



PVGrows Community Investment Fund
Community Investor Offering Memorandum

DRAFT, November 2014

Welcome to the PVGrows Community Investment Fund.

Thank you for your interest in building a healthy food economy in the Pioneer Valley. The Franklin County Community Development Corporation and PVGrows are delighted to offer this \$2.5 million Fund, which provides the dual benefits of flexible financing for food system businesses, and an opportunity for local residents to finance the creation of a food system that works for all of us.

The FCCDC accepts community investments of \$1,000 to \$10,000 into the PVGrows Community Investment Fund, with a five-year term and 2% interest. Twenty percent of the \$2.5 million total fund goal will be provided by community investors, with the rest of the funds coming from larger investors, including foundations, institutions, and accredited investors.

Your investment will provide loan capital to a portfolio of local farm and food businesses. Loan recipients are vetted for mission fit and finance-readiness by a consortium of five not-for-profit community-lending institutions and a team of food and agriculture specialists. This diverse portfolio of borrowers will mitigate some of the risk of investing; in addition, in the case of a borrower default, first losses will be incurred by foundations which have invested philanthropic funds into a Guarantee Pool. Our lead lender, the Franklin County Community Development Corporation (FCCDC), will provide the loan underwriting to borrowers. As an investor, you will receive an annual statement from the FCCDC that will include information on fund performance and borrowers.

The PVGrows Fund builds on many successful initiatives in the Pioneer Valley. These include opportunities to invest in our local community and the farms and farmland that sustain us, offered by individual businesses such as Real Pickles and River Valley Market and organizations like the Cooperative Fund of New England, the Carrot Project, Equity Trust, and Common Capital. They include the many farm and food businesses that are working to achieve profitability while also accruing benefits to our local communities, economy, and environment. And they include the technical assistance, promotion, and educational roles played by organizations including our founding partners- CISA, MDAR, and NESFI.

Large changes are afoot in how we grow, distribute, and buy food. The New England Food Vision is calling for our six-state region to produce 50% of its own food by the year 2060. Community Involved in Sustaining Agriculture (CISA) has set a shorter-term goal for the Pioneer Valley of 25% by 2035. Compare these to our current rate of approximately 10%. The investment required to fuel these changes is beyond the capacity of any one lender, non-profit, municipality, or individual. The PVGrows Fund allows us to pool our financial assets, our community expertise, and our collective buying power to support and sustain businesses that can make real change. We don't expect that any one enterprise will meet all of our goals, which include job creation, racial equity, environmental health, energy sustainability, and good food for all. Together, the full portfolio of businesses supported by our community investments will work to achieve these benchmarks of a healthy food economy.

Thank you for your consideration.

Sincerely,

John Waite and Sam Stegeman

THIS OFFERING IS PRIMARILY OPEN TO MASSACHUSETTS RESIDENTS. RESIDENTS OF [List States] MAY PARTICIPATE WHERE PERMISSIBLE.

TABLE OF CONTENTS

Brief Description of Offerings

About the Franklin County Community Development Corporation

The FCCDC Lending Practices

About PVGrows

About The PVGrows Community Investment Fund

Financial Matters

Investors

Plan of Distribution

Securities Attributes

Securities Investor Requirements

Risk Factors

Restrictions

Appendices:

Appendix A – Promissory Note for Community Investors (\$1,000 - \$10,000)

Appendix B – FCCDC Financial Statement

Appendix C – FCCDC Staff and Board

Appendix D – PVGrows Community Investment Fund Lending Criteria

Appendix E – PVGrows Inquiry Review Committee

Appendix F – PVGrows Fund Advisory Committee

Joint OFFERING MEMORANDUM

Registration by Qualification

Brief Description of Offering

The Franklin County Community Development Corporation (“FCCDC”) is proud to offer the PVGrows Community Investment Fund’s three investment opportunities:

- \$500,000 Promissory Note (Referred to as Community Investor Pool)
- \$2,000,000 Promissory Note (Referred to Patient Capital Pool)
- \$100,000 First-Loss Money (Referred to as Guarantee Pool)

This Offering Memorandum describes the Community Investor Pool to interested parties. For more information, please see the section of this document: *the Patient Capital Pool and the Guarantee Pool*.

