

# ZoneShare April 2016

- Alternative Financing Options – Maureen Hart
- Rick Farley: RMDZ loan, GHG grant, and creative ideas.
- Examples of Regional projects that cross Zones. Linda Herman, Michael Wonsidler, Steve Lautze.
- Regional Markets and Market Development – Reaching our Potential – What do we need?

# Creative Financing Options

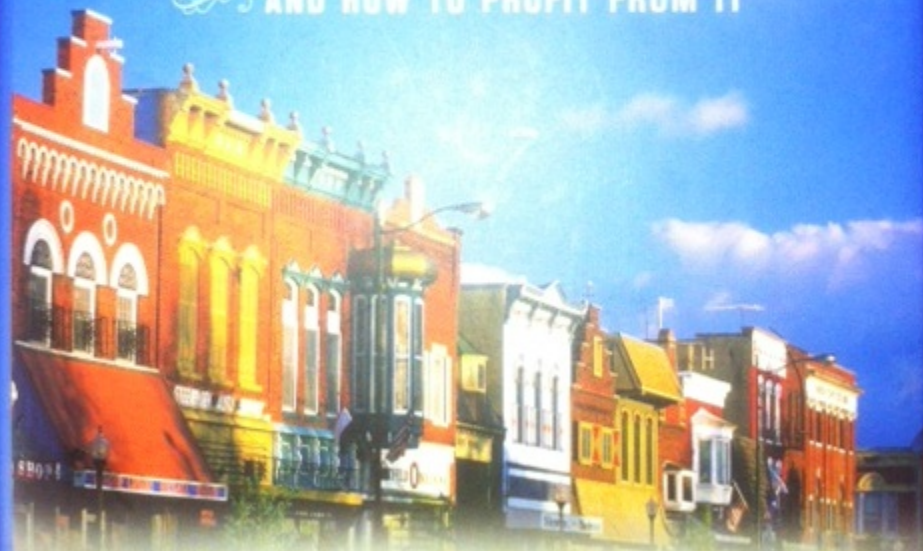
Maureen Hart

ZoneShare April 2016

# Locavesting

THE  
REVOLUTION  
IN LOCAL INVESTING

AND HOW TO PROFIT FROM IT



Amy Cortese

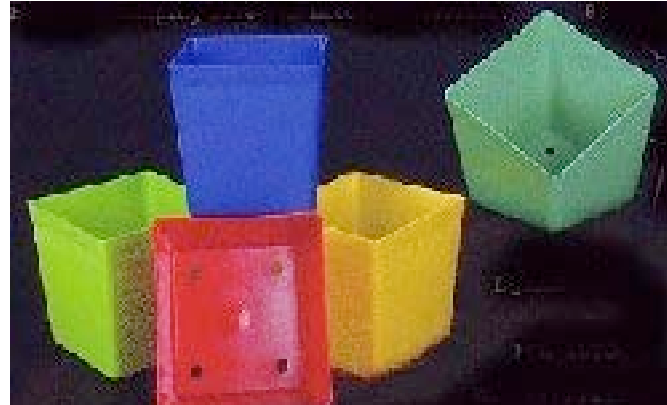
# Alternative Options for Raising Money for Businesses

- Advanced Inventory purchase
- Crowdfunding Fundraiser
- Peer to Peer Lending
- Local Investing Opportunity Network (LION)
- Community Development Financial Institutions (CDFI)
- Direct Public Offerings (DPO)

## Advanced Inventory Purchase

-Pay ahead so the manufacturer could get the supplies needed and produce the product.

-Relationship between a supplier and their supply chain or distributor.



# Crowd Funding Fundraiser

- Indiegogo and Kickstarter are the major ones.
- Donation to the Business.
- Computer platform for gathering money from the public.
- They take a 5% fee from the business and the processor charges a 3-5% fee.
- Most common focus: music, film, technology, art, design, food and publishing.

# Reward or Gift for Support

- Offers a reward for their pledge of funds.



# Beck's Bakery

- Business to Consumer



- Bought A Delivery Trailer



# Peer to Peer Loans

- On-line Platform connecting lenders to investors. List of businesses.
- 5.99% - 36% depending on risk



# On-line Peer to Peer Lending

- **Advantages**

- May be able to secure lower rates than what financial institutions charge for unsecured loans.
- Avoid piling up credit card debt

- **Disadvantages**

- Most sites limit the amount you can borrow
- More borrowers than lenders online

# On-line Peer to Peer Lending

- Lending Club : Minimum FICO score of 640 and only manageable debt.
  - [WWW.LendingClub.com](http://WWW.LendingClub.com)
  - Business loan up to \$300,000: debt consolidation, working capital, equipment, more
- Prosper – interest rate based on FICO score
  - WWW.prosper.com
  - Loans from \$2,000-\$35,000



# **Local Investing Opportunity Network (LION)**

- Loosely organized group of people who meet regularly.
- Plan to invest their money in their local community.
- Examples: Port Townsend, Portland, Madison, Maine.



# LION Gatherings

- The LION hosts informal gatherings.
- Documents who attends.
- Friends and Family under the SEC



Alphabet Soup

EDC

- Economic Development Corporations or this type of Organization.

