

Northwest Pennsylvania Investment Cooperative

Business Plan

May 2017

Statement of Purpose

Northwest Pennsylvania Investment Cooperative (NWPIC) is a cooperative, for-profit corporation made up of individuals with a desire to expand entrepreneurial opportunities and improve the economic health of Meadville, PA, and surrounding communities. We are seeking to raise \$150,000 in start-up capital by selling \$500 and \$5,000 shares to new member-owners in order to purchase a commercial property in the area as our initial revitalization project.

Description of Business

The work of NWPIC is to buy, renovate, and then lease commercial properties to social entrepreneurs looking to launch or improve their businesses. The initial barriers for small, community-oriented business owners can be daunting, especially when it comes to finding and leasing spaces appropriate for their needs. Traditional banks are unlikely to grant loans without significant collateral. Government and CDC programs have limited resources and are thus often highly competitive, necessarily leaving many worthy candidates without funding to secure a space in a suitable property. The NWPIC model is different, putting the needs of the community and local entrepreneurs first. Prioritizing the long-term health and growth of the community over short-term returns on investment allows the NWPIC flexibility in negotiating lease terms to maximize the possibility of success for the tenant.

As a cooperative business, NWPIC is collectively owned by its shareholders and governed democratically by a Board of Directors elected by NWPIC's member-owners. Any Pennsylvania resident 18 years or older is eligible to become a member-owner of NWPIC by purchasing one Class A voting share in the cooperative. Established local businesses or community-based groups can also become member-owners by purchasing a Class A share. No member (individual or group) may own more than one Class A voting share. This model assures the voices of all members of the group equal weight in the decisions of the cooperative. With each member equally empowered, the various businesses supported by NWPIC will be expressions of community interest, and thus more likely to be successful as they will already have a built-in base of customers excited to welcome them to the area.

In addition to the benefits of being part of a group that is making positive change in our community, NWPIC members will receive other privileges. Ownership of a Class A share entitles each member-owner to attend all NWPIC shareholder meetings, to vote for members of the board and any proposed bylaw changes, and individual members are eligible to run for a seat on the board of directors. (Elections will be held on a rotating schedule, with 1/3 of all board seats up for election in a given year.) NWPIC is a for-profit cooperative, so Class A shareholders are eligible to earn dividends and capital account allocations. In addition, member-owners are able to purchase additional non-voting shares (Class C or D shares) that support NWPIC and its projects. These shares earn preferential dividend payments when allocated by the board. See the Description of Pricing below for further information.

NWPIC is modeled after the successful Northeast Investment Cooperative (NEIC) that operates in the Northeast neighborhood of Minneapolis, MN. In just a few short years (2011-2015), NEIC and its member-owners acquired and beautifully renovated a series of storefronts (for a bike recovery shop,

local brewery, and German bakery) on a central neighborhood corridor. What is more, the cooperative was able to pay dividends to all shareholders in 2015, proving the investment cooperative concept works.

You may be asking yourself: *Can this really work here in Meadville?* We believe the answer is YES. Consider, for example, how, just months ago, community members quickly pooled their resources to generate a \$10,000 loan to Tarot Bean Roasting Company, a coffee shop that is now thriving on Chestnut Street. NWPIC scales up this community-supported business model by establishing a cooperative corporation to develop affordable, high-quality commercial spaces and expand business opportunities for entrepreneurs and other community-based ventures.

NWPIC will put Meadville on the cutting-edge of downtown revitalization and undoubtedly bring national and international attention to our community. For example, the Institute for Local Self-Reliance is already eager to publicize our efforts in order to help promote the spread of this innovative, community-based approach to economic development to other communities.

NWPIC's first planned project will be to purchase 217-219 Chestnut Street, the current home of the beloved artisan bakery, The Creative Crust. The owners, who have been vital members of the downtown business community for over a decade, are ready to scale back and to move to Andover, Ohio where they will run a smaller bakery. The central location, loyal customer base, and existing building facilities make this an ideal first project for the NWPIC. When the Creative Crust moved in, the property was fully renovated and is currently in stellar condition.

All figures on the attached financial sheets incorporate actual values (utilities, taxes, etc.) for The Creative Crust as of June 2017. If the property were to be tenanted by a business other than a bakery, utility bills would change accordingly.

