

Town of Cabot
Cabot Community Investment Fund Plan
Revision March 2019

I. Mission Statement

The purpose of the Cabot Community Investment Fund (CCIF) Plan is to provide financial resources, through a fair and consistent process, to local individuals and groups for activities and projects that serve to strengthen the economic, cultural, educational, environmental, and social well-being of the Cabot community.

II. Effective Date

This plan shall be in effect until amended, repealed or revised at a Cabot Town Meeting, or duly warned special meeting, and **shall be binding upon all public officials, elected or appointed**, and shall be deemed to have been reaffirmed at any Cabot Town Meeting that does not repeal it. Any Cabot Town Meeting, annual or special, may amend, repeal or revise the Plan by Australian ballot.

III. Goals

The goals of the CCIF Plan are:

- A. Protect and enhance the quality of life and the character of the town by:
 - 1. preserving agriculture
 - 2. preserving and reusing historic and important buildings
 - 3. conserving open and farm land
 - 4. enhancing recreational opportunities
 - 5. providing local amenities and community activities
 - 6. preserving and protecting the environment and abating pollution
- B. Promote commercial development that is consistent with the scale and character of the community and the Town Plan by:
 - 1. assisting existing small business, including agriculture
 - 2. providing incentives for new business development
 - 3. assisting in the promotion of local business
 - 4. creating and protecting local employment opportunities
 - 5. attracting public and private investment
 - 6. encouraging the use of indigenous, renewable raw materials
- C. Promote education by:
 - 1. supporting the programs, activities and operations of the Cabot School
 - 2. assisting students who continue their education beyond high school
 - 3. assisting adults who are pursuing continuing education and professional development that is intended to enhance their job skills and advance their careers
- D. Improve community infrastructure, facilities and services by:
 - 1. supporting local civic and community service organizations and groups, especially those that address the needs of children, adolescents, the handicapped, or the elderly

- 2. supporting public works projects in the Town.
- E. Enhance the local tax base by supporting projects and activities that serve to improve existing businesses and attract new ones.
- F. **Preserve the fund so as to be able to continue to meet the needs of the community for many years to come.**

IV. Summary

The CCIF Plan establishes grant programs to:

- A. Provide Education Grants to residents of Cabot;
- B. Subsidize the interest rate on loans to Cabot residents, businesses, community organizations, and to Town governments, in the event of a declared natural disaster;
- C. Provide town meeting grants to community organizations in Cabot, and to the Town of Cabot and the Cabot School;
- D. Award discretionary grants requested by community organizations in Cabot, the Town of Cabot or Cabot School.

Two funds exist to facilitate these programs, the CCIF Trust and the CCIF Education Fund. Although the CCIF Trust and the CCIF Education Fund are both managed by the trust department of the CCIF Plan's designated financial partner, the CCIF Education Fund will be treated as a separate account. This will permit donations to be made to the CCIF Education Fund by individuals and businesses, and allow these donations to be treated as tax deductible. In any given year, the total return (net of inflation) on the investments of the CCIF Trust principal will pay for the administration expenses, loan interest rate subsidies, and grants. In any given year, the total return (net of inflation) on the CCIF Education will pay for Education Grants offered to Cabot residents.

This plan does not authorize the CCIF committee to approve grants, or accept grant proposals, that are not described in, or excluded by, section *VII. Grant Programs*, or that exceed the money available as determined by section *VI.C. Allocation of Funds*. To preserve the CCIF Trust Fund for future uses, any grant that is not governed by this plan should be structured using one of the following methods:

- A. Loan of CCIF funds with regular re-payments
- B. Use of CCIF funds as security for a low interest rate loan or bond

CCIF funds should not be used to offset Town or School *operating expenses* as a method of reducing the tax rate.

V. Administration

A. The CCIF Committee

In 1992, the Town Meeting established a committee of Cabot residents to formulate and implement the Cabot UDAG Plan. In 2015, the UDAG fund was renamed the Cabot Community Investment Fund, and today this committee is referred to as the CCIF Committee.

1. The CCIF Committee will consist of **five** members:
 - a. The chair of the CCIF Committee, appointed by the Cabot Select Board
 - b. The vice-chair of the CCIF Committee, appointed by the Cabot School Board.
 - i. If the Cabot School Board no longer exists as a town board (i.e. due to the school closing or merging with another school district) then the vice-chair is to be appointed by the Select Board.
 - c. Three (3) members elected at Town Meeting Day
2. The elected members of the CCIF Committee serve three year terms. The terms are to be staggered such that only one term expires on any Town Meeting Day.
3. The Cabot Select Board can appoint a Cabot resident to replace any elected member of the CCIF Committee who is unable to complete his/her term. Such an appointed member will complete the term of the member he/she replaced.
4. The CCIF Committee meets once a month, on a regular monthly schedule (i.e. second Tuesday of the month), as determined by the CCIF Committee.
5. The meetings are held in the Willey Building.
6. The Chairman of the CCIF Committee votes only in the event of a tie.

