

## **Investing in The Aux Evanston, Illinois**

We are excited to share that the opportunity to invest in The Aux building, by becoming part owner of the real estate, is now live at our listing found at: [SmallChange](#).

We are inviting you to [invest in The Aux](#) and become an owner of the real estate. Typically, these opportunities are only available to people who can invest large sums of money. But in our model, we intentionally created an opportunity for all to consider participation. Our goal is to have a large number of Black investors and local community members share in the ownership of this building. We hope you will join!

Minimum Equity Amount per investor <i>(Equal to one share)</i>	\$1,000
Maximum Equity Investment Amount per investor	\$50,000
Total Equity Investment Goal <i>(total shares available)</i>	\$1,500,000

### **Frequently Asked Questions**

*Last Updated October 3, 2022*

#### **1. What is equity?**

Equity is the amount of money invested in a company or the value of the company owned by the owner of a company. When a company has investors that share ownership, equity refers to the value of the shares issued to investors by the company. The shares represent ownership interest in the company as an asset.

#### **2. What is the The Auxiliary Cord LLC (doing business as The Aux Evanston)**

The Aux is the generic name we have used to refer to the overall project. The Auxiliary Cord LLC is the formal name of a legal entity that has been formed. We also use the short hand of The Aux or The Aux Evanston to refer to the LLC. This legal entity is the Company organized solely to acquire and operate the redeveloped property located at 2223 Washington, Evanston, Illinois as a community-owned commercial hub dedicated to holistic wellness and racial justice.

#### **3. What does an equity investment in The Aux mean?**

Investors who make an equity investment own a share or shares in the company called The Auxiliary Cord LLC and become part-owners of the land and buildings located at 2223

Washington Ave, Evanston, Illinois. This means that you become an owner of real property, a tangible physical asset.

#### **4. How much does it cost to invest?**

The Auxiliary Cord LLC is offering shares in the company for \$1,000 each. The minimum investment is \$1,000 and the maximum investment is \$50,000 per investor. The total number of shares available and amount to be raised from equity is \$1,500,000.

#### **5. What are the benefits of investing in the LLC?**

As an investor, you become an owner of real property, a tangible physical asset that may appreciate in value over time. Additionally, investors are eligible for a cash dividend paid at the end of each fiscal year, if sufficient funds are available to make a distribution. The dividend is calculated based on the rental income from tenants after operating expenses, and is disbursed to investors according to their ownership share(s). Dividends will not be paid in years that the LLC does not return a profit. For specific projections, please refer to our [listing page at Small Change](#).

In addition to these potential benefits, investors help The Aux achieve community benefits as it becomes a commercial hub focused on racial equity and holistic health. The property aims to offer small Black-owned businesses space to grow and thrive and to employ residents of the area.

#### **6. What could cause the LLC to not return a profit?**

The Company could fail to achieve profitability if rental income from tenants is not sufficient to cover the costs of operating the building due to vacancies or tenant non-payment. Unexpected operating expenses that exceed income could also result in failure to achieve profitability.

#### **7. How do I invest?**

To invest in The Aux Evanston, the first step is to review the listing on the Small Change portal: <https://www.smallchange.co/projects/The-Aux-Evanston>.

Once you've completed your review and decided to invest, the next step is to pledge your funds through the Small Change portal. Your funds will not actually be collected until a determined closing date. The expected closing date for all equity funding is June 1, 2023.

#### **8. When will The Auxiliary Cord LLC own the building?**

Once all or most of the \$1.5 million in equity is raised and at the time of the equity investment closing date, anticipated around June 1, 2023, the Company, The Aux Evanston LLC, will officially acquire the building.

## **9. Who currently owns the building?**

The building at 2223 Washington is currently owned by [The Growing Season](#). The Growing Season is an Illinois-based not-for profit 501©3 organization with a mission to promote wellness by catalyzing spaces that strengthen community wellbeing and empower individuals to thrive. Lori Laser is founder of The Growing Season and also serves as one of five project co-developers for The Aux. She is also a lead donor.

The Aux is a project conceived by a team of five community leaders – four are African American community members, three of whom are life-long Evanstonians. Collectively, these leaders now serve as project co-developers, sharing decision-making and responsibility. The project has been under development for nearly two years and during this formative period for the project, the Aux team had not yet organized as a legal entity.

After researching applicable models and recognizing the economic constraints of the Evanston real estate market, The Aux team pursued a pre-development partnership with The Growing Season, Inc. serving as fiscal agent. The project intentions, commitments and relationships are codified in a formal Memorandum of Understanding and Statement of Commitments executed between The Growing Season and the Aux Co-Developers.