Description of Location

Initially NWPIC will work in downtown Meadville and eventually may expand operations to surrounding area business districts. Meadville is the county seat of Crawford County, and its population is approximately 13,000 residents. Crawford County's population is approximately 80,000, and the median household income is around \$40,000. During the summer, the region's economy is boosted by an influx of summer residents to Conneaut Lake, a small vacation town just a few miles down the road. During the school year, Meadville is also home to Allegheny College's 2,000 students. In addition to Allegheny College, significant area employers include the Meadville Medical Center, county and state agencies, school districts, Channellock Tools, Ainsworth Foods, and Acutec Precision Aerospace. Employers often report struggling to attract and retain talent due to the lack of quality housing and a thriving local economy. Indeed, many who work in Meadville commute from surrounding townships and nearby cities.

Despite current economic struggles, Meadville is a resilient, innovative community that manages to support an impressive recreation complex, local historical museums, community theaters, and an innovative public library. Meadville residents care deeply about their town, and many work tirelessly to build community, for example, by organizing free public park parties and neighborhood clean-up events.

In 2015, Meadville was selected to be a Heart and Soul city, receiving a grant from the Orton Family Foundation and the Pennsylvania Humanities Council to identify what people love most about Meadville and develop a shared vision for the city's future.

Meadville's present is rooted in a storied history of enterprise, from the old Talon Zipper Company to the lively Meadville Market House, which is the oldest, continuously-run market in Pennsylvania. Currently, the new French Creek Food Hub is launching an online marketplace to connect local growers with purchasers, as well as a mobile market to bring healthy, local food to underserved Meadville neighborhoods. Meadville also has exciting and vibrant examples of worker-owned businesses including Voodoo Brewery and C&J Industries, which in September of 2016 became a 100% employee-owned company. Additionally, Meadville has an organized and energetic support network for its local business community thanks to the work of the Crawford County Chamber of Commerce and the grassroots efforts of the Meadville Business Alliance. The can-do spirit of this historical town is perhaps most evident in recent developments on Chestnut Street, including the opening of the beautifully renovated Woolen Mill, a new men and women's clothing store that promises to help revitalize downtown. NWPIC will build on Meadville's rich history and help to nurture the entrepreneurial energy that exists in our community.

Description of Market and Partnerships

One of the most significant challenges for new or expanding businesses in the area is a distinct lack of affordable, high-quality commercial rental spaces. Understandably, given high turnover rates, many current landlords are often loathe to invest in significant renovations of their commercial properties. The community-based, mutual benefit model of the NWPIC allows for a closer and more responsive relationship with local entrepreneurs--rather than simply landlord and tenant, the cooperative and the businesses it works with are truly partners in their shared goal of revitalizing the downtown business district.

In addition to working in tandem with the Redevelopment Authority, NWPIC intends to work closely with the Economic Progress Alliance whose mission is to promote sustainable economic growth with Crawford County. The mission and work of the NWPIC also dovetails with the Entrepreneur Accelerator Grant Program--a newly announced, innovative funding program from the City of Meadville Redevelopment Authority that helps cover start-up or expansion costs for local business owners. As the work of the NWPIC progresses, it may also partner with other economic development agencies and organizations such as Bridgeway Capital and the Northwest Pennsylvania Regional Planning and Development Commission.

Description of Marketing

Much of the initial work of the NWPIC will be marketing the concept of the cooperative to community members, businesses, and other stakeholders who will purchase shares. This marketing will primarily take the form of public presentations, and individual/small group meetings with the founding members.

The NWPIC plans to partner as appropriate with Meadville Medical Center, Allegheny College, and other employers, as well as local organizations and community-based groups to increase our visibility and

impact in our stakeholder communities.

Once the purchase of the initial property is completed, the NWPIC will begin marketing that property (and subsequent properties) to entrepreneurs, realtors, and community/economic development agencies. For this work, partnerships with the City of Meadville, the Redevelopment Authority, the Economic Progress Alliance, and other groups will be essential.

In addition to direct communication with stakeholders, partners, and members, the NWPIC will develop and maintain a website detailing its story, mission, and projects. We will invest in a .coop domain name to enhance search optimization and ensure that NWPIC appears on a national registry of cooperatives.

