from Imprint Capital and F.B. Heron Foundation's "New Frontiers in Mission-Related Investing"

Role of Intermediary



Adapted from: *Aggregating Impact: A Funder's Guide to Intermediaries* (FSG, 2007)



Maine Farmland Trust

- Statewide non-profit supporting farming and farmland preservation
- Impressive track record:
 - Worked with 150+ farms
 - Permanently preserved 17,500+ acres
 - Winner of 2009 Dirigo Award
- In 2008, launched “Buy/Protect/Sell” program with PRI funds from MaineCF

Buy/Protect/Sell

- Dual Goals
 - Preserves vulnerable farm properties
 - Lowers land costs for purchasing farmers
- Financial Needs
 - Cover difference between market and farm value
 - (govt. easement funds, local fundraising, etc.)*
 - Funds for purchasing/holding properties
 - (combination of PRI funds and bank loans)*

How PRI is used

- Different options:
 - 20% down payment for bank loan
 - 20% of deal coupled with other MFT funds
 - Up to 80% of deal in bridge loan situations

PRI Benefits

- Benefits to MFT:
 - MFT gets lower cost capital (enabling more deals)
 - MFT has greater chance to secure other funds
- Benefits to Investor:
 - Real collateral
 - Portfolio approach (reducing risk)
 - Major contribution to farming and farmland preservation

B/P/S outcomes (to date)

- 11 vulnerable properties preserved (2100+ acres)
- Properties purchased/leased by:
 - New farmers getting started
 - Existing farmers needing more land
- MFT has “broken even” on portfolio
 - *MFT plans to do 12-15 projects per year in future.*
 - *Primary barrier is additional PRI funds.*

MOOMilk, L3C



- Low-profit, Limited Liability Company (L3C)
- Mission – to preserve organic dairy farms in Maine while educating consumers about the farms and farmers.
- Operating agreement commitment of 90% profits to farmers as payment for raw milk.
- Profit motivation.
- Accept social responsible “slow money”.

Organization and Results



- Three member classes
 - Farmers
 - 45% Directors, 10% value
 - Equity
 - Future value, losses
 - Foundations
 - 5% interest, return of principle
- Strategic partners
 - Oakhurst, Smiling Hill, Schoppee Milk Transp., MOFGA, Farm Bureau
- L3C formed 8/09 in VT.
 - Registered in Maine
- Directors
 - Farmers picked 3
 - Chairman, 1 temp
 - 2 from investors
- Investment
 - Raising \$1,000,000
 - 4 socially responsible
 - 1 foundation

Coastal Enterprises, Inc., (CEI)

- 501(c)(3) non-profit community development finance institution (CDFI)
- Development finance, counseling and training, and policy/advocacy
- Intermediary: pool capital from multiple sources
- Since 1977, total of \$556 million in 2,040 projects consistent with triple bottom line criteria



CEI Investment Notes, Inc. (CINI)

- Tax exempt 501(c)(3) supporting organization
- Raise \$20 million for socially responsible lending in Maine from accredited individuals and institutions
- Launched October 2009
- \$940,000 committed; \$1.7 million pending
- New source of flexible capital for CEI
- Self-sufficient over time
- Response to growing interest in social investing



CEI Investment Notes: The Product

- Unregistered security: defined term/defined return product
- Formal offering memorandum spells out details of structure
- Minimum investment of \$5,000
- Offering is ongoing



Notes Proceeds = Program Loans

- Patient flexible capital for micro, small and medium enterprises, community facilities, natural resource sectors, and affordable housing to generate economic, social and environmental returns
- Projected Impact over 10 years with \$20 million:
 - 100 SME Loans – 1,500 jobs
 - 200 microloans – 325 jobs plus owners
 - 20 Affordable Housing Projects – 125-200 units
 - Leverage: \$51.75 million
 - Environmental impacts: energy conservation, green products, sustainably managed natural resources, alternative energy, etc.

Appeal for Investors

- “Investing with your values”
- CEI track record of 30+ years of community investing
- Intermediary services: identifying, underwriting and monitoring community investments
- Strategies to mitigate risk
- Simple product
- Community benefit – support for Maine people and communities

Examples of CEI Projects



Affordable Housing: Westbranch Terrace

- *40 units for low income seniors and people with disabilities*

Microenterprise:

Aliyows Market

- *Somali store in Lewiston*



Small Business: Artel, Inc.

- *Manufacturer of analytical systems for life science laboratories*