Becomes a CDFI

- Community Development Financial Institution

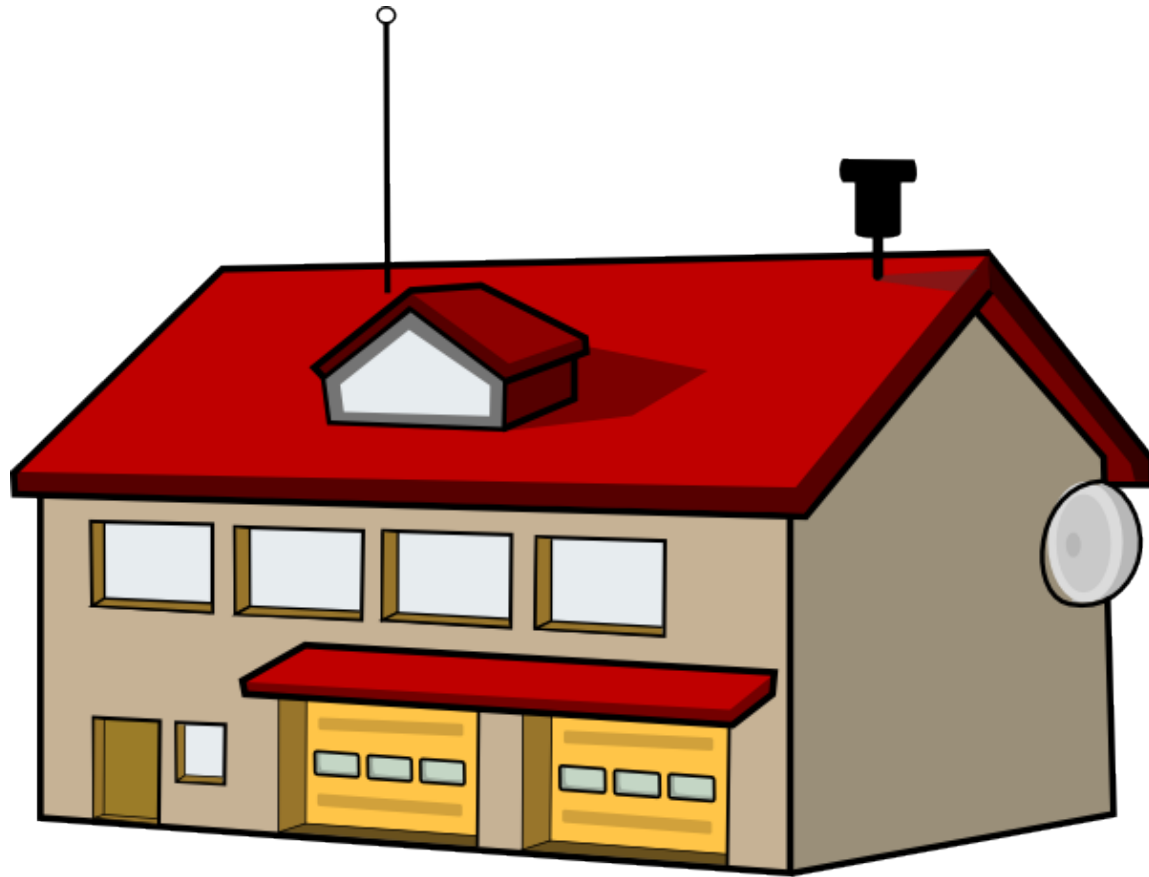


# Community Development Financial Institutions Fund (CDFI Fund)

- Administered by the Department of Treasury,
- Capital grants, equity investments and awards for technical assistance to CDFI.
- Invest federal dollars alongside private sector capital.
- CDFI Fund serves mission-driven financial institutions (Economic Development Corps)
- Economically disadvantaged communities.



# Your Economic Development Corporation becomes a CDFI



# Direct Public Offering (DPO)

- A **DPO** is a method by which a business or organization can offer stock directly to the public.
- Shares can be sold directly to anyone, even non-accredited investors, including customers, employees, suppliers, distributors, family, friends and others.
- Investors have to be in California.
- Cost about \$20,000 to set up a DPO.

# Mendocino County's Economic Development and Financing Corp.

## Mendocino Wool Mill



## Non-profit CDFI

- Set up a DPO
- Their first business does not yet exist, (start-up) and *will not* exist until the Mendocino's CDFI loans them money
- [Vimeo](#) is the computer platform where investors go for information.

# The Money Was Raised!

- Exceeded their goal of \$350,000 and raised \$356,000.
- Mostly local investors.
- Investors get 2%
- EDFC gets 5%
- Grants mix



## CDFI with a DPO

- The CDFI has to really want community support in creating social benefit companies.
- It is a lot of work
- Benefit to the Investors
  - Risk has been taken on by CDFI and CalCap Insurance.
  - CDFI finds the project
  - They want to invest in local.



# Background Information

- <https://bealocalist.org/community-capital-toolkit-2> (BALLE)
- SoCap Conference, Fort Mason in October, a social benefit investing conference
- Wikipedia for definitions.

# Creative opportunities for RMDZ Loans

- Banks have been offering low interest rate loans and lines of credit.
- Rick Farley will make suggestions for possible combinations

# Regionalism

- Three Examples crossing individual zone lines
  - A regional answer to food waste – Linda Herman from Chico/North Butte County
  - Update on Reuse with Michael Wonsidler from North San Diego County
  - A re-shoring of a company – Steve Lautze, Berkeley Oakland



# How can we foster more RMDZ Regionalism?

- California has more and more material that Asian markets want less and less.
- Have we come to depend on these markets at the cost of developing our own Markets?
- How can we create a grid of recycling infrastructure to support the use of California's material?
- How can we bring successful models throughout the state?

# Open Sharing

- Ideas,
- Questions
- Sharing
- CARMDZ up date– Steve Lautze

# Thank You

- Thank you to those who have participated in the ZoneShare today.
- It has been a pleasure to work all these years with CalRecycle, Marshalle, Tomi, CARMDZ, and all the people that make the Zoneworks and Peershare happen.