



NOTE WORTHY

VERMONT COMMUNITY LOAN FUND

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A Second Life for St. Johnsbury's Masonic Temple

Catamount Arts to Expand into Historic Building

A community's character, its history and identity often reside in its older buildings. If they are left to deteriorate and become eyesores, they reflect poorly upon the community and its sense of itself. But if they can be restored and renewed, even for a wholly different purpose, they help to revitalize a town. That can be one of the great benefits from a facilities loan from VCLF: it strengthens a vital local organization, while also preserving a historic community landmark.

An excellent example of the dual impact of our program is VCLF's recent loan to St. Johnsbury's Catamount Film and Arts Company. Added to generous contributions from local financial and community institutions and an outpouring of citizen commitment, the loan will ensure that St. Johnsbury's grand Masonic Temple will remain intact and alive for generations to come.

"The Masonic Temple was one of the central buildings in St. Johnsbury," remembers longtime resident Jerry Aldredge. "They held proms, weddings, funerals there... all kinds of community events."

Sadly, though, as membership in the Masonic Association began to decline, so did the remarkable building.

"The Masons were no longer able to keep up the building, and began looking for another organization that could use it. We were right next door and bursting at the seams," says Aldredge, Development Director for Catamount Arts.

Catamount Arts was started in 1978 by Reg Ainsworth and Jay Craven as a rotating film series. Since launching its first performing arts showcase in

1980, Catamount Arts has presented more than 750 world-class performing arts events. It is estimated that more than 30,000 people annually are reached by the organization's films, concerts and educational events.

"Catamount is the only full-service arts organization in the state," says Aldredge. "It's the

only one that does everything: films, concerts and live performances of all shapes and sizes, programs in and after school and in the community. It takes all of that to stay in business."

In 1985, the organization moved to its current home, the old post office building.

"Our problem is that we don't own the

building," Aldredge explains. "There are a lot of things we can't do. To apply for a lot of arts grants, we need to own the property we occupy."

"In the fall of 2005, the St. Johnsbury Masons offered us the building free of charge, with the stipulation that they would have lease-in-perpetuity of the third floor. We jumped at the chance and had public forums to see what people wanted the space to look like." While the building was in excellent structural condition, there would be significant expense to rehabilitate it and make the space useful for Catamount.

"We approached Jerry Rowe, the president of Passumpsic Savings Bank, and told him we needed at least \$1 million. He didn't yell and scream," laughs Aldredge. "He had faith in us."

Recognizing Catamount as an invaluable part of the community, Rowe organized a meeting of community banks, with the goal of each taking on \$200,000 of the debt.



Photo by Paul Hill

Continued on page 7

TAX CREDITS: IT'S YOUR TURN!

*Have you ever wondered who gets those tax credits listed on our Vermont Individual Income Tax forms?
Here's who: investors in the Vermont Community Loan Fund.*

You can take advantage of the Vermont Charitable Housing tax credit when you invest in the Loan Fund to support affordable housing. **It's so simple:** almost one-fourth of our investors qualified to receive the credit last year.

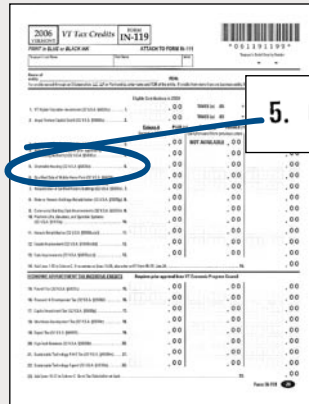
Here's how it works: When you invest at a rate at or below 2 percent, you'll earn a 3 percent Vermont income tax credit.* Right off the bat, that's a five percent return. But it gets even better! Since you're receiving a credit (as opposed to a refund), **that benefit is completely untaxed.**

For example: If your taxable household income was \$100,000 in 2006, you paid combined federal and state income taxes of 32.2 percent. At this tax rate, a 3 percent tax credit is equivalent to earning a 4.42 percent return on a bank CD (see chart below). Combined with the 2 percent interest from VCLF, that's comparable to a total return of 6.42 percent. You can't get a bank CD that comes close to that right now!

Your benefit only increases from there. Folks in the highest tax brackets (households earning \$500,000 or more) can earn a combined return comparable to a bank CD earning 7.40 percent!

You can refer to the chart at the bottom of this page for further examples of tax credit benefits. We like to think of the Charitable Housing tax credit as a "win-win-win."

