



# NEIC 2012 Annual Report to the Membership

Northeast Investment Cooperative's first year as a member-owned real estate investment cooperative has been a whirlwind of activities. NEIC member Recovery Bike Shop approached the board at our first board meeting, asking about a partnership in the purchase and renovation of a building on Central Avenue. Recovery Bike Shop needed at least 6,000 sf, which limited our search. Co-op member Jen Shadowens recommended that we concentrate on the Lowry/Central intersection. By July of 2012, the NEIC board was actively pursuing the acquisition of 2504/2506 Central Avenue.

The project has evolved so that Recovery Bike Shop will purchase the 2-story building with 3-bay garage (with basement) at 2504 Central Ave for \$215,000. NEIC will purchase the 1-story building (with basement) at 2506 Central Ave for \$80,000 for a total purchase price of the combined properties of \$295,000. Recovery and NEIC will collaborate to re-build firewalls between the buildings, construct access and egress to code, and to design and renovate the façade.

NEIC is now actively seeking bank financing to insure that we will have the funds necessary to acquire the property and renovate 2506. At this time, the co-op does not have a tenant, but is moving quickly to close on this property, since our partner, Recovery Bike, is a seasonal business, and would like to occupy the premises as soon as possible.

Membership in NEIC has grown from 38 members at the 2012 annual meeting to 117 in February 2013. We launched our C and D Preferred Stock campaign in January 2013, and received \$14,500 in C and D Shares, with an additional \$29,000 pledged. We are now over half-way to our stated goal of \$300,000 in member equity for this project!

What can NEIC members to help our first project succeed?

1. Purchase C and D shares.
2. Recruit friends, family, co-workers, neighbors to join NEIC – attend an info session or coffee chat with them.
3. Refer potential tenants to NEIC -- we have 3,200 sf of prime retail space, 1,600 sf of additional space, and a full, dry basement for storage.

**2012-13  
Community  
Builder  
Sponsors:**

**Castle  
Building &  
Remodeling**

**Eastside  
Food Co-op**

**Windom  
Park  
Citizens in  
Action**

<b>NEIC Balance Sheet – December 2012</b>			
<b>ASSETS</b>		<b>LIABILITIES &amp; EQUITY</b>	
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash – Checking	\$890	Accounts Payable	\$190
Cash – Member Share Account	\$79,000	Taxes Payable	\$0
Cash – Member Installment Payments	\$250	Notes Payable within 12 months	\$0
Pre-Paid Expenses	\$0	Current Portion Long Term Debt	\$0
Other	\$0	Other Current Liabilities	\$0
<b>Total Current Assets</b>	<b>\$80,140</b>	<b>Total Current Liabilities</b>	<b>\$190</b>
<b>Fixed Assets</b>		<b>Long-Term Liabilities</b>	
Real Estate / Buildings	\$0	Bank Loans Payable (>12 months)	\$0
Furniture & Fixtures	\$0	Less Short-Term Portion	\$0
Leasehold Improvements	\$0	Notes Payable to Stockholders	\$0
Other	\$0	Other long-term debt	\$0
<b>Total Fixed Assets</b>	<b>\$0</b>	<b>Total Long-Term Liabilities</b>	<b>\$0</b>
<b>Other Assets</b>		<b>TOTAL LIABILITIES</b>	
Earnest Money Deposit – 2506 Central	\$10,000		<b>\$190</b>
<b>Total Other Assets</b>	<b>\$10,000</b>	<b>OWNERS EQUITY (Net Worth)</b>	<b>\$89,950</b>
<b>TOTAL ASSETS</b>	<b>\$90,140</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$90,140</b>

**Your NEIC board of directors:**

Joe Bove, Chris Bubser, Amy Fields, Jim Higgins, Greg Rachwal, Loren Schirber, Steve Sylvester, Leslie Watson, Gavin Watt



### NEIC Operating Account – 2012

#### REVENUE

##### Sponsorships

Windom Park Citizens in Action	\$1,000
Eastside Food Co-op	\$500
In-Kind (Board Members)	\$1,000

**Total Revenue** **\$2,500**

#### EXPENSES

Website Development	\$500
Video Production	\$130
In-Kind (Governance, Marketing, Postage, Web Hosting, Other)	\$1,000

**Total Expenses** **\$1,630**

**Operating Funds Available as  
of 12/31/2012** **\$870**

### NEIC – A Working Board

NEIC's first board of directors defines the term "working board." We estimated that the NEIC board invested thousands of hours and hundreds of dollars launching America's first commercial real estate investment co-op! How did we spend that time?

- Meetings
- Coffee Chats
- Newsletters
- Property tours
- Bank/Community Development meetings
- E-mails/communications
- Information Sessions
- Document Drafting
- Banking/Bookkeeping

#### Meeting Schedule

Want to help the NEIC Board? We meet every Sunday evening at 6:30 at Castle Building & Remodeling, 2600 Johnson Street NE, and all our meetings are open to members.

- 1<sup>st</sup> Sunday of the month – Property & Tenant
- 2<sup>nd</sup> Sunday of the month – Marketing & Membership
- 3<sup>rd</sup> Sunday of the month – Finance & Governance
- 4<sup>th</sup> Sunday of the month – Board meeting

### NEIC – 1<sup>st</sup> year milestones:

#### April: 39 members

- Board officers selected
- Recovery Bike - already identified as an ideal partner business with NEIC
- Committees formed
  - Property/Tenant
  - Membership/Marketing
  - Finance/Governance

#### May: 39 members

- Interview realtors for Buyer's Agent
- Develop logo
- First draft of business plan
- First Sponsorship - Windom Park

#### June: 41 members

- Price Drops on 2504/2506
- Marketing consultant advises "Focus on Central/Lowry and Go Big"

#### July: 46 members

- Retained Kou Vang of JB Realty Co. as exclusive agent/broker on 2504/2506
- Met with Kevin Reich and CPED staff
- Met with prospective brew pub for 2506 Central

#### August: 54 members

- Second sponsorship - Eastside Food Co-op
- NEIC monthly member newsletter debuts

#### September: 69 members

- NEIC's first member signing party
- Draft Letter of Intent to purchase 2504/2506

#### October: 73 members

- NEIC's video is filmed and is a hit on YouTube! (723 views)
- Counter offer from seller
- Second counter offer from seller
- NEIC board authorizes purchase agreement

#### November: 78 members

- Letter of Intent accepted
- Prospective brew pub bows out of 2506 project

#### December: 90 members

- Purchase agreement signed! - December 12
- 90 day due diligence clock starts ticking

#### January: 103 members

- Architect Rosemary McMonigal selected
- 2506 Tenant video released
- C/D Share program launched

#### February: 117 members

- Architect recommends "mercantile" use of 2506
- Bank meetings for financing for 2504/2506 project
- Lease/Purchase agreement in negotiation with Recovery Bike Shop for 2504