

# **Berea's Local Investment Fund Strategic Plan**

## **Vision**

The primary vision is to create a local investment fund that will encourage and facilitate local investment in enterprises and increase the availability of funds to Berea's local business community. The Finance Group's strategy is to develop a source of capital in Berea, deployed in many ways to support the genesis, expansion or transfer of ownership of local small to medium businesses. This should encourage investors and a sustainable alternate financing market that is not reliant on outside capital as well as creating an "entrepreneurial friendly community". A local investment fund will provide financial support to current and prospective business owners as well create a stronger commitment from residents who have an investment in these businesses to think local first. When paired with business training this addresses two major obstacles for businesses today - financing and training.

## **Obstacles**

Potential obstacles include:

1. Current federal and state regulations that make it difficult for small investors to participate in local funding. The team will need to investigate the any legal issues.
2. The working group needs an indication of legitimacy and support from the local government.
3. Identifying individuals, businesses, and organizations willing to invest would be needed so that a fund or several funds could be established.
4. Further development and understanding of the investment vehicle. Understanding the legal, technical, and logistical considerations in setting up a fund.
5. An analysis of investment models needs to be conducted to better inform the working group, current small business owners, local financial institutions, and community investors.

## **Action Plan**

The working group has identified four investing options but needs to continue to research these options. Part of our plans would be to share these models before a representative focus group of entrepreneurs in difference stages of business and potential investors. That group's feedback would guide the working group to choose two of the four options to develop further and offer as the first two local investment options in Berea. The two options chosen would dictate other steps such as identifying resources needed, specialized skills needed, alliances to be formed, and development of further plans to

achieve goals supporting the vision. Finally, an entrepreneurial development program must be developed to be paralleled with, and be a prerequisite for, eligibility from the local investment fund. Below is table containing the next action steps for the finance group.

Finance Group Action Steps as of 2/21/2012	Expected Completion
Continue to research each of the four models and develop final versions of each model that could be considered for implementation.	End of March
Ask the B.E.A.T. to identify lawyers who might be willing to assist our group answer questions about the legality of the models.	End of February
Identify a lawyer that could help us understand securities issues with each of the financial models.	Middle of March
Identify who the city webmaster is, and the process and approvals needed to have information added to the city website.	Middle of March
Create and distribute phase 1 and phase 2 model descriptions informing audiences of what the models are and how they would work.	Middle & end of March
Get on the agenda for each of the working groups next meeting.	March
Reach out to the small business group about the development of an entrepreneurial training that would be paired with these models	March
Begin to identify local entrepreneurs, business owners, and citizens who would be willing to provide constructive feedback on the models including which has the best potential impact and ways to customize or improve the models.	End of March
Have a representative from the finance group share the model with each of the working groups to obtain feedback from each group.	End of April
Identify potential investors or ways to be in touch with potential investors for a focus group.	End of May
Narrow down or combine the models into one project that we think has a high probability of implementation and potential impact to local business owners.	TBD
Identify a person or organization that would be interested in taking ownership of the "fund"	TBD
Develop infrastructure and logistics of the "fund"	TBD

## **Public Policy**

The City can help by doing some of the legal legwork paving the way for the models to be implemented. The City may also provide matching funding to establish funds and/or funds to hire the expertise to develop technology interfaces. Also, the City can help the entire local economy effort by giving each working group legitimacy by recognizing each group as a standing committee that will report regularly to the City Council. The City Council and Mayor should be actively involved in the initial advertising campaign identifying Berea as an “entrepreneurial friendly community” and making everyone aware of local investment opportunities.