

# Investments in Rural America: Impact Investors and Rural Readiness

Amy Domini, Founder and CEO of Domini Social Investments

David R. Dangler, National Alliance for Rural Policy Network



Jessica Hiemenz  
National Consumer Law Center

**May 21, 2012**

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## Presenter – David R. Dangler

- A member of the National Alliance for Rural Policy network. The National Alliance was founded in 2008 with funding from the W. K. Kellogg Foundation and acts as a resource network, not only for its members but for other rural policy networks and individuals interested in all aspects of rural policy.
- In addition to being a member of the National Alliance, David is the national director of the NeighborWorks Rural Initiative for NeighborWorks America. Today the Rural Initiative supports 91 community-based organizations active in rural communities in 45 states plus Puerto Rico. In 2011 the 91 rural NeighborWorks organizations made direct investments in excess of \$1.6 billion to support affordable housing, job creation and broad-based community economic development.

# Presenter – Amy Domini

- Founder and CEO Domini Social Investments. Amy is widely recognized as the leading voice for socially responsible investing. In 2005, Time magazine named her to the Time 100 list of the world's most influential people, and in 2009 Time listed her as one of 25 “Responsibility Pioneers” who are changing the world.
- Among many accomplishments, Amy wrote the groundbreaking book, *Ethical Investing*. When it was published in 1984, it quickly became recognized as offering special insights to investors, giving them both a reason and a means to invest with their values.



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***Working together to promote a vibrant rural America.***

Experience Works · First Nations Development Institute · Housing Assistance Council · Indian Country Conservancy ·  
National Association of Community Health Centers · National Association of Development Organizations Research Foundation

National Consumer Law Center · National Trust for Historic Preservation · National Rural Health Association ·  
National Youth Leadership Network · NeighborWorks America · Save the Children · United Farm Workers Foundation

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# IMPACT INVESTORS AND RURAL READINESS

May 21, 2012  
National Alliance for Rural Policy

## AMY DOMINI



Amy Domini is an advocate and portfolio manager. She is also the author of SOCIALLY RESPONSIBLE INVESTING, MAKING A DIFFERENCE AND MAKING MONEY. Amy is the founder of Domini Social Investments, LLC and is a member of the Sustainability Group.