You win. You receive the highest possible rate of return for your investment in the Loan Fund.



5. Charitable Housing (32 V.S.A. §5830c)..... 5.

We win. VCLF pays a lower cost for your investment, allowing us to lend it out at a lower cost and increase our impact.

Vermont wins. The state leverages private capital to meet a public need, creating safe, affordable homes for lower-income Vermonters.

You can even maximize your investment's benefit by investing at zero percent. Almost 90 percent of our investors receiving the CHTC last year chose to invest at zero percent! A lower rate allows VCLF to lend at lower rates, making a huge difference in the rent a family pays for their apartment or the purchase price for a family's first home.

I hope you will take advantage of this powerful tool provided by the state to create more affordable housing opportunities. Contact Jake Ide, the Loan Fund's Director of Development, at (802) 223-1448, for more information.

We think your decision will not be *whether* to invest in VCLF to access the Charitable Housing tax credit; it will be *at what rate!* 🏡

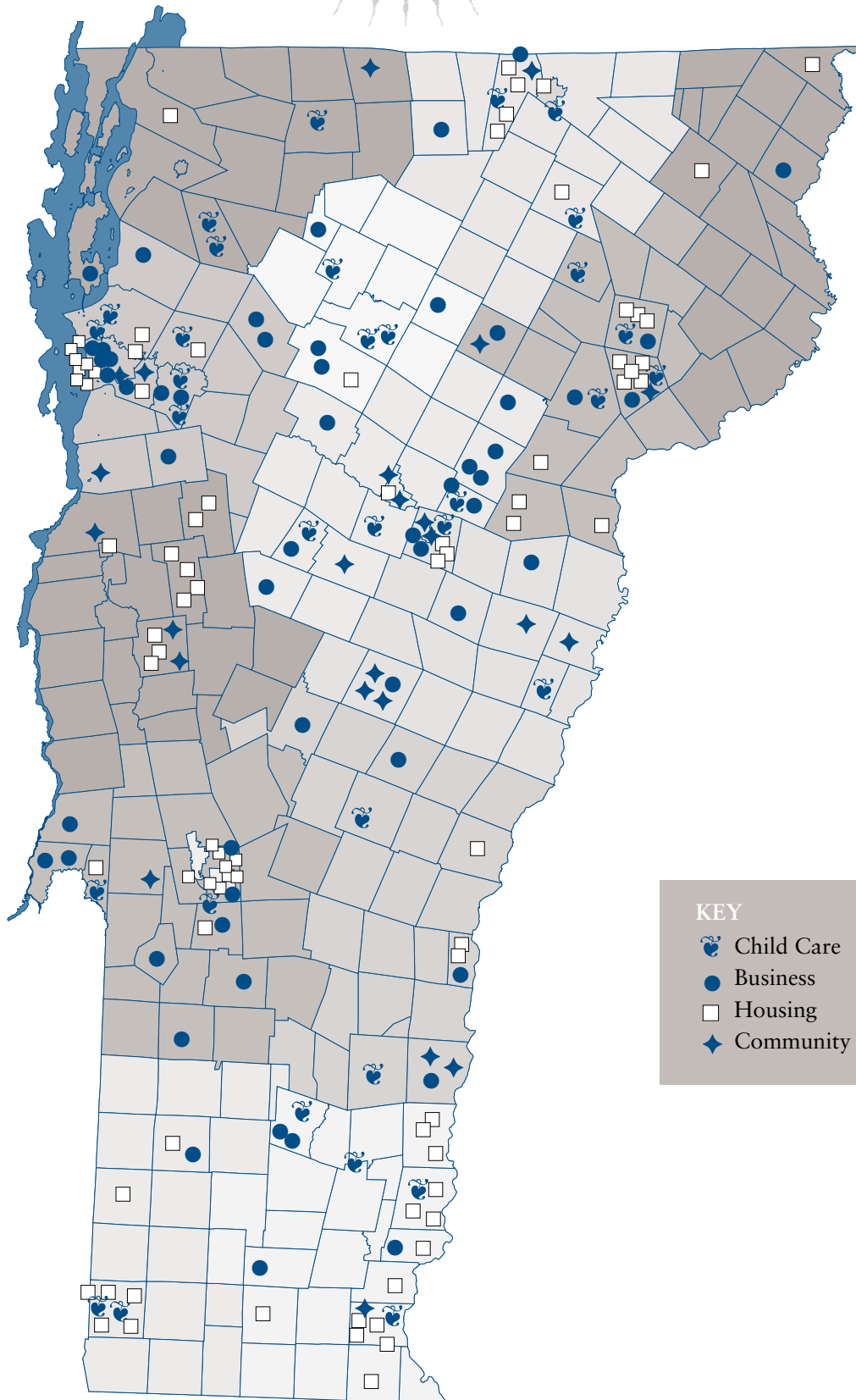
Your Taxable Income	Combined Federal and State Tax Rate (Married, Filing Jointly)	Comparable Rate of Return on a 3% Tax Credit (compared to a bank's CD rate)
\$50,000	18.6%	3.69%
\$100,000	32.2%	4.42%
\$200,000	42%	5.17%
\$500,000	44.5%	5.40%

