



January 2014  
Issue 1

## STATE OWNER NEWSLETTER

### *Year End Stats*

Please complete the year end stats and turn them into Cody by January 10, 2014.

#### **Table #1**

# of licensed territories at the beginning of 2013

# of licensed territories at the end of 2013

The + or – change in number of territories in 2013

#### **Table #2**

The names of those who transferred an area and to whom

#### **Table #3**

# of licensed territories at start of year

# of licensed territories opened this year

# of Terminations this year and their name

# of Non Renewals this year and their name

# Reacquired by Franchisor and their name

# Ceased Operations Other Reasons and their name

# of licensed territories at end of year

#### **Table #4**

In our current operations no report is necessary for this table.

#### **Table #5**

We can use the figures from last year.

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## *Regional Seminars*

We would like each state owner to schedule their regional seminar as soon as possible. Some state owners have already given us their dates. We are not able to schedule these during training weeks. The training dates for 2014 are on the calendar section of our website. Please contact the corporate office with your potential date so that we can arrange our schedules so that either John or Cody will be able to attend. The topics you choose will determine whether it will be John or Cody attending your seminar.

The following dates and locations have already been chosen:

January 24, 2014	Raleigh, NC
February 22, 2014	Sacramento, CA
April 4, 2014	Portland, OR
April 11, 2014	Des Moines, IA

We would like to post these on our website calendar and invite anyone in the company to attend which ever one will be close to them. We encourage those of you who are close to other states to combine with each other.

For your convenience, here are the training dates for 2014:

January 13-16	February 3-6
March 3-6	April 14-17
May 5-8	June 9-12
July 7-10	August 4-7
September 15-18	October 6-9
November 3-6	December 1-4

## *An Exit Option For State Owners*

M-CO INC is offering to state owners an option of leasing your state back to the corporate office. Factors that would be considered in calculating the monthly lease payment is the net income your state is currently bringing you, the balance you owe on the state, the price you paid for the state, the current value of your state, and the shape your operators are in. Other factors could be considered on a case by case individual basis. The lease would be over a five year period with a \$50.00 buy out at the end of the lease.

This option would let you walk away from the state now with a continued monthly income for the next five years without needing to do a thing except cash your check each month. Your security interest would be the master franchise rights for the state. If we do not pay you all of the monthly lease payments, the state would revert back to you.

A big part of owning a state is developing it and making money on that development. If you are not successfully developing your state, you may want to consider this lease option. This lease option will be like selling your area now and receiving the payments over the next five years. The lease option has some tax advantages for both you and M-CO INC that may be better than selling the area outright, if you could even find a buyer.

We have always tried to be very fair with every city and state operator. This lease option would give you a good return on your investment, and let you exit the business with favorable terms and conditions.

New Franchise sales have been slow for each of you as a state owner and for us as an entire company. For most of us the value of our state has gone down over the last four years rather than rising.

None of you are required to take us up on this limited time offer; however I do want you to know that in the future, state owners will be required to do much more in terms of a time and financial commitment concerning the development of your state.

I will be happy to look at each of your situations and come up with a figure for the monthly lease option if you have any interest.

My mom and dad and Mark & Kathy Anderson, have already taken us up on the lease option, and I am currently dealing with three other state owners who are interested. If it makes sense for you to consider this option, please contact me and I can work up a proposal for you.

## *State Owner Webinars*

We will resume our State Owner Webinars on the 4<sup>th</sup> Wednesday of each month. They will begin at 4:00 pm Mountain Time. We will keep these to one hour in duration. I will send out an agenda and the information to register for it a few days before. If you have items you would like to discuss, please email them to me by the first day of each month.

## *Franchise 50 Survey*

We need each of you to encourage your city owners to participate in the survey this year. We still have very good rankings in this and it does give our company a lot of credibility. It would be great to have a higher percentage of operators who complete the survey this year.