

THE MISSION-BASED

I N V E S T O R

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Fall 2010 Newsletter



Promoting A Healthy Community

What exactly is a healthy community? The answer is there isn't just one answer. According to *Healthy People 2010*², which is managed by the U.S. Department of Health and Human Services and the Office of Disease Prevention and Health Promotion, a healthy community is one which includes those elements that enable people to maintain a high quality of life and productivity. This can include: a clean and safe environment, good housing and schools, access to affordable healthcare services, and quality food sources, among many others. The Commonwealth of Massachusetts Health and Human Services Department says "A healthy community is where people come together to make their community better for themselves, their family, their friends, their neighbors, and others. A healthy community creates ongoing dialogue, generates leadership opportunities for all, embraces diversity, connects people and resources, fosters a sense of community, and shapes its future." *continued on page 4*

The percentage of overweight children in the United States is growing at a startling rate, with 1 out of 3 kids considered overweight or at risk of becoming obese. Increases in obesity and diet-related diseases are major public health problems and these problems may be worse in some U.S. communities because access to affordable and nutritious food is difficult¹.

In this issue of *The Mission Based-Investor*, we are proud to focus on the topic of "Healthy Communities," covering some of the latest progress, special initiatives, and investment opportunities within the space. Included is a Q&A with Tom Reis of the W.K. Kellogg Foundation discussing some of their recent initiatives in food, health, & well-being, an overview of GPS Capital Partners' work with Grantmakers In Health on a guide to health-focused mission investing, and spotlights on recent mission-related investments targeting healthy community programs.

Q&A



Making a Difference: How the W.K. Kellogg Foundation is Supporting Healthy Communities

The W.K. Kellogg Foundation supports children, families, and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society. In the following Q&A, Tom Reis, Director of Mission Driven Investments, shares how the W.K. Kellogg Foundation is supporting healthy communities.

1. Supporting the creation of healthy, sustainable communities is critical to our future. How does the W.K. Kellogg Foundation define healthy communities, and how is the Foundation addressing this need?

Healthy communities are communities which provide for the future of the most vulnerable among us, ensuring that our children thrive by creating vibrant, nutritious and accessible food systems and enriching spaces for kids to live, learn and play. The W.K. Kellogg Foundation ("Foundation" and "WKKF") has a rich legacy in supporting food systems, and in working with community-based initiatives to build healthier environments for families across the nation.

For nearly 80 years, the Foundation has used its voice to advocate for equitable

access to good food and physical activity, and it has used its resources – more than \$230 million – to bring meaningful change to our food systems. Kellogg's Mission Driven Investment (MDI) program builds on this legacy by refocusing \$100 million of the Foundation's endowment toward enterprises and projects which can have philanthropic impact, while also providing a financial return. To date, the Foundation's MDI program has invested over \$60 million to support community-strengthening initiatives in the USA and approximately \$7 million in southern Africa.

2. Can you provide an example of how the Foundation is achieving greater access to healthy foods within the communities through your mission-driven investment program?

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W.K. KELLOGG FOUNDATION

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To date, the MDI program has invested in three initiatives that expand access to healthy foods.

Revolution Foods Direct Investment:

The MDI program has committed a combined \$5.5 million to Revolution Foods, the national leader in providing healthy meals to schools serving vulnerable kids. Founded in 2006, Revolution Foods is a mission-driven, women-led enterprise that has received numerous accolades for its work, taking first prize in the Global Social Venture competition and receiving dedicated profiles in the *New York Times*, *Time* magazine, and the *Washington Post*. Today, Revolution Foods serves 50,000 meals to students per day, 80% of whom qualify for free or reduced lunch.

Community Food Loans: The MDI program has committed \$3 million to be on-lent to community-based food enterprises, grocers, and affordable alternate retail models by the National Cooperative Bank (NCB). These funds will leverage NCB's deep lending expertise, its community relationships nationwide, and its substantial deposits to build and sustain locally-based enterprises focused on food production and distribution.

