



Oshkosh Food Co-op Board Meeting
 Date: 6-5-2019
 Time: 6:30-9:00pm
 Location: Blue Door Consulting - Oshkosh, WI
 Minutes Recorded by: Melissa Weyland

Board Attendance		Member & Guest Attendance	
Brenda Haines x	Sam Larson	Crystal Halverson – GM of Menomonie Food Co-op & OFC Mentor Co-op X	
Za Barron x	Susan Vette x		
Peter Westort x	Warren Bergman x		
Melissa Weyland x	Tracy Vinz		
Lizz Redmond x			

**This meeting was reserved for time with Crystal Halverson, General Manager of Menomonie Food Co-op & our mentor. No committee reports were given.*

Topic	Facilitated by	Discussion	Actions
Call Meeting To Order	Brenda	Brenda called meeting to order at 6:30pm.	
Member Comment	All	No members in attendance or comments submitted.	
Approval of Consent Agenda	All	Motion to approve consent agenda, Susan Vette moved to approve, Lizz Redmond second. Consent agenda approved. <u>Removed from consent agenda for discussion:</u> None	



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Treasurer's Report		Refer to consent agenda. Mail: no mail reported	
New Members		Refer to consent agenda	
Mentor Call with Crystal.		<p><i>This is a summary of conversations with our mentor, Crystal and her store and not reflective of decisions made or coming for OFC.</i></p> <p>Crystal and OFC board member introductions:</p> <ul style="list-style-type: none"> • been with Menomonie for 14 years • our store is 6,500sq feet of sales floor, total is 13,300 with everything <p>Leases:</p> <ul style="list-style-type: none"> - consider importance of HVAC abilities, lots of coolers throw out a lot of cold air and give off a lot of heat - inputs are very expensive in grocery, equipment is expensive - NCG helped along every step of the way with the layout of new store. They were an absolute asset, recommend OFC be a member of NCG for these resources. - Equipment, prefill, UNFI orders, all needed to come over the course of 30 days in according to when shelving was in which can be difficult to manage, GM involvement is critical through this time 	



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		<ul style="list-style-type: none"> - Worked through roughly 50 projects with NCG to date which helped get the store to profitability faster <p>Buying vs leasing:</p> <ul style="list-style-type: none"> - Landed on leasing due to failures with the developers. It felt like we were being left at the corner and was very stressful and disheartening. When we thought we would be in the building but it didn't pan out, another full city block in downtown came up - We overbuilt and our market study did not pan out. We have a heavy list with our interest and depreciation that are not aligned with the cash flow of the store. For that reason, we are glad that we own the building now but we knew we were taking a large leap. <p>Financial Sources:</p> <ul style="list-style-type: none"> - 7 different sources: Owners loans, Class C shares, Bremer Loan, NMTC, WEDC Grant, Retained Earnings and Property Sale of old building. One of the most complex combination of financial sources there has ever been in the food co-op - Several strings attached to some of these, discussed some details of those (such as when paid out, staggering re-payments, etc) - Goal to become smallest food coop to raise a million dollars, achieved that in 6 weeks. This was actually two years before the new store 	



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		<ul style="list-style-type: none"> - Class C: \$500 shares. Average investment was \$5,500 - Owner loans: Owners that were willing to invest more than \$50,000. Want to make sure we didn't have too many because they were individuals negotiated. Wanted notes to sit higher on the chain if we failed so if we failed the owners would get paid back, before Class C shares. - TIF (tax incremental financing): makes you exempt from having to pay property taxes in an area (why you see Walmarts and other large retail pop up and leave an area and go to next city once they burn through the TIF) <p>Shares & Stocks:</p> <ul style="list-style-type: none"> - Class C shares vary 3.6-4.1% returns - Member loans: 3.6-4.1% based on amount out in, based on simple or compound. 2.25% if under 50,000 over 25,000 at 3.75% - "If you know you want to invest, please contact us in the next two weeks" was how we reached out to members and kicked off campaign. - Don't ever make any assumptions of who would put money in and who would not. Some that we thought would invest a lot, didn't. Others that we thought would invest some, invested a lot. Never assume! - Don't cash any checks until you hit the goals - You can't sell shares across state lines 	



