

# NoteWorthy

VERMONT COMMUNITY LOAN FUND

Winter 2008

## Helping to Grow Vermont's Renewable Energy Industry

Vermont leads the nation with a strong renewable energy industry that provides equipment, expertise and leadership to help transform our energy supply. By providing access to capital, the Vermont Community Loan Fund (VCLF) assists both start-up alternative energy businesses in Vermont and those looking to expand. In this issue of *NoteWorthy*, we focus on three Vermont businesses with longtime expertise in alternative and renewable energy.

### Central Vermont Solar and Wind Rutland

Owner John Blittersdorf does it all. Not only a leading expert on renewable energy, John is also the only vendor in the state who can install all three primary types of alternative energy equipment. He installs Photovoltaic (PV) panels that generate solar electricity, solar thermal collector panels that make solar hot water, and he is a primary resource on wind turbine energy in the state.

John started Central Vermont Solar and Wind in 1996, but he had been living "off the grid" (independent from grid-transmitted electricity) for years. Prior to that, he worked for his brother in the alternative energy field and was frequently asked by friends and associates to install solar panel systems on their homes. That's when he decided to start an alternative energy business. But it's not just a business to John; it's a passion, a way of life *and* a personal mission.

"Vermont can become a terrific example of being self-sufficient in the energy industry," explains John. "We're a small state. It would be a crime if we don't aim for that goal and we have a great chance to achieve that within 10 years because we are a rural state. It's a massive undertaking but it can be done."

Over the years, as consumer interest and demand grew from Vermonters, John's business expanded as well. While traditional financing organizations helped in the beginning, the remaining capital he needed to purchase PV, solar panels and pole mounts was not readily available. This past spring, John came to VCLF for assistance. With the working capital loan he received, he was able to fulfill more orders – orders that have increased since fuel prices began to rise over the summer – and hire more employees. He now employs nine full-time employees, of which five are fully certified and trained as solar panel installers.



*John Blittersdorf of Central Vermont Solar and Wind in Rutland.*

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***Growing Opportunities for Vermonters Since 1987***

# From the Executive Director

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## WINTER 2008 NOTEWORTHY

*Writing & Editing:* Kate Paine, Jake Ide  
*Design:* RavenMark, Inc.  
*Photography:* Kate Paine  
*Printed by:* Ecolor Printing

 *Printed on 30% recycled stock manufactured with wind energy and using soy-based inks*



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In early October, with the stock market tumbling down, one of the Loan Fund's investors called me up and began the conversation by asking "I assume that my investment is safe...am I right?" What followed was a wide-ranging conversation about risk: the risks VCLF takes and the risks we avoid.

The Loan Fund's staff and Board of Directors have made some very deliberate choices about risk.

First, since we are not stock market experts, we will avoid exposing our own or our investor's capital to the risks of that market. Frankly, our investors could find other people to manage their stock portfolio...but that's not what they want us to do with their capital. Our cash reserves, including the equity we keep liquid as a reserve against loan losses, are held entirely in bank money market accounts, bank certificates of deposit and short-term government agency bonds.

Second, we will take risks in our lending to achieve a social return. The Loan Fund typically makes loans that a traditional lender would deem too risky, whether because of poor or no borrower credit history or being a start-up or young business. We choose to accept that risk and work a little more closely with our borrowers to help them succeed: building homes, growing local businesses, creating jobs and child care opportunities. For 21 years we have successfully managed the risks of our lending.

As a result of these two choices, none of our capital has been or will be affected by an unsettled stock market. We continue to invest our capital in the community to sustain and grow affordable housing, child care, nonprofit service providers and small business throughout Vermont. We are careful stewards of our investors' capital, achieving high social returns and providing a modest, stable financial return (currently 4% for a 5-year investment). We provide critical capital to create opportunities in Vermont that transform people's lives and the communities that we live in.