*This is for illustrative purposes. The Vermont Community Loan Fund does not provide tax advice. Please consult your tax advisor to determine how the Charitable Housing tax credit can benefit you.







VCLF LENDING

Current Loan Portfolio as of July 1, 2007



KEY

-  Child Care
-  Business
-  Housing
-  Community Facilities



BORROWER NOTES

November 1, 2006 - July 1, 2007

SMALL BUSINESS LENDING

Barnoire Furniture & Cabinetry, Williston

► Raphael Groten gives new life to barn wood by transforming it into one-of-a-kind furniture and cabinetry. A working capital loan from VCLF will cover wage and marketing expenses during the business' expansion. www.barnoire.com

Dos Gringos, West Dover

► A VCLF borrower since 2001, Dos Gringos Mexican Restaurant used a new loan for working capital, helping them cover expenses and provide jobs during their quieter, "off-season" months in the spring and fall.

Draker Solar Design, Burlington

► Creator of solar electric system monitoring products, Draker Solar used a second loan from VCLF as a bridge for working capital so that the company can continue to grow while it accumulates greater equity. www.drakersolar.com

Local Agricultural Community Exchange (LACE), Barre

► With financing from VCLF, Ariel Zevon opened a fresh market, café, and community center. The start-up business will bring fresh produce and Vermont products to downtown Barre while creating jobs and supporting area food producers. www.lacevt.org

Outdoor Gear Exchange, Burlington

► A leading retailer of outdoor equipment and longtime VCLF borrower, Outdoor Gear Exchange used a new loan to restructure existing debt and for working capital necessitated by the company's continued growth and its commitment to quality employment practices. www.gearx.com

PIEmatrix, South Burlington

► PIEmatrix, a start-up software company, used loan funds from VCLF to complete a financing package to provide working capital as the company prepares to enter the marketplace. www.piematrix.com

SemiProbe, Burlington

► SemiProbe is a local high-tech firm that manufactures equipment designed to test semiconductors. This emerging company used a working capital loan from VCLF to finance purchase orders, enabling continued growth of the company. www.semiprobe.com

Vermont Milk Company, Hardwick

► A loan from VCLF was used to bridge permanent financing and enable the Vermont Milk Company to purchase a processing facility, supporting dairy farmers by offering a stable milk price. www.vermontmilkco.com

Waits River General Store, West Topsham

► The Waits River General Store has been owned and operated by the MacDonald family since 1990. They used a loan from VCLF to restructure debt, strengthening a business that is vitally important to the small rural community.

<http://vaics.org/vaics-waitsriver.html>

CHILD CARE LENDING

Copp's Building Blocks Child Care, Danville

► Heather Copp has operated her registered home daycare since 2001. She used a loan from VCLF to replace a failed septic system, allowing her to continue providing care out of her home. Loan funds were also used to improve the child care space.

Creative Minds Children's Center, Newport Center

► Creative Minds Children's Center is a NAEYC-accredited facility providing care to 70 children, 68 of whom receive a state subsidy. Loan funds were used to purchase a property across the street expanding the Center to meet the area's critical need for high-quality care.

Creative Spirit Child Care, West Fairlee

► Creative Spirit Child Care provides care to 17 children ranging from six weeks to 12 years of age. Owner and director Sheila Bedi used a loan from VCLF to refinance existing debt, improving the business' financial position.

Emerald City Child Care Center, Barre

► Wendy Stacey and Allison Morse, who were operating their own separate home-based programs, joined together to create Emerald City Child Care, a licensed center able to serve up to 50 children. A loan from VCLF was used to purchase a building and retrofit it for child care, as well as for equipment.

