from CIVIL RIGHTS to SUSTAINABLE SOLUTIONS

COASTAL ENTERPRISES, INC.  1977 - 2002  25th ANNIVERSARY
DEDICATION

The growth of Coastal Enterprises, Inc. (CEI) and whatever successes we can claim have been possible because of the hard work and vision of many people, from those with dreams of building better lives and communities to those in organizations and agencies that had the power to support those dreams. CEI’s 25th anniversary book is therefore dedicated to us all – government agencies, private foundations, religious organizations, individual donors, intermediaries, practitioners, partners, customers, and our families and friends – and especially the CEI staff, who are committed to the work of community-based economic development.

We acknowledge, in particular, the Office of Economic Opportunity (OEO), the U.S. federal agency that served as the centerpiece of the nation’s social agenda to correct the injustices of racism and poverty. Its establishment was a turning point, and we recognize the agency’s first employees, its legacy, and the continuing programs within the Office of Community Services, Department of Health and Human Services. OEO stands as a reminder of our individual and collective responsibility as a people and nation to create economic opportunity for all.

We give special thanks to the Ford Foundation, which has consistently invested in the vanguard of the community-based economic development field, beginning with its Gray Areas urban revitalization program in the 1960s and now encompassing many community development corporations (CDCs), community development financial institutions (CDFIs), and key national intermediaries. These include: National Congress for Community Economic Development (NCCED); Local Initiatives Support Corporation (LISC); National Community Capital Association (NCCA); Community Development Venture Capital Alliance (CDVCA); and the Association for Enterprise Opportunities (AEO).

Ford plays a critical role, not just nationally but also internationally and with grassroots community development efforts, understanding that common world goals of enhancing lives and communities are reached through the creation of decent and just standards of living, working, and learning while caring for the environment.

CDCs and CDFIs are part of an emerging global industry, and we are proud of the growth, in capacity and infrastructure, that enables us to have impact and become permanent institutions bridging the gaps between people with resources and people without.

CEI MISSION STATEMENT

To help people and communities, particularly those with low incomes, reach an adequate and equitable standard of living, working, and learning in harmony with the natural environment.
Above all, CEI and our industry owe our work to the words and spirit of Rev. Martin Luther King Jr. His vision of the world continues to serve as a high standard, one that we are challenged each day to meet in our personal lives and in the life of our community, state, nation, and, Henry David Thoreau would argue, human community. Therefore, with admiration and appreciation, and in his memory, we also dedicate the CEI anniversary book to Rev. King. Here are the closing words of a speech he delivered a year before he was assassinated.

And if we will only make the right choice, we will be able to transform this pending cosmic elegy into a creative psalm of peace. If we will make the right choice, we will be able to transform the jangling discords of our world into a beautiful symphony of brotherhood. If we will but make the right choice, we will be able to speed up the day when justice will roll down like waters, and righteousness like a mighty stream.

Rev. Martin Luther King, Jr., “Beyond Vietnam,” address delivered to the Clergy and Laymen Concerned about Vietnam, at Riverside Church, 4 April 1967, New York City

Our industry and our organization have grown and changed in important ways over the past 25 years, but our mission, springing from the civil rights movement, remains the same. The sustainable solutions we seek must affirm the human spirit as well as the natural world, for the two are bound as one.

Ronald L. Phillips, President
Geoffrey G. Gattis, Chair, Board of Directors
COMMUNITY ECONOMIC DEVELOPMENT: Its meaning, its mandate

The community-based economic development industry, described by some as a “movement,” began just 40 years ago as a handful of community development corporations (CDCs) with roots in the struggle for civil rights in the 1960s. Today there are more than 4,000 CDCs in the form of community development banks, credit unions, microfunds, and community development financial institutions (CDFIs). All share the mission of creating opportunities for people and communities in urban neighborhoods and rural regions left out of the economic mainstream.

The social aspirations of many people and minority communities – women, African-Americans, Hispanics, Native Americans, and others – brought to the forefront of the political scene the imperative to create economic opportunity for every individual. These opportunities emerge from asset development, that is, generating jobs, providing training, and building small businesses, affordable housing, and community facilities. We recognize the intricate connections between economic self-sufficiency and social and political justice.

Some important events and currents in American history laid the foundation for this complex, dynamic industry: Jane Addams’s settlement houses of the Great Depression; the labor movement’s efforts to win fair wages and decent working conditions; the struggle of civil and welfare rights advocates and religious leaders to stir America’s conscience in the 1950s and 60s, particularly Rev. Martin Luther King, Jr.; and the passionate belief of countless other leaders in the critical importance of local organizing, advocacy, and community investing as the basis for change and social justice. Each of these represented a challenge to unjust, exclusive economic and political systems that directed more and more benefits to fewer and fewer people.

In the early 1960s, Michael Harrington’s seminal work, *The Other America*, helped to provoke a national policy response. President Kennedy began, and President Johnson carried forward, the “war on poverty.” Organizations including the Ford Foundation and national Protestant and Catholic churches were early supporters of urban and rural “new communities” CDCs that mobilized capital for investment in decent housing, commercial real estate, job-creating businesses, and related training, education, and social services programs such as Head Start. The aim was to rebuild inner-city neighborhoods and rural communities to restore hope to millions of poor, disenfranchised Americans.
By the mid 1960s, Senators Robert Kennedy and Jacob Javits of New York had teamed up to pass the Title VII amendment to the Economic Opportunity Act of 1964 and to establish a federal program to fund CDCs across the nation. The Bedford-Stuyvesant Restoration Corporation in Brooklyn, New York, led by Franklin Thomas, who later became Ford Foundation’s president, was the first CDC to receive Title VII funding. Thus began an investing process that would become the modus operandi of a non-partisan, increasingly professional, public/private business partnership.

Another crucial event in the history of the CDC movement was the 1962 publication of Rachel Carson’s book *Silent Spring*, which focused attention on the environmental hazards of DDT. The first Earth Day, in 1970, signaled the beginning of the environmental movement in the United States. From the start, there were clear parallels between that initiative for environmental justice and the CDC movement for social justice. The movements nurtured each other; environmental stewardship and economic sustainability go hand in hand. As the United Nations World Summit on Sustainable Development proclaimed in 2002, acknowledging and working with this interdependency could go far in helping to alleviate some of the gravest problems facing human beings - from energy shortages to global warming to starvation to HIV/AIDS.

The next wave of community development efforts around the globe must seek sustainable solutions. CDCs and CDIs face three overarching challenges: financing and liquidity through more links to private capital markets; maintaining a vital Community Reinvestment Act (1977) and broader regulatory requirements for financial institutions that will direct a higher percentage of capital to socially targeted and beneficial investments; and managing operations for a high yield and a high social return on investment (SROI).

CEI is proud to be part of the community-based economic development family. We look forward to the shared challenges and opportunities that the future will bring.
Background

The impetus for Coastal Enterprises, Inc., (CEI) came in the mid 1970s from a few people who had the imagination to pursue a Title VII application to the federal government to establish a community development corporation in Maine. The organization’s purposes – to make investments in small businesses, create employment, and develop the state’s natural-resource industries – have remained the same. What has changed is that CEI is now a recognized community development finance institution capable of funding diverse small businesses, affordable housing, and community facilities not only in the state of Maine, but, increasingly, across New England and beyond.

Title VII funding did not come through, but the idea took hold. A CDC had started in Vermont two years earlier and the possibility of a “tri-state” CDC for Vermont, Maine, and New Hampshire or a CDC focused entirely on development of Maine’s fishing industry was compelling to the state’s Office of Community Services and project consultants Michael Mastronardi, an attorney (now a publisher), and Richard McGoldrick, a business consultant (now a real estate developer). During this period, planning was underway at the state level for the Maine Development Foundation, a public-private partnership to rally leadership around Maine’s pressing economic issues, and a related entity, Maine Capital Corporation, to provide venture capital to small businesses. An environment supportive of “the development spirit” was evolving in the state.

Ron Phillips was newly arrived in Maine from New York City. For several years after graduating from Union Theological Seminary, he had worked on domestic and international economic development issues at the National Council of Churches and then at the Interfaith Center for Corporate Responsibility. The potential for organizing a new CDC in the midcoast region captured his imagination. In lieu of the parish ministry toward which he had been heading, Phillips saw opportunity in a grassroots CDC aligned with his experience, values of social justice, and interest in Third World development. Maine at the time had little infrastructure to grow the state economy; it was undeveloped and dependent on outside-owned corporate interests, military contracts, and transfer payments.
Coastal Enterprises (CEI) was incorporated in Bath, Maine, in 1977 with no balance sheet – a start-up with a big need for investment capital to meet big goals. Initial funding came from two midcoast, regional Community Action Agencies. Small grants arrived from varied sources, many of them faith-based organizations to which CEI attributes much of its early support. These included the United Methodist Church, the American Baptist Churches, the Presbyterian Church (USA), the Episcopal Church, Heifer International, and the U.S. Conference of Catholic Bishops. Local county commissioners’ offices in Knox, Lincoln, and Sagadahoc counties, which handled the Comprehensive Employment and Training Act (CETA) public service programs for the unemployed, also were invaluable because they supported CEI employees and its capacity to build the organization. The idea of a “public-private partnership,” which today is very familiar, was new then but already fully in motion.

