

BERKSHIRE-COLUMBIA INVESTMENT NETWORK

Initiative offers alternative investment approach with community emphasis

BY JOHN TOWNES

A group of area residents have organized a grass-roots initiative based on neighborliness and support for the region's economy, as an alternative investment strategy and source of financing for local businesses.

The Berkshire-Columbia Investment Network (BCIN), which was started in 2013, is organized on a concept known as a Local Investment Opportunity Network (LION).

The basic role of BCIN is to bring together owners of local businesses seeking financing with individuals who are able and potentially willing to provide them with loans. As indicated by its name, BCIN operates in Berkshire County and adjacent Columbia County in New York.

BCIN periodically holds meetings in which entrepreneurs make presentations about their businesses and their financing requests. The members of BCIN then decide individually whether to provide a loan to a particular business.

While BCIN pre-screens the business that make presentations, it does not have a role in the actual loans. The specific amounts and payment terms of individual loans are arranged directly by the specific investors and business owners. So, a business that makes a presentation may receive financing through a single loan by an individual, or through several separate loans.

"BCIN provides a neutral meeting ground, but the decisions and terms are totally between the business and individual investors," said Monte Wasch, a member of the steering committee. He added that the investments are in the form of loans, rather than equity capital.

BCIN is holding its next meeting on March 28 at 5 p.m. at the South Berkshire Friends

Meeting House in Great Barrington. It is open to anyone in the public who is interested in the concept and potentially becoming a member. There is a \$15 membership fee to join BCIN, but there are no obligations beyond that.

Social benefit

BCIN is actively seeking additional members. They emphasize that investors do not need to be deep-pocketed high rollers or financial experts. Its membership is oriented to retirees, or younger working people, who have built up a nest egg, and want to invest a portion of their savings in a socially responsible, community-oriented way.

"Most of us are not wealthy," explained Robin Zeamer, a co-founder and member of the BCIN steering committee. "We're simply people who have managed to save up some money over the years and want to support the community."

She said that, while the primary motivation is providing a social benefit, this process is also designed to provide a valid investment vehicle.

"I had saved up enough money to retire comfortably as long as I'm careful," said Zeamer, who worked in communications and organizational fund-raising in Manhattan before retiring and moving to the Berkshires seven years ago.

"Things like the stock market are totally out of my control," she continued. "I see this as an opportunity to invest a portion of my savings in the community, rather than putting it all into some remote investment fund. I've been happy with the return on my investments through BCIN. It has certainly earned more than if I had left that money sitting in a savings account or CD."

Nevertheless, Zeamer and Wasch said that investors should be in a position to comfortably make loans of several thousand dollars, without jeopardizing money they may have in savings or other investment vehicles.

"It's not stable, long-term equity," said Wasch. "These loans should be considered in the same category as high-risk investments. People should only allocate an amount they are able to comfortably part with."

Search for alternative

BCIN originated in casual conversations several years ago between Zeamer and several friends in the region, including other co-founders Christopher Schaefer and his wife, Signe, and Rich Lumma.

"We were talking about the 2007-2009 economic collapse, and were dismayed by the role of the large financial institutions in that," Zeamer said. "We were looking for alternative ways to invest our money responsibly and fruitfully. As retired people with some savings, we thought it would be good if we could find a way to help local businesses and support the regional economy."

They found a model to follow in LION, a successful network that had been established in Port Townsend, Wash. Similar LIONs have been formed in other regions.

"We modeled BCIN based on what they did," she said, noting that BCIN started organizing presentations in 2014. It currently has a core of about 12 members who have made investments.

So far at least \$185,000 in loans have been made through BCIN to area businesses. Recipients of loans have included Farm Girl Farm in Sheffield, Berkshire Organics in Pittsfield, Stanton Home foster care in Great Barrington, and Ooma Tesoro's Marinara Sauce in Windsor.

At the March 28 meeting, presenting businesses will include a yoga studio, an inn and retreat center, and a manufacturer of an innovative soft drink.

For businesses, BCIN provides an opportunity to raise capital for expansion or other needs. This may be by choice, or because a business had difficulty obtaining financing through conventional sources such as bank loans because of institutional formulas or specific requirements.

BCIN can also arrange bridge loans to business who are awaiting expected financing from other sources.

"The personal aspect is an important part of this," said Zeamer. "A business may be viable but unable to get a bank loan for very specific reasons that have nothing to do with that. We establish communications and relationships. Through BCIN, members can talk

to the business owners and make decisions based on the whole picture."

Zeamer and Wasch emphasized, however, that there is a stringent screening process for businesses that make presentations.

It is oriented to businesses that already have a track record and potential for growth. They also consider the nature of a product or service a business provides, and its potential to create jobs and contribute to regional economic development.

"I vet new proposals very carefully to determine if the business is in shape to be presented," said Wasch, who lives in New Lebanon, N.Y. He is a former deputy director of economic development for New York City, and has also worked in management and sales in the technology industry.

"I go over their financials and business plans to make sure the business is viable and sustainable," he continued. "We also meet with them and discuss their business and plans in depth."

BCIN also works in collaboration with those at other regional economic development organizations—such as Keith Girouard, Berkshire regional director of the Massachusetts Small Business Development Center Network, and David Curtis, economic development specialist at 1Berkshire—to provide references and assistance to businesses.

Wasch noted that the loans are straightforward, and do not involve the regulations and requirements of investments such as stock or other equity capital. "It's basically a simple loan document," he said. "However, we do encourage members to work with attorneys and other experts to do their due diligence."

He added that members and businesses may also subsequently develop other working relationships, but that is a separate matter they handle on their own beyond the role of BCIN.

Wasch joined BCIN after the organization had been formed. "It appealed to me for several reasons," he said. "I like the social welfare component. It's an opportunity to do good, and it fulfills a need for people to be involved in the community in different ways. It's also good business that generates a satisfactory return on the investment."

He added that there are other benefits. "There's an intergenerational aspect that I like," he said. "Many of the investors tend to be older and have experience to share, while the entrepreneurs tend to be younger people. So, it brings people from different generations together."

Information about BCIN is available at berkcolumbiainvest.org or by calling Zeamer at 413-528-7995 or Wasch at 518-781-0195. Those interested in attending the March 28 meeting are encouraged to RSVP. ♦

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