As credit markets tighten, the Vermont Community Loan Fund will continue to see rising demand for our capital. We're proud of the good work we've done and look forward to continuing that work as our communities, state and country work together to recover from this downturn and insure against similar catastrophes in the future. The Loan Fund is just as safe and stable as always, and needed now more than ever.

Sincerely,

A handwritten signature in blue ink that reads "Will Belongia".

Will Belongia, *Executive Director*



*Will Belongia*  
*Executive Director*

*"The Loan Fund is just as safe and stable as always, and needed now more than ever."*



## Helping to Grow Vermont's Renewable Energy Industry

*Continued from Cover*

Solar is definitely the route most homeowners now choose. John recommends a home energy audit before committing to PV or solar because the house needs to be efficient before the system can even be installed. An energy audit is the first step in knowing how much energy a home consumes and what steps can be taken to make the home more efficient.

"If you don't have a home energy audit conducted first, then you're wasting your money by installing a PV or solar thermal system, or even a pellet stove for that matter." An entry-level solar thermal system can run between \$8-12,000 and entry-level PV anywhere from \$15-50,000 depending on the usage, need, and size of the home. "Over time, however, the system pays for itself versus traditional energy costs," says John. "But with a grid tie, you can offset a significant percentage of your electric bill from the start."

"I appreciate the Loan Fund as an alternative lending source – it is because of their help that I am busy right now and am able to respond to new customers who want systems installed sooner than later," John says with a proud smile. "I have about 18 jobs going now. I like the concept of the Loan Fund and as soon as I start making money, I plan to put it right back into the Loan Fund to help other small business people like me."

### Green Mountain Zerodraft South Burlington

Pierre Martelle originally established his construction business, Martelle Construction, LLC, over two decades ago. But as the construction industry began to wane and fuel prices rose, Pierre and his son and business partner, James, recognized the need for weatherization services. That need gave birth to a new branch of their business in June 2007 – Green Mountain Zerodraft.

"With rising fuel costs," Pierre explains, "we saw the need to tighten up heated buildings. We wanted to get involved, so we pursued an education in energy auditing and weatherization." They were trained by, and become an affiliate of, Zerodraft, an international company with over 35 years in the weatherization business. They took training courses on Infrared thermography and ultimately received certification from the Building Performance Institute.

Zerodraft charges \$275 for a residential energy audit and \$400 for a commercial audit. They not only perform the analysis work but have the skills, training and know-how to do the weatherization work if necessary.

John Blittersdorf recommends Zerodraft to many homeowners who come to him first. As John explains, there is no point in purchasing or installing energy efficient or renewable energy systems if the house isn't efficient from the start.

"PV Solar is gaining ground, the technology is becoming more affordable and it is quite possibly the most sensible clean power out there," says Pierre. "The systems are reliable and low maintenance and I believe that PV solar will become a dominant force in the energy field." Solar hydronic systems are advancing and it is now possible to get heat and hot water from a single system, according to Pierre.

"We see VCLF as a key player in the alternative energy field, reaching Vermonters during this time of need," says James. "The Loan Fund helps by providing low-interest loans to businesses who conduct research and development in the alternative energy field and who are finding new, cutting-edge ideas for energy efficiency."

*Continued on next page*

### Wind Energy in Vermont?

Wind energy, another viable source of renewable energy, is more challenging in Vermont because an efficient wind system is very site specific. "Wind is most effective in an off-grid situation and marginally productive in a grid tie," explains John Blittersdorf of Central Vermont Solar and Wind.

He is supportive of wind energy in Vermont and believes there are at least six to eight good sites in the state that are not located in an aesthetically displeasing or controversial area.

John has installed 30-35 wind turbine systems since 1996 and 90% of those were for homes that were off-grid. But wind is expensive, according to John, and is not being produced in our region as much right now. Solar is the route most homeowners are now choosing.



*Performing an energy audit with James Martelle of Green Mountain Zerodraft.*

## Helping to Grow Vermont's Renewable Energy Industry

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### Draker Laboratories Burlington

AJ Rossman is the owner of one of those cutting-edge businesses, Draker Laboratories, founded in Burlington in 1999.