CEI’s geographic territory initially was the midcoast Maine region stretching from Freeport to Camden. The young organization developed along the lines of the classic CDC governance model with a membership base electing the majority of board members – a structure still intact at CEI – and the balance being appointed members representing the community, including bankers, fishermen, farmers, small-business owners, and representatives of people with low incomes. CEI’s development strategy was “to ameliorate the conditions of poverty by creating income, employment, and ownership opportunities,” in the language of the Title VII amendment.

Today CEI manages nearly $107 million and has spurred close to $450 million in private and public investment in over 1,300 business and housing projects; created or sustained some 15,000 jobs; and counseled that many small businesses. Our reach extends across Maine, our primary market, and, increasingly, throughout northern New England, nationally, and internationally.

In 1997, we launched the international Practitioners Working Group on Community-Based Economic Development (PWG), which is increasingly active in Eastern Europe and other emerging economies in an effort to build the global CDC/CDFI industry.

We are multifaceted in our investments, technical assistance, economic sectors, and policy work. It has taken 25 years of experimentation and challenge to reach this point. Yet the knitting together of issues and strategies that occurs in our present work was inherent in the early years. We have circled back to our roots by embracing sustainability as the overarching philosophy for our future. Sustainable and healthy communities require an economy that enhances human lives, nurtures aspirations, and safeguards the natural resources on which they depend.
To provide better access to CEI services, we have developed community-based offices in Augusta, Bangor, Fairfield, Farmington, Lewiston-Auburn, Portland, Sanford/Springvale, and Unity. These, together with our main office in Wiscasset, help us to stay close to and interact with the people and communities with whom we work. This “place-based” approach is one of the original concepts of the CDC industry. We worked collaboratively, from the beginning, forming coalitions and pursuing state and federal appropriations. Financing has been the foundation of our interventions. But we have also always provided significant technical assistance to small businesses and trade associations, a practice that evolved into our present programs supporting the farming, fishing, and forestry sectors; small businesses and microenterprises; family and center-based child care providers; refugees and new immigrants; employment opportunities and workplace policies; and many others.

**Partnerships leverage change**

Twenty-five years have encompassed both successes and failures at CEI. We’ve learned a lot, especially from our partners. Much of CEI’s energy comes from connections with other people and organizations, their affiliations and passions, their ideas, missions, and goals for creating greater value and meaning in an enterprise.

As CEI’s work grew, so did our partnerships. A catalyst for mobilizing resources to effect change, CEI learned early the wisdom of building a broad base of support with private and public funders; employment training providers; community and statewide organizations; industry trade associations; and individual members of the community.

Essential to every CDC/CDFI is the range of public and private partners available and willing to work toward its goals. The banking industry, represented both by community banks such as First National Bank of Damariscotta and Bath Savings...
Institution, and interstate banks such as KeyBank, Banknorth, and Fleet, has been a major partner for CEI in lending and investing. Certainly the Community Reinvestment Act (CRA) encouraged these relationships, but many of Maine’s banking representatives are committed to social goals of creating livable jobs, affordable housing, and social service facilities for dependent populations.

Particularly important to the early phase of our work were national, faith-based groups concerned about hunger, economic opportunity, and community investment. The National Council of Churches Domestic Working Group on Hunger and Poverty—led by such committed individuals as Mary Ellen Lloyd, a United Presbyterian laywoman, and Rev. Kim Jefferson of the United Methodist Church—deserves credit for “planting the seed” for CEI’s growth. Because of the current national discussion about opening up funding for faith-based providers of social services, it is worth noting that support by religious groups for grassroots programs, whether for housing, social services, or economic development, far predates current initiatives, and that the religious organizations which have sponsored CDC/CFDI activity historically have done so in a manner that is not sectarian, doctrinal, or discriminatory.

CDCs across the country have long recognized the need to join together to engage in policy development at the national level. CEI became an early member of the National Congress for Community Economic Development (NCCED), a national trade association based in Washington, D.C., for CDCs. The culture and leadership of NCCED reflect the civil rights period and the concerns of African-American, Hispanic, Native American, and other minorities as well as low-income people and communities. NCCED is a national organization that nurtured and gave hope to many of the second- and third-generation CDCs. Today they have an active membership of more than 1,000 and sponsor “Emerging Leaders” and youth internship program to cultivate new talent for the industry.

What has the industry learned?

The strength of CDCs and CDFIs is their close connection to local needs, their ability to “read” market opportunities, and their persistence in identifying strategies to make use of those opportunities. Whether it’s neighborhood redevelopment, a shopping mall that brings in an array of consumer services to a poor community, or a value-added wood business in a rural community, CDCs/CFDI work to understand the market and they respond creatively.

The industry has come a long way and has learned that CDCs/CFDIs must, themselves, operate as businesses. CEI learned that it needed to “walk the talk” and approach its own activities with the discipline that it expected of the businesses with which it...
National intermediaries play an important part in support of the CDC/CDFI industry. For instance, National Congress for Community Economic Development (NCCED) has an annual conference that draws diverse members of the field and documents impact in the periodic Community Development Census. The Local Initiatives Support Corporation (LISC), one of the nation’s oldest intermediaries, provides financial and technical support to CDCs, and in addition, through Rural LISC, runs the Stand Up for Rural America campaign dedicated to helping rural community developers gain the attention, private and public resources, and policy support their work deserves. The National Community Capital Association (NCCA) provides valuable annual training conference and has implemented an important Virtual Learning Center program for CDFI operations (www.communitycapital.org).

CDCs and CDFIs are best at experimentation and innovation with products and services that help develop economic opportunity for low-income people and communities. Thin as their resources are, CDC/CDFIs must demonstrate courage, learn from mistakes, and persist in their entrepreneurial effort to ameliorate the conditions of poverty.

The “globalization of the world economy” challenges our industry to take into account international policy and how it impacts a progressive domestic agenda and also the needs and hopes of billions of people living in poverty around the world. The slogan “think globally, act locally” rings true; but both global thinking and global action are necessary to ensure the sustainability of local economies.

Federally, Maine has been fortunate to have important leadership in Congress. Maine Senators Edmund Muskie, George Mitchell, and William Cohen played essential roles in advocating for various projects and legislation put forward by CEI and other CDCs. Today, Senators Olympia Snowe and Susan Collins, together with Congressman Tom Allen and former Congressman John Baldacci, now governor of Maine, have united on many of the progressive community development legislative initiatives that we have advanced, including economic assistance for women entrepreneurs.
The Formative Years:
SETTING the STAGE FOR A CDC/CDFI INVESTMENT ORGANIZATION
- the late 1970s

CEI’s initial purpose was to mobilize private and public sources of capital to invest in small businesses, cooperatives, and value-added industries, and to create opportunities for work for the midcoast region’s unemployed and underemployed. Our strategy was to help add value to the region’s natural resources by investing in processing and creating new markets for local producers rather than shipping the raw material out of state, or importing food when we could grow and consume our own.

In the late 1970s, for example, only a small percentage of the fish landed in Maine was being processed in-state, and Maine was importing many agricultural products that could be locally produced. CEI organized farmers markets, set up new cooperative businesses, worked with loggers in woodlot management, and sought markets for higher-value secondary processing. We conducted research on the sheep and poultry industries and allied with the Cooperative Extension Service’s field agents to raise awareness among and opportunities for farm-based enterprises. The result of our efforts was the creation of institutions and alliances that contributed to economic opportunities for farmers, fishermen, and loggers and continue to support Maine’s natural-resource industries today.

Raising capital, however, proved a lot harder than expected. Were we a viable organization for funders to support? Like any small business, we were a start-up and had to prove ourselves. The idealism of our early years has been tempered by a real-world understanding of the challenges that new business entrepreneurs in Maine continuously confront: gaining access to equity and flexible capital, identifying markets for products, developing capacity to meet the market, and managing the business. Today, CEI is a strong financial institution, and Mainers can point proudly to a much more advanced network of technical and financial assistance resources for businesses through such institutions as the Finance Authority of Maine, the Small Business Development and Women’s Business Centers, banks, and other local and state entities that address small-business needs.
Aquaculture – a new way to farm the sea and help preserve Maine’s fishing heritage

Our first project was the Aquaculture Development Workshop (ADW), through which we hoped to commercialize the research underway at the University of Maine’s marine laboratory, the Ira C. Darling Center, on the Damariscotta River. We held a vision of an integrated industry, from seed hatcheries to marketing ventures. Through the ADW, in the company of the new breed of pioneering aquaculturists, we had high hopes for an “instant fix” – a source of full or supplemental income for fishermen, lobstermen, clammers, and waders. We developed and tested aquaculture equipment and provided practical training to fledgling aquaculturists curious about raising oysters and mussels. The ADW was recognized for its research and applied commercial technology, which we documented in a technical manual, Growing Oysters and Mussels in Maine. The ADW promoted this promising young industry, which since then has expanded to include finfish and now contributes $110 million in landings to the Maine economy annually.