Hearts & Minds Childcare & Preschool, Rutland

► Hearts & Minds Childcare & Preschool is a licensed center owned and operated by Rebecca Whetmore. It serves up to 36 children aged six weeks to 12 years. VCLF loan funds were used to refinance both bank debt and an existing VCLF loan, and to install a sprinkler system.

Lil' Friends, Bennington

► Using a loan from VCLF, Melissa Scheffler, owner of Lil' Friends, will be able to make needed improvements, allowing her to operate as a licensed home-based program. Lil' Friends provides care to 12 children aged six weeks to 12 years, 10 of whom receive a state child care subsidy.

Little Dipper Doodles Children's Center, Lyndon

► With partial funding from VCLF, Betsy Bailey Guyer has expanded her existing child care into a new 8,200-square-foot facility offering first- and second-shift care for up to 165 children aged six weeks to 12 years.

Montessori School of Central Vermont, Berlin

► The Montessori School of Central Vermont operates in two locations, Berlin and Plainfield, in order to meet the rapid growth of the school. It used a loan from VCLF to make facility improvements to the Plainfield property, to purchase new equipment for the Berlin school, and for working capital.



BORROWER NOTES

November 1, 2006 - July 1, 2007

Mud City Kids, Morrisville

► Mud City Kids is a licensed center serving 50 children. Owners Tracy and Ernie Patnoe used a second loan from VCLF to restructure several different sources of debt into one loan, simplifying the business' finances.

Patti's Kids, Enosburg

► With a loan from VCLF, Patricia Bosley and her husband, Justin, plan to construct an addition onto their home, providing a dedicated space for the child care. The expansion will allow the program to become licensed with the state and increase enrollments.

Saxton's River Montessori School Saxton's River

► Established in 1991, Saxton's River Montessori School sought to expand its facility to increase its services to full-day care. A loan from VCLF will be used to build a two-story addition that will include a multi-purpose room, a second-story office, and storage area.

See Them Grow Child Care, Fairfax

► Christel Michaud has been operating her home-based child care since 2004. She is using a second loan from VCLF to refinance existing debt, and for operating capital that will enable her to meet tax and insurance obligations, strengthening her businesses' financial position.

HOUSING & COMMUNITY FACILITIES LENDING

Catamount Film & Arts Company, St. Johnsbury

► With partial financing from VCLF, the Catamount Film & Arts Company is rehabilitating the recently donated Masonic Temple, enabling the long-established organization to expand both facilities and the arts programs offered to residents of the Northeast Kingdom.

Central Vermont Community Land Trust, Barre

► The Central Vermont Community Land Trust used VCLF loan funds to purchase a single-family home that will be leased to Washington County Mental Health for use as client transitional housing.

Champlain Housing Trust – Pearl St., Essex Junction

► The Champlain Housing Trust used a loan from VCLF to purchase a single-family condominium from the homeowner, who was facing foreclosure due to unanticipated financial hardship. CHT's purchase of the property will allow the homeowner to avoid foreclosure, protect her credit, and preserve equity.

Covered Bridge Therapeutic Communities, St. Johnsbury

► Covered Bridge Therapeutic Communities provides residential support to people with substance-abuse issues who have been recently incarcerated. The organization used a loan from VCLF to purchase a home that will provide housing for two resident-managers and six residential clients.

Gilman Housing Trust – Maple Ridge Mobile Home Park, Lyndonville

► Gilman Housing Trust used a loan from VCLF to purchase a 41-unit mobile home park, ensuring perpetually affordable lot rents in the economically distressed Northeast Kingdom.

Richford Main Street Mill, Richford

► In 2000, VCLF made a loan to acquire this deteriorated property located in downtown Richford. This most recent loan, part of a \$7.2 million funding package, will enable additional construction and rehabilitation of the building which, upon completion, will include a health center, pharmacy, grocery store, and 12 units of affordable housing.

Rockingham Area Community Land Trust, Springfield

► A nearly 20-year-old organization, RACLT creates and preserves affordable housing for the low-to-moderate income population of southern Windsor and northern Windham counties. RACLT used a short-term bridge loan from VCLF for organizational operating costs.

Rutland County Community Land Trust, Clarendon

► With one mobile home park in Clarendon scheduled to close and another in distress, the Rutland County Community Land Trust used a loan from VCLF to purchase 13.5 acres, which will be developed with resident input as a new mobile home park.