B. Expenses

1. Up to 0.5% of the total assets of the CCIF Trust and the CCIF Education Fund, but excluding the principal on loans receivable, at 12/31 of any year may be used to pay expenses for the following calendar year.
2. Excluded from administrative fees would be any fee paid for trust services of managing CCIF assets.

C. Checking Accounts

1. The town shall maintain two checking accounts for the CCIF Trust and the CCIF Education:
 - a. CCIF Administrative Checking Account
 - b. CCIF Education Fund Checking Account
2. No payment of CCIF funds shall be made except by authorization of the CCIF Committee, and all payments so authorized shall be made.

3. Uses and Administration of the CCIF Administrative Checking Account.
 - a. All CCIF expenses, including Town Meeting Grants and Discretionary Grants, will be paid using the CCIF Administrative Checking Account.
 - b. Any joint expenses of the CCIF Education Fund and the CCIF Trust Fund will be paid through the CCIF Administrative Checking Account.
 - c. Signing authority for the CCIF Administrative Checking Account this account will be held by the following:
 - i. the Chair of the CCIF Committee
 - ii. the Vice-Chair of the CCIF Committee
 - iii. the Town Treasurer
 - iv. the Assistant Town Treasurer
4. Uses and Administration of the CCIF Education Fund Checking Account.
 - a. All Education Grants will be paid from the CCIF Education Fund Checking Account.
 - b. Any expenses strictly related to the CCIF Education Fund will be paid with the CCIF Education Fund Checking Account.
 - c. Signing authority for this account will be held by the following:
 - i. the Chair of the CCIF Committee
 - ii. the Vice-Chair of the CCIF Committee
 - iii. the Town Treasurer
 - iv. the Assistant Town Treasurer
5. No payment of CCIF funds shall be made except by authorization of the CCIF Committee, and all payments so authorized shall be made.

D. Reporting

1. The CCIF Committee minutes shall be filed with the Cabot Town Clerk in accordance with Vermont State Statute regarding open meetings.
2. The CCIF Trust Fund and CCIF Education Fund shall be audited by an independent auditing firm.
3. The annual audit shall be published in the first Town Report after the close of the calendar year audited.
4. The Chairman of the CCIF Committee shall write a report highlighting progress in implementing the CCIF Plan each calendar year.
5. This annual report shall be published in the first Town Report after the close of the fiscal year reported.
6. The annual report shall include, but is not limited to the following:
 - a. a statement of earnings of the assets of the CCIF Trust Fund and CCIF Education Fund;
 - b. a statement of earnings of the assets of the CCIF Trust fund and CCIF Education Fund, net of inflation;
 - c. the amount of interest subsidized in the reported fiscal year;
 - d. the principal amount of loans outstanding;

- e. the amount of money available for grants to be considered by Australian ballot on Town Meeting Day;
- f. a list of applicants for grants, the purpose of the grants, and the amount sought for consideration by voters in the upcoming Australian ballot on Town Meeting Day;
- g. the grants approved by voters on the previous Town Meeting Day;
- h. the amount of Education Grants awarded in the reported fiscal year;
- i. the size of the CCIF Education Fund at the end of the reported fiscal year;
- j. the size of the CCIF Education Fund as a percent of total CCIF Trust and CCIF Education Fund assets (including loans receivable); and
- k. the amount of money available for Education Grants in coming year.

VI. Management of Funds

A. Financial Partner

1. The financial partner is a local financial institution selected by the CCIF Committee with the approval of the Select Board.
2. In determining a financial partner, the CCIF Committee must consider:
 - a. ease of accessibility of the local branch offices of the financial partner to Cabot residents;
 - b. the extent to which the financial partner would market the existence of the loan subsidy program to Cabot residents and businesses;
 - c. the relevance and effectiveness of the financial partner's community reinvestment program to/for Cabot residents and businesses; and
 - d. the track record of the financial partner's trust department in outperforming its peers and fulfilling the investment objectives of its clients.
3. If the financial partner has a change of ownership, the CCIF Committee reserves the right to select a new financial partner.