In this first initiative, CEI helped organize industry stakeholders, establishing goals to spur economic benefit and working in partnership with representatives of both public and private institutions to develop and invest in the industry. We generated custom financial projections to explain to funding sources, banks, and private investors the long-term, environmentally friendly benefits and employment benefits that could accrue from the industry over time. We were implementing a technical assistance strategy that continues to the present.

The work of the ADW also led to the formation of the Maine Aquaculture Association (MAA), today one of the nation’s leading industry trade associations. The MAA has been responsible for state regulation governing the leasing of tracts of marine areas for shell and finfish farming and establishing a structure for the industry that supports investment and growth.
Small family farms – the hope for rebuilding the region’s agriculture

CEI’s early network of like-minded advocates for local development also arose from the agricultural community. Across the nation, agribusiness was sweeping up small farms, with an American farm policy biased toward large-scale farming, chemical fertilizers and pesticides, national distribution, and orientation to export markets.

Maine was once the “breadbasket of New England.” CEI’s early resolve was to help restore Maine’s capacity for a regional agricultural economy; to produce and offer consumers locally grown, more nutritious, and even organically grown food; and at the same time, preserve the rural values that small family farms engendered.

We believed, and still do, that a regional agricultural economy is a nutritionally beneficial and viable alternative to a national and international one. CEI helped establish the Maine Consortium for Food Self Reliance sponsored an institutional buying bill to urge Maine-funded schools and programs to purchase fresh farm produce and worked with vegetable growers and shepherders to develop new opportunities to bring products to market more profitably. Early efforts resulted in the establishment of farmers’ markets in Damariscotta, Bath, and Brunswick; they continue to thrive in those communities today. We worked on reviving the sheep industry; marketing fresh lamb to ethnic communities in Boston; and implementing a program that Heifer International sponsored to help families raise animals for self-sufficiency. We also made an effort to save the poultry industry by forming a producers cooperative to acquire Maplewood Poultry, a Belfast company then in bankruptcy.

1960
Ford Foundation begins Gray Areas program empowering disadvantaged and minority groups.

1961
First Freedom Rides in the south protest segregation on public interstate transportation. President Kennedy asks for a cabinet-level Department of Housing and Urban Affairs. Housing Act creates FHA-insured low-income housing.

1962
Michael Harrington publishes The Other America, drawing attention to millions of poor Americans. Rachel Carson publishes Silent Spring warning of the impact of DDT on the environment. The first American credit union forms to serve the Navajo Nation.

The Peace Corps is born. In North Philadelphia, Baptist minister Leon Sullivan establishes a program (Zion Non-Profit Charitable Trust) to help fund housing and economic development in his church’s community.

1964
President Johnson announces the ‘war on poverty.’ Economic Opportunity Act asks for citizen involvement in community revitalization. Civil Rights Act aims at guaranteeing every American’s right to education, employment, and housing.
Of all our small-farm initiatives, the Kennebec Valley Growers Cooperative (KVGC) based in Bowdoinham was in many ways the cornerstone of this work. This cooperative, comprising some of the best regional farmers, stored, processed, and marketed Maine-grown squashes, carrots, and other vegetables. It was designed to extend the marketing season for fresh produce and increase income to small family farms. Ultimately, this cooperative went out of business, but individual farmers went on to produce and market to area supermarkets, farmers markets, and other outlets.

Evaluation of any project is essential to gaining insights into success and failure. The KVGC taught us how difficult it is to join individual enterprises around a common goal; the critical importance of ensuring that farmers held a meaningful equity stake in the project; and the overall challenges of building a reliable flow of product, and securing good markets at good prices. We also learned that running our own business, as if it were a CEI subsidiary, was not for us a viable business model. In other parts of the U.S., several other CDCs did pursue this avenue and/or business attraction because there was no entrepreneurial base in their communities. CEI’s contribution to Maine’s economic development, it seemed, would lie in creating financial and technical resources to back other businesses and help business managers achieve the objectives of their plan.

These early efforts in aquaculture and agriculture demonstrated that economic development was not to be an overnight success, especially if the outcomes required building on local assets, traditions, and indigenous resources. The ideas and ideals that prompted CEI to invest in small farms and the development strategies that emerged continue to manifest themselves in our work, particularly in today’s Maine Farms Project (MFP), Farms for the Future, and in the renewal of a Heifer International initiative that links goat farmers to new markets within Maine’s growing Muslim community. MFP’s goal is to increase local food production as a way to build local self-reliance and effect lasting food system changes. Our strategy involves creatively integrating various components of the food system (e.g., farms, processors, markets, restaurants, food pantries) with each other and with broader community development strategies. In this manner, MFP uses food as a vehicle for sustainable community development.
Phase One:
the NATURAL RESOURCE INDUSTRIES - 1979

CEI’s 1979 investment in Boothbay Region Fish and Cold Storage, Inc. (“the Freezer”) was a flagship project for CEI for many reasons. Saving the facility was a community initiative, an effort to preserve the town’s working waterfront and fishing heritage in the face of deepening development pressure from tourism-related business. The Freezer was an important source of employment in the town of Boothbay Harbor and the area.

Dennis Rice, a local resident and longtime fisherman, was among the community leaders who led the effort to purchase it. CEI secured financing that allowed the group to rebuild, modernize, and expand the facility after a devastating fire. The project was a model for future CEI activity, demonstrating our capacity to respond to a community need and prefiguring our commitment to sectorial development strategies, a multifaceted approach that includes investing in value-added production capacity, market opportunities, infrastructure, and policy development.
The values of our formative years laid the groundwork for our major goal: to raise capital to invest in natural-resource enterprises not only in the midcoast, but also throughout the state. The year 1979 marked CEI’s first phase as a CDC/ CDFI because we obtained our first grant for a major capital investment, to finance the reconstruction and expansion of the Boothbay Region Fish and Cold Storage facility in Boothbay Harbor. Thus began more than 20 years of asset growth using financing as the primary tool for community-based economic development. Funding from the Office of Economic Development program of the Community Services Administration put CEI on the road to its future as a finance organization and set the stage for subsequent phases of development.

Early in this first phase, CEI was pursuing an economic sector strategy that would later serve as another defining attribute of the organization – the ability to focus on certain industry sectors and populations to achieve a higher concentration of effort and impact, whether women in business, child care, or housing for people with disabilities.

The policy environment for development of the Maine fisheries in the late 1970s was favorable as resources at the local, state, and federal level were opening up to the prospect of supporting the U.S. fishery that for so long had been a way of life for many coastal communities throughout the country. In 1977, a piece of influential legislation
1968
Maine Times, a statewide alternative newspaper, begins with an emphasis on environmental issues and the state legislature. The University of Maine system is established.

1969
Massive reorganization of HUD begins, focuses FHA on homes for low-income urban households. The first set of major grants from the Office of Economic Opportunity (OEO) are made to more than 25 urban and rural CDCs.

1970
Housing and Urban Development Act passes. National Congress for Community Economic Development (NCCED), the CDC trade association, is established.

1971
Maine Organic Farmers and Gardeners Association is founded.

1972
Senate and House approve the Equal Rights Amendment (still not ratified).

Maine Yankee nuclear power plant begins operating.

1973
President Nixon suspends "categorical community development grants" (Building Hope). Comprehensive Employment and Training Act (CETA) passes, moving responsibility for job training toward states. Roe v. Wade results in legalization of abortion.

This project represents CEI’s interest in education, training, and innovation as well as small business development. Dick Clime, president of Dodge Cove Marine Farm, an oyster-growing company in Bristol, was CEI’s first employee. Ron Phillips hired Clime to direct CEI’s first initiative, the Aquaculture Development Workshop (ADW). This was an innovative effort to transfer to the public certain techniques that the University of Maine’s Ira C. Darling Center was then researching, in order to commercialize oyster, mussel, and fish farming. High school students, experienced fishermen, and a new breed of aquaculture pioneers banded together for several years of training, education, and networking through the workshop to develop the industry, growing techniques, markets, and regulations governing leasing of water space. Clime founded the Maine Aquaculture Association to create a unified voice for entrepreneurs in the many specializations. Today aquaculture generates $100 million in dockside values ($100,000 in 1977) and directly employs about 1,000 Mainers. Clime’s interest spawned not only his own success but a whole new industry.

called the Magnuson-Stevens Fishery Conservation and Management Act passed; this provided protections for the fisheries and new opportunities for Maine’s fishermen. It also spurred investment in the U.S. fishery. Maine had a long way to go, however, in developing more harvesting, berthing, freezing, cold storage, and value-added processing. CEI stepped in through a strategic alliance with industry leaders. Maine was the right place at the right time, with a rich tradition of fishing going back 400 years. CEI was able to raise the necessary capital to finance new investment in value-added enterprises and infrastructure.

We made our first investment, a loan and preferred stock investment, to Boothbay Region Fish and Cold Storage, Inc. (see sidebar). We argued for preservation of the “working waterfront” in a community threatened with a complete loss of its traditional fishery base to tourism. We are still making this argument today. The citizenry of Boothbay Harbor deliberated on this issue before deciding to acquire shorefront property to preserve for the fishermen.