Westgate Housing Limited Partnership, Brattleboro

► Home to 255 residents, the Westgate Apartments were built in the 1970s and in 2003 were substantially re-developed, creating some of the highest-quality resident-controlled housing in Vermont. VCLF refinanced debt incurred during the re-development.

MOBILE HOME LOAN SUBSIDY PROGRAM

Using a Mobile Home Loan Subsidy, one individual purchased an affordable home in the following nonprofit-owned park:

Brookside Mobile Home Park, Starksboro

LENDING SUMMARY

TOTAL LENDING NOVEMBER 1, 2006- JULY 1, 2007

Small Business:	\$ 423,424
Child Care:	\$ 1,066,000
Housing and Community Facilities:	\$ 1,747,042
Mobile Home Loan Subsidy Program:	\$ 6,000
Total Loans:	\$ 3,242,466



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Summer, 2007 Noteworthy:

Design: RavenMark, Inc.
Writing & Coordination:
 Samara Mays
 Jake Ide
Editing Consultant:
 Will Lindner, *Mandolin Writing & Editing Services*

Growth & Changes at VCLF

- We welcomed three new members to the Loan Fund's Board of Directors. Cairn Cross co-founded FreshTracks Capital in 2001 and serves as one of its managing partners. He currently serves as Co-Chair and Steering Committee member of the Vermont Investors Forum, as well as on the Addison County Economic Development Corporation's revolving loan fund committee. Kim Keiser moved to Vermont from Portland, Oregon to develop and coordinate a statewide system of services for at-risk children under three. Today, the Infant and Toddler Program serves about 1,200 Vermont children annually. In 2004, Kim was appointed Deputy Commissioner of the Child Development Division within the Department of Children and Families. Nancy Wasserman is the Deputy Policy Director at Vermont Energy Investment Corporation, the company that operates Efficiency Vermont. She has more than 25 years of experience in community and business development and was the founding executive director of VCLF. Nancy has served on numerous local, municipal, state, regional and national boards concerned with community development, finance, housing and planning. She currently serves on the board of the Green Mountain Transit Agency and as a incorporator of the Northfield Savings Bank.

- VCLF's Director of Finance Rachael Beuchler and her husband Tony Uzabel celebrated the grand opening of the **Waterbury Solar Store** on February 17, 2007. Tony owns and operates the store with his brother, Joe Uzabel. Visit them at 3487 Waterbury-Stowe Road in Waterbury Center, or on the web at <http://www.usasolarstore.com/pages/stores/Firefly.php>



Chittenden Bank Invests in Vermont

Chittenden Bank's Socially Responsible Banking Program approved a new \$500,000 investment in the Loan Fund earlier this year. Chittenden and the SRB program have long supported our work with sponsorships, grants, and investments. We're proud to share their commitment to community development in Vermont and we urge other local banks and community organizations to consider partnering with us to achieve their community development goals. Thanks for setting the example, Chittenden!

Not One, But Two New Investments from USDA Rural Development!

The Loan Fund has received two new investments through USDA Rural Development's Intermediary Relending Program (IRP), which provides low-cost capital to finance business and economic development in rural communities. Our first award, \$402,939, will be lent out in economically depressed communities around the state, while our second award, \$492,579, will be focused entirely in the Northeast Kingdom. The Loan Fund currently has put just over \$4.2 million in IRP capital to work in every corner of Vermont. We're proud to partner with USDA Rural Development to put federal dollars to work right here at home. Thanks, Rural Development! 🍷

INVESTOR PROFILE

Lilla McLane-Bradley

With a track record of good work stretching back almost 20 years, the Vermont Community

Loan Fund is lucky to have many long-time supporters. But none have been more loyal or steadfast than Lilla McLane-Bradley, who invested in the Loan Fund literally at the very beginning!

Lilla is VCLF's second-ever investor, and her 1988 investment is still working for Vermont today. "I believe in the loan fund concept," says Lilla, who celebrated her 86th birthday this summer. "If you believe at all in your community and care about it, you have to do something."

A resident of Hanover for half a century, community involvement is a way of life for Lilla. She was the first chairwoman of the Upper Valley Community Foundation, as well as chair of the Hanover and Dresden school boards. She has served on boards

too numerous to name, still serves on the board of Upper Valley Habitat for Humanity, and is enthusiastically working on Barack Obama's presidential campaign, going door-to-door.

