

PRESS RELEASE - FINANCIAL RESTRUCTURING

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Josefina Luna, Maya Gaul, Lor Holmes

CERO Cooperative, Inc. (CERO), a Massachusetts worker-owned cooperative corporation, has completed a consensual balance-sheet restructuring with its lenders involving a debt-for-equity swap and other loan modifications. As a result, CERO has reduced indebtedness by approximately \$430,000 and significantly streamlined its capital structure. In connection with the restructuring, CERO also raised approximately \$365,000 in new money financing from the Boston Impact

Initiative Fund, the Ujima Fund, the Cooperative Fund of New England (CFNE), the Local Enterprise Assistance Fund (LEAF) and other individual investors. This funding will enable CERO to continue to expand its business and serve the greater Boston community over the coming years. CERO thanks its existing and new investors for their unwavering support, as well as its most valued customers whom CERO has been privileged to continue serving through the current COVID-19 pandemic.

The Worker-Owners at CERO are eternally grateful to all who have stood with us and worked collaboratively in a process that took almost a year to complete.

We extend special thanks and appreciation to our pro bono legal advisors -- Andrew Glantz and the entire team at Ropes & Gray, including Max Silverstein, Ellen Wheeler, Jack Murray, Jacob Sikora, Pam Glazier, Isabelle Farrar and Sara Clevering, for your patient, persistent commitment to getting this done. We extend a similar thank you to our pro bono technical advisors, Amine Benali and Chris Hunter at LEAF Technical Assistance, for your longstanding partnership, outstanding technical support and valuable advice. We also appreciate Carl Valenstein and the entire Morgan Lewis team for providing pro bono legal services to the Boston Impact Initiative Fund and the Ujima Fund in connection with these transactions.

In addition we want to expressly acknowledge certain individuals who share and support our vision -- Dorian Gregory and Maggie Cohn at CFNE, Mark Watson and Pablo Limon at the Boston Impact Initiative Fund, Lucas Turner-Owens and Nia Evans at the Ujima Fund, Josh Glickenhous and Connor McFarland at LEAF, Elizabeth Killough at Untours, Brendan Martin, Clark Arrington and Ghislain Guiebo at The Working World, Austin Williams at the City of Boston, and individual investors including Libby Cohn, Jude Glaubman, Maria Jobin-Leads, Susan Patz, Kate Poole and Lisa Russell (among others).

More about CERO:

CERO (Cooperative Energy, Recycling, and Organics) is an award-winning commercial composting



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CERO was brought to life by a passionate group of black and brown women and men from Boston neighborhoods who believe the way to a more equitable and healthy society must be through a worker-owned solidarity economy. We wish to acknowledge our founders including Josefina Luna, Timothy Hall, Steven Evans, Guadalupe Gonzalez and Evelin Fuentes. Their vision for a better world will always be the light guiding CERO.

More about our investors and advisors:

The Cooperative Fund of New England (CFNE) is a community development loan fund that has been facilitating socially responsible investing in cooperatives and worker-owned businesses in New England and adjacent communities in New York since 1975.

"CFNE's participation in the restructuring fits with our commitment to partnering with cooperatives led by black, brown, immigrant, and low-income entrepreneurs, building wealth in communities historically exploited by financial institutions. CERO makes sense - worker-owned, cooperative energy, recycling and organics - good for people, good for the planet. CFNE is proud to be a founding supporter of CERO."

- Dorian Gregory, Deputy Director

The Boston Impact Initiative Fund is focused on economic justice, which means we invest in opportunity for all people—especially those most oppressed or abandoned by our current economic system—to lead a dignified and productive life. We invest integrated capital (equity, debt and grants) in regenerative local enterprises that restore the productive capacity of communities of color in Eastern Massachusetts

The Ujima Fund is managed by Boston Ujima Project, a fiscally sponsored project of the Center for Economic Democracy. Ujima is a Swahili word and the celebrated Kwanzaa principle for "collective work and responsibility." Boston Ujima Project is building a multi-stakeholder structure that deploys the political and financial capital of Boston's working class neighborhoods to invest in, purchase from, and advocate for local people-of-color owned firms that build community wealth and create good jobs. The opening of the Ujima Fund in December 2018 marked the launch of the first democratically governed capital fund in the U.S.

Local Enterprise Assistance Fund (LEAF) is a nonprofit community development financial institution (CDFI) that promotes human and economic development by supporting the growth of cooperatives and social enterprises. Based in Boston, LEAF's loan fund provides financing for co-ops nationally. LEAF's technical assistance program offers consulting and capital advisory services to women- and minority-owned enterprises and mission-aligned businesses, such as CERO.

"CERO sits at the intersection of economic inclusion, social equity, and environmental justice. LEAF Technical Assistance is honored to have been part of CERO's journey and is committed to supporting the Green New Deal companies and initiatives of tomorrow."

- Amine Benali, Managing Director

Ropes & Gray is a preeminent global law firm with approximately 1,400 lawyers and legal professionals serving clients in major centers of business, finance, technology and government. The firm has offices in New York, Boston, Washington, D.C., Chicago, San Francisco, Silicon Valley, London, Hong Kong, Shanghai, Tokyo and Seoul and has consistently been recognized for its leading practices in many areas, including business restructuring, private equity, M&A, finance, asset management, real estate, tax, antitrust, life sciences, health care, intellectual property,



"CERO's mission to build stronger and more sustainable communities, while proving the efficacy of a business model that values diversity and local community empowerment, is directly aligned with Ropes & Gray's core values and our pro bono practice. We are proud to have worked with CERO and its inspiring leadership through this pivotal period."

- Andrew Glantz, Associate Attorney

Morgan Lewis is recognized for exceptional client service, legal innovation, and commitment to its communities. Our global depth reaches across North America, Asia, Europe, and the Middle East with the collaboration of more than 2,200 lawyers and specialists who provide elite legal services across industry sectors for multinational corporations to startups around the world. Morgan Lewis is committed to serving the public good. Each year, our award-winning pro bono practice provides more than 1,800 pro bono clients with the highest possible level of service. In fiscal year 2019, 100% of our eligible lawyers met our 20-hour Pro Bono Challenge, contributing more than 132,000 hours to pro bono representations.

Cumsky & Levin represented The Cooperative Fund of New England in connection with these transactions.

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