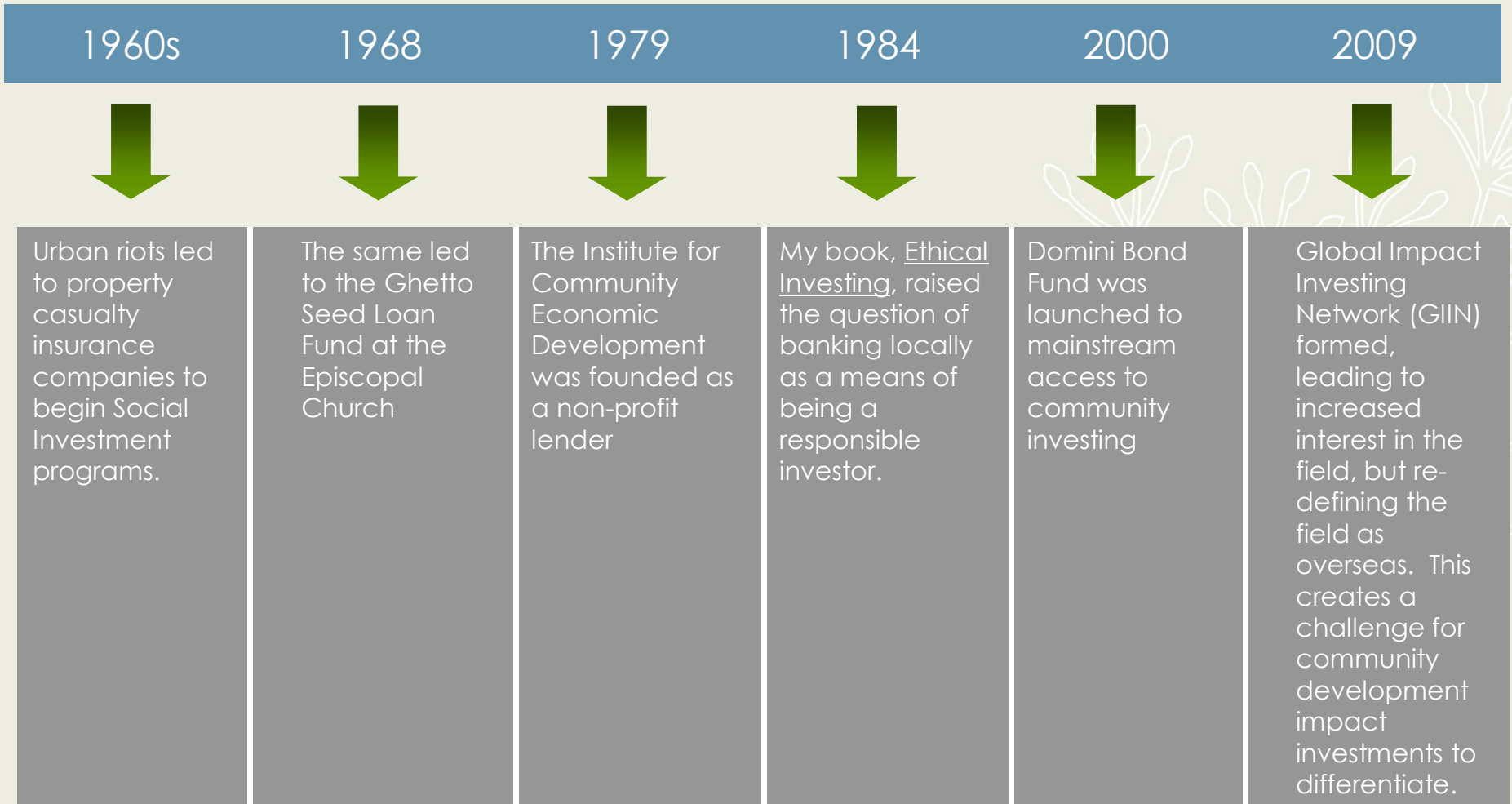


# HOW THE IMPACT INVESTOR VIEWS INVESTMENT GOALS



# IMPACT INVESTORS

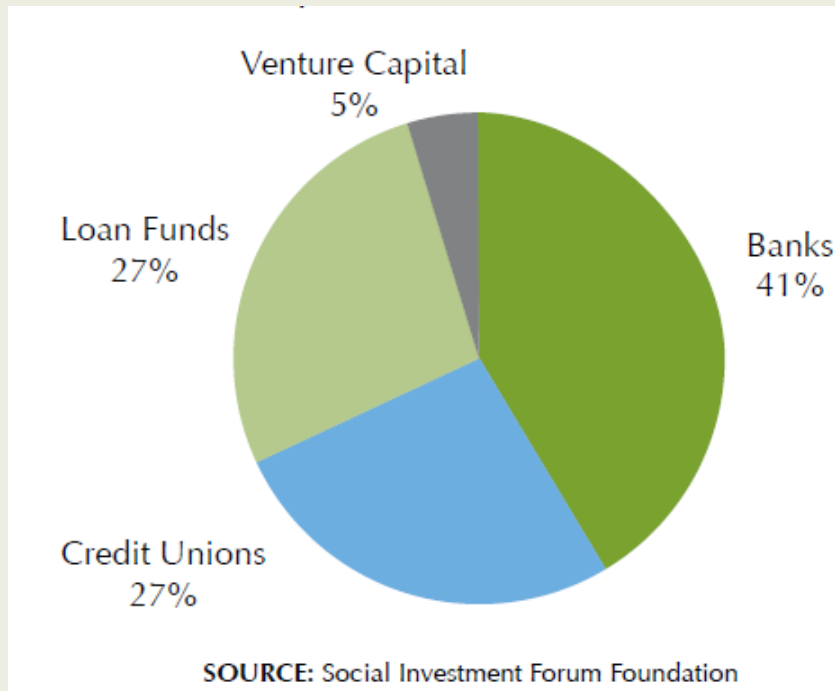
## TIMELINE OF EVENTS THAT SHAPED IMPACT INVESTING





# IMPACT INVESTORS (as defined by US-SIF)

The impact investor recognizes Community Development Banks, Community Development Credit Unions And Community Development Loan Funds.



## MOST IMPORTANT FEATURES:

- There are many sources for funds (depositors, lenders)
- There are many borrowers, (not just one food cooperative)
- Backed by the intermediary, not the project