"Community involvement is a family tradition," explains Lilla, whose grandfather was governor of New Hampshire. "I've really enjoyed it and I kept on going." When Lilla made her investment 20 years ago VCLF's lending program was limited to affordable housing – which corresponded with her interests and beliefs. "Kids and parents deserve to have a decent home. A fundamental thing in life is a decent home."

Of her investment, Lilla explains, "What is a better idea than to invest in a good cause?" The Vermont Community Loan Fund is privileged to count Lilla McLane-Bradley among our investors and supporters. For years of unwavering support, thank you Lilla! 🍷



Photo courtesy of the Bradley Family

Lilla McLane-Bradley

A Second Life for St. Johnsbury's Masonic Temple *(from page 1)*

"Four local banks agreed to come in," says Aldredge, "but we needed five. Jerry Rowe called Paul Hill (VCLF Director of Housing & Community Facilities Lending) to see if the Vermont Community Loan Fund could help."

"The rehabilitation of the old Masonic Lodge is a win-win for the St. Johnsbury community," remarks Hill. "It's preserving a historic gem of a building while expanding the capacity of Catamount Arts and its venue for accessible, affordable arts in the Northeast Kingdom. VCLF is proud to be one the five local lenders supporting this project."

"We have tried to be as cost- and community-conscious as we can," Aldredge says. "The St. Johnsbury Academy Building Trades Program agreed to be in charge of construction, and they're doing an outstanding job on it. Because of this, we're only charged for materials."

Upon reopening as "Catamount Arts at the Masonic Temple," the organization's offerings will be greatly expanded: two movie theaters that will present foreign-language and independent films, two classrooms for art and music education, a 125-seat performance space, a video library, an art gallery, and even a small museum of contemporary Northeast Kingdom memorabilia.

Catamount's programs will not only enrich the area's cultural life, they'll also provide unique services for people seeking education and instruction in the arts. "Almost every day we get a call from someone who needs cultural lessons – dance, piano, theater" explains Aldredge. "The public school's music program was cut last year and there's a real need."

At the heart of the effort is tremendous community support. Fundraising efforts have been met with unprecedented enthusiasm and involvement. "Some people give \$5," Aldredge says. "Everybody's willing to do something. That's how we're going to do this."

Catamount Arts at the Masonic Temple will truly be a showcase of community arts – created for and supported by a dedicated public in one of the crown jewels of St. Johnsbury's historical district. 🍷



IN YOUR NEIGHBORHOOD

The Local Agricultural Community Exchange Celebrates Its Grand Opening!

On June 10, 2007, Ariel Zevon was met with 300 people at her door. While surprising, it was quite welcome. The culmination of many years of hard work, the Local Agricultural Community Exchange (LACE) opened in downtown Barre with a weekend of events that included a ribbon cutting, a parade, and music.

“There were about 300 people at the ribbon cutting, and then they flooded the store,” says Zevon, owner and creator of LACE. “We were flying by the seat of our pants that first day.”

LACE connects local family farms to the public – everyday, year-round. The beautifully renovated space at 70 South Main Street is more than just a market. The Farm Fresh Café provides breakfast and lunch, using food from local producers. “The purpose of the café is to highlight what’s in season, and give people ideas of how to use local produce,” Zevon explains.

The Café also serves as community center. “Next week we have a farmers’ group coming in to meet,” says Zevon. “Groups contact us when they need space.” LACE includes a Farm to Community Kitchen Connection, which provides a fully licensed commercial kitchen for community members to prepare food to be

sold at the market. LACE also has a strong educational component, including a program designed to keep the public informed about agricultural practices and innovations. Also notable is the children’s area that has been wildly popular with younger patrons.

At the center of it all is the market, which provides small farmers an outlet for their products.

“We still have farms contacting us weekly,” says Zevon. “It’s great.” All food in the grocery comes from Vermont companies. “We’re trying to help smaller companies by showcasing their products.” Perhaps most rewarding is being able to provide high-quality, local food to a community that has been lacking a downtown grocery for years.

“As soon as we opened the door, people were here buying radishes,” says Zevon. “People wanted milk, eggs, and meat without having to go across town. When we first moved into this space and started renovating, I noticed that the people living next door were shopping at Family Dollar for food. There was nothing downtown. That really got the fire going.”

VCLF was pleased to help LACE get up and running by providing partial financing for the start-up costs. LACE is located at 70 South Main St. in downtown Barre, and is open everyday except for Monday. Visit LACE in person, or online at www.lacevt.org.



Photo courtesy of LACE

Grand Opening at LACE in Barre



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