The Boothbay Region Fish and Cold Storage financing initiated CEI’s continuing commitment to Maine fisheries and fishermen. An important source of jobs for the surrounding area, the facility became a model for future CEI activity.
CEI’s role in the fisheries is illustrated by the strategic investment we made in the Penobscot Bay Fish and Cold Storage, a fish processing cooperative on the Island of Vinalhaven (population 1,200). Townspeople came together to finance construction of a modern processing, freezing, and cold storage facility to revitalize the fishery, a traditional source of income. Selectman Bronson Clark, retired executive director of the American Friends Service Committee, and Spencer Fuller, fisherman, teamed up with residents and fishermen successfully to build the first municipally owned fish processing facility in Maine. CEI mobilized capital from such sources as the Local Initiatives Support Corporation in New York and the Ecumenical Development Cooperative Society in Amersfoort, Netherlands, a faith-based fund for cooperatives in Third World countries. The facility continues to function under various leases to other processors.

CEI went on to make strategic investments in Penobscot Bay Fish and Cold Storage, a fish-processing cooperative on the Island of Vinalhaven; Commercial Fisheries News, the voice of the fishing industry; and a number of investments in the Portland Fish Pier, including Vessel Services, Inc., its first business, a fuel and ice facility on the pier that is key to supporting the fishing industry in southern Maine; and the Fish Exchange, an innovative fish auction that rewards quality and increases income to producers. CEI also backed a start-up export company, Resource Trading Company, which aggregated and processed to technical specifications shrimp and other fish species along the Maine coast, and marketed the product to Japan and other foreign countries.

Today, CEI looks back on a vibrant record of investing and leveraging over $37 million in 161 fisheries ventures, large and small, and serving as an important voice, along with the Maine Fishermen’s Forum and Maine Fishermen’s Wives Association, in advancing policy for a sustainable fishery. The concerns that drew CEI into the fisheries 25 years ago still resonate today and continue to inform our efforts.

As the Northeast fishery spun into a drastic decline in the 1990s, CEI stepped in with funding from the Economic Development Administration and other sources to help preserve the industry’s infrastructure while plans for rebuilding fish stocks at sustainable yield levels were implemented. CEI has assisted many fishermen, processors, and other marine enterprises in their diversification and developed the “FISH-TAG,” which commits a borrower to collecting biological data that contributes to a resource management effort.

Recently we completed Preserving Commercial Fishing Access: A Study of Working Waterfronts in 25 Maine Communities for the Maine State Planning Office. We developed a “vulnerability index” to measure the level of threat to the working waterfront that a community is experiencing.
While CEI continued its natural-resource industries investment in the early 1980s, it broadened the investment strategy to focus on start-up and expansion financing for job-generating small businesses. Natural-resource ventures, especially the fishery, were challenging given the volatility of the fish stocks, and issues relating to seasonal employment and the need for more steady, livable-wage job opportunities.

Questions abounded as to how best to intervene and move an individual and/or a family out of lower incomes. What would make it possible? Would it be a job with a decent wage, access to benefits, and opportunities for career development? How would someone find that quality job? Which sectors would provide the best employment opportunities for people with low incomes? What role would child care, or housing and homeownership, play in the process?

The search for answers to these and similar questions led to CEI's first innovation in business development finance. The Small Business Finance and Employment Training (SBFET) Project built on CEI's growing capacity to stimulate the creation of jobs by investing in Maine's entrepreneurs, and its understanding that action was needed to make sure that people with low incomes got access to those jobs. The project became a national demonstration and inspired

**SOLERAS, LTD.**

Soleras, Ltd., located in Biddeford, is an advanced technology machine shop serving a highly specialized vacuum metal coating industry with applications including coating compact discs that store music and data in digital form. The process is non-polluting and replaces toxic procedures that use chromium. Owned by a father and son team, Mike and Dean Plaisted, the company provides progressive wages and benefits and has been an important source of quality employment for low-income residents, including people with disabilities, and women in non-traditional employment.

In addition to both debt and equity financing, CEI has provided expanded human resource development services in recruitment and training of employees as the company has grown.
Twenty-fifth Anniversary
COASTAL ENTERPRISES, INC.

In 1984, CEI brought together state economic development (ED), employment training (ET), and welfare agencies. Our goal was to bridge the gaps between the two systems of ED and ET by creating strategies to link the employment systems in a supportive role for small-businesses starting or expanding, and creating jobs. We designed an employment assessment tool to evaluate future job growth and plan on state and federal Department of Labor and social welfare resources to contribute funds in the form of on-the-job training and other special support. In effect, this married the two systems, each complementing the other, to future needs.

Ford Foundation and many others to capitalize CEI’s effort to bridge the gaps between the economic development system and employment training resource providers. It began a 20-year-old partnership between CEI and Ford.

The vehicle for bridging the gap is the ETAG (employment training agreement), the keystone of CEI’s workforce development strategy - a “social compact” between private business and CEI’s public goals. Under the ETAG, CEI facilitates the development of a relationship between business owners and local employment training, social services, and welfare agencies. The ETAG captures the firm’s employment projections and basic information about the projected jobs. By signing the agreement, businesses commit to hiring clients of various service providers and the providers agree to work with the businesses to refer clients to openings. This free recruitment program also helped broker government wage subsidy and other benefits for the employer as well as the employee. Well-known Maine companies such as Moss, Inc., and Tom’s of Maine were among the early ETAG ventures in which CEI invested. The CEOs of those companies, Marilyn Rockefeller and Tom and Kate Chappell, are stellar examples of one of Maine’s more valuable assets - the entrepreneur committed to the state and to community benefits.

Tom’s of Maine in Kennebunkport, one of CEI’s first borrowers, is today a nationally and internationally known manufacturer of natural personal care products. It is one of the leading companies in the U.S. in corporate responsibility, both in workplace practices and product ingredients. Tom and Kate Chappell, founders and owners, exemplify the Maine entrepreneurial spirit. They have maintained accountability to employees in progressive wages, benefits, and profit sharing, and contributed to Maine’s social and environmental health. In addition to participating in CEI’s employment training agreement program (ETAG) to target jobs and training to people with low incomes, the company catalyzed our student internship program to begin a process of creating learning opportunities for graduates in the community development field.
Since then we have entered into over 200 ETAGs with job-creating Maine companies supporting some 3,500 low-income people. We developed a number of special projects as a result of the ETAG compact with such job-generating and expanding firms as Soleras, Ltd. in Biddeford, Pioneer Plastics in Auburn, and Taction in Waldoboro. By the early 1990s, CEI’s experience had led to national legislation submitted by Senate Majority Leader George Mitchell. Called Job Opportunities for Low-Income Individuals (JOLII), it is a grant program providing CDCs with capital to invest in businesses that hired recipients of Aid to Families with Dependent Children (AFDC, now known as TANF, or Temporary Assistance for Needy Families).

CEI’s ETAG has become a national model for many of its peers and the centerpiece of a Rockefeller Foundation funding initiative with our venture capital trade association, Community Development Venture Capital Alliance in New York City, to promote high-performance workplaces through investment.

Among Maine’s most valuable assets are entrepreneurs such as Marilyn Rockefeller, pictured here addressing a CEI staff retreat.

Moss, Inc., located in Belfast, is an example of a successful Maine company that, with the long-term commitment of shareholders, development capital, and effective management, serves the community well as an employer and a manufacturer of high quality products. Marilyn Rockefeller, part-owner and manager, devoted years to charting a course for the company, an example of a Maine entrepreneur dedicated to “people and place” as well as to the business. The company was among the first ventures in CEI’s Small Business Finance and Employment Training Project.

Founded by Steve White, Taction is a home-grown telecommunications in-bound call center with contracts from such nationally known brands as American Tourister. The company is a leading employer in Waldoboro, a village of 5,000, and demonstrates the potential for rural revitalization through the telecommunications industry. To assist in its expansion financing, CEI, the Town of Waldoboro, SBA 504, OCS JOLI, and private equity sources all provided expansion capital. Taction employs more than 100 local residents, primarily women and single-heads-of-households, in a flexible workplace environment. CEI has provided support for important customized training for center operators. The company instituted the Taction Training Task Force, a job-skill advancement team responsible for developing career pathway training and promotional opportunities for all employees. Taction participated in the State of Maine’s innovative Governor’s Training
Phase Three:  
BUSINESS TECHNICAL ASSISTANCE  
- the mid 1980s

Our experience with the Small Business Finance and Employment Training Project highlighted the challenges of creating employment and economic opportunities through financing alone. It set CEI in motion to establish complimentary programs in business technical assistance, especially assistance targeted to smaller, self-employment businesses, microenterprises, and women in business. CEI’s interest in economic opportunities for women compelled us to explore women’s business ownership as a path for Oyster Creek Mushroom Company.