# US SIF (The Forum for Sustainable and Responsible Investment)



- The Forum encourages 1% for communities
- US-SIF provides members with tools to assess and invest in CDFIs
- Many CDFIs are members in the Forum, using its conferences as networking and servicing opportunities.
- US-SIF defines the field for its membership

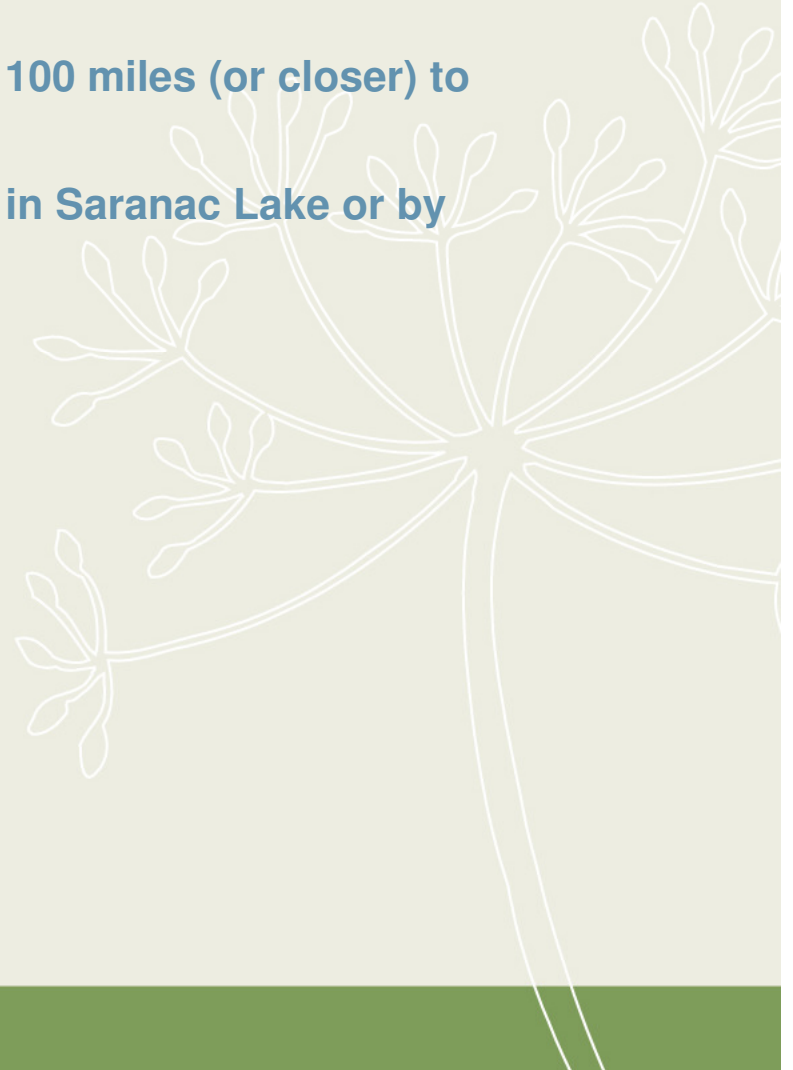




## Impact Investors see the world **SLOWLY** changing

**Slow Money** – Invest 1% within 100 miles (or closer) to home

**Crowd Funding** – by neighbors in Saranac Lake or by Kickstarter



# LOCAL HAS BECOME FUN!



Please join our email list!