The Community Investor Pool

The FCCDC is offering up to \$500,000 in securities to finance investments into the PVGrows Community Investment Fund’s Community Investor Pool, to be invested into farm and food enterprises who meet the criteria described in the “Mission Review Criteria”. **The minimum investment is \$1,000 and the maximum investment is \$10,000, open to accredited and non-accredited investors.** However, the investment may not exceed 10% of the investor’s liquid net worth (excluding value of home, home furnishings, and automobiles). All offering proceeds will be held in an escrow account until a minimum of \$100,000 is raised for the Pool. If insufficient funds are raised by the pursuant to the Promissory Note attached here as Appendix A, the Community Investor Pool will not be launched and all funds raised through the offering will be returned to the Investors. The offering will terminate eighteen months from the date of commencement. The offering is being made available primarily to Massachusetts’ residents, though the Community Investor Pool will accept investments from residents in states for whom this offering complies with State and Local securities regulations.

Patient Capital Pool

Additionally, there is an opportunity for **accredited investors and institutions** to invest in the Patient Capital Pool, as described in the Offering Memorandum for the Patient Capital Pool. **The minimum investment is \$10,000 and the maximum investment is \$250,000, open exclusively to accredited investors.**

Guarantee Pool

The third Pool will be open to accredited investors and Foundations only and is described as a first-loss fund. This Pool will guarantee between 10 and 20% of the dollars in the Community Investor Pool for the first five-year term. Investors into this Pool will receive a money-market equivalent rate of return for the duration of the investment.

	Open to:	Minimum Investment	Maximum Investment	Offering Period Ends:	Total Fund Size	Legal Documents
Community Investor Pool	Unaccredited & Accredited Investors	\$1,000	\$10,000	x	\$500,000	Appendix A
Patient	Accredited	\$10,000	\$250,000	X	\$2,000,000	Appendix B

Capital Pool	Investors & Institutions			months		
Guarantee Pool	Foundations & Accredited Investors				10-20% of total	

Potential investors are directed to the Risk Factor disclosure section this Offering Memorandum.

About the Franklin County Community Development Corporation

The Franklin County Community Development Corporation (FCCDC) has 35 years of experience assisting local residents in Western Massachusetts. In particular, we work with low- and moderate-income entrepreneurs and small business owners by providing business assistance, financing and work space that helps create and retain jobs. We have assisted in the creation of over 1,800 jobs, and the retention of even more. The FCCDC has lent \$8 million directly and has helped leverage and package another \$24 million in loans from other lenders.

The FCCDC’s years of service demonstrate an understanding of the local community, the ability to connect with the underserved, and the sensitivity to provide appropriate assistance that leads to starting and growing a business and obtaining financing. Almost all of our clients began with fewer than 10 employees (often with just one), and some of them have far exceeded 100 employees since receiving assistance from the FCCDC.

The FCCDC has worked with over 2,000 small businesses, provided 380 loans amounting to more than \$8 million and leveraged more than \$24 million, while helping create more than 1,800 jobs in their target market. We have earned a reputation as the place people go to start or grow a business.

The FCCDC serves the whole population by supporting the economic development needs of the community, but the target constituent’s fall into the following three main categories:

- Existing businesses seeking to grow: These are businesses that typically require financing and have the potential to create new stable jobs.
- Existing businesses experiencing trouble: These businesses can stabilize and retain employees, often by exploring new markets and revenue streams and more efficient operations.
- Residents ready to start a business: Entrepreneurs with skills and experience in a variety of technical fields that could benefit from assistance with organizing and operating a small business.

The FCCDC is well known and respected in the region. The majority of community members learn about us through word of mouth, followed by a phone inquiry, walk-in inquiry, attendance at a monthly introduction session, or another workshop. Although the FCCDC works in the rural part of the Commonwealth, our annual service population of more than 300 clients speaks to the significant role that the FCCDC plays in the development of small businesses in the region. Our monthly information session typically draws 20 people interested in learning about business planning and/or bringing a food product to market. Current and past clients continue to follow-up and receive assistance by telephone, email, individual counseling, and trainings.

Collaborations with other community and governmental organizations, business associations and commercial lenders provide a steady stream of inquiries about the FCCDC financial products and services, and development services. Often a business association will identify certain members who would benefit from development or financial products offered by the FCCDC. Frequently trainings are cosponsored with business associations enhancing the technical assistance available. Demand for financial products remains constant from small business owners seeking debt consolidation, new capital, working capital, or a new venture.

The FCCDC has been active in providing technical assistance and financing to farms and food businesses since its inception in 1979.

Mission

The FCCDC's overall mission is to stimulate a more vital rural economy, to maximize community control over our future economic destiny and to expand opportunities for low and moderate-income residents.