Candice Heydon decided that she wanted to grow mushrooms in the late 1980s. She went to CEI’s Small Business Development Center to discuss her idea and so began Oyster Creek Mushroom Company. She dreamed of reaching $15,000 a year in sales; last year she topped $200,000. Oyster Creek encompasses a broad range of fresh mushrooms – cultivated and harvested in the wild – and related products including dried mushrooms, mushroom dip, mushroom-flavored oil and pate and mushroom cookbooks and educational books. Candice and her husband, Dana, sell at farmers’ markets, food shows, stores, restaurants, Christmas festivals – wherever they can find a market. “You’ve got to have a bunch of things going,” she says. The relationship with CEI continues; they helped the Heydon’s finance a building for the business two years ago. “They’re my big supporters,” she says.
CEI'S FINANCING PRODUCTS

CEI has developed over time a number of targeted financing resources. These include targeted industry lending funds to the fishing and farm industries - Fisheries Revolving Loan Fund, and Organic Agriculture Loan Fund. We have also developed special funding for Green businesses (environmental products and services), child care facilities, housing, and others. We manage the Maine Community Reinvestment Corporation for housing; project financing can exceed $1 million.

Generally, our financing is grouped in the following ways and ranges from under $50,000 for microenterprises to over $1 million for venture capital.

- Development Fund, over $50,000
- Enterprise Fund, under $50,000
- Housing Fund, average $500,000
- Venture Capital, up to $2 million
- SBA 504, up to $1 million

achieving economic self-sufficiency. In the mid 1980s, CEI conducted pioneering research into women’s business ownership in Maine. The findings helped shape CEI’s strategies for supporting this new and dynamic segment of the small-business sector. CEI responded by establishing the Women’s Business Project and developing targeted programs such as seminars delivered in partnership with the Maine Technical College System; by helping to found the Women’s Business Development Corporation; and by advocating for a supportive environment and greater recognition for women business owners’ economic contributions. Most importantly, CEI strengthened its internal capacity and created new approaches that took seriously women’s aspirations for entrepreneurship, acknowledged the interface between personal and business issues, created opportunities for women to network with each other; and helped them build the skills they needed to manage their businesses successfully. Since the mid 1980s, CEI has provided training and management assistance to 11,000 aspiring and existing women business owners and $29 million in financing to nearly 700 businesses owned wholly or partly by women.

DYNAMAC'S REDEMPTION HOUSE AFDC

Divorced, a mother, and on welfare, Diane MacFarland had hit a rough patch in her life - but she has a dauntless spirit. “It’s kind of tough when you get stuff thrown at you,” she say. “You either make it or you quit. I’m not a quitter.” MacFarland got involved in CEI’s Project SOAR - Structured Opportunities for TANF/AFDC Recipients - in 1993. Program staff helped her research business possibilities and draft a business plan. They also gave her a loan and mentored her as she established her business. What she appreciated most was that CEI worked with aid agencies to assure that she would not lose her welfare checks until her business was up and running. Dyna-Mac’s which receives returnable bottles and cans from all over the state, now does more than $200,000 a year in business. MacFarland has started a second business, the Craft Corner, in the same Auburn building that headquarters her first. She’s clearly got her feet on the ground.

Dynamac's Diane Mac Farland
photo: Dennis Griggs, Tannery Studio
At the same time, CEI began to develop strategies for working with microenterprises (businesses with five or fewer employees and capital needs of $25,000 or less).

The Enterprise Fund was created as a mechanism for delivering business technical assistance and financing to small, micro-, and self-employment enterprises. Many women-owned businesses are microenterprises, and the Enterprise Fund gave CEI new tools for supporting this dynamic market. CEI has maintained its commitment to these sectors over time, targeting its services to respond better to specific markets.

Since the early 1990s, CEI has responded to the growing influx of refugees and immigrants by designing programs to serve Maine's newest residents. Thanks to StartSmart, a microenterprise program that provides linguistically and culturally sensitive business training to refugees and immigrants, entrepreneurs from a rich variety of backgrounds are bringing new products and services to their communities.

CEI continues to be a leading advocate for women's business ownership and microenterprise development in Maine and nationally. A key to CEI's ability to respond to these critical markets is the U.S. Small Business Administration (SBA), which provides support for the Small Business Development Center, the Women's Business Center, and the SBA Microloan Program (the federal government's first and largest microenterprise program).

MAINE COTTAGE FURNITURE

Peter and Carol Bass founded Maine Cottage Furniture with a commitment to build on Maine's strengths in traditional crafts and use environmentally sustainable materials and practices. CEI provided three loans to the company while it had yet to make a profit and stuck with the company until it turned the corner to become a profitable and nationally recognized enterprise. Maine Cottage Furniture contracts to local woodworkers for high quality wholesale furniture products. These are then finished in its environmentally friendly paint shop, where colors like "bahama blue", "hot lime," or "jazzberries." Including sub contractors and direct personnel, the company employs over 40 individuals and sells its products nationally and internationally.

1977
CEI is incorporated in Bath, Maine, and launches the Aquaculture Development Workshop, Maine Small Farms Project, and forestry woodlot management initiatives.

1978
Diana Pearce publishes The Feminization of Poverty.

1979
Ford Foundation provides a matching grant to establish Local Initiatives Support Corporation (LISC) to support CDCs.

CEI makes first investment of $300,000 in Boothbay Region Fish and Cold Storage, establishing CEI's commitment to the "working waterfront" and Maine's fishing industry.

1980
President Carter signs the Indian Land Claims agreement.

1981
CEI moves to Wiscasset.

1982
The Enterprise Foundation, formed by renowned developer James Rouse, will work with nonprofits to build affordable housing throughout the U.S. The Jobs Training and Partnership Act (JTPA) shifts employment training away from local governments and nonprofits to for-profit enterprises through Private Industry Councils (PICs).
1983
COE organizes the Small Business Finance and Employment Training Project and designs the Employment Training Agreement (ETAG) to ensure access to job opportunities for low-income people and those with disabilities.

1985
COE opens a Small Business Development Center (SBDC) sub-center and begins delivering technical assistance to entrepreneurs.
COE obtains an SBA 504 debenture packaging license.

1986
Tax Reform Act includes the Low-Income Housing Tax Credit, strengthening the role of nonprofit housing developers for low-income rental housing.
Enterprise Development Fund is created at COE to formalize microenterprise development work; Women’s Business Project is launched.

1987
Maine’s 113th Legislature establishes second Commission for Maine’s Future to evaluate the state’s growth and priorities.
Family Support Act passes.
Maine Senator George Mitchell is elected U.S. Senate majority leader.

Phase Four:
AFFORDABLE HOUSING and COMMUNITY FACILITIES – the late 1980s
As the 1980s drew to a close, we had come to understand that certain fundamental necessities, housing and social services, were as vital to community economic development as jobs. The lack of affordable housing began hitting Maine families in the late 1980s, especially in southern Maine and coastal counties, where pressure from developers pushed prices beyond the reach of many people. Mobile home parks were on the rise and in some communities represented over 50 percent of the stock. Many of these parks suffered from neglect and substandard conditions.

A vacuum had developed in the midcoast after the loss of the local nonprofit housing development group, so CEI took on the challenge of creating affordable housing for hard-pressed working families and single mothers with children. We started our housing program by forming a partnership with local congregations to organize the Genesis Fund, a nonprofit that mobilized church funds for community investment. With backing from the Lilly Endowment, a national demonstration program, Congregations in Partnership with CDCs, we developed the nine-unit Ward Brook affordable housing project in Wiscasset, targeted primarily at single heads of households with very low income. The Genesis Fund went on to merge with the Maine Community Loan Fund and today continues to provide loans to a variety of housing and facility projects.

The lack of affordable housing began hitting Maine families in the late 1980s, especially in southern Maine and coastal counties.
Independence Association (IA) provides support for individuals with mental retardation and other developmental disabilities such as autism, cerebral palsy, and mental illness. IA also operates Spindleworks, a nonprofit artists’ cooperative of people with developmental disabilities, located in Brunswick. The mission of IA is to permit individuals with disabilities to achieve a life of their own choice, accomplishing whatever it is that they are capable and desirous of and living as “independently” as possible within their own communities. Independence Association offers support services that enable persons with disabilities to enjoy greater independence in their communities and CEI has worked with the organization to provide alternative housing for people with disabilities. CEI has also financed independent living projects in Oakland, Augusta, Portland, Belfast and Orono.
CEI’s approach was to “stick to its knitting” and use its expertise in business finance and management assistance to help the industry grow. To overcome the initial skepticism that child care providers would want or need such assistance, CEI surveyed the Maine provider community with support from the Department of Human Services. We learned that family providers, both licensed and informal, delivered most of the child care but also that child care centers played an important role as an economic resource and overseer of family day care. We also learned that child care providers would welcome the resources that CEI could mobilize.

Once more, partnerships were essential to CEI’s ability to respond to a sector need and again the Ford Foundation was important in helping CEI create a national model for linking economic development with child care. Other partners were involved as well: federal agencies, the Maine Legislature, L.L. Bean, UNUM, and Hannaford Brothers. The University of Southern Maine’s Child and Family Institute performed an evaluation of the project, and we made our first video, which has been a popular training tool for child care developers.

CEI’s work with child care continues today with activities on many fronts including ongoing management assistance and financing; advocacy for getting child care into economic development policy; advocacy for increased state and federal subsidy, particularly for center-based day care; and research into private sources of support. CEI was a an original supporter of Coastal Access, a network of child care provider resource development centers.