Good Food Bonds: WKKF has partnered with Community Capital Management, a Florida-based, fixed income manager, to purchase \$3 million in bonds which support community-based food enterprises, facilities for schools and non-profit organizations working to build stronger local food systems, and better, more sustainable food production.

3. Within the Foundation's mission of "food, health, & well-being," the objective of transforming food deserts into food oases is critical to a healthier community. How has the Foundation helped engage communities with regards to food production and distribution?

William Keith Kellogg, founder of the Kellogg Cereal Company and the W.K. Kellogg Foundation, famously wrote: "it is only through cooperative planning, intelligent



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study, and group action activities on the part of the entire community that lasting results can be achieved." With this wisdom guiding the Foundation's ongoing work, Kellogg continues to intentionally root its food, health and well-being work in community-led initiatives.

An example of this community-driven action focus is the Foundation's national Food and Fitness initiative. WKKF selected and supported nine leading communities to pioneer a new generation of locally-based initiatives. These communities – Seattle/King County, Oakland, Tohono O'odham, Northeast Iowa, Detroit, Philadelphia, New York City, Boston and Holyoke – developed local collaboratives to tackle the challenges of creating safe and accessible spaces for physical activity, affordable and healthy food options, and action-oriented education and awareness campaigns that could radically change local families' relationship with food production, distribution, and consumption.

4. We have seen more coverage lately on the topic of healthy communities with the recent announcement of First Lady Michelle Obama's "Let's Move" Initiative and President Obama's \$400 million "Healthy Food Financing Initiative." As a leader in the Healthy Communities space, how can other foundations support their missions within this space and how do you think this will help further the cause?

As the largest funder of the Let's Move cam-

paign, the Foundation is very excited to be part of the national momentum, building around healthy schools and communities. The Obama administration's commitment to nutritious food, physical activity, and community access has fundamentally reshaped the national discourse, ensuring that we focus not only on the important issues of food quality and sustainable production, but also on the paramount challenges of guaranteeing food security and access for the most vulnerable among us.

Foundations of all sizes can take a part in this critical work by dedicating not only their grant dollars but also their endowments toward building more equitable access to healthy food and safe physical activity. FDIC-insured deposits with local community development finance institutions (CDFIs) offer a secure investment with potentially profound mission impacts. Non-bank lending intermediaries such as RSF Social Finance or the Reinvestment Fund offer dedicated vehicles for investors interested in supporting local food enterprises. Customized bond portfolios such as the Good Food Bond portfolio offer foundations liquid, market-rate opportunities to support high-impact community-based projects.

For those foundations seeking to employ a wide range of strategies including direct venture investments, there are a number of external resources available. The Kellogg Foundation partnered with Imprint Capital Advisors, an impact investment firm dedicated to designing, building, and managing deeply customized mission investment portfolios for institutional clients. Through focused market scanning (including building a database of 900+ companies and 70 key investors) and extensive diligence, Imprint Capital assisted WKKF in making four direct investments to-date, with additional high-impact opportunities in the pipeline. The Foundation has been careful to balance these higher-risk direct investments within a broader portfolio strategy involving bank deposits, loan funds, private equity, real estate funds, and bond portfolios.

Guide to Health-Focused Mission Investing

In preparing a guide to health-focused mission investing with Grantmakers In Health, GPS Capital Partners has found an increasing number of health funders making mission investments across asset classes and return levels. These investments focus in areas of health funder grantmaking, including health care, health coverage and healthy communities. From a social impact standpoint, health care investments promote health and health care delivery over the human life span; health coverage investments help families and individuals to pay for wellness and health care; and healthy community investments create the conditions that allow people to choose healthy lifestyles, thereby reducing health care needs and costs over time.