B. Fund Investments

1. CCIF Trust Fund
 - a. The CCIF Committee will formulate an investment objective for the CCIF Trust Fund to to earn a total return on its assets equal to the rate of inflation plus 4%.
 - b. The financial partner's trust department will implement a strategy to achieve the investment objective formulated by the CCIF Committee.
2. CCIF Education Fund
 - a. The CCIF Educational Fund will be treated as a separate account managed by the trust department of the CCIF Plan's financial partner.
 - b. The assets of the CCIF Education Fund must be at least 25% of the sum of the assets of the

CCIF Trust, and the CCIF Education Fund on March 31st of any given year.

- c. If the assets of the CCIF Education Fund are less than 25% of the sum of the above on March 31st of any year, capital must be contributed to the CCIF Education Fund from the CCIF Trust Fund.
- d. If the assets of the CCIF Education Fund are more than 25% of the sum of the above on March 31st of any year, no rebalancing occurs.
- e. The CCIF Committee will formulate an investment objective for the CCIF Education Fund Fund to to earn a total return on its assets equal to the rate of inflation plus 4%.
- f. The financial partner's trust department will implement a strategy to achieve the investment objective formulated by the CCIF Committee.

C. Allocation of Funds

1. CCIF Trust Fund

- a. The grant money available for all grants and expenses in any year will **NOT EXCEED 4%** of the trailing 6 quarters average balance of the CCIF Trust Fund to **September 30th** of any year, less any outstanding grants. The grant money will be available for the following calendar year.
- b. The money is distributed in the following order of priority (allocation formula):
 - i. Administrative Expenses
No more the 12.5% of the grant money available (0.5% of the 6 quarter average), may be used to cover administrative costs, excluding any administrative fees such as fees paid for trust services of managing CCIF assets.
 - ii. Subsidized Interest Rate Loan
No more than the total grant money available, less projected administrative expenses.
 - iii. Town Meeting Grants
No more than the total grant money available, less projected administrative expenses and money committed to pay the interest rate subsidies.
 - iv. Discretionary Grants
Any grant money left, after the aforementioned grants and expenses are satisfied, shall be available to the CCIF committee for distribution as discretionary grants. The total money available for discretionary grants shall not exceed \$10,000.
- c. Any grant money not used in any given year will remain in the fund.

2. CCIF Education Fund

- a. In any given year, up to **4%** of the trailing 6 quarters average balance to **March 31st** of any year in the CCIF Education Fund may be disbursed as Education Grants and grants to eligible Cabot residents.
- b. The amount available for disbursement will be allocated for the different types of education grants as follows:
 - i. Post-Secondary Degree Program Education Grants: 75% of the amount available

- ii. Professional Development Education Grants: 25% of the amount available

VII. Grant Programs

A. Town Meeting Grants

1. Town Meeting Grants can be given to any Cabot community organization or Cabot governmental agency for capital projects that meet the goals of the CCIF Plan, subject to the approval of the voters of Cabot.
2. Eligible applicants include community groups, non-profits, civic organizations, fraternal organizations, and similarly organized groups in the Town of Cabot, as well as such other committees, agencies, organizations, or commissions that are created by the Town of Cabot or the Cabot School District. Eligible applicants include the Recreation Committee, the Conservation Committee, the Cemetery Commission, the Library Trustees, the Cabot Historical Society, et. al.
3. Individuals are not eligible to apply for Town Meeting Grants, and no assets purchased with Town Meeting Grants may be owned by or distributed to any private party or be installed permanently on private property.
4. An application for a Community Grant must be submitted to the CCIF Committee by **November 1st of each year**, by mail to P.O. Box 125 Cabot, VT 05647.
5. The CCIF Committee will review grant proposals to determine whether a proposed grant meets the goals of the CCIF Plan.
6. Applicants will be notified at which upcoming CCIF meeting the application will be reviewed so they may attend that meeting.
7. All applications will be considered by the CCIF Committee no later than last day in November, each year.
8. The grant proposals determined by the CCIF Committee to be consistent with the CCIF Plan will be voted on by Australian ballot at the next Town Meeting Day on a YES or NO ballot.
9. All town articles submitted by the CCIF Committee, to be voted upon at Town Meeting, or a duly warned special meeting, will be worded in the following format: "Shall the voters of Town of Cabot grant to _____ the sum of no more than \$ _____ from CCIF funds available for Town Meeting grants in the year 20__, for the purpose of _____?"
10. The submission of the grant proposal to the voters does not constitute an endorsement of any grant proposal by the CCIF Committee.
11. All proposals receiving more YES votes than NO votes will be considered approved by the voters of Cabot.
12. If there is money available as determined by section *VI.C. Allocation of Funds*, all approved Town Meeting Grants will be funded.
13. If there is not enough money available as determined by section *VI.C. Allocation of Funds*, to fund all approved Town Meeting Grants, money will be awarded in the following way:

- a. of the approved grants, the grant receiving the most YES votes will be funded first.
 - b. then the grant receiving the next most YES votes will be funded, etc., until funds available for granting are not sufficient to cover the total cost of the grant being considered.
 - c. If there are not sufficient funds for an approved grant, that grant and all others receiving fewer YES votes will not be funded at all. **NO PARTIAL FUNDING WILL BE MADE.**
14. Funds may be used only for the purposes specified in the grant proposal as submitted by the CCIF Committee to the voters prior to the vote.
 15. Approved grant proposals will be on file at the Town Clerk's Office.
 16. Grant recipients are responsible for obtaining all necessary permits and approvals prior to payout, and no payouts will be made before all necessary permits or permissions are obtained. Grants are awarded up to a specific amount for the purpose of fulfilling the objectives of the proposal. No further payments will be made once those objectives have been met.
 17. Grant projects will have a maximum term of **nine months**, commencing on the date the Australian ballot approves the grant. After nine months, any unclaimed money in a grant will revert to the CCIF Trust Fund.
 18. Grantees are expected to purchase goods and services for their projects from Cabot vendors, as to the greatest extent possible, and are encouraged to show estimates and bid documents from local vendors on their applications; and the CCIF Committee may request such information if it is not shown on the application, and the CCIF Committee may find that an application does not meet the goals of the Plan if it fails to include local vendors; and
 19. The CCIF Committee may request progress reports for granted projects and may withhold payment of granted funds if the project deviates significantly from its application description.
 20. Grant payments will be made by authorization of the CCIF Committee after receipt of dated invoice(s) from grantee showing vendor, vendor address and phone and goods and/or services purchased, to such vendors or as reimbursements to the grantee, up to the amount of the grant. Neither in-kind donations nor volunteer hours are eligible for reimbursement.

B. Discretionary Grants

1. The CCIF Committee is authorized to make grants at its discretion to such groups as are eligible for Town Meeting Grants.
2. Eligible projects may also include community needs surveys, market studies, feasibility or planning studies, grant proposal development, etc. to set and implement development objectives over time, and for projects the CCIF Committee deems would advance the goals of this plan and offer substantial community benefit.
3. No single grant shall exceed \$2,500.
4. Grant payments shall be made only upon presentation of invoice from outside vendors, and payment shall be made to such vendors or as reimbursements to the grantee, up to the amount of the grant.
5. All requests for disbursement must be submitted within nine months of grant approval. After nine

months, any unclaimed money in a grant will revert back to the CCIF Trust Fund.

6. Discretionary Grant applications may be submitted between March 1 and November 1, and the CCIF Committee shall act upon such applications before November 30.

C. Education Grants

1. The CCIF Education Fund was established in the early 1990's to promote lifelong learning for all Cabot residents and encourage community-based career and job development. There are two type of education grants:
 - a. Post-Secondary Degree Program Education Grants - grants given annually to individuals pursuing a degree.
 - b. Professional Development Education Grants - grants given quarterly to individuals for continuing education.
2. Eligible recipients are Cabot residents, youth and adults, who have been Cabot residents for at least twelve months as of the application deadline and who will be Cabot residents on the award date.
3. Eligible recipients may only receive one education grant per annum.
4. Eligible learning opportunities include:
 - a. post-secondary technical and college education;
 - b. educational institutes, courses, and workshops (i.e. Governor's Institutes of VT, Green Mtn. Conservation Camps, Rosie's Girls/Vermont Works for Women, etc.);
 - c. trade apprenticeships and skills training;
 - d. career continuing education; and,
 - e. professional development.
5. Activities that may be funded with education grants include the purchase of books and equipment required in connection with educational activities and the payment of tuition and fees for degree programs, courses, seminars, and workshops.
6. Education Grant applications include Six (6) copies each of:
 - a. The Application Form (available on Town of Cabot/CCIF website);
 - b. The acceptance letter from the school/program or proof of enrollment;
 - c. A copy of invoice from school/program that was presented to the applicant;
 - d. Proof of residency in Cabot
 - e. Original Personal or Professional Essay (500 words or less)
7. Completed Education Grant applications must be submitted by mail to CCIF Trust Fund; P.O. Box 125; Cabot, VT 05647 by the following deadlines:
 - a. Post-Secondary Degree Program Education Grant applications must be submitted by 5:00 p.m. May 1 of each year, or the following business day, if May 1 falls on a weekend.
 - b. Professional Development Education Grant applications must be submitted by 5:00 p.m. on the first day of each quarter: Jan 1st, April 1st, July 1st, and Oct 1st, or the following business day, if the first day of the quarter falls on a weekend.