The FCCDC accomplishes the organization's mission and goals through the following community development activities:

- Business Lending: The Business Lending Program is the FCCDC's oldest program and continues to remain vital to the mission of providing opportunities to entrepreneurs who cannot obtain financing through private banks.
- Business Development: The FCCDC provides business assistance and entrepreneurial training to businesses throughout the region. Expertise in areas such as business planning, finance, marketing, graphic design, computer applications is provided by staff and outside consultants.
- Food Processing Center and Food System Development: The Western Massachusetts Food Processing Center (FPC), opened in 2001, includes a commercial kitchen, walk-in cooler and freezer, dry storage space and a packaging area. This unique project supports local agriculture by adding value to farm products and creating new business opportunities. In addition, the FPC offers professional development courses, a community of food entrepreneurs to provide mutual support and problem-solve, as well as lending and technical assistance programs.
- Venture Center: The FCCDC owns and operates a small business incubator, which provides seven light industrial spaces and eight offices, as well as office equipment and a receptionist, for start-up and young businesses. This allows businesses to keep their capital costs lower as they get started. While at the Venture Center, tenants receive business assistance as needed on a range of issues.
- Rehabilitation of the First National Bank Building: As a way to help revitalize a downtown area and provide quality space for small businesses in Franklin County, the FCCDC accepted a donation of the First National Bank building in downtown Greenfield. The FCCDC is working with the Town of Greenfield and other organizations and individuals to renovate the building for arts and cultural organizations to offer community activities and events.

While the FCCDC provides services to a wide variety of people, the majority of our clients are low and moderate-income. Applicants often turn to the FCCDC after being rejected by a bank or because they lack the funds to hire specialized consultants for their business. The FCCDC is perceived as a safe, comfortable and supportive place to get started and receive ongoing assistance.

The FCCDC consistently finances approximately 65% of its operating budget through revenue generated from community development activities:

- Interest and fees from our revolving loan fund: The FCCDC has loans of \$1.1million from the USDA Rural Development with terms of 1% interest for 30 years, and \$800,000 restricted grant from the EDA that is re-lent to small businesses. This generates revenue from interest on the loans. The loan portfolio has had a delinquency rate of less than 2%. They also manage another \$800,000 of loan funds for towns in the region which generates an administration fee that is equivalent to the interest earned.
- Rent from the Venture Center: The FCCDC owns and operates a 36,000 square foot small business incubator, the Venture Center, which generates approximately \$175,000 per year from tenants. Rents are set a slightly below market rate so start-up businesses can benefit from lower upfront costs during their start-up phase.
- User fees and sales revenue from the Food Processing Center: Since 2001, the FCCDC has owned and operated the Western MA FPC, which generates approximately \$160,000 per year from fees paid by users of the facility and another \$60,000 from sales of frozen vegetables.

However, the FCCDC’s mission is to provide services to all residents regardless of income or wealth. This prohibits us from raising interest rates, rents or fees to generate more revenue. Therefore, the FCCDC relies on donations and grants in order to provide these important services to everyone in the community that wants and needs them.

Due to the FCCDC’s reputation for providing high quality programs and services, we have received many state and federal grants. In recent years, we were awarded the following grants/loans:

- \$300,000 grant from the U.S. Economic Development Administration for Economic Resiliency in the Northern Tier;
- \$100,000 from the U.S. Treasury Department’s CDFI program;
- \$100,000 from USDA Rural Microenterprise Assistance Program, along with a loan of \$500,000 of revolving loan funds;
- \$70,000 from MA Growth Community Capital for our Western MA Means Business project;
- \$300,000 from USDA NIFA for agricultural education initiatives;
- \$750,000 low interest loan and a \$50,000 grant from USDA Community Facilities Program for the Venture Center and the Food Processing Center; and,
- Several grants from private foundations for work at the Food Processing Center.

The FCCDC has consistently raised approximately \$35,000 annually from over 300 community residents and businesses and another \$35,000 annually from local banks, corporations and foundations without a staff person devoted to fundraising. During the 25th and 30th Anniversary years, the FCCDC made extra efforts to solicit donations and exceeded \$100,000 each time.

Please see the FCCDC Credit Policy Manual for more information about our lending practices.