Investments in health care often provide facilities or working capital financing for urban and rural community health centers, including many of the nation's Federally Qualified Health Centers that currently serve 20 million people at 7,500 sites and are predicted to serve 40 million people by 2015 under recent health care reform. Investments and intermediaries that finance health care-related centers or activities can cover a variety of asset classes including fixed income, private equity and venture capital investments. For example, Community Capital Management, a Florida-based, fixed income manager, purchased an SBA loan which financed an affordable drug rehabilitation

center in Alabama. Private equity investors may invest in companies or funds backing products and processes that improve quality and access to health care while lowering costs, such as Visicu, a provider of technology that allows physicians to oversee patients in the intensive care unit from remote locations. Investments that help to address the nation's shortage in a stable, diverse health care workforce include debt financing for worker-owned home health care cooperatives and employer-based health workforce development programs.

Investments in health insurance include financing for Freelancers Insurance Company, the innovative New York state health insurance company created to serve freelance workers, as well as investments in CDFI banks and credit unions that promote savings that families can use to purchase needed health care.

Investments in healthy communities build on philanthropy's forty-year history of community development-focused mission investing and counter still persistent disparities in health outcomes among income and ethnic groups. While early mission investing focused on affordable housing and commercial development in low- to moderate-income communities, emerging approaches place increased focus on healthy people as well as places — particularly children and youth, who face the highest risks from unhealthy conditions.

Working with high performing CDFIs, specialized funds or in some cases direct investments, foundations are providing financing for local childcare, high-quality charter schools, organizations providing youth



development and violence prevention services, along with access to nutritious food and safe physical activity. Examples include the David & Lucille Packard Foundation's program-related investment (PRI) in the Low Income Investment Fund's ABCD Program, which provides financing for quality childcare centers throughout California, the Prudential Foundation's investments in charter schools, and the Robert Wood Johnson Foundation's guarantee for a working capital loan to Playworks, a national non-profit that provides safe recess and physical activity in public schools serving low-income communities.

With increasing evidence that our nation's health status is strongly linked to the environments in which we live, learn, work, and play, and that low- to moderate-income communities and populations face significant barriers to health, the stage is set for foundations to work with other community-focused investors such as banks and investment intermediaries to build healthy communities.

Along with Grantmakers In Health's forthcoming guide on health-focused mission investing (publication expected in Fall 2010, www.gih.org), the San Francisco Federal Reserve Bank's Community Development Investment Review recently focused on the issue (see link under "Healthy Community Resources"). GPS Capital Partners is a consultancy that assists foundations and other institutional investors in the design and implementation of impact investing strategies across asset classes. For more information, please visit www.gpscicapitalpartners.com.



PROMOTING A HEALTHY COMMUNITY

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Clearly, building a healthy community requires a great deal of energy, time and resources, from anyone and everyone who can help make a difference. But it can be done. It is a powerful idea that has already taken shape in cities and countries around the globe.

The Healthy Community Momentum

The healthy community movement is gaining momentum given the importance of creating healthy, vital, sustainable communities for ourselves, our families, and our future. In fact, the United States government has gotten on board with the recent launch of First Lady Michelle Obama's "Let's Move" campaign. The movement has an ambitious but critical goal of solving the epidemic of childhood obesity within a generation. The initiative focuses on four main areas: healthy choices, healthier schools, physical activity, and access to affordable healthy food.

Other organizations leading the cause include the Centers for Disease Control



and Prevention (CDC), The W.K. Kellogg Foundation, and The Robert Wood Johnson Foundation. Since 2003, more than 240 communities have been selected to participate in the CDC's Healthy Communities Program which engages communities and mobilizes national networks to focus on chronic disease prevention. The W.K. Kellogg Foundation has a mis-

sion in food, health, & well-being to seek funding opportunities that allow them to make progress in ensuring that all children can grow and thrive by having love, good parenting, high-quality food, physical activity, interaction with nature, and access to health care. *Healthy Kids, Healthy Communities* is a national program of the Robert Wood Johnson Foundation whose primary goal is to implement healthy eating and active living policy- and environmental-change initiatives that can support healthier communities for children and families across the United States. Initiatives such as these are catalysts for furthering the healthy community movement.