The fiscal agency relationship has enabled fundraising to support initial project capacity-building as well as to advance project site control. The Aux team used initial funds raised through donations to hire a technical team of consulting support. Subsequently a property was identified, pursued and ultimately acquired by the Aux project team via The Growing Season. The Auxiliary Cord LLC has now been formed for the purpose of acquiring the property from The Growing Season once \$1.5 million can be raised.

## **10. What is the building worth? I have seen a project budget amount that is much higher than the \$1.5 million being raised in equity now. Can you explain the project budget and building value?**

Constraints of the traditional financial and real estate systems make projects like the Aux impossible to advance with market forces alone. The Aux model uses innovative mechanisms to overcome these barriers, requiring nontraditional funding (i.e. philanthropy) one-time during the creation of the physical asset. Once built, the Aux will be self-sufficient.

The building for The Aux was purchased for approximately \$750,000 – or its market value. We estimate that the project will require investment of nearly \$10 million to create. Once complete, the building can generate enough rent to support a market valuation of likely closer to \$1.5 million. Therefore, this is the amount The Auxiliary Cord LLC is raising from community investors in a crowdfunding equity raising effort. These community members will then own an asset valued roughly at the same amount they invested. The remaining one-time \$8.5 million

“gap” between what the project costs to create and the value at completion is the amount The Growing Season has been raising from public and philanthropic sources.

### **11. Can I sell my share(s)?**

We have an investment strategy to hold the real estate over a long term (there is no plan to sell it). Therefore, investment in the real estate is illiquid – meaning that a share does not have cash value. Investors should plan on holding their investment over a long term. The only option to sell shares is to sell to other investors in the project or to find a replacement investor – language governing shares is located in the Operating Agreement. The Operating Agreement is a legal document that describes the rules for how The Auxiliary Cord LLC owns and manages the investment. The Operating Agreement is available for review by any investor at the listing site.

### **12. How will you ensure equitable representation / Black ownership? Said differently, how will you ensure wealthy and /or white people do not become primary beneficiaries or hold controlling interests.**

Investment in the Aux is not attractive to traditional investors because it is designed not merely to maximize profit, but rather to maximize social returns. Annually, the projected return on investment, while meaningful, is modest by traditional real estate investment standards. We like to consider it a sustainable return. For details on the projected terms, please visit the listing page at Small Change. In studying other projects where this model has been adopted, it is clear that community-based investors understand and are attracted to these benefits while typical investors are not. Most projects typically attract a diverse group of owners and the leadership team takes care to ensure the ownership group is reflective of project priorities.

The Aux team is committed to ensuring that the community ownership group is diverse. We will be deliberate in ensuring there is strong outreach and engagement with the Black community and provide ample opportunity for Black individuals and all people of color to join as community owners. We also view this as an opportunity to continue innovating. We are open to working with aligned Evanston partners and funders to develop strategies that will make community ownership more accessible to greater numbers of Black Evanston residents.

### **13. What will the structure and decision-making process look like after the property is owned by the group of community investors that form The Auxiliary Cord LLC?**

The Auxiliary Cord LLC Operating Agreement codifies all management responsibilities and decision-making protocols. Each owner has an ownership percentage proportionate to their ownership share(s). The Ownership Group also selects three Managing Members to represent the whole group in some decisions. The initial Managing Members are three of the Aux Co-Developers: Tosha Wilson, Gabori Partee Sr., and Lori Laser. Managing Members serve for a term of two years.

Larger decisions in the future – such as whether to replace the professional property management company or sell the asset – typically require participation by all members, while day-to-day operational responsibility for smaller decisions – such as relocating a sign inside the building – are delegated to Managing Members.

The project will be professionally managed by a commercial property management company hired by The Auxiliary Cord LLC . The managing company will ensure all of the typical building management responsibilities are executed including developing and maintaining a competitive and affordable annual budget, preventative and ongoing maintenance and repairs, rent collection, etc. Additionally, it is common for projects like the Aux to form a tenant council that advocates for building conditions and works together in a supportive business ecosystem to advance information sharing, group events, cooperative marketing and other collaborations.

**14. Are there opportunities to meet the current project leaders to learn more?**

We will host regular “pitch” meetings at which we share the story of The Aux, introduce our confirmed tenants, and share more about this investment opportunity. Check for pitch meeting dates on our [website here](#).

As of the latest FAQ update, this is our current list of pitch events:

- The Aux Equity Launch gathering on Sunday, October 23 at 2:00pm at the Fleetwood Jourdain Center.

**15. Besides direct investing, are there other ways I can help?**

**YES! By:**

- Sharing this opportunity with your networks. Feel free to forward this FAQ!
- Hosting a gathering for your friends and colleagues to learn about The Aux and this investment opportunity. Let us know you're interested and we will help you plan.
- Sharing our story through social media, podcasts, and the news.

Have more questions? Email us at: [theauxevanston@gmail.com](mailto:theauxevanston@gmail.com)