About PVGrows

PVGrows advances an equitable, racially just, healthy and sustainable food system through a collaborative network that educates, finances, and connects stakeholders throughout the Pioneer Valley. The network was formed in 2008 to amplify the existing network of individuals and organizations already involved in this work. PVGrows holds yearly forums, convenes working groups, and provides space for stakeholders to connect, share, and match goals and expertise. From agriculture finance to policy formulation, from Farm-to-Institution to job creation and food justice, PVGrows helps partners build on each other’s strengths. Current working groups exist for finance, higher education, racial equity in the food system, Slow Money, entrepreneurship, and job creation.

It is worth underscoring that PVGrows is first and foremost about bringing together people already working on the local food system—not about raising capital. It is a membership organization without dues.

About the PVGrows Community Investment Fund

The PVGrows Community Investment Fund provides the capital and business assistance that is needed for scaling up our local food system. The Fund provides financing at the right time and right terms to mission-driven and financially viable farm and food entrepreneurs. The Inquiry Review Committee (see Appendix X) applies the following criteria in deciding which businesses fit with the mission of the PVGrows Fund.

Ag System Impacts

- Business venture relates primarily to agricultural products
- Agricultural product/inputs are produced from within the Pioneer Valley
- Value-adding activities take place in the Pioneer Valley

- Anticipated benefits to more than one farm/farm-related business
- Offers key piece of ag-related infrastructure

Business Viability

- Comprehensive business plan with well researched feasibility study available
- Demonstrates market demand (or seems likely to committee)
- Identifies constraints through practical experience and has proven entrepreneurial track record in sector
- Able to leverage capital from other sources, but does not require additional uncertain outside capital (in addition to PVGrows)

Community Impact

- Proven long-term commitment to PV communities (e.g. location, residence, investment)
- Ownership structure encourages long-term local control
- Ownership focused on providing social benefits of:
 - o More local food to local community (food security enhanced)
 - o Increased nutritional access for underserved communities (food justice enhanced)
 - o Creation of new jobs at a reasonable rate of return for investment
 - o Creation of new high quality jobs (FT w/benefits etc.)

Environmental Impact

- Improves ecological footprint
- Improves farm-sector environmental practices
- Improves farm-sector energy use
- Re-uses or repurposes pre-existing facilities with energy-efficient production processes

Financing Gap

- Ready to present for financing
- Demonstrates financing needs - Sources and uses clear
- Demonstrates lack of access to traditional capital

The Inquiry Review Committee has been working together for the past five years on a pilot version of the PVGrows Fund, so the systems and processes are already in place. As individual agencies, they bring their unique experience supporting farm and food enterprises to the Lending Collaborative.

When a farm or food business submits an Inquiry Form on the PVGrows website (located at pvgrows.net), the 10 members of the Inquiry Review Committee review the business to evaluate if it fits with the PVGrows Mission Criteria (see Appendix). In some cases, applicants have been turned away as the project for which they sought financing did not appear to meet the mission of advancing the local food economy or increasing access to healthy food. In other cases, the applicants might not appear finance ready in which case, the PVGrows Fund is able to offer free or low-cost business assistance or refer the applicant to an appropriate business assistance provider.

In the PVGrows Fund, any business that is approved for mission fit and appears to be finance-ready will generally be referred to the FCCDC for underwriting, loan approval, documentation and ongoing administration. However, in some cases, if a community lender offers a better fit, the applicant may be referred to that partner. The FCCDC's lending practices are described in the section "About The Franklin County Community Development Corporation".

The Inquiry Form review process focuses on mission fit and finance-readiness; it does not engage in practices that approximate underwriting or lending.

Financial Matters

The PVGrows Fund requires grant funding in order to meet its mission objectives. Traditionally, venture capital funds target a minimum of one hundred million dollars in investment capital, as a fund needs scale to carve out resources. Before a fund can provide positive return to investors, it must cover its own administrative costs, including a significant sum for its investment expertise. Banks and large loan funds generate resources by charging a differential between the cost of borrowed capital and the amount charged to borrowers. In this case, it made more sense to seek grant funding during this initial stage of our long-term effort to scale the economy.

The initial fund design is complete. In 2015, the launch year, the PVGrows Fund will fundraise to cover administrative and marketing costs. This will require more grant support than in future years. Therefore, the two long-standing funding partners, Lydia B. Stokes and Solidago Foundation, have committed to a minimum grant-making period of three years. In addition, as both funders are active partners in the fund design and work, they have agreed to serve lead roles fundraising within their respective peer networks in the philanthropic community.

Offering Terms

As described earlier, this document provides background material for a Community Investment Offering. The Promissory Note (Appendix A) describes the offering in more detail.