Description of Pricing

Share pricing:

Class A voting stock	\$500 per share (individuals or groups can only purchase one voting share)
Class B stock	to be allocated by NWPIC according to asset growth
Class C stock	\$500 per share, available to Class A shareholders, earns a preferential 2% dividend, individuals or groups may purchase unlimited shares
Class D stock	\$5,000 per share, available to Class A shareholders, earns a preferential 4% dividend, individuals or groups may purchase unlimited shares

Lease Pricing:

Our financial documents assume leasing NWPIC commercial spaces at a below-market rate of \$8.50 per square foot initially with increases in subsequent years as our tenants' businesses grow. Our rates will be flexible depending on the facilities of the building, the needs of the tenant, and the expenses of the cooperative.

Description of Management

NWPIC will be managed by a volunteer Board of Directors. The Founding Board members will be designated at the time of the cooperative's incorporation and will serve for the initial two years to ensure continuity during the start-up phase of coop development. After the first two years, the seats on the board will begin to come up for election ($\frac{1}{3}$ of seats per year) by the membership. All individual member-owners are eligible to run for a seat on the board.

The Board of Directors will meet regularly to guide and develop the activities of the cooperative. Unless specially designated, board meetings will be open to the NWPIC membership. The Board will consider

input from all members on any decisions regarding property acquisition, leasing, fundraising, etc.

Founding Board Members

Vesta Silva, *Founding Board President*. Vesta is an Associate Professor at Allegheny College and has lived in Meadville since 2004. From 2012-2016 she served as the chair of the Communication Arts and Theatre Department, managing the work of 17 full time employees (faculty and staff), including budgeting, scheduling, job descriptions, and performance evaluations.

Tom Cholak, *Founding Board Treasurer*. Tom is a Crawford County native who returned to northwestern Pennsylvania in 2002. He has extensive experience in entrepreneurial, small, medium, and large businesses, and is a former chair and a current member of the City of Meadville Redevelopment Authority Board. In 2008 Tom joined the Gannon University Small Business Development Center where he assisted hundreds of clients, ranging from pre-venture startups to well-established businesses. He also served as Interim Director of the Gannon University SBDC until 2015. Tom continues to lend his expertise to a range of clients and will provide free mentorship and consulting to NWPIC's business owners/tenants.

Julie Wilson, *Founding Board Member*. Julie is an Associate Professor at Allegheny College. Before pursuing a career in higher education, Julie was a neighborhood organizer and small business owner, running a successful, community-oriented video store for five years in St. Paul, MN. Since moving to Meadville in 2010, she has been involved in a number of local initiatives, and is currently the President of Common Roots, a new community-based organization that is partnering with other organizations to create safer and more energy-efficient affordable housing in the area.

Autumn Vogel, *Founding Board Secretary*. Autumn serves as the Community Coordinator for the City of Meadville Redevelopment Authority. In this role, she works to promote downtown revitalization, providing support to a number of local economic development initiatives. She also coordinates My Meadville, the Heart and Soul community planning process mentioned above. Additionally, Autumn was the lead organizer on the community campaign to provide start-up funding to Tarot Bean Roasting Company.

Description of Personnel

Presently we do not plan to hire any staff, as NPIC will be run initially by a committed volunteer Board of Directors. As we grow, we may elect to hire a property manager as needs demand and resources allow.

Start-up Expenses

Property acquisition	\$110,000
Closing costs	\$6,600
Legal fees	\$5,000
Improvements	\$15,000

Licenses, insurance, etc.	\$3,400
Miscellaneous costs	\$10,000

Total Start up Budget	\$150,000
-----------------------	-----------

Summary

By combining our energy, ideas, and resources, we are able to achieve far more than any individual could if acting alone. Together we can create:

- A vibrant downtown with thriving independent, community-oriented businesses.
- An increase in the number of well-paying jobs available.
- More opportunities and fewer barriers for local entrepreneurs.
- A community where people are supported and believed in.
- A community where people work together to build and sustain local wealth.

Let's leverage our collective resources and put Meadville on the map as one of the most innovative and entrepreneurial communities when it comes to small business, social enterprise, and local economic development. Join us!

Financial Projections

Three year Profit and Loss and Cash Flow Projections are included in the information packet.