FAMILY FOCUS

Many customers give back to CEI far more than they take. Leah Parker, Executive Director of Family Focus, is one. Parker began her involvement with child care issues as a family child care provider.

Parker has been an important force in creating a child care system in the state of Maine, and played a central role in helping CEI to design, raise capital and implement its nationally-recognized Child Care Development Project. She now oversees a child care organization with 7 sites, almost 60 employees, and a budget of close to $3 million annually.

Parker, who has served on the board of CEI, first came to CEI in the 1980s to attend a workshop for childcare providers. She innately knew what needed to be done. “I kept coming back to the table,” she says, “pushing [CEI’s] efforts back in to the childcare system.” With financing from CEI, Family Focus recently purchased a larger building will allow the organization to consolidate its offices and family and community services under one roof – a metaphor for the kind of integrated care Parker wants for all children.
With the help of StartSmart and the CEI Loan Department, Florence Olebe and her seven sons grew from being festival vendors of Moto-Moto, chicken slowly cooked with secret Sudanese spices, to owning a thriving African restaurant on Oak Street in Portland called Ezo African Restaurant. Through her food, music and traditional customs of serving food on shared platters, Florence emulates the strength of her refugee journey to the United States; the stories of her African culture; and her dreams of creating a better place for her own children and all the children of the world.
The decade of the 1990s was truly a watershed for CEI. We had been in business for over a decade and had a staff of 17 and a balance sheet of $7.5 million. We had experience in finance, technical assistance, economic sectors, policy, social targeting, partnerships, asset development—all the tools of our trade. We had survived political change in Washington and in Maine and federal cutbacks. We were known in Maine and within the banking community as a professionally run, bipartisan organization that took and managed risks for the higher goal of creating economic opportunity for people, businesses, and communities in need of additional resources to meet their potential.

The challenge was to achieve greater institutional stability and to increase the impact on markets, customers, and regions. This was not just a challenge for CEI but for the industry as well. Our CDC/CDFI field has always faced a question as to whether it works only on the margins, with minimal impact, or whether it can affect national private and public policy, redistributing resources equitably so that American families—and families around the globe—have a chance for economic fulfillment.

We restated our mission during this phase to include environmental concerns as well as the creation of economic opportunities for people and communities with low incomes; restructured our bylaws; updated our target area to reflect our activity throughout the State of Maine; and worked with CEI’s board of directors to set our direction.

Gabriella Melchionda started making lip balm to give to college friends. It was a hobby; but people liked it, they wanted it, and she made more. And more. When she moved to Maine in 1996, Mad Gab’s was still a homegrown business. One year later, an order from QVC for the Home Shopping Channel for 18,000 units jolted her onto a whole new level of production. She came to CEI, where she got assistance writing a business plan and two small loans. Last year Melchionda sold a quarter of a million of Mad Gab’s famous lip bume tins and another 50,000 units of hand and body balm. She’s also producing soy wax candles and experimenting with new products. Melchionda appreciates the variety of support CEI has offered her. “It’s like a little resource center,” she says. “It’s not like, ‘Here’s the money, good luck!’ They do try to make sure people do things well.” Having chalked up enviable growth percentages over the past few years, Mad Gab seems to be doing things very well, indeed.

CEI’s Board of Directors

CEI has been fortunate to work with a dedicated board of directors and chairs of the board who have devoted countless hours to oversight of the corporation. CEI’s board, composed of residents of private and public sectors, has guided the corporation from inception to its current diverse business, housing, and regional development identity. Pictured above are past chair of the board Halcyon Blake, proprietor of Halcyon Yarns in Bath, and Geoff Gattis, current chair, executive vice president of Bath Savings Institution.
Ford Foundation funding played a pivotal role in building CEI’s capacity to leverage other funds and develop its various products and services in financial markets with confidence and increasing professional management. During the 1990s, we increased our capital base by 700% and our staff quadrupled. We also gained a much stronger ability to provide financing and technical assistance to a broad range of populations and communities, including refugees and new immigrants, women, fishermen, and farmers.

Throughout the past decade, the CEI board of directors has periodically met offsite at a retreat to review the organization’s position and to set out its future goals. Thus, as CEI took on more responsibility and visibility in the marketplace, the board stepped up to exercise its responsibilities for overall policy and fiduciary and strategic planning.

One important retreat was in the early 1990s to prepare for growth. A second was in the mid-1990s, when we identified strategic beacons that still guide much of our work. In the second half of the 90s we focused on these themes with a more intentional aim to develop a statewide presence, and examine our role in sustainable development. These were the points of emphasis at that time:

- providing technical assistance to businesses;
- working on the state and federal policy level to generate more resources for community development;
- developing more branch offices in Maine to engage the community more fully with our products and services;
- working on sustainable development underwriting and criteria for investment; and
- developing earning assets for greater self-sufficiency.

Rev. William Baxter of the Trinity Episcopal Church started Faithworks to create social change in Lewiston, one of Maine’s poorest cities. Faithworks is a unique organization that offers employment to a community of people with barriers to employment including homelessness, inadequate transportation, insufficient child care, or illiteracy. It provides an opportunity for work in an environment that is flexible and accepting of the individual. Employees benefit from not only a job, but also skills training programs and educational offerings provided at the workplace. Faithworks now employs as many as 300 people during its busy seasons paying an average hourly wage of $10.78.

DISTRIBUTION OF WEALTH

The gaps between the rich and poor are growing. In Maine, incomes for the bottom 20 percent of the population have improved very little compared to the top 20 percent. Maine is challenged to pursue strategies that increase a family’s assets as well as income. Individual Development Accounts (IDAs) are part of a federal program designed that matches savings accounts to lower-income families to help them accumulate cash to apply to homeownership, self-employment, and/or education. With close to 150 accounts CEI operates the largest IDA program in Maine. IDAs are matched 1:1 to help families save for future, wealth-building activities. We work with seven banks including Community Credit Union in Lewiston which handles the bulk of our accounts and helped create the first financial literacy class, a program requirement.
In 2001, we again arranged a retreat to reflect on our direction and revisit our mission statement. At this retreat we affirmed our values and themes, emphasizing three directions: improve our overall self-sufficiency index, expand our geography but maintain Maine as our primary market, and implement environmental underwriting of our investments.

**Sustainable economic development:** Our decision to promote environmental stewardship and environmental products and services was particularly significant. We elevated environmental sustainability as one of our important social investment goals, and organized the Sustainable Economic Development Initiative to further our practices of sustainable investing. We published an environmental sector study, *Investment Opportunities in Environmental Industries, and Sustainable Development in Practice: A Case Study Analysis of Coastal Enterprises, Inc.'s Experience*, which highlights environmental practice and criteria in our natural resources and Green Fund investing projects. With the Maine Center for Economic Policy, we also organized the Maine Working Group on Sustainable Economic Development to pull together a cross section of representatives of Maine economic development, legislation, education, and the environment, to work on policy and practice.

Crucial leverage for change during the early part of this phase came again from the Ford Foundation for the plan that we developed and they supported. The generosity of other foundations, including Heron and Surdna, has also been extremely important for our growth. During this phase, the Ford Foundation set us on a course that was the turning point in our transition from a marginal, experimental, demonstration grassroots organization to, in effect, an investment banking entity capable of packaging capital for Maine's small businesses, affordable housing, and community facilities.

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**JUNO RISING**

CEI's venture capital subsidiaries invest primarily in Maine but have also made several investments in northern New England, Massachusetts, and New York. We will continue building on this expanded geographic base with our New Markets Venture Capital and New Markets Tax Credit programs. In order to maintain strong relationships with the communities we serve, CEI is expanding its partnerships and advisory committees to represent northern New England communities. For instance, in 2002 we invested in Juno Rising, a new, women-owned and -managed company based in Colchester, Vermont, co-founded by Carolyn Cook and Poppy Gall. Under the brand name ISIS, the company manufactures technical outdoor apparel designed to accommodate female physique and psychology. Clearly focused on the needs of women, ISIS intends to emerge as the leading brand in women's outdoor apparel.

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1995

CEI opens Maine's only Women's Business Center. CEI Ventures, Inc., is established as CEI's first socially responsible venture capital subsidiary. Promotion of Welfare Employment Resources (POWER) Project begins; Maine Housing Technical Assistance Consortium begins with CEI's help. CEI Development Services (CDS) begins to provide strategic support for emerging CDCs/CDFIs both domestic and international.

1996

President Clinton signs the Personal Responsibility and Work Opportunity Reconciliation Act to reform welfare. Provisions are included for asset building and enterprise development for TANF recipients. AmeriCorps begins under the Corporation for National Service (CNS).

1997

Maine Yankee closes. Maine Senator William Cohen is appointed Secretary of Defense.

1997

CEI's Practitioners Working Group on Community-Based Economic Development (PWG) provides strategic support to the emerging CDC/CDFI field in Poland. StartSmart is established at CEI to include refugees and immigrants in microenterprise development.

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COASTAL ENTERPRISES, INC.

Twenty-fifth Anniversary
**1998**

CEI’s first Individual Development Account (IDA) account opens. CEI’s lease-purchase program receives HUD’s “Best Practice” recognition; HUD designates CEI as statewide housing counseling agency.

