INVEST APPALACHIA

Investing in Central Appalachia’s Drivers for Community & Economic Development
Appalachia Funders Network • Appalachian Regional Commission • Avivar Capital • Benedum Foundation • blue moon fund/Cassiopeia • BB&T WV Foundation • Calvert Impact Capital • Central Appalachian Network • Center for Rural Health • Greater Clark Foundation • Coalfield Development • Fahe • Federal Reserve Bank of Richmond Foundation for Appalachian Kentucky • Appalachian Impact Fund • The Greater Kanawha Valley Foundation • F. B. Heron Foundation • Just Transition Fund • LOCUS • MACED • Mary Reynolds Babcock Foundation • Mountain State Capital Natural Capital Investment Fund • Next Street • One Foundation • Rural Action • Rural Support Partners Shaping Our Appalachian Region/SOAR • USDA Rural Development • Virginia Community Capital • West Virginia University • WV Community Development Hub
ATTRACTION IMPACT INVESTMENT TO CENTRAL APPALACHIA

- **Impact Investments**: investments made into companies, organizations and funds with the intention to generate positive social and environmental impacts alongside the financial returns.
- $117 billion in impact investing assets currently under management.
- 40% of all impact investing dollars are in North America.
- One-third of impact investors targeted below market rate returns.

Source: GIIN 2017 Investor Survey
THE SOLUTION: A COLLECTIVE APPROACH FOR REGIONAL IMPACT

- Deep networks of trust among key partners
- Comprehensive tools & tactics of blended finance
- Demonstrated demand for capital across key sectors
Invest Appalachia
Community Driven: Built on 5 Core Values

- Participatory: Embed in existing ecosystem to grow local capacity & support regionalism
- Accessible: Ensure access for borrowers and investors of all sizes, from the main streets to the hollers – “one stop shop”
- Transparent & Democratic: Be transparent and democratic in both process & structure
- Equitable: Expand diverse local ownership and opportunities for everyone to participate in the emerging economy
- Self-Reliance: Prioritize local ownership of enterprises and community wealth
STIMULATING OPPORTUNITIES BUILDING NEW ECONOMIES
Invest Appalachia:

Integrating 3 types of capital

**Social Capital** – IA as “ecosystem quarterback” identifying opportunities and coordinating capital to accelerate existing place-based and industry sector clusters
- Stakeholder convenings for training and education
- Coordinated, regional impact data collection

**Philanthropic Capital** – $17M grant pool providing coordinated capacity-building support to remove barriers to pipeline development
- Strategic and technical assistance grants
- Loan-loss reserves
- Credit enhancements

**Invest Appalachia Fund (IAF)** – $40M equity fund providing patient debt and subordinated loans to businesses, intermediaries and community facilities to advance key sectors
- Equipment and facility loans
- Project finance
- Bridge loans
FOUR PRIORITY SECTORS

Clean Energy
Opportunities - Renewable energy, energy efficiency, mine land reclamation
Anticipate 35% of investments at average loan size of $250,000

Creative Placemaking
Opportunities – Heritage and eco-tourism, downtown revitalization and small business development
Anticipate 35% of investments at average loan size of $1,000,000

Community Health
Opportunities - Health care access, affordable housing, early childhood education, other social determinants of health
Anticipate 20% of investments at average loan size of $500,000

Food & Agriculture
Opportunities - Aggregation & distribution, food hubs, artisan and value-added food production
Anticipate 10% of investments at average loan size of $100,000

Flexible Financing for Intermediaries, Enterprises, Community Facilities & Real Estate projects
<table>
<thead>
<tr>
<th>Connections</th>
<th>Leverage</th>
<th>Raise</th>
<th>Increase</th>
<th>Build</th>
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<td>Projects and clusters advance investments made in communities and align with regional priorities</td>
<td>Leveraged the strengths and current capacity to support regional development including IA operations</td>
<td>Raised the profile and accessibility of Appalachia with as seen by expanded pool of capital sources throughout the region</td>
<td>Engaged placed-based impact investors with deep regional expertise that allows for streamlining processes.</td>
<td>Built a pipeline of deals flowing to Main Street &amp; to the hills and hollers that are deeply connected to their community and partners.</td>
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**DESIGNED TO SERVE THE REGIONAL ECOSYSTEM**
**Projected Investment Mix**

**$40M LLC Fund**
- Facilities/RE - $24M @ 5-6%
- CDFIs - $8M @ 2-3%
- Enterprises - $8M @ 6-7%

**$17M Philanthropic Catalytic Capital**
- LLRs/Credit Enhancements 12%
- TA 21%
- Other Grants 21%
- Equity-like loans 45%
Invest Appalachia

Chief Executive Officer
Leads market-building partnerships, convenings, impact tracking, storytelling

Board of Directors
Diverse, self-selected Volunteer governing board

Invest Appalachia Fund
LLC fund
Loans to intermediaries and enterprises

Investment Committee
Approve loans

Catalytic Capital
Philanthropic Capital pool
Loan loss reserves, credit enhancements, technical assistance and programmatic grants

Community Manager
Manages catalytic capital and grants

Community Advisory Council
Inform strategies and identify opportunities

Investment Manager
Contract entity to manage fund, make loan recommendations
INVEST APPALACHIA BOARD OF DIRECTORS

Stephanie Randolph, Board President, Cassiopeia Foundation, Charlottesville, VA
Sara Morgan, Board Treasurer, Fahe, Berea, KY
Lora Smith, Board Secretary, Appalachia Impact Fund, Hazard, KY
Kiran Bhatraju, Arcadia Power, Washington, DC
Alex Gibson, Appalshop, Whitesburg, KY
Earl Gohl, Appalachian Regional Commission - retired, Washington, DC
Mary Hunt, Claude Worthington Benedum Foundation, Clarksburg, WV
Karen Jacobson, Randolph County Housing Authority, Dry Fork, WV
Scott McReynolds, Housing Development Alliance, Krypton, KY
Debbie Phillips, Rural Action, Albany, OH
Bill Pollard, Brightbridge, Inc., Chattanooga, TN
Bill Shelton, Virginia Dept. of Housing & Community Development - retired, Richmond, VA
Stephanie Tyree, WV Community Development Hub, Fayette County, WV
Thomas Watson, Rural Support Partners, Asheville, NC
TIMELINE & CRITICAL STEPS

Q3 2019
- First Board Meeting
- Accelerate CEO Search
- Initiate Investment Manager Search

Q4 2019
- Select CEO & Investment Manager
- Secure 2-Year Operating Budget
- Outreach to Potential Investors
- Community Manager search

Q1 2020
- Solicit Investor Commitments
- Community Manager hired
- Formalize Community Advisory Council
- Develop Communications Strategy

Q2 2020
- Initial Close
- Formal Launch of Invest Appalachia Fund, LLC
- Establish Impact Baseline

Q3 2020
- First deployment of capital