Case Study

In 2003, the Mayor's Office of Fall River, Massachusetts invited over 100 community leaders together for a visioning session to find ways to improve the quality of life in Fall River. Participants were divided into three work groups to plan the development of a Healthy City Initiative³: the outreach work group; the vision-to-action work group; and the resources work group. In the spring of 2004, participants identified five Priority Areas and Sub-Areas to address health and quality of life improvements for the City from 2004 to 2009: Safety & Substance Abuse; Environment & Recreation; Health Education; Adult Education & Employment; and Housing & Planning. Some of the many accomplishments that have arisen from this initiative include: improvements in recreation facilities for youth and adults; affordable housing; cleaner streets and parks; youth and senior employment and volunteerism; a drug-free community; nutrition and diabetes education; and measures to ensure cleaner air and water. The Initiative was such a success that in 2009, the City held the "Healthy City by Design Summit" to prepare for the development of their next five-year Community Action Plan.



The Bottom Line

Improving the health and well-being of our families, our neighbors, and our communities is comprehensive and a huge task, but it can be done. This process connects residents and leaders in discussions about critical issues influencing health as well as the resources available to address these matters and opportunities. As Fall River has shown (see Case Study), when the community comes together to take on this initiative, a cleaner, safer, and healthier place to live and work is created for ourselves and our future.

Bond Spotlights: Greater Boston Food Bank; Super Antojitos Tega; and Sotos Produce Market

Greater Boston Food Bank



Community Capital recently invested in a bond, the Greater Boston Food Bank

Issue, which is financing a 117,000 square foot building, known as the Yawkey Distribution Center, to be owned by the Greater Boston Food Bank for its food distribution programs.

The new building enables the organization to handle more food while being more energy-efficient and community-friendly. The facility roughly doubles the square footage of The Food Bank's previous home and provides more office space and training rooms.

Founded in 1981, The Greater Boston Food Bank is part of Feeding America – the nation's largest hunger-relief organization and is the largest hunger-relief organization in New England. The Food Bank distributes more than 31 million pounds of food and grocery products annually to a network of nearly 600 member hunger-relief agencies. The new building, with expanded cold storage capacity and additional warehouse space, will enable The Food Bank to grow over the next 15 years to eventually distribute up to 50 million pounds of food and grocery products a year.

The Food Bank is a resource for local food pantries, soup kitchens, homeless and residential shelters, youth programs, senior centers, and day-care centers. Since many



The Yawkey Distribution Center, a 117,000 square foot building for the Greater Boston Food Bank's food distribution programs.

segments of the population are underserved by established meal programs, most notable children, seniors, and the disabled, the Food Bank's programs work to alleviate this problem.

Super Antojitos Tega

Super Antojitos Tega is a restaurant promoting healthful food alternatives to residents of Salinas, California. Super Antojitos Tega employs six people and is located in a moderate-income and minority-census tract. Super Antojitos Tega was the recipient of a Work Well 2008 Fit Business award from the Salinas Valley Chamber of Commerce in coordination with the Monterey County Health Department. Monterey County's Community Health Division promotes a healthy community by empowering individuals, groups, and organizations, to take responsibility for adopting healthy behaviors and supporting social and environmental policy that promotes health.

Community Capital purchased a Small Business Administration (SBA) Loan which financed Super Antojitos Tega. Proceeds from the loan can be used to strengthen its business with working capital, equipment, furniture and fixtures, renovations, leasehold improvements, and debt refinancing.

Sotos Produce Market

Community Capital purchased a SBA Loan which financed Sotos Produce Market, a fresh fruit and vegetable market in Compton, California. The business is located in a Historically Underutilized Business Zone (HUBZone) as well as a "food desert." Compton is considered a food desert because of its lack of access to supermarkets and large grocery stores that carry affordable and nutritious food. As well, food deserts are typically located in low-income communities (areas where more than 40% of the population has income less than or equal to 200% of the Federal poverty threshold). In 2009, it was \$44,100 per year for a family of four in 2009. The 2009 Estimated Tract Median Family Income for Compton's census tract is \$43,153.