Originally from Wisconsin, AJ came to the University of Vermont to pursue his PhD in Civil and Environmental Engineering. He specialized in instrumentation – taking measurements and capturing solar data on larger PV, solar and wind systems. Like John Blittersdorf, AJ began to install PV systems for friends' homes in and around Chittenden County before he opened his business.

But AJ wanted to tackle larger projects. He eventually hired one employee and started Draker Solar Designs. He moved from the residential realm into a niche industry that provides instrumentation for commercial and institutional sites. The company produces performance-monitoring equipment and software and provides data collection and reporting services for customers producing energy through solar electric, solar thermal and wind. AJ specializes in creating field instrumentation for scientific research.

"Solar PV is growing so fast right now," says AJ. "There are many high-performing, energy-efficient schools in North Carolina utilizing the benefits of solar. The biggest hot spots for emerging commercial PV sites are in New Jersey and New York, but California is our biggest market."

Why California? According to AJ, "That's where most of the large solar projects are. It is a state where historically there has been a governor with leadership and a true conviction and commitment to renewable energy."

With almost a decade of business under his belt, AJ has grown his solar instrumentation business from one to 10 employees. Based in Burlington's Old North End, AJ is proud that half of his employees live just blocks from Draker's solar-powered, energy-efficient building. Most are also very involved in the local community outside of work – AJ views that community service initiative as another form of renewable energy.

"My hope is that businesses like ours, and other renewable energy businesses, will help spur more innovation," says AJ. "These technologies are now more attractive." He also believes from a philosophical standpoint that when we talk about the alternative energy industry we should actually train ourselves to use the term "renewable energy."

"When you say 'alternative energy,' you automatically, in your thinking, place that as a secondary option – something that *could* be done. Whereas if you refer to solar PV and solar thermal and wind power as renewable then you're stating just what it is. It's something that *can* and will be done – it's not just a secondary option."

There is no doubt that the renewable energy industry in Vermont is a success story on its own but there is much more potential out there. According to Executive Director Scott Johnstone of the Vermont Energy Investment Corporation (VEIC), Vermont already leads the nation in reducing its electric usage. "We are the leader in reducing electric usage at 1.7% compared to other states that are barely at the 1% mark for reducing their electric usage.

"No one else is achieving the numbers that we are but we also cannot rest on our laurels. We still have a lot of work to do on the renewable front. We're doing well there, but we can do better.

"The VCLF and VEIC have similar missions – we help Vermonters create opportunities for success. We have enjoyed helping make a difference in the lives of many Vermonters," says Scott. "There are many businesses here which are focused on this issue. VCLF is the primary alternative lender in the state and they are a perfect fit to collaborate with VEIC." ■

### Renewable Energy Fast Facts

» The U.S. market showed 57% growth in renewable energy use in 2007.

» PV systems reduce the amount of electricity purchased from the utility.

» The Vermont State Incentive Program is accepting applications for Solar PV, Solar hot water and wind generator systems. See [www.nerc-vt.org/incentives/index.htm](http://www.nerc-vt.org/incentives/index.htm) for more information.

» Visit [www.nerc-vt.org](http://www.nerc-vt.org) for more information on Renewable Energy in Vermont.

» For more fast facts and a savings calculator, visit Efficiency Vermont's website at [www.new-bulbintown.com/calculator/](http://www.new-bulbintown.com/calculator/)



AJ Rossman of Draker Laboratories in Burlington.

# Investor Profile

## ***Vermont Energy Investment Corporation***

**W**hile the Vermont Energy Investment Corporation (VEIC) has helped make Vermont a leader in the reduction of electricity usage throughout the country (see cover story), the VEIC also oversees the program known as Efficiency Vermont (EVT). Efficiency Vermont is the country's first statewide efficiency utility – a program set up about seven years ago – to help households and business reduce their energy costs.