Litigation and Legal Matters

FCCDC is not presently party to any litigation, nor to the knowledge of management, is any litigation threatened against any of the entities, any of its management, or any affiliate, which may materially affect operations or projected goals.

Investors

How to Invest

- 1) Review this Offering Memorandum and all appendices.
- 2) Complete the Signature Page of the Promissory Note. (Note: The Promissory Note must be executed by an individual authorized to bind the investor, if an entity.)
- 3) Write a check, payable to “PVGrows Fund, Escrow Account” for the number of shares you wish to purchase (Note: This amount must be at least \$1,000.) and send the check and the SIGNED Promissory Note to PVGrows Community Investment Fund at the address specified in the Promissory Note. If the Minimum Raised Amount has been reached and offering proceeds have been released from Escrow, checks shall be made payable to the PVGrows Fund. Wired funds shall be wired in accordance with the wire instructions attached to the Promissory Note. Fractional shares will not be sold.
- 4) The PVGrows Fund/FCCDC will mail you a copy of your duly authorized investment documents. Important: Your investment has not been accepted by the Fund until you receive a share certificate from the Fund. The Fund reserves the right to reject any prospective investment for any reason.
- 5) If you do not hear from us within 14 days of sending in your agreements, please contact us to make sure we received it.

Investor Groups and Terms

- Community Investors – Provide loans, on a 5-year term, at 2% interest rate.
- Investors in Guarantee Pool – Targeting loan loss reserve of 20% of non-accredited investors’ capital.
- Patient Capital Investors – Providers of flexible capital, on an 8-year term, with a target annual rate of 4%.

- Grant Partners – Making annual grants per a standard grant agreement hosted by Solidago’s Democratizing Capital Fund.

Non-Invested Funds

- All funds that have yet to be invested would be held at a local bank.
- The PVGrows Fund would have a rate consistent with the current CD rate, with interest paid back to investors on an annual basis.
- No funds would be deployed until 10% of the Loan Loss Pool is secured.

Investments

The investments will be made available for financing local Farm and Food Enterprises. Financing is available from \$1,000 to \$250,000, but not more than 10% of the total fund will be loaned to any one borrower.

Investment Parameters

The fund will seek to diversify its investments, fill a gap in the current capital market, protect its investor’s interests, and keep administrative costs down by seeking to place investments in the following sectors¹:

- Focus on businesses ready for expansion, and mature businesses seeking to transition to a local food business line.
- Focus on strong management teams that might be launching start-ups or require financing in some pre-revenue stage.
- The geographic focus will be as follows:
 - 60% *or more* in deals either located in, or with clear, demonstrable impact on the Pioneer Valley Food System
 - 40% *or less* in New England and the State of New York through partners in the regional food system investment field on investments with regional impact.

Plan of Distribution

This offering will be offered and sold on a best efforts basis, with a maximum of \$500,000 to be raised. The offering will terminate eighteen months from the date of commencement. Funds will be held in an escrow account until the following minimums are met:

1. The Community Investor Pool has a minimum of \$100,000, and it must have a minimum of 10% of its proceeds guaranteed by the Guarantee Pool.
2. Patient Capital Pool has a minimum of \$250,000.
3. The Guarantee Pool will not exceed 20% of the Community Investor Pool.

FCCDC and PVGrows Staff will conduct the offering. They will not receive any special commissions for work performed to distribute preferred shares, but may receive regular wages. FCCDC will not employ any outside underwriters, recipients of finders’ fees, selling groups, broker-dealers, or any other agents in connection with the offering. FCCDC will not offer any underwriting or selling discounts or commissions or finders’ fees of any kind in connection with the offering.

We will advertise the offering using FCCDC and PVGrows existing marketing channels, including websites, email lists, Facebook pages, and printed materials. This investment opportunity will be advertised at public events where the

FCCDC and PVGrows services are being presented. Press releases to local newspapers and radio stations will be sent. Public presentations to educate potential investors about the offering will be made.

All communications will direct potential investors to this Offering Memorandum.

Securities Attributes

Returns

The annual return on the Community Investor Pool will be 2% interest. Investors will be able to request annual interest payment, or leave the interest to accrue on the outstanding balance until the five-year investment period ends.

The annual target dividend on the Patient Capital Pool is 4%. The goal is to structure a set of investments during the first three years of the life of the fund in such a way that investors will begin to receive interest and principal returns effective Year 5 of the fund. As investments into the fund will be structured to provide higher returns in years six through eight, investors would receive accelerated returns in the final years of the life of the Pool, such that, upon wind-down and dissolution of the Pool, investors will have received an annual internal rate of return of 4%, after reasonable management fees and other administrative fees have been paid.