8. A CCIF Education Grants Subcommittee will be formed to review applications. The Subcommittee shall consist of at least 3 members of the CCIF committee.
 - a. The subcommittee can contain members that are not on the CCIF committee with the approval of the CCIF committee
 - b. All members of the CCIF Education Grants subcommittee must be residents of Cabot
9. The CCIF Education Fund Subcommittee will review applications, and any application deemed incomplete and/or submitted after the deadline will be returned to the applicant.
10. The amount of individual Education Grants will be calculated as follows:
 - a. Post-Secondary Degree Program Education Grants
 - i. The base award amount shall be \$500 for each awarded grant, if enough money is available as determined by section *VI.C. Allocation of Funds*. If there is not enough money, then the CCIF committee will determine the reduced base award amount.
 - ii. An additional \$250 will be awarded to the applicants with the best essays. The number of best essay awards shall be determine by the CCIF committee based upon the amount of money available as determined by section *VI.C. Allocation of Funds*.
 - b. Professional Development Education Grants
 - i. Individual awards shall not exceed \$500
 - ii. The total award amount available each quarter will be determined by the CCIF committee based upon the amount available each year as determined by section *VI.C. Allocation of Funds*.
11. The method of selecting recipients of Education Grants will proceed as follows:
 - a. A majority vote of a quorum of the CCIF Education Grants Subcommittee is required to reject a CCIF Education Grant application, and to approved each awarded Education Grants.
 - b. The additional amount awarded for the best essays will proceed as follow:
 - i. Each member of the Subcommittee will vote for the best essays of their choice.
 - ii. The applicants with the most votes for best essay will receive the additional best essay award amount in addition to the base education grant award.
12. Education Grants Award decisions will be made by the CCIF Committee by the last day of the month, following the due date of the application.
13. Education Grants will be receive an award letter by mail, or from the school counselor as part of graduation.

D. Subsidized Interest Rate Loans

1. The CCIF Trust will subsidize the interest paid on loans made by a ***qualified lender*** to any business or commercial venture located in Cabot or to any Cabot community organization or Cabot governmental agency, ***for losses incurred in a natural disaster declared by the Governor of the State of Vermont.***
2. *A qualified lender is one who makes a loan to the borrower in an arms-length transaction.*
3. The term of interest rate subsidies shall be **ten years**.

4. Anyone seeking a subsidized loan must apply for that loan at a qualified lender. It is the bank's decision whether or not to grant the loan. It is the bank's money that is loaned. No CCIF assets will be at risk in any of these loans.
5. An applicant must apply to the CCIF committee for the loan subsidy after the loan has been approved by the qualified lender.
6. Loans that **do not qualify** for the subsidy are:
 - a. mortgages on owner occupied homes;
 - b. loans for improvement to owner occupied homes;
 - c. loans to purchase personal property including loans for vehicles for personal use;
 - d. loans for travel, vacations, or medical expenses;
 - e. loans to Cabot community organizations or Cabot governmental agencies for operating expenses.
7. The CCIF Committee requires that the purpose of a loan under this subsidy program will meet the goals of the CCIF Plan and will exclude loans described in the previous section.
8. The CCIF Committee has set the current interest rate subsidy at 2% per annum. If the nominal interest rate on the loan is less than 4% per annum, the interest subsidy will be ½ of the nominal interest rate. ***In the event of losses incurred in a natural disaster declared by the Governor of Vermont, the interest subsidy shall be 100% of the interest up to a rate of 7% per annum.***
9. The interest subsidy for the interest paid by the borrowers to qualified lenders will be made as a reimbursement to the borrower for documented interest paid on a calendar quarter basis. Prior subsidized interest rate loans approved through the financial partner will be paid directly to the financial partner from the CCIF Trust.
10. The CCIF Committee can limit the amount of money available for **new** interest rate loan subsidies based upon the money available as determined by section *VI.C. Allocation of Funds*.
11. Applicants who live outside the Town of Cabot may be eligible for loan subsidies if the businesses for which they seek the loans are located in Cabot; but the partner must consult the CCIF Committee before making subsidized loans to out-of-town residents.
12. The CCIF Committee will continue to service the outstanding loans granted for interest rate subsidies prior to the approval of the Plan revision of March 2019.