Presentation Outline

- Technical Orientation
- Welcome / Introduction
  - Jeff Farbman
    Wallace Center at Winrock International
- Community-Based Food Business Financing
- Questions and Answers
- Upcoming Opportunities, etc.
WALLACE CENTER AT WINROCK INTERNATIONAL

• Market based solutions to a 21st Century food system
• Work with multiple sectors – business, philanthropy, government
• Healthy, Green, Affordable, Fair Food
• Scaling up Good Food
NATIONAL GOOD FOOD NETWORK: VISION
NATIONAL GOOD FOOD NETWORK: GOALS

Supply Meets Demand
- There is abundant good food (healthy, green, fair and affordable) to meet demands at the regional level.

Information Hub
- The National Good Food Network (NGFN) is the go to place for regional food systems stories, methods and outcomes.

Policy Change
- Policy makers are informed by the results and outcomes of the NGFN and have enacted laws or regulation which further the Network goals.

http://ngfn.org | contact@ngfn.org
Community of Practice

Networking
- Conferences
- Webinars
- Peer to Peer

Study Hubs
Regional Networks

Technical Assistance
- Strengthen Food Hubs

Research
- New Info
- New Audiences

Food Hub Collaboration
National Good Food Network

Sponsors and Partners
Presentation Outline

- Technical Orientation
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Community-Based Food Business Financing

**Jake Carter**  
*Moontower Community Agricultural Co-op*

**Dana Curtis**  
*Black Star Co-op Pub and Brewery*

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COMMUNITY-BASED
FOOD BUSINESS
FINANCING
Topics will include:

What is all this co-op stuff, anyway?

and

The nitty gritty of community-based financing

Question and Answer session will follow
Up first, beer!
Black Star Co-op Pub and Brewery

Founded in 2006, opened doors in December of 2010

Worlds’ first cooperatively-owned, worker self-managed brewpub

Hybrid Structure

Funded through Member-Investor Share Offering

Currently over 3,300 member-owners
And now, Presenting...
Moontower Co-op

Incorporated in 2013

Two types of members:
- Supporter-Members
- Producer-Members

Multi-modal Food Hub:
- Distribution to Institutions
- Bulk-Purchasing
- Value-Added Production
- Commercial Kitchen
- Education, Technical, Certifications, Tax, & Healthcare Assistance

A FARM WORKDAY WITH SOME OF OUR VOLUNTEERS AND FARMERS
What is a co-op?
A cooperative (co-op) is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Co-ops are a legal business structure:

- Defined under state and federal law
- Membership = Ownership
- One person, one vote
- Democratic
- Independent
- Community-based
Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

7 Co-op Principles:
Voluntary and Open Membership, Democratic Member Control, Member Economic Participation, Autonomy & Independence, Education, Training, & Information, Cooperation among Co-ops, Concern for Community

1st Wave: ‘20s–’40s
2nd Wave: ‘70s
3rd Wave: Right now!
They’re everywhere!

You’re surrounded!

- Farmer Co-ops
- Utility Co-ops
- Credit Unions
- Purchasing Co-ops
- Retailers’ Co-ops
- Consumer Co-ops
- Worker Co-ops
- Housing Co-ops
- Food Hub Co-ops
A COOPERATIVE FINANCING MODEL
MISO, DPO, E-I-E-I-O

Sometimes called a Direct Public Offering or Member-Investor Share Offering:

A MISO (aka DPO) is a way of raising money by offering a security (loan, notes, or shares) to the public. MISOs require the cooperative to register with the state in which it’s offering the securities (seek legal or professional help) to set a minimum investment per investor, a maximum investment amount, and a time limit inside of which the investment must be raised.

Using a MISO allows cooperatives to speak broadly to groups who might be interested in putting capital or low cost loans into a business, like Slow Money or pro-local business groups. More importantly, the cooperative is able to speak to its customers and suppliers about the investment opportunities, and to leverage its community networks to raise funds.
2 Some Benefits of a Miso
Benefits of a MISO

Sometimes called a Direct Public Offering or Member-Investor Share Offering:

**Community-based:** The community you serve finances your operation and is repaid with a bonus, this generates goodwill

**Wholly internal funding:** No banks or loan organizations to deal with (other than where to keep your money)

**Deferred repayment:** No loans or credit cards to immediately start paying back

**No underwriter:** Make the offer of shares yourself, without the need for an underwriter

**Fewer restrictions:** Unlike some grants and loans, the investments may be used for many things such as startup operations, build-out, salaries, training, or other expenditures you lay out in a plan for your investors. (Check local laws)
3 DETERMINE A NEED
• Determine the need in your community
  - Before financing your business, what type of food business is needed in your local community?
  - Where should it be located for maximum impact?
  - Conduct surveys and studies

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Does your community need:

- A distribution center for local food?
- A value-added processing plant?
- A restaurant or grocery store?
- A kitchen incubator space?
4 WHICH STRUCTURE WORKS BEST
Which Structure?

Co-ops Rule!

• **What type of co-op best serves this need?**
  - Who owns the business for it to be most effective?
  - How will “profits”, or patronage, be distributed?
  - Raise your membership levels (if appropriate) to have a pool of investors to work with

**A few examples:**

- A distribution center could be a producers’ co-op
- A processing plant could be a worker-owned co-op
- A restaurant or grocery store could be a consumer co-op
- A kitchen incubator could be a combination
DESIGN YOUR OFFERING
Design your offering

- Consult an attorney or professional
  - Ask about pro bono work
- Design MISO booklet and website with:
  - Description of the project
  - Your future plans and project leader and board bios
  - The terms of the offering
  - Risk factors, cautionary statements, etc.
- Start the community-based funding campaign!

A few things to remember: It’s not as easy as it sounds but it is a great model to avoid traditional funding sources and these are tips based on our experience and not legal advice.
6

NEVER STOP LEARNING
Resources

• **Book:** Practicing Law in the Sharing Economy: Helping People Build Cooperatives, Social Enterprise, and Local Sustainable Economies
  

• **Book:** Raising Dough: The Complete Guide to Financing a Socially Responsible Food Business
  

• **Website:** [http://www.cuttingedgecapital.com/](http://www.cuttingedgecapital.com/)

• **An Example DPO:** [http://mntwr.co/sacfcns0](http://mntwr.co/sacfcns0)

• **Other Co-op Resources:** [http://mntwr.co/blkstrresources](http://mntwr.co/blkstrresources)

• **Email Jake Carter:** jake@moontower.coop

• **Email Dana Curtis:** danac@blackstar.coop
Thank you

www.moontower.coop  
jake@moontower.coop

www.blackstar.coop  
danac@blackstar.coop
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Webinars are Archived

TOPICS!

http://ngfn.org/webinars
NGFN Webinars

- 3rd Thursday of each month
  3:30p EST (12:30p PST)

http://ngfn.org/webinars

- July 17 - Byte Sized - Choosing Appropriate Technology to Run Your Good Food Business

- August 21 - Ins-TRUCK-tion Manual: Lease, Buy, or Other?
Learn From Food Hub Experts
Become A Food Hub Success

UVM FOOD HUB
MANAGEMENT
PROFESSIONAL CERTIFICATE

Space is limited - Inquire now

learn.uvm.edu/foodhub
Get Connected, Stay Connected

http://ngfn.org/database

National Good Food Network Database
Click to learn more

Search for: Wallace Center

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