COMMUNITY WEALTH BUILDING

HOW THE LOCAL INVESTMENT NETWORK (LIN) MODEL IS TRANSFORMING THE METHOW VALLEY AND EASTERN WA

The Association of Washington Cities (AWC) partnered with Washington State University (WSU) Extension on a project to implement Local Investment Networks around Washington State.

The results of the project have shown that one Local Investment Network in particular, the Methow Investment Network, has had significant immediate success.

The unique characteristics of the Methow Valley draw in urban audiences for relocation, tourism, or second homes. This dynamic urban-rural interdependence has set the stage for its Local Investment Network to thrive.

About Us

A Local Investment Network (LIN) is an innovative, community-led peer-to-peer investment network that connects local investors who have capital with local business owners who need capital. It brings residents together around a common goal: to build wealth in their community by keeping local capital rooted in their local economy.
**What is a Local Investment Network?**

- **Not a loan fund**
  - Managing loans is challenging and complex work.

- **Bank Alternative**
  - Bank loans can be difficult and cumbersome.

- **Private Offering**
  - Allowed under Securities Act 4(1).

- **Direct Dealing**
  - Deal is negotiated between investor and business owners.

- **Network Coordinator**
  - Local champion circulates funding opportunities.

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**Why a LOCAL Investment Network?**

LIN is a purposeful and strategic program to enhance access to capital for WA cities and municipalities.
How does it work?

- Gauge community readiness
- Gather strategic partners
- Host an informational event
- Conduct member investment training
- Conduct business training
- Spotlight events
- Member investments

Core Strengths of a LIN

Commitment
Establishes a group of committed volunteers.

Local
Builds a critical mass of local investors.

Vision
Creates shared vision and focus for the community.

Buy-in
Widespread buy-in including community leaders.
Impacts of High Functioning Network

- Strengthens Place: Cultivates strong pride of place.
- Creates Jobs: New business starts + expansion of existing businesses.
- Injects Capital: Expands the capital base in the community.
- Expands Connections: Connects investors and entrepreneurs or businesses.

USE CASE SCENARIO

ECONOMIC ALLIANCE
METHOW INVESTMENT NETWORK (MIN)
From a Resource Extraction and Tourism Economy…

…to a Vision for a Diverse, Healthy Economy
Our Economy at a Glance

- 4,792 full-time residents
- 2,671 in labor force (56%)
- Unemployment is low = 4.3%
- 13% of us work from home
- 42% of us work seasonally
- 68% of us are private wage and salary workers (businesses/incorporated)
- 17% work for government at all levels
- 15% work for own business (unincorporated)
- Median household income is $36-57k

Our Top Issues

Affordable CHILDCARE  |  Affordable HOUSING

Access to CAPITAL
The Methow Investment Network

100+ Inquiries from local businesses

13 formal applications for funding to the Methow Investment Network

Investor Membership has grown to 47

9 businesses funded; 32 potential jobs

$1,500,000 Invested in Methow Valley Businesses

Over 350 hours of volunteer mentorship

Success Stories

“‘The Methow Investment Network has made it possible for me to expand my business, hire more employees and reach more customers.’” - Jacob Young, co-owner Old Schoolhouse Brewery

“I sent the plan and heard from an investor the next morning,” Tiego Pacheco from Methow Plumbing said. “I also heard from four others in the next few days.” Some of those investors, he said, “were Methow Valley people I knew, and I was friends with, but didn’t know they were part of the network.”

“The big difference is that when you go for a market loan, the lenders are never really going to know about you and your situation, so they have to heavily stack the deck in their favor because they will never know the unknowns. In the case of the Methow Investment Network, lenders visited me, asked my neighbors, saw the business I was buying and had personal commitment to my success.” Owner Hanz Sholz, Smiling Woods Yurts
Learnings and Opportunities

- Just Do It!
- Building the Pipeline – word of mouth, advertising
- Funding the Program – get creative – Chamber, Town, Grants
- Each Opportunity is Custom Made
- Be Flexible – Formal Pitches, ‘Speed Dating’, Networking
- Give it time
- Adapt and Change as You Grow – marketing, training, application process
- Share Your Success!

EASTERN WASHINGTON
WORKING WITH REMOTE COMMUNITIES AND TRIBES.
Remote Communities and Tribes

Needs and Challenges

• Distressed areas with high unemployment and poverty.
• Lack of industry or significant downturns in local economy.
• Access to capital is already challenging.
• Preconceived notions of investment
  • Barter
  • Trade
• Urban and Rural Divide vs. Interdependency
• Historical trust issues

Opportunities

• Collaboration to focus on what can be done now.
• Using existing scenarios to establish buy-in.
• Building trust with local champion(s).
• LIN adds value to Opportunity Zones!

Remote Communities and Tribes

• Western thinking vs. Indigenous thinking
• Thought Processes and Value Systems
• Every situation and opportunity is unique
• Resilience and vulnerability loops drive success and failure.
• Listen. Seek understanding. Keep an open heart and mind.

Local champions are important to getting started.
Remote Communities and Tribes

- Resilience and vulnerability loops drive success and failure.

Relationships matter, immensely. Understanding the local culture and building relationships and trust is important before getting started.

Be Responsible
Be Respectful
Be Reciprocal

Remote Communities and Tribes

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The LIN Field Guide

• How to Guide
• Rules and Regulations
• Lessons Learned
• Forms and Templates
• Resources and Links
• Success Stories
Introduction to LIN

AWC CQC, partnering with Washington State University’s Extension Office, is bringing local networks (LIN) to cities and towns across the state.