



Working to Build Zero Waste Communities

February 22, 2010

Dear Members of the Colorado State Affairs Committee,

Colorado Needs the L3C to Help Fund the Future ... please support it!

Government at every level is slowly going broke – Federal, State and Local – so where are we going to find the funds to rebuild America? One new source of investment funds is the \$30 Billion per year that is “given away” by our philanthropic foundations for social good works. A new wind is blowing in the Foundation world as they express increasing interest in giving the world fishing poles rather than just fish by investing in social change rather than just giving grants.

I have built the largest community recycling company in America right here in Colorado, named Eco-Cycle, operating in Boulder for 34 years. We employ 66 people with a \$2.5 million payroll while recycling nearly 60,000 tons of paper, plastic, glass and metals. These materials are purchased by Colorado companies, such as COORS bottling in Golden. If these materials went to the landfill, only 6 jobs would have been created.

I have been at the forefront of creating many of the recycling systems now used across America, but our work is not done. The Colorado recycling rate is very poor compared to most other states, and I see that as an opportunity for home-grown economic growth and jobs. We need new facilities for not only traditional recycling, but for the emerging composting industry that will help our farming sector and in construction & demolition recycling, which will help our local building industries.

However, the lack of state or city/county funds will limit the creation of this new “resource recycling” industry, and the L3C is a simply a new tool, a new vehicle, for bringing Foundation as well as other “social funds” to the free market approach to bringing the Green Economy to Colorado. I have plans on creating an L3C, and would like it to be a Colorado company, rather than registered in Vermont, or some other state. Eco-Cycle needs investment money to build a composting facility that will produce a stable 10% profit ... which is a solid business once established, but not profitable enough to attract venture investment funds. The local governments can support this effort by providing land and regulation, but not money – the key ingredient.

If Eco-Cycle can bring Foundations and social investors into the recycling industry through an L3C, what is the risk or harm in you passing legislation allowing me to create a Colorado company to do this? I can create my L3C as a Wyoming company, but why would I want to do that – I’m a Colorado boy! What is the big concern

eco-cycle

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here? I've heard some lawyers think that "nothing is gained" by the L3C vehicle, but I strongly disagree. What do they know about creating social change through business and technology? I know about it because I've been doing it for over 25 years, and I know that when the giant Bill Gates Foundation creates a \$400 million "investment fund" for social entrepreneurs that something big is brewing and it is exciting and good for us all.

Colorado shouldn't sit back while other states move forward, which they will. I don't see a downside here, even if the naysayers are right and the L3C doesn't achieve the success we see for it. Nothing has been lost by trying it. Please support the L3C and help bring a new source of social funds to the challenge of building a Green Colorado Economy.

Thank you for your time,

Sincerely,



Eric Lombardi

Executive Director

Eco-Cycle Inc.

Boulder, CO.

www.ecocycle.org

303-444-6634

To: Colorado State, Veterans & Military Affairs Committee
From: Kathryn Alexander, Manager
Date: 25 February 2010
Reference: Support for HB 10-1111 Legislation

Dear Committee Members:

My Rationale for Becoming an L3C

My business, Ethical Impact L3C is a newly minted L3C, organizing in Vermont and operating as a Foreign Entity in Colorado.

I've had a previous organization that I organized in Nevada and believe me I'd prefer to be a native. If Colorado had L3C possibilities or was even close I would have chosen to be organized here.

The prime reason for choosing the L3C is that it makes a public statement about the company's intent for social benefit. We do expect to make significant profit, but that is not the reason for our existence. The L3C makes that intent known.

My business is different in that our products – green education (classes in sustainability for business owners) and certifications are values-based. This makes me very conscious of the issues under current corporate law and in VC investing. We will also be a certified B Corp by the end of the month to address the corporate law issues, but the investment challenges are more difficult.

I'm seeking a small amount of money, so ROI for investors and how that comes about are on my mind. One of the reasons I've chosen an L3C is because of the opportunity and potential of getting Program Related Investment from foundations. I prefer a low interest loan to the ownership issues in other kinds of funding.

This process is slower, but perhaps safer for my company. As soon as I get the financing I need I will be able to hire 2 to 6 people and employ another 10-15 as contractors. Given the current economic climate job creation is no small feat. The contractors, in particular are very hard pressed in this economy.

So many of our systems need changing. Part of being an entrepreneur is living on the edge of innovation, so I see this as a small part in making one tiny piece of change that will move our world just a little closer to authentic sustainability.

Sincerely,
Kathryn Alexander
Manager
Ethical Impact L3C
www.ethicalimpact.com
303-440-5833



SPORTING PHILANTHROPY

February 22, 2010

Re: Support of HB10-1111

Dear Committee Members,

I am writing to lend my support to HB10-1111. I have worked as a Program Officer for a Colorado-based, national foundation and have seen the many inefficiencies of the stand-alone traditional grant making process.