With heating fuel costs at an all-time high, EVT has been busier than ever responding to consumer-driven interest in saving money on fuel and electricity costs. "Efficiency rules in terms of costs," says Scott Johnstone, executive director of VEIC, "EVT is still the cheapest game in town."

According to Scott, Vermont is headed in a better direction due to recent legislation to make Vermonters more aware and educated about how they can tighten up their homes and businesses. "Overall, homeowners are making better choices," says Scott, "like during an energy audit, we're not just working to save fuel but we're changing from regular light bulbs to CFL's (Compact Fluorescent Lights), checking windows and doors for drafts and much more."

Once prices at the gas pump jumped in mid-summer, EVT's calls from consumers were off the charts. Summertime at EVT is usually a slower time for incoming calls. "Typically we don't see as many calls in June or July," Scott explains, "but the calls during that time this year were even higher than the typically high-call seasons of the year!"

The challenge EVT faces, however, is not in responding to the ever-increasing volume of consumer calls, but in getting more help for training and certifying installation crews, energy auditors, and those doing the work in the field to make homes more energy efficient. Scott recommends that even if homeowners don't look to EVT with their weatherization concerns, that they are sure to hire someone who is BPI (Building Performance Institute, Inc.) certified. Look to BPI accredited contractors and certified energy auditors to get it right.

"Getting it right" is a driving force between what VEIC, Efficiency Vermont, and even the Vermont Community Loan Fund are working to do. These organizations are hopeful, and supportive of, Vermont continuing to grow the alternative energy industry throughout the state and beyond our borders. From an all-fuels perspective, Vermont still relies at least 60% on home heating fuels, according to the VEIC. Our state does not have the population density to support natural gas or other alternative fuel sources. "We need to get to energy independence," Scott explains, "This is a boundless industry for everyone, not just Vermont. Green jobs equal green value and I'm confident that Vermont can become energy independent."

"We can be that, we just need to declare it." ■



*Scott Johnstone, Executive Director of Vermont Energy Investment Corporation*

### INVESTOR PROFILE: VEIC

- » Executive Director: Scott Johnstone
- » Years VCLF investor: 12
- » Vermont's Goal: To achieve energy independence

**"Organizations like VCLF are vital to our state so that both our organizations can work together to make sure every Vermonter has access to lowering their energy or fuel bills."**

[www.encyvermont.com](http://www.encyvermont.com)

# Efficiency Vermont

# Staff News & Notes



*Pictured from left to right: Executive Director, Will Belongia; Rick Isabelle; Board President, Fran Rathke; Alec Barclay; Treasurer, Elizabeth Glenshaw; Secretary, Louise Calderwood; Richard Kemp; and Nancy Wasserman.*

*Missing from photo: Cairn Cross; Vice President, David Howe; Kim Keiser; and Chuck Lief.*

## Five-Year Strategic Plan Approved

The annual VCLF Board/Staff retreat was held in September at the Basin Harbor Club in Vergennes. The five-year strategic plan (IMPACT 2013) was approved by the Board. The plan includes such items as new “Vision” and “Five-Year Reach” statements:

**Vision:** VCLF will be a major catalyst in creating healthy and vibrant communities throughout Vermont and focused on attracting mission-driven, socially responsible investors to help ensure all Vermonters have the opportunity to enjoy their best possible lives. **Five-Year Reach:** To achieve \$40 million in assets, close over \$10 million in loans annually, add 2,000 units of affordable rental housing, create or retain 3,000 quality child care slots and 3,000 quality jobs, finance 20 energy efficient/green business projects, altogether serving over 8,000 Vermont families.

For more information on the Five-Year Strategic plan, please visit our website at [www.investinvermont.org](http://www.investinvermont.org)

## VCLF Community Network

The Loan Fund is successful because we bring people together, serving our borrowers thanks to the generosity and social responsibility shared by our investors, donors and partners.