A- A+

GO

## Strolling of the Heifers



Eric Becker, Chuck Collins and 3,364 others like this.

## Strolling of the Heifers Weekend: June 1-2-3, 2012

- ▶ Home
- ▶ Parade & Weekend 2012
  - ▶ Schedule of Events
  - ▶ Tour de Heifer



Join us in beautiful downtown Brattleboro, Vermont for Strolling of the Heifers Weekend — June 1 -2-3 — always chosen as one of Vermont's Top Ten Summer

# DOMINI SOCIAL BOND FUND OFFERS UNIQUE ACCESS



Most people invest only through mutual funds, yet most mutual funds have not sought ways to seed grassroots initiatives in rural areas.

The **Domini Social Bond Fund** has a number of Investments with institutions that build healthy communities through the work they do.

These include **RURAL PARTNERS** like:

## **BANK2**

100% owned by the Chickasaw Nation

## **Community Capital Bank of Virginia**

Formed with an initial investment from the State of Virginia, the bank opened for business in 2008 to serve the needs of disinvested communities across the Commonwealth

## **Hope Federal Credit Union**

Helping communities to build assets and improve lives in economically distressed areas of the Mid South

## **Self-Help Federal Credit Union**

Creating and protecting ownership and economic opportunity for all, especially people of color, women, rural residents and low-wealth families and communities

## **Southern Bancorp**

To reduce the gap between the county and national employment, poverty, and educational attainment by 50% over the next 20 years

## **Community Reinvestment Fund**

Works to transform the community development finance system by accessing capital markets on behalf of local development lenders to enable them to increase their impact on the lives of people and their communities

# the **SUSTAINABILITY** GROUP at Loring Wolcott & Coolidge



High net worth individuals seek us out to make more innovative and supportive investments. Our **RURAL INVESTMENTS** include:

## **Organic Valley**

Preferred stock to create and operate a marketing cooperative that promotes regional farm diversity and economic stability by the means of organic agricultural methods and the sale of certified organic products

## **Opportunities Credit Union**

To Support Socially Responsible, Community Development throughout Vermont

## **Appalachian Federal Credit Union**

Serving over 12,000 members throughout Northeast Tennessee and Southwest Virginia

## **Coastal Enterprises**

Provides financing and support for job-creating small businesses, natural resources industries, community facilities, and affordable housing

## **FORGE**

Financing Ozarks rural growth and economy founded in 1989 by a group of organic farmers from throughout the Ozarks bio-region of Arkansas, Missouri and Oklahoma

## **New Hampshire Community Development Loan Fund**

Provide the financing and support that people with low and moderate incomes need to have affordable housing, quality jobs child care and early education for their children.

## WHAT DOES IT TAKE TO GO MAINSTREAM?



Bundling into CDOs with a credible partner would make a debt-like instrument possible.

Legislation allowing equity investments into the non-profit parent. Could be based on REIT model or an expansion of equity to include floating rate preferred stock with secondary market

Concerted efforts to address the barriers investors I serve currently face (paperwork, due diligence, slow payments, sloppy reporting)

Credible marketplace for investors to rely upon

## COMMUNITY DEVELOPMENT BANKS & CREDIT UNIONS

Products Available	Description	Rate of Return	Investment Term	Security	Services Provided to Communities
<b>Checking and/or Savings Account</b>	Accounts in banks or credit unions.	Market-rate	No minimum term.	All depositors federally insured up to \$250,000.	Basic financial services and loan products to underserved individuals and community development projects.
<b>Certificate of Deposit (CD)</b>	Deposit made to a bank or credit union.	Market-rate; below market rate also available.	One month to 120 months.	All depositors federally insured up to \$250,000, with banks in the CDARS program insured up to \$20 million.	
<b>Individual Retirement Account (IRA)</b>	Tax-deferred retirement account. Permits depositors of up to \$4,000 per year, for withdrawal after retirement.	Varies with IRA type and investment term.	Varies with IRA type; often one-year minimum.	All depositors federally insured up to \$250,000.	

