

Eagle Market Street Development Corporation
Community Equity Fund

Dear Valued Community Ally,

Thank you for an opportunity to share with you the EMSDC Community Equity Fund (CEF). We want to invite you to consider investing in the Community Equity Fund (CEF) to support the growth of businesses owned by people of color.

Together we can help rectify the economic injustices that have plagued Black and Brown owned businesses in WNC and the region. We can help them not only survive the economic fallout of the pandemic, we can help them thrive in ways so that they can provide resources to others, as a ripple effect.

Here is an example of the impact your donation to the Fund would have:

- **You invest in your community through the Community Equity Fund** – As a partner in CEF, you become a Community Champion, a donor-investor in the mission of community healing and building. Your tax-deductible charitable contribution will help create intergenerational wealth for Black and Brown business owners.
- **The Fund injects equity capital into carefully selected business projects and provides professional coaching and mentoring for the business owner(s).** Note this infusion is equity, not debt, since the business owner is not in a position to take on debt. The Fund becomes an equity partner in the business, supporting strategies to build capacities and business legacies.
- **Impact** - The Fund supports engaged businesses by experienced and trusted business advisory professionals: Mountain BizWorks, Carolina Small Business Development Fund, with 30+ years each in small business lending and business advisory service provision will serve also as underwriters; Edward D. Jones Fund repository will also be a business advisor. The businesses will also have access to and general guidance from an experienced Fund Attorney.

Your investment in the inaugural project would plant seeds to help turn the tide of inequity, renewing the capacity of Black and Brown business owners to do for their families and communities what mainstream business owners, unobstructed by systemic racism, have done for centuries.

In solidarity,

Stephanie Swepson Twitty
Kevin Jones
Michael Smith
EMSDC CEF Advisors

Example of the Model

- Bread and Butter Coffee and Co-Working Space, owned and operated by two African American males with business experience, is located in a historic commercial business district in Asheville. Annual revenues for the business are \$100,000.
- Following application and review, Community Equity Fund provides an injection of \$30,000 in *equity* capital, for 20% ownership stake in the business for the life of the partnership, 2-5 years. This is based on assessed value of this business at \$150,000.
- During a grace period of 24 months, business revenues grow to \$200,000.
- After that 2 years, the business begins dividend payments back to the Fund at a rate of 7% of annual gross revenues, (monthly, or quarterly) for a period of 3-5 years. Payments continue until the business pays the Fund 150% of its initial injection, thus regaining full ownership of the business.

Replication: From each equity injection round, the fund receives a 120% return from the revenue shares, and pays 30% to EMSDC for managing the program. All of the return is re-invested into Black and Brown owned businesses.

Success Indicators:

- The number of Black and Brown-owned businesses in WNC and the region increases from 2% (since 2004) to 15%
- The Fund becomes a \$1,000,000 pool for business development
- The Fund operates as an “evergreen”, i.e., self-replenishing fund
- **CEF** secures a loss-guarantee fund of \$150,000 to cover potential failures at a rate of 15 percent
- Your investment fosters growing solidarity on the path to true equality

Contact:

To donate:

For additional info:

<https://www.eaglemarketsts.org>
stephanie.emsdc@gmail.com