To foster that relationship between all of our stakeholders, we created the **VCLF Community Network**. Our borrower businesses are proud to offer special discounts and deals to those in the VCLF family, whether you're a borrower, investor or donor. Please contact our office or check our website ([www.vclf.org](http://www.vclf.org)) for an updated list of offers. **Remember to use your VCLF Community Network card!**



# Borrowers' Notes

July 1, 2008 – October 1, 2008

## Small Business Lending

### **Eesa, Inc., Waterbury** ▶

Eesa is a growing designer of fashionable snowboard apparel that provides quality jobs and internships in Vermont. A line of credit from VCLF will help Eesa meet seasonal working capital needs. [www.eesa.com](http://www.eesa.com)



## Child Care Lending

### **Valley View Child Care Center, Randolph**

With a loan from VCLF, Margo Metruk renovated her current facility, creating a designated child care space complete with a kitchenette and child-friendly bathroom. This new space will enable Ms. Metruk to expand her program from its current status of a registered home child care program serving six full-time children to a licensed home child care program serving 12 full-time children.

### **Honeybee Hill, LLC, Barre**

Kiara Skidmore used a loan from VCLF to renovate the driveway of her home-based child care center, enhancing accessibility for the families of the six children she serves.

### **Stepping Stones, Waitsfield**

Amy Tewksbury opened Stepping Stones in 2005 with a loan from VCLF. An additional loan allowed her to renovate her space and expand her enrollment from 19 to 28 children ages six weeks to 12 years.



## Housing & Community Facilities

### **Rockingham Area Community Land Trust, Inc., Springfield**

VCLF provided a loan to Rockingham Area Community Land Trust to provide short-term bridge funding for organizational operating costs. This helps RACLT to continue to create and preserve affordable housing opportunities for the low-to-moderate income population of southern Windsor and northern Windham counties.

### **Central VT Community Land Trust, Inc. – Guidici St., Barre**

Central VT Community Land Trust leases property to Washington County Mental Health to provide outreach and outpatient care to adults and children. With a loan from VCLF, Central Vermont Community Land Trust was able to install a state-of-the-art sprinkler system in the building.

### **Champlain Housing Trust – Indian Circle, Colchester**

Champlain Housing Trust used a loan from VCLF to purchase, renovate and repair an abandoned single-family condo unit. In addition to providing affordable housing to a Vermont family, this will help ensure the integrity of the neighborhood.

### **Champlain Housing Trust – Park St., Burlington**

With a loan from VCLF, Champlain Housing Trust purchased and renovated a single-family home which will be resold at an affordable price to a low-income Vermont family.

### **Gilman Housing Trust, Inc., Lyndonville**

Gilman Housing Trust, whose mission is to create affordable housing to meet the needs of low-income families, elderly, and special needs residents in the Northeast Kingdom, used a loan from VCLF to purchase a property to be used as its operations center.

## Mobile Home Loan Subsidy Program

Using a Mobile Home Loan Subsidy, two individuals purchased affordable homes in the following non-profit owned park:

### **Lazy Brook Mobile Home Park, Starksboro**

## Total Lending January 1 – September 30, 2008

### Small Business:

8 loans                      \$847,290

### Child Care:

5 loans                      \$751,052

### Housing and Community Facilities:

4 loans                      \$1,070,000

### Mobile Home Loan Subsidy Programs:

1 loan                      \$15,000

### Total Loans:

33 loans                      \$2,683,343

# Invest in VCLF – Invest in Vermont

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

We continue to lend out every penny of new money invested. Loan volume continues to grow, as does the need for invested funds. It's so easy. VCLF offers a variety of investment options to accommodate your social and financial goals.

## Current Investment Rates\*

### Social Investment Term Account

1-2 Years	3-4 Years	5+ Years
3.0%	3.5%	4.0%

### Social Investment Cash Account

Withdrawals on Demand
1.25%

Call Lorraine at 224-9133 for more information about all of the benefits you receive when you invest in VCLF.

*\* Rates as of November 1, 2008. Lower interest rates allow us to keep financing affordable to borrowers, increasing the impact your investment has in Vermont communities. Rates are subject to change.*

[www.investinvermont.org](http://www.investinvermont.org)



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