**1999**


**2000**

CEI begins a strategic partnership with the Penobscot Nation which leads to the creation of Four Directions Development Corporation, a Native American CDFI serving Penobscot, Passamaquoddy, Micmac, and Maliseet tribal members. Atlantic salmon is placed on endangered species list.

**2001**

Maine Community Reinvestment Corporation, a $30 million partnership among 14 Maine banks to finance affordable housing projects, contracts with CEI for investment management services. CEI assumes management of the Greater Portland Building Fund and Greater Portland Public Development Commission.

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**Expanding investment capacity:** With the Ford planning grant and subsequent investments, CEI produced a 10-year capitalization and impact plan to grow the organization and achieve a higher level of sustainable impact. Over a 20-year period, Ford has made nearly $10 million of capital available to CEI, funds we were able to leverage with Office of Community Services, U.S. Department of Agriculture’s Rural Development Intermediary Relending Program, the Small Business Administration’s Microloan Program, and private foundations. In the mid 1990s, Ford had helped us to start our first venture capital fund, Coastal Ventures Limited Partnership. Since then, it has also spearheaded investments in Coastal Ventures II LLC and CEI Community Ventures Fund LLC. At each threshold, the Ford Foundation’s capital was the catalyst for greater mobilization of resources and program innovations.

CEI’s capacity expanded further through our ability to attract financial support from major banks such as KeyBank, Fleet, and Banknorth and from a diverse base of other foundations including Sandy River Charitable Foundation, the Vermont Community Foundation, Maine Employees Mutual Insurance, National Cooperative Bank, and Calvert Social Investment Foundation.

With the initial planning grant to develop CEI to reach scale, permanence, and impact, we formally introduced our research and policy development department. We established our financing, targeted specific populations using tools such as the ETAGs, and established CEI Development Services to help others in the U.S. and internationally start or develop CDCs. We also organized the Practitioners Working Group on Community-Based Economic Development (PWG) to interact more intentionally with CDCs and CDFIs in transitional and emerging economies such as those in Poland, Hungary, Slovakia, and Albania.

**CV FINER FOODS**

Through its two subsidiaries, CEI Ventures, Inc., and CEI Community Ventures, Inc., CEI is one of 50 national community development venture capital firms managing a combined investment pool of over $400 million. Community development venture capital funds seek not just a financial return on investment, but also a social return and increasingly, an environmental return - “the triple bottom line.” CEI has raised capital from many private companies including KeyBank, Fleet, Banknorth Group, community banks, foundations, and Maine Employers Mutual Insurance Company. CEI made an equity investment in C. V. Finer Foods, located in Auburn, during the company’s early years which helped it expand, enter new markets, and eventually roll out its product nationally. C. V. Finer Foods, known for its World Harbor brand of marinades, was purchased in 1999 by a 180-year-old Trinidad and Tobago-based sauce company, Angostura International. This successful company continues to employ over 30 central Maine residents in a new building and has provided a return on CEI’s initial investment.
Policy research and development: During this period we also engaged more actively in national policy, building on a commitment we made in the mid 1980s to protect certain federal programs from cutbacks and the following years to introduce, protect, and/or expand such legislation as the Health and Human Services’ Office of Community Services’ Discretionary Grant and Job Opportunities for Low-Income Individuals programs; USDA’s Intermediary Relending program; SBA’s Microloan program; SBA’s Women’s Business Center program; and the Community Development Financial Institutions program of the U.S. Treasury.

Ownership: CEI had long been interested in how employee ownership and other strategies for broadening ownership can distribute wealth more fairly and give workers, consumers, and community members a greater stake in their firms and communities. Our initial statement of purpose stressed developing “locally owned and controlled indigenous industries.” We invested in companies that have Employee Stock Ownership Plans (ESOPs), sponsored educational forums on employee ownership, and, in 2000, helped pass legislation to establish a commission to study ownership patterns in Maine and make recommendations to the legislature on how to broaden business. We continue to engage in the issue as a member of the steering committee of the Capital Ownership Group, an international organization dedicated to broadening ownership. In 2003, we are focusing on ways that CEI can interest pension funds in investing a small percentage of their portfolios in locally owned businesses.

THE ROLE OF POLICY

We also committed to ongoing state policy work, both through the Sustainable Development Working Group and through participation in various coalitions that passed the Housing Bond and the Economic Development Bond. Other networks include: Micronet, a statewide organization initiated by CEI to advance capacity and resources for microenterprise programs. Together with the Maine Center for Economic Policy, CEI started the Direct Care Workers Coalition, which has mobilized a diverse group of stakeholders (workers, consumers, providers, and workforce development organizations) to sign on to a set of principles and support legislation that is currently being drafted in the long-term care industry.

PORTLAND FISH EXCHANGE

The Portland Fish Exchange is an all-display fish and seafood auction facility located on the Portland Fish Pier that has become an integral part of the infrastructure important to maintaining a groundfishing industry in Maine. It was established in 1986 by a coalition of individuals and groups concerned about the future of the industry, including fishing vessel owners, fish and seafood processors, and the City of Portland Economic Development Authority. The Exchange provided the benefits of enhancing the quality of Maine-landed fish, replacing the pricing structure previously dictated by southern New England markets with one more preferential to fishermen, providing unloading for up to 250 boats, creating as many as 35 direct new jobs, and keeping more value-added fish processing in the state. CEI has made several strategic investments in the Exchange for both start-up and energy efficiency upgrades.
Through CEI’s innovative FISHTAG program, Captain Jon Williams was able to secure financing for the FV Krystal James and gathering scarce biological data from the red crab fishery. FISHTAGS are part of every CEI fisheries loan and they document an agreement from the borrower to collect biological data and contribute the information to a management agency or research effort. The offshore red crab fishery is a little known, poorly understood resource and, as such, was an excellent choice to serve as CEI’s first FISHTAG project. As Jon harvests crab, he records catch, sex, size, and water temperature data on the deep sea red crab population. This information is forwarded to the National Marine Fisheries Service for analysis and to contribute to baseline data for a future deep sea red crab management plan. FISHTAGS also help build relationships between fishermen and the management agencies that critically impact their livelihoods.
Subsequently, with initial funding from CDFI, CEI has implemented an internal monitoring system for our loan portfolio and venture funds to assess outcomes. We are now completing a major, four year longitudinal study, under the direction of Robinson Hollister of Swarthmore College and funded by CDFI and the Ford Foundation, to assess the outcomes of our ETAG work in improving job quality, income, and assets. Preliminary findings show that workers in CEI-financed firms have better quality jobs than previously but many workers have difficulty remaining employed and experience external pressures affecting work, such as access to reliable transportation and child care.

Our goal is to institutionalize measurement of outcomes in all our work; the reality is that this work is costly, must be expanded to include each new program area, and is not yet funded on an ongoing basis.

In 1997 CEI organized the Practitioners Working Group on Community Economic Development (PWG) with CDCs/CDFIs from Poland, Hungary, Slovakia and Ukraine. Our purpose was to deepen our mutual understanding of the contexts, opportunities and challenges in economic development faced by our communities and to examine strategies, which could address the issues. The Ford Foundation and the US Agency for International Development (USAID) supported the PWG in our efforts to build a stronger global field. We have also provided strategic consultation to groups in Albania, South Africa, and emerging economies in Latin America, Africa and Asia. Pictured here in Warsaw, Poland are Grazyna Kopinska, consultant, Ford Foundation; Rebecca Black, USAID; and Krzysztof Herbst, Foundation for Social and Economic Initiatives.
At 25 years old, CEI looks toward the future with curiosity and energy. What comes next for this CDC on the coast of Maine? Now with a growing staff and tens of millions of dollars under management, CEI is poised, we believe, for yet another strong decade of growth and impact. In 2003, the New Markets Tax Credit presents an opportunity for CEI to reach another level of investment banking and impact on underserved regions in Maine and in primarily rural parts of northeastern New York, Vermont, and New Hampshire.

But CEI has not been about growth for growth’s sake. We seek growth to the degree that it will increase the transforming power of capital to provide access to health, education, housing, food, basic necessities— not the least of which is dignity. We believe that capital must be constantly channeled to produce a social good. Ensuring that private capital markets are directed to the people and places most in need; ensuring that capital is invested in a way that is compatible with the environment; ensuring a beneficial use of funds to build livable and sustainable human settlements: these are the challenges that call to us.

In some ways, we have come full circle, back to our origins in the oceans, farms, and forests of Maine. We are still strongly...
committed to the survival of the natural-resource industries, and a diversified small business and affordable housing sector. We understand better than ever before how deeply community-based economic development is entwined with the well-being of local communities and the Earth.

Internationally, sustainable development carries with it an explicit message for achieving equity in our social, economic, and political systems. The United Nations World Summit on Sustainable Development of 2002 put forward challenges that can guide us into the future.

Of the 217 specific issues the summit addressed, two framed the entire dialogue among the delegates of the 200 nations who attended: the eradication of poverty, and environmental stewardship. By the measures developed at the first Earth Summit held in Rio de Janeiro in 1992, little progress has been made on either front. Today’s poverty rate – 1.2 billion of the world’s 6 billion people – is the highest ever and environmental degradation continues. America’s failure to abide by the Kyoto Protocol to protect the ozone layer is one piece of this dismal picture.