Additionally in early 2009, I co-founded an L3C organization in Vermont called Sporting Philanthropy L3C and have been conducting business as a foreign entity in Colorado. Sporting Philanthropy exists to assist professional athletes leverage available resources for charitable activities. Some of the company's activities are self-sustaining and operate much like a private LLC company. However, we formed as an L3C in order to partner with the private foundation community to make our services available to younger, less established athletes.

Unfortunately we have found the foundation community closed to the idea of L3C program related investments. I know the conservative investment culture of most foundations through my previous experience working as a Program Offices for a foundation. Unfortunately the L3C has not yet been accepted by the foundation community in Colorado. However, I am confident the formal passing of state legislation is the first and mandatory step for it to begin to be accepted, and leveraged for community benefits.

I am writing to support HB 10-1111 by Representative Miklosi. We thank the bill's sponsor for bringing this forward and would respectfully encourage the Committee to vote yes on this legislation.

Best Regards,

Patrick Sablich

Co-Founder

Sporting Philanthropy L3C



February 10, 2010

Re: Support of HB10-1111

Dear Committee Members,

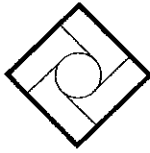
The Early Childhood Education Association of Colorado (ECEAC) is a non-profit trade association representing over 500 childcare centers across the state. Our membership is comprised of single and multiple centers, for-profit and non-profit, faith based and secular, preschool and school-aged programs. Most of our members also provide childcare to low income Colorado families through the Colorado Childcare Assistance Program. This program helps families get back into or stay in the work force while providing children stable and high quality childcare.

We are writing to support HB 10-1111 by Representative Miklosi. Childcare centers would benefit greatly from the formation of L3C's in the state of Colorado. While many of our members are private for profit centers, our primary goal is not to make a profit, but to provide high quality care and education for our youngest children. Childcare centers operate on an extremely low profit margin. With the ability to be eligible for charitable investments, childcare centers could further promote high quality standards through avenues that are currently cost prohibitive for some centers such as; national accreditation, quality-rating systems, higher teacher salaries for more qualified teachers, or continuing education courses for directors and teachers.

ECEAC views the creation of low profit limited liability companies as a unique opportunity for childcare centers. We thank the bill's sponsor for bringing this forward and would respectfully encourage the committee to vote yes on this legislation.

Sincerely,

Kathryn Hammerbeck
Executive Director



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March 3, 2010

Colorado State Affairs Committee
Re: Support of HB10-1111

Dear Committee Members,

With this letter, I'd like to lend my personal and organization support to HB10-1111. I have worked in the nonprofit sector for more than 30 years, as an executive of a larger nonprofit organization (200+ employers), as a business school professor of marketing, as an author, and, more recently, as a management consultant. My firm, Rolfe Larson Associates, provides consulting assistance to dozens of nonprofits every year, primarily in the area of job creating social enterprise development, also known as earned income strategies – which involves nonprofits selling products and services as a strategy to create social impact while generating some or all of the revenue to carry out that work. Think thrift stores or recycling centers, also college book stores, cafes, publishing, and millions of other examples around the country. Indeed, the Urban Institute reports that nonprofits generate about \$700 billion in revenue from “program service fees” which is one measure of earned income.

Unfortunately, one of the major challenges that nonprofits face in developing social enterprises is raising investment capital (equity and debt) to create or expand those business ventures, and by so doing create the jobs and social impact that come from that work. Private or institutional investors are not drawn to invest in nonprofit ventures, in part because the nonprofit structure and governance is seen as undesirable for many of these investors. That's where the L3C structure could play an important role, by creating a structure such that private capital could be invested in social enterprises to help them grow to scale and succeed. I know from having talked with a number of nonprofits, and “angel investors,” that the L3C structure will prove much more appealing and effective in attracting those investments than is possible through the existing nonprofit structure.

In a word, if you want to help the nonprofit sector adapt during these perilous times, in a climate where additional investment of public resources is extremely unlikely, support HB10-1111.

Please let me know if you'd like additional information or perspective from me on this issue.

Sincerely,

Rolfe Larson



February 27, 2010

Re: Support of HB10-1111

Dear Committee Members,

This letter serves to express my support for HB10-1111.

I have worked with startup businesses in Colorado for over 30 years and have contributed time and money to many charitable organizations. I am the CEO of DaVinci Quest, a for profit social enterprise formed as a limited liability company in Colorado. I also serve as President and a Director of the National Center for Community Collaboration, a non-profit organization.

I have reviewed the proposed legislation and believe that its passage would be good for the citizens of the State of Colorado.

I see its primary benefit is to improve the ability of a for profit entity to qualify for investment funding from foundations through program related investments (PRI's).