SOURCE: US-SIF (The Forum for Responsible and Sustainable Investing)



# COMMUNITY DEVELOPMENT LOAN FUNDS

Products Available	Description	Rate of Return	Investment Term	Security	Services Provided to Communities
<b>Senior Debt</b>	Individual or institutional investor lending money to a fund financing community development projects.	Varies with investment term and size, typically between 0% and 4%.	Term set by investor; often one-year minimum.	Not insured; protected by collateral, loan loss reserves and net worth.	Funds finance high-impact community development projects and small businesses in the U.S., as well as provide technical assistance and market development to borrowers.
<b>Subordinated Debt</b>	Institutional investor providing a loan that is subordinate to senior loans and helps build the balance sheet.		Term set by investor; often one-year minimum		
<b>Equity Equivalent</b>	Deeply subordinated obligation by an institutional investor to help build a CII's balance sheet. Can provide bank investors with enhanced CRA credit.		Terms vary, but must be fairly long term or have a rolling term		

SOURCE: US-SIF (The Forum for Responsible and Sustainable Investing)

# INTERNATIONAL COMMUNITY DEVELOPMENT FUNDS

Products Available	Description	Rate of Return	Investment Term	Security	Services Provided to Communities
<b>Senior Debt</b>	Individual or institutional investor lending money to a fund financing community development funds.	Varies by institution, usually between 0% and 4% depending on investment term and size.	Term set by investor; often a one-year minimum	Not insured; often protected by collateral, loan loss reserves and a fund's net worth.	Investments in funds that work with microfinance institutions, cooperatives and local banks around the world to provide financing and job training to underserved people and communities.
<b>Guarantee Funds</b>	Investment in a fund that guarantees the loans of local institutions in a certain country.				
<b>Small &amp; Medium Enterprise Funds</b>	Investment in a fund that finances small to mid-size enterprises.	Varies by institution, usually between 0% and 4%.			
<b>Fund of Funds</b>	Pools of international funds that provide diversification.				
<b>Commercial Bond</b>	Debt and/or equity investment in a pool of top tier microfinance institutions.	Varies, but often between 5% and 10%, depending on management fees.	Varies based on offering.		
<b>Private Equity Funds</b>	Investment in a capital raise for a pool of microfinance institutions.				

SOURCE: US-SIF (The Forum for Responsible and Sustainable Investing)

## COMMUNITY DEVELOPMENT VENTURE CAPITAL FUNDS

Products Available	Description	Rate of Return	Investment Term	Security	Services Provided to Communities
<b>Venture Capital Products</b>	Equity investments in new businesses and low-income areas in the U.S. and abroad.	No established return. Potential for higher returns when company profits and lower returns when profit is low.	Term varies.	Not insured; often protected by collateral.	Equity investments and debt with equity characteristics to businesses; extensive managerial and entrepreneurial assistance. Creates new jobs in low-income areas.
<b>New Markets Venture Capital Companies</b>	For-profit companies that invest equity in small enterprises located in lower-income areas.				
<b>Rural Business Investment Strategies</b>	For-profit companies that invest equity in small enterprises in rural, underserved areas.				

**SOURCE: US-SIF (The Forum for Responsible and Sustainable Investing)**

## BRINGING IT MAINSTREAM: ONE CAMPAIGN WORTHY OF NOTE



## Choosing an Approach