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		<ul style="list-style-type: none"> - You should NOT publicly offer these. These documents should not event be posted online. - For non-owners, they had to join first. "I can't share this with you until you are a member/owner". If they join and then they decide not to invest, said we were could pay the share back. Could not have these conversations unless they are a member so we wanted to accommodate. Didn't have anyone ask for their \$180 back. - Need to sign real, paper documents. Could email a pic of the document if they were an owner but could not send the document to sign. - Used: Wegner Associates as resource - OFC: We won't' secure a site until we have 1000 members - Had 1,700 members at the time decided to make the move. That is a clean list as we are very serious about keeping lists clean (addresses, if someone passes away, etc.) - Today have 2800 members, but would be 3700 members owners if we didn't keep lists very tidy. - Made a provision in bylaws that state that if the owner keeps up their address, they remain a member. If haven't shopped in two years AND we don't have their address. We would re-up them and let them have their money and reactivate them if they wanted to come back to good standing with accurate contact info and by shopping in the store. 	



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		<p>GM:</p> <ul style="list-style-type: none"> - Don't know the right time to hire but if you get your member goals done and the capital campaign is going well, any GM will feel very blessed to have so much ground work laid already by the organization - GM can also act as PM, and many PM's move into GM position. The work that Laura is doing is very key and the choice of GM's will need to be someone who can connect with Laura. In a lot of cases, PM's move into GM roles. - It is so much more than getting to the open date, but when the store opens the work really begins! - As soon as you can afford to pay a GM, you should start looking for one <p>Store Layout & Materials:</p> <ul style="list-style-type: none"> - Wanted only native plants on the property - Wanted things to be clean and airy - Wanted customers to have as much interaction with staff as possible - Wanted to recycle as much equipment as possible from old store. 99% of old building was recycled. - Knew we wanted a local stone that was meaningful to area, they actually had a pile of scrap that we could integrate at a very low price - Wanted our materials to be as local as possible 	



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		<ul style="list-style-type: none"> - We wanted two people with shopping carts to be able to fit in the same aisle. Our aisles were one-way streets before - We did not start with an architect, we started with a store planner which is just the outline of the store and how you will flow through the store. You could start with an architect if you know one but also if you have someone that worked in grocery but there is a lot of back and forth that needs to happen between planner and leadership. - Importance of deli: Brings in more shoppers, and core shoppers. Cannot skimp on deli space. - Don't think in order for this to work that you need to be a full-line grocery or someone's main grocery store. You don't. We used to aim for being people's only grocery. - For example: Costco shoppers are Costco shoppers. We can't offer a bunch of sizes of every single product. But, smaller quantities are better, people come back. People that want Costco amounts, will go to Costco anyways. Don't try to win everyone's every grocery dollar, you won't - Feels 5500 square feet is minimum - OFC: 130,000 people in your area that is really strong, we have 40,000 people in area of Menomonie. If you start out in larger area and are awesome, you could outgrow store before you depreciated it 	



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		<ul style="list-style-type: none"> - Smaller store with a lease that you move out of after 3-4 years, or a larger store and be awesome. Smaller store makes it harder to pay an awesome GM, a good labor pool comes with a cost - We spent \$2.8M, I think we could have done it for \$2.1M - Pay a GM well? Pretty historically underpaid compared to this type of work in field. - At what point as a start-up should we be joining NCG? Crystal feels we are farther along than any other startup coop so anytime now may be of value. <p>Co-op Differentiators:</p> <ul style="list-style-type: none"> - Differentiating local food hasn't gotten us traction we thought it would. We are seeing a lot of traction with community strengthening. But retail all over is trying to look local, but actual sourcing isn't easy. For us, focusing on building community has been more effective. Hard to say what Oshkosh's support will look like. <p>Visit with Crystal: June 21. Crystal will check with Bill (her husband). Will for sure be here in July for a family trip. Brenda will let the team know.</p>	



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		<p>THANK YOU:</p> <ul style="list-style-type: none"> - We could not do what we are doing without all the people that are P6'ing their talents to us – members, other food co-ops, etc. 	
Adjourn		Brenda adjourned the meeting at 8:45pm.	

THE FUTURE IS LOCAL.

The Oshkosh Food Co-op's mission is to promote the health and vitality of our community through collectively owning a grocery store to meet our diverse needs. Our co-op emphasizes local and organic suppliers to grow a place of holistic well-being.