

Financing Worker Co-ops – Shares & Bonds

***Presented by Brian Iler, Iler Campbell, Toronto
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**Who finds the prospect of raising
money for your co-op scary?**

Lots of questions ...

Where do you start?

How do you ask?

What should you sell – bonds, or shares?

If bonds, is there security you can offer? What rate of return should you offer? What term?

How will you repay when they fall due?

If shares, how do you design them in a way that people will want to buy them, but at the same time, not overly burden your co-op?

Who'll buy them? How do you ask?

The Co-op Advantage

Established to meet a community's needs

That community will support if a good case is made

Co-operatives are usually exempt from onerous security regulation

[I'm an Ontario lawyer – what I have to say doesn't necessarily apply in other provinces or territories]

The Co-op Disadvantage

- Co-op shares don't appreciate in value - you are repaid the price you originally paid
- There's no resale market – no stock exchange – for co-ops

Means that co-op shares aren't very attractive to those who primarily seek a return based on the success of the business

The Big Carrot – starting up

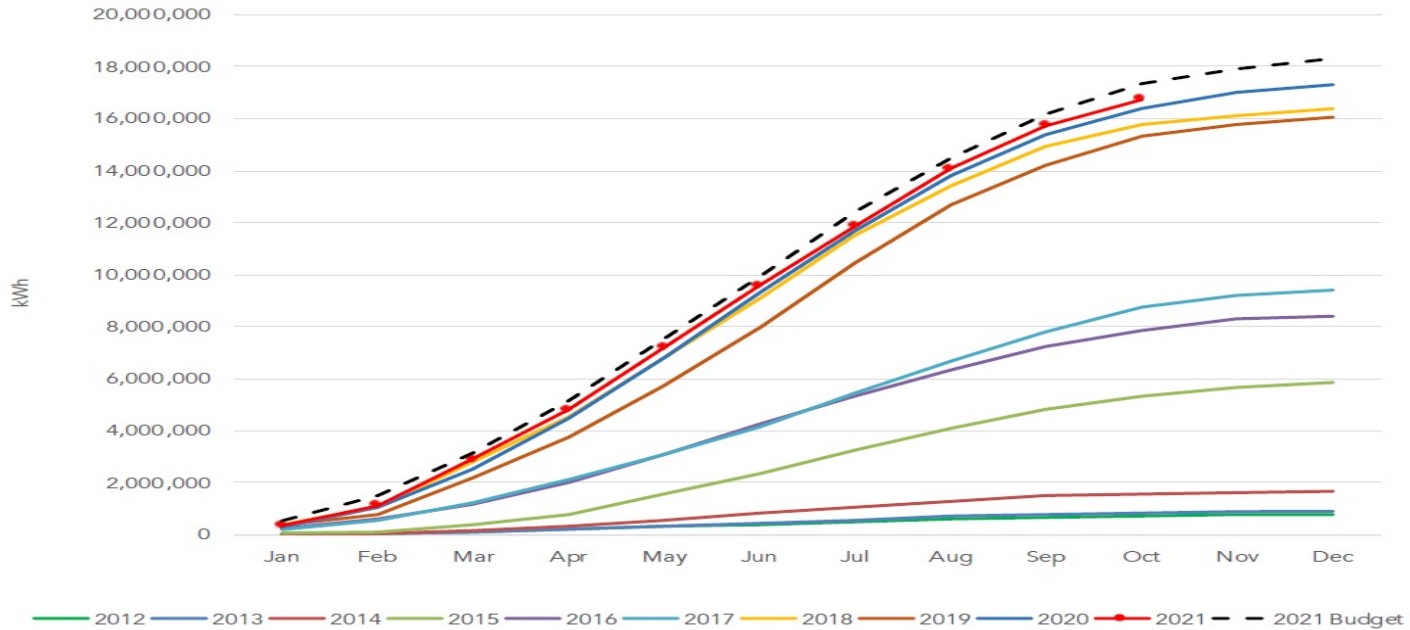
- Start with your members. Each member contributed \$5,000.
- Can any member contribute more? One member, mortgaged her home
- Clients and customers? Share with cumulative dividends
- One generous community supporter made it happen

SolarShare RE Co-op

Over 2000 members and 51 projects throughout Ontario

- Opted to be non-profit, and sell bonds – initially five-year 5% interest
- Recently reduced rate to 4%, with no impact on bond sales

Consolidated Portfolio Production Year over Year



Debt – the Downside

- Have to repay when due
- Can't count on all renewing
- Can't predict what the market will be then
- Need contingency

Accessing the Expertise

- Ask for help from those who've succeeded
- The reason for Tapestry Community Capital
 - A consultant to co-ops, non-profits and charities
 - Advises on bond and share campaigns
 - Modest fees

Gives confidence that you'll succeed

Questions -
you likely have some!