Looking at the Economic Research Service (ERS) Food Environment Atlas, in Los

Angeles County (where Compton is located), there are over four times the number of convenience stores and fast-food restaurants than grocery stores and farmers markets. According to a 2008 study conducted by CB Richard Ellis, the area was in need of grocery, dining, and entertainment businesses to service the growing and diverse community. The study also found that South Los Angeles-area residents had to travel at times up to 10 miles in order to buy fresh food and groceries at affordable prices. In fact, in 2008, Los Angeles City Councilwoman Jan Perry enacted a moratorium on new fast-food establishments in the area, hoping to bring more fresh, quality food options to residents.

Sotos Produce Market helps make the availability of affordable and nutritious food an easier option for Compton residents.

Food Deserts

According to the 2008 United States Department of Agriculture's Farm Bill, a food desert is defined as an "area in the United States with limited access to affordable and nutritious food, particularly such an area composed of predominantly lower income neighborhoods and communities." So what does it mean for a community to lack the ability to adequate, fresh food? Where we reside influences the areas where we buy food, which, in turn, controls what we consume. Communities that have no, or distant grocery stores, or have an imbalance of healthy food options, will likely have increased premature death and chronic health conditions.⁴ Low-income and minority families, prone to obesity and dietary-related diseases, are also more likely to live in communities where nutritious food is hard to come by, the Robert Wood Johnson Foundation reports. According to data from the latest census (2000), some 23.5 million Americans – including 6.5 million children – currently reside in food deserts.



**COMMUNITY
CAPITAL
MANAGEMENT**
Revitalizing America

2500 Weston Road, Suite 101
Weston, FL 33331
Phone: 954-217-7999
Toll-Free: 877-272-1977
Fax: 954-385-9299
www.ccmfixedincome.com

HEALTHY COMMUNITY RESOURCES

- **Healthy People 2010:** <http://www.healthypeople.gov/>
- **Access to Affordable and Nutritious Food: Measuring and Understanding Food Deserts and Their Consequences, United States Department of Agriculture Economic Research Service, June 2009:** <http://www.ers.usda.gov/publications/ap/ap036/>
- **ERS Food Environment Atlas:** <http://maps.ers.usda.gov/FoodAtlas/foodenv5.aspx>
- **Examining the Impact of Food Deserts on Public Health in Chicago:** <http://marigallagher.com/>
- **Centers for Disease:** <http://www.cdc.gov/healthycommunitiesprogram/>
- **San Francisco Federal Reserve Bank's Community Development Investment Review:** <http://www.frbsf.org/publications/community/review/index.html>
- **The W.K. Kellogg Foundation:** <http://www.wkkf.org/>
- **Robert Wood Johnson Foundation:** <http://www.healthykidshealthycommunities.org/>

¹ *Access to Affordable and Nutritious Food: Measuring and Understanding Food Deserts and Their Consequences, U. S. Department of Agriculture Economic Research Service, June 2009.*

² *Healthy People 2010 provides a framework for prevention for the nation. It is a statement of national health objectives designed to identify the most significant preventable threats to health and to establish national goals to reduce these threats.*

³ *Healthy City Fall River is a collaboration between the Fall River Health and Human Services Department and Partners for a Healthier Community, Inc., the local Community Health Network Area (CHNA) organized by the Massachusetts Department of Public Health (DPH) to establish a working partnership between DPH and area residents to improve the health status of all those who live or work in the CHNA. Partners for a Healthier Community, Inc., supported in part by DPH linkage funds.*

⁴ *Examining the Impact of Food Deserts on Public Health in Chicago, Mari Gallagher Research & Consulting Group.*

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Community Capital Management saved the following resources by using Reincarnation Matte (RMC), made with 100% recycling fiber and 50% post-consumer waste, processed chlorine free, designated Ancient Forest Friendly™ and manufactured with electricity that is offset with Green-e® certified renewable energy certificates.

trees	water	energy	solid waste	greenhouse gas
9 fully grown	6,332 gallons	12,020,591 BTUs	1,048 pounds	1,932 pounds

Calculations based on research by Environmental Defense and other members of the Paper Task Force.

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