There is no guarantee that Investors will receive positive financial returns in any particular amount in any given year. THE INVESTOR WILL HAVE NO REMEDY IF THE FUND lacks sufficient returns to provide funders with complete repayment of principal, or any positive return.

Should the PVGrows Fund returns exceed 4% over the life of the fund, excess distributions will be returned pro-rata to investors at 80% to investors and 20% to the fund administrative partner, FCCDC.

Liquidation Preference

If the PVGrows Fund is liquidated or dissolved, holders of investments will be entitled to be paid from any funds and assets legally available to be distributed in an amount equal to their original investment plus all declared but unpaid interest.

Conversion Rights

The investments are non-convertible into any other form other than the form provided by the attached note.

Voting Rights

The Investors are non-voting, other than as required by the laws of the Commonwealth of Massachusetts. The FCCDC Board of Directors holds all decision-making rights with respect to the management of the Pools.

Redemption by Holder

Holders of Community Investor Pool notes may, after five years from the issue date of those shares, request redemption a return of their principal and any unpaid interest. Holders must submit a written request for redemption to the FCCDC. If the fund has suffered losses beyond those guaranteed by the first loss investors, those losses will be shared pro-rata with the holders of the Community Investment Fund notes.

Holders of Patient Capital Revenue Share notes will, after five years from the issue date of those shares, begin to receive returns, based upon the repayment schedules of the borrowers. Holders will be automatically paid pro-rata from proceeds and do not need to submit a written request for redemption to the Fund. Future payments in years

six to eight will also come from the proceeds provided by borrower repayment. The investments made in years one through four of the Pool will be staged to provide final returns eight years after the launch of the PVGrows Fund. If the repayment by borrowers is delayed, the repayment to investors will be delayed. If the repayment history to the fund is not adequate to provide for administrative fees and the return of principle plus 4% IRR, the investors will receive the balance of all funds. If the fund has suffered an overall loss, that loss will be shared, pro-rata by the investors.

Foundations placing Program Related Investments (PRIs) in the Guarantee Pool will receive the balance of their guarantee funds, less any funds needed to cover fund losses five years after the launch date. Accrued interest will be paid at that time as well.

Restrictions on Transferability

Investments are nontransferable.

Securities Investor Requirements

General

The offering to non-accredited investors is made in reliance on the small offering exemption safe harbor of Rule 504 promulgated under the 1933 Securities Act (“the Securities Act”) and the provisions for registration by qualification under Massachusetts General Laws Part I, Title XV, Chapter 110A, Section 303 of the Massachusetts Securities Act and other applicable laws or regulations.

Investment in the Securities is highly speculative, involves significant risks, and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. Prospective investors are encouraged to consult their personal financial advisors to determine whether an investment in the Fund is appropriate.

Investment into the fund’s securities may not exceed 10% of the investor’s liquid net worth (excluding value of home, home furnishings, and automobiles).

Each Investor will be required to make certain representations and warranties to the Company and to agree to indemnify, hold harmless, and pay all fees and expenses that are incurred by, and all judgments and claims made against the Fund, its affiliates and counsel, for any liability that is incurred as a result of any misrepresentation made by the Investor.

The Fund may reject a Promissory Note, in whole or in part, at its absolute discretion.

No Revocation

Once a person has executed a Promissory Note and submitted funds, such subscription may not be revoked without the consent of the FCCDC.

Risk Factors

General Risk Factors

Each investor is aware that an investment in the PVGrows Fund is speculative and involves a high degree of risk, including the possible loss of the entire investment, and such investor has carefully read and considered the following Risk Factors and all matters specified in these subscription documents in determining whether or not to

invest in the PVGrows Fund as specified herein. Each investor understands that the following factors are not an all-inclusive list of possible risks inherent in the Offering.