I have reviewed articles and commentary on both sides of this issue. The opposition often assumes that two sizes fit all: profit or non-profit. As a veteran entrepreneur, rarely is life that simple. I believe that more options are always better. There should be substantial benefit in opening up qualified for profit businesses to foundation investment and I can see no downside to establishing this type of legal entity in Colorado.

At this time of economic recession, when all governments are shrinking services, surely it makes sense to open up as many revenue channels as possible to address the social needs of our community? With regard to this legislation, the question should not be "Why?", but "Why not?"

I ask you to vote in favor of HB 10-1111 by Representative Miklosi.

Sincerely,

Karl Dakin, CEO



To: Colorado State Affairs Committee
From: Michael O'Keeffe, CEO
Date: March 3rd, 2010
Reference: Support for HB 10-1111 Legislation

Dear Members of the Colorado State Affairs Committee,

Startups in Colorado need your help. The current economic conditions make raising funds for any pre-revenue startup virtually impossible. I spent most of 2009 attempting to get funds, but the best I could do was \$4 million. However, they wanted 80% of the business. The remaining 20% was for the founder, myself and the employee pool. We elected to keep looking. Another group stated candidly that it was far less risky for them to buy EBITDA (an existing company) than risk investing on a pre-revenue startup. They very much liked the business model, but were understandably risk averse given the state of the economy.

As a result of the preceding, I've shelved the project despite the value and benefit it could bring to Colorado farmers, consumers of local food and the environment. If we had access to a broader pool of funding options, it is my belief that we could have raised capital under less onerous conditions. One that clearly stands out is the \$30+ billion that philanthropies provide each year.

The L3C would allow private enterprise to remain registered here in Colorado while seeking financial support from a host of supportive philanthropies, including the likes of the Bill and Melinda Gates Foundation. It's no longer about simply giving money away, but investing wisely in opportunities that have the potential to transform communities.

Ultimately, we need to help entrepreneurs as much as possible in these trying economic times. They are, in many ways, the life blood of America's current and future competitiveness. Passing legislation that helps this process of creating innovative business models is to everyone's benefit. Please vote in favor of HB 10-1111 by Representative Miklosi. Colorado as whole will benefit.

Sincerely,

Michael O'Keeffe, CEO
mok11@att.net

CB&O Development

Corporate, Business & Organizational Programs, Projects & Services

To: Colorado State Affairs Committee
From: Clayton M. Gilman, Principal Executive
Date: 25 February 2010
Reference: Support for HB 10-1111 Legislation

Greetings Members,

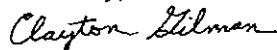
It's been my role for over 23 years to bring programs, projects and entities together in both the for-profit and what is now called the "3rd Sector" in America. Even before the Wall Street collapse in late 2007 I was in position to detect and see first hand economic collapse as early as 2004 with what would be called "shock waves" in various cities and communities around the Nation. I'm often called upon to find substantive solutions for difficult circumstances and in my analysis the L³C structured entity provides a significant solution for America and Colorado specifically to rebuild local communities at this moment.

Currently I'm engaged with a couple of groups in Southwest Colorado who could directly benefit from the L³C structure as they've presented their "business cases" to me asking for proposals. As is frequently the case, "if you can't see the reason for the situation you are in... look for the opportunity it presents"; and the L³C is a viable solution sharing financial risk for investors by consolidating funding sources from philanthropic, to traditional banking, venture capital and even government grant assistance; while building a new business model for communities to create sustainable entities in alignment with the "paradigm shift" to "green" methods and infrastructure. In fact I've identified "dynamic levels" of sustainability and synergy in the new business model not even identified to date by states that have already adopted L³C legislation, such as Vermont, the first state to pioneer this innovative business entity. I'm therefore called upon to contribute in enabling and empowering Colorado communities and cities by hopefully being able to form new Colorado L³Cs rather than out of state formations with reverse "foreign corp" registrations.

I have reviewed HB 10-1111 Legislation as sponsored by Representative Joe Miklosi and have already begun formulating "concepts" in my work with the two groups mentioned previously. I've been "testing" funding sources from both inside Colorado and outside the state in alignment and compliance with L³C structures found in other states to date and "consensus" is gaining "consent", albeit slowly, as I watch the political landscape and do what I can to support Rep Miklosi at this moment. I strongly support the legislation at this time, which will also keep Colorado in its well earned and respected position as a progressive state regarding environmental, "green" and socially responsible initiatives and organizations.

In closing I would just add that it's come to my attention that there are "opposed" forces who have not objectively nor neutrally assessed the impact of the legislation on the constituents of Colorado, those who we are all suppose to serve. In reply to this I would simply ask that the Members be cautious of a "self dealing" protectionist stance regarding the "status quo" from powerful political and legal organizations and focus on the benefit for the "whole" of Colorado. Any of the Members may contact me for further insight.

Cordially,



Clayton Gilman