The 2002 summit established several essential goals that relate directly to the CDC/ CDFI industry. Each of these deserves serious understanding and vigilant application: eradication of extreme poverty; changing unsustainable patterns of consumption and production in the developed world; protection and management of natural resources for economic and social development; ensuring the health of individuals and families; protecting the rights and languages of indigenous populations; development of Africa and small island states; and building an institutional framework for sustainable development.

It is appropriate to conclude CEI’s 25th anniversary history – a quarter of a century of community investing – on this note: a call for implementation of the summit goals for the sake of the human community, the environment, and global justice. The CDC/ CDFI industry owes its birth to the struggle for civil rights and will shape its future by helping to build sustainable and enduring human settlements. Finding the right path continues to be a challenge, but the search must go on. Our work, our CDC/ CDFI industry – an emerging global endeavor – must contain some of the answers for the future.
CEI’s financing, combined with capital from bank and other private and public partners, is nearly $450 million, demonstrating its ability to leverage other capital for community investment projects. Of this, CEI has loaned and invested nearly $110 million, a leverage ratio of 1:3.

In addition to its own loan and investment capital, assets on CEI’s “balance sheet”, CEI manages loan pools such as the Maine Community reinvestment Corporation, a consortium of 14 Maine banks providing affordable housing, and the SBA 504 debenture portfolio. Currently CEI has $107 million in capital under management.
CEI shows steady growth over 25 years. Total assets increased significantly in the early 1990s when the Ford Foundation initiated an important series of loans and grants. CEI’s net assets are approximately 50% of total assets, a 1:1 debt:equity ratio making us one of the country’s financially stronger CDCs/CDFIs. Assets have grown at an average annual rate of 18.5%, loans and investments at 17%.

CDCs/CDFIs have an ability to attract a mix of private and public funds. For CEI these constitute 52% of total funds, distinguishing us from governmentally based entities that are a vital stimulus to the creation of “public-private partnerships” but that tend to rely more on public funding. A major CEI contribution to Maine’s economic development has been its ability to attract outside resources; more than 85% of its funds originate out of state.
Funding Sources

CEI’s economic and housing development strategies are supported with grants, loans, donations, contractual agreements and investment capital from a diverse group of public agencies, foundations, banks, corporations, religious groups, and individuals. We thank the following entities who represent CEI’s past or current funding sources:

**Private Foundations and Intermediaries**
- Aid to Artisans, Inc.
- Anonymous
- American Express Foundation
- American Express Philanthropic
- Aspen Institute
- The Betterment Fund
- The Bingham Program
- Francis Hollis Brain Foundation
- Calvert Social Investment Foundation
- Carpehturn Foundation
- Charles Stewart Mott Foundation
- Citizens Housing and Planning Association, Inc.
- Community Development Venture Capital Alliance
- Corporation for Enterprise Development
- Jessie B. Cox Charitable Trust
- Davis Conservation Fund
- Joel D. Davis & Associates
- Education Network of Maine
- Dwight D. Eisenhower Foundation
- Empower Lewiston
- Fannie Mae
- Fannie Mae Foundation
- Federal Home Loan Bank of Boston
- Ford Foundation
- Franklin Research & Development Corporation
- Genesis Community Loan Fund
- Georges River Estuary
- Gulf of Maine Council on the Marine Environment
- Heifer Project International
- The F. B. Heron Foundation
- Housing Partnership Network
- Institute of International Education
- Institute for Social and Economic Development
- Island Institute
- WK. Kellogg Foundation
- Stephen and Tabitha King Foundation
- Lilly Endowment, Inc.
- Local Initiatives Support Corporation
- John D. and Catherine T. MacArthur Foundation
- Maine Centers for Women, Work and Communities
- Maine Community Foundation
- Maine Fishing Industry Development Center
- Maine Women’s Fund
- John Merck Fund
- National Center for Appropriate Technology
- National Community Capital Association
- National Congress for Community Economic Development
- National Cooperative Bank
- National Equity Fund
- National Fish and Wildlife Foundation
- National Network of Sector Practitioners
- National Rural Funders Collaborative
- New England Housing Network
- People’s Regional Opportunity Program
- Rockefeller Foundation
- Sandy River Charitable Foundation
- Smith Richardson Foundation
- Sundius Foundation
- United Way of Midcoast Maine
- Wiscasset Female Charitable Trust

**Religious Institutions**
- American Baptist Churches USA
- Damariscotta Baptist Church
- Episcopal Church
- National Council of Churches
- Domestic Working Group on Hunger and Poverty
- Second Congregational Church, Newcastle, Maine
- Sisters of Charity of Iowa
- Sisters of Charity of St. Elizabeth
- Society of Mary
- St. Andrews Episcopal Church, Damariscotta
- St. Phillips Episcopal Church, Wiscasset
- United Church of Christ, Bath
- United Methodist Church
- United Presbyterian Foundation
- Unitarian Universalist Church, Vesth Foundation
- U.S. Catholic Conference of Bishops
- Campaign for Human Development

**Businesses, Banks and Individuals**
- Androscoggin Savings Bank
- Bangor Savings Bank
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- Bath Iron Works (A General Dynamics Company)
- Bath Savings Institution
- L.L. Bean
- Camden National Bank
- Central Maine Power Company
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- First Federal Savings & Loan Association
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- Greater Portland Building Fund
- Hannaford Brothers
- KeyBank N.A.
- Maine Community Reinvestment Corporation
- Maine Housing Investment Fund
- Peoples Heritage Bank
- Private Individuals
- Towns of Maine
- Shaw’s
- UNUM-Provident Corporation
- Union Trust Bank
- U.S. Trust Corporation
- Verizon Foundation

**Local, State, Federal and Tribal Government Sources**
- City of Auburn, Maine
- City of Bangor, Maine
- City of Bath, Maine
- City of Clyde, Kansas
- City of Lewiston, Maine
- City of Portland, Maine
- City of Rockland, Maine
- Corporation for National and Community Service
- Finance Authority of Maine
- Four Directions Development Corporation
- Hancock County Planning Commission
- Lincoln County Commissioners
- Lincoln County Economic Development Office
- Maine Department of Agriculture, Food, and Rural Resources
- Maine Department of Behavioral & Developmental Services
- Maine Department of Economic and Community Development
- Maine Department of Education
- Bureau of Vocational Education
- Maine Department of Energy
- Maine Department of Environmental Protection
- Maine Department of Human Services
- Maine Department of Labor
- Twelve County Private Industry Council
- Maine Department of Marine Resources
- Maine Department of Transportation
- Maine Science and Technology Foundation
- Maine State Housing Authority
- Maine State Planning Office
- Coastal Program
- Maine Commission for Community Service
- Maine Technical College System
- NOAA Fisheries Saltonstall-Kennedy Grant program
- Tennessee Chiefs Conference, Inc
- Treasure Coast Regional Planning Commission
- Town of Boothbay, Maine
- U.S. Agency for International Development
- U.S. Department of Agriculture, Rural Development
- U.S. Department of Commerce
- U.S. Economic Development Administration
- U.S. Department of Health and Human Services
- Child Care Bureau
- Office of Community Services
- Office of Refugee Resettlement
- U.S. Department of Housing and Urban Development
- U.S. Department of Labor, Employment and Training Administration
- U.S. Environmental Protection Agency
- U.S. Gulf of Maine Association
- U.S. Small Business Administration
- U.S. Department of the Treasury
- Community Development Financial Institutions Fund
- University of Maine

**Investors, Coastal Ventures Limited Partnership**
- Androscoggin Savings Bank
- Bath Savings Institution
- The Betterment Fund
- Calvert Social Investment Foundation
- Coastal Enterprises, Inc.
- Fleet Community Development Corporation
- Ford Foundation
- Kennebunk Savings Bank
- KeyBank N.A.
- Key Community Development Corporation
- La Pasta Revocable Trust
- NCB Development Corporation
- New Community Bank
- Peoples Heritage Bank
- Pepperell Trust Company
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- Anonymous
- Bar Harbor Banking & Trust Company
- Bath Savings Institution
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- Coastal Enterprises, Inc.
- Finance Authority of Maine
- First National Bank of Damariscotta
- Fleet Development Ventures
- Ford Foundation
- Grinnell Savings Bank
- KeyBank N.A.
- John D. and Catherine T. MacArthur Foundation
- MBNA America Bank N.A.
- National Community Capital Association
- Peoples Heritage Bank
- Sandy River Charitable Foundation

**Investors, CEI Community Ventures Fund LLC**
- Banknorth Group, Inc.
- Coastal Enterprises, Inc.
- Finance Authority of Maine
- Ford Foundation
- John D. and Catherine T. MacArthur Foundation
- Maine Employers Mutual Insurance Corporation
- Sandy River Charitable Foundation
- U.S. Small Business Administration
- The Vermont Community Foundation
Design:

Editorial Services:
Anne Leslie, Wiscasset, Maine.

Printing:
Spectrum Printing, Auburn, Maine.

Paper:
Printed on 100% recycled paper.

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