Risks Related to an Investment in One of the Pools

This fund relies on grant support. If the core funders withdrew support or failed to garner the additional support necessary, it would be more difficult for the fund to meet its mission objectives. The risks related to an investment in one of the Pools includes, but is not limited to:

- Certain Factors Beyond Our Control May Affect Future Success: Any future success that the PVGrows Fund might achieve will depend upon many factors, including factors beyond our control and/or which cannot be predicted at this time. These factors may include but are not limited to changes in general economic conditions; increases in viable investment opportunities, the impact on borrowers from weather, competition or other factors which cannot be predicted. These conditions may have a material adverse effect upon our borrowers' business, operating results, and financial condition.
- Dependence on Key Personnel: Much of the PVGrows Fund's success depends on the skills, experience, and performance of PVGrows and the FCCDC's staff. Success also depends on our ability to recruit, train, and retain qualified personnel. The loss of and subsequent failure to adequately replace the services of any of our key personnel, or a failure in our efforts to recruit, train, and retain key personnel may have a material adverse effect upon our business, operating results, and financial condition.
- Increased Competition: As demand for investment into local food enterprises has continued to increase in recent years in the Northeast, the available capital has outpaced the number of viable deals. While there is currently limited competition in the Pioneer Valley for this type of fund there is the possibility that others will develop. The FCCDC may find itself competing with other investors or investment funds for deals, thus increasing the risk and reducing the return of the portfolio. In addition, borrowers with a unique niche and a marketplace advantage may find themselves competing with similar, local food brands, as more regional or national firms emerge.
- Weather and Global Climate Change: To help promote the idea of a regionally based food system, the PVGrows Fund is committed to investing in food businesses and farms only within the Northeast, primarily the Pioneer Valley. This decision increases the chances that production of farms product in a given year will be adversely affected by the region's weather in that year. Weather patterns can be unpredictable from one year to the next, resulting in poor crop yields for even the most skilled farmer. Such challenges could have a material adverse effect upon the businesses that borrow from this fund.
- Control of the PVGrows Fund: Control of the PVGrows Fund and all of its operations rests solely with the employees of the FCCDC and PVGrows and volunteer Board and Steering Committee members, upon whose judgment and skills Investors must rely.
- No Guarantee of Return. No assurance can be given that an Investor will realize a substantial return on investment, or any return at all, or that an Investor will not lose a substantial portion or all of the investment. For this reason, each prospective investor should carefully read this memorandum and all exhibits attached hereto and should consult with an attorney, accountant, and/or business advisor prior to making any investment decision.
- Financial Statements: The FCCDC's audited financial statements are historical statements and cannot predict future performance with any certainty (see Exhibit C).
- Tax Risks. No representation or warranty of any kind is made by the PVGrows Fund, the officers, directors, counsel to the fund or the FCCDC, or any other professional advisors thereto with respect to any tax consequences of any investment in the PVGrows Fund. EACH PROSPECTIVE INVESTOR SHOULD SEEK THE INVESTOR'S OWN TAX ADVICE CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN THE FUND.

Other possible RISK FACTORS

- A. This is a new fund and lacks any prior history, therefore projections may not meet expectations.
 - B. The PVGrows Fund has not commenced operations, hence it has no operating history. While PVGrows has operated a similar loan fund for the past three years, there is no assurance that this fund will generate significant revenues and/or that its operations will be profitable.
 - C. The investor must be willing and able to tolerate a total loss of his/her investment as this is a speculative venture.
 - D. The fund has no intention of issuing dividends in the near future.
 - E. A successful lawsuit against the FCCDC could reduce the profitability of the Fund.
- Investments in the Fund are unsecured.
 - Investments in the Fund are not insured by the FDIC, nor by any governmental or private entity.
 - Investments in the Fund cannot be redeemed before their due date and there is no known secondary market in which to sell or trade them before maturity.

Restrictions

Other Information Is Not Authorized

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE COMPANY OR THIS OFFERING EXCEPT SUCH INFORMATION AS IS CONTAINED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED HEREIN MAY BE RELIED UPON AS HAVING BEEN AUTHORIZED.

THE INFORMATION IN THIS MEMORANDUM SUPERSEDES AND REPLACES IN ITS ENTIRETY ANY INFORMATION PREVIOUSLY DISTRIBUTED TO, PROVIDED TO, OR VIEWED BY ANY INVESTOR.

Withdrawal, Cancellation or Modification

THIS OFFERING IS MADE SUBJECT TO WITHDRAWAL, CANCELLATION, OR MODIFICATION BY THE COMPANY WITHOUT NOTICE. OFFERS TO PURCHASE THESE SECURITIES MAY BE REJECTED IN WHOLE OR IN PART BY THE COMPANY AND NEED NOT BE ACCEPTED IN THE ORDER RECEIVED. THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF THE SECURITIES SUCH INVESTOR DESIRES TO PURCHASE. THE COMPANY SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR.

THE STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE EFFECTIVE DATE UNLESS OTHERWISE SPECIFIED.

No Warranty of Projections or Assumptions

Projections concerning the business or financial affairs of the Company that may be provided to prospective investors, including without limitation those set forth in this Memorandum and its exhibits, are for illustrative purposes only. These projections are based upon assumptions that management of the Company believes to be

reasonable. However, there can be no assurance that actual events will correspond to the assumptions, and the projections should be viewed merely as financial possibilities based on the assumptions stated and not as a prediction or guarantee of future performance. The assumptions upon which these projections are based should be carefully reviewed by each prospective investor. Projections or conclusions regarding the financial condition of the Company, including projections regarding the profitability of the Company, may be substantially adversely affected by variances from the assumptions made by the Company.

Forward-Looking Statements

This statement is being included in connection with the safe harbor provision of the Private Securities Litigation Reform Act. THIS MEMORANDUM CONTAINS FORWARD LOOKING STATEMENTS. FROM TIME TO TIME, ADDITIONAL WRITTEN FORWARD LOOKING STATEMENTS MAY BE MADE BY THE COMPANY. SUCH FORWARD LOOKING STATEMENTS ARE WITHIN THE MEANING OF THAT TERM IN SECTION 27A OF THE SECURITIES ACT AND MAY INCLUDE PROJECTIONS OF REVENUES, INCOME OR LOSS, CAPITAL EXPENDITURES, BUSINESS RELATIONSHIPS, FINANCINGS, PROPOSED FINANCINGS OR INVESTMENTS BY THIRD PARTIES, PRODUCT DEVELOPMENT, PLANS FOR FUTURE OPERATIONS, PLANS RELATING TO PRODUCTS OF THE COMPANY, AS WELL AS ASSUMPTIONS RELATING TO THE FOREGOING. SUCH STATEMENTS ARE BASED UPON MANAGEMENT’S CURRENT EXPECTATIONS, BELIEFS, AND ASSUMPTIONS ABOUT FUTURE EVENTS, AND ARE OTHER THAN STATEMENTS OF HISTORICAL FACT AND INVOLVE A NUMBER OF RISKS AND UNCERTAINTIES.

THE WORDS “BELIEVE,” “EXPECT,” “INTEND,” “ANTICIPATE,” “ESTIMATE,” “PROJECT,” AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE THE STATEMENT WAS MADE, BUT ARE NOT THE EXCLUSIVE MEANS OF IDENTIFYING SUCH STATEMENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES, SOME OF WHICH CANNOT BE PREDICTED OR QUANTIFIED. FUTURE EVENTS AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN, CONTEMPLATED BY, OR UNDERLYING THE FORWARD-LOOKING STATEMENTS. STATEMENTS IN THIS MEMORANDUM -- INCLUDING THOSE CONTAINED IN THE SECTION ENTITLED “RISK FACTORS” -- DESCRIBE FACTORS, AMONG OTHERS, THAT COULD CONTRIBUTE TO OR CAUSE SUCH DIFFERENCES.

Appendices:

Appendix A – Promissory Note

Appendix B – FCCDC Financial Statement

Appendix C - PVGrows Fund Lending Criteria

Appendix D – FCCDC Staff and Board

Appendix E: The Inquiry Review Committee:

The Inquiry Review Committee consists of ten organizations, including lenders, foundations, non-profits, and government agencies, who recognize that a variety of investment vehicles will be needed to scale up the growing local food economy. In 2009, these organizations launched the PVGrows Loan Fund, which has provided loans up to \$250,000 to Pioneer Valley businesses involved in the local food economy, as well as access to business development assistance through member organizations and a partnership with the Fair Food Network. Each of these organizations offers aligned missions, and experience providing business assistance and investments into the local economy, and the food system. The structure is based on voluntary participation that encourages its members to share knowledge and experience, and provides the opportunity for them to partner on specific investment opportunities and business assistance projects. In addition, the Fair Food Fund and several grantmaking partners pooled resources to provide a technical assistance fund, designed to help businesses prepare to be investment ready and enhance their ability to strengthen the local food economy.

The Carrot Project

Common Capital

Community Involved in Sustaining Agriculture

Cooperative Fund of New England

Equity Trust

Lydia B. Stokes

Massachusetts Department of Agricultural Resources

New England Small Farm Institute

Solidago Foundation

Additional support for technical assistance is provided by:

The Fair Food Fund

Appendix F:

PVGrows Advisory Committee