



DRAFT - MEETING MINUTES
Whitewater Grocery Co
Board of Directors

Whitewater Grocery Co.'s mission is to support farm to table eating, to be a model of environmental sustainability, to stimulate the local economy, and to create a "third space" for the Whitewater community. To accomplish this mission, we will build a grocery store that sells local and organic foods and is as affordable and accessible as possible.

Date: February 12, 2018

Time: 6:30 p.m.

Location: Innovation Center, Conference Room 105

Board Members Present: Al Stanek, Anne Hartwick, Brienne Diebolt-Brown, Jennifer Crone, Joanna Baker, and Lacey Reichwald. Excused Absence: Greg Majkrzak. Owners Present: Margie & Rick Hammerl, and Mike Schwabe.

The meeting was called to order at 6:34 p.m. by President Lacey Reichwald. The mission and vision for the Whitewater Grocery Co. was read by Joanna Baker. The goals for this meeting are to provide updates on individual actions since last meeting to the Board and owners.

The Board allowed time for owner comment, although the owners that were present did not have any general comments.

Jen moved to approve the minutes from the January Board Meeting. Second by Brienne. Motion passed without dissent.

Outreach & Ownership Committee Report

Brienne updated the Board on the activities of the Outreach & Ownership Committee reading from sections of the January 17 and January 31 minutes. We have two new members of our committee, Katy Wimer and Ruth Peterson. The committee also includes Joanna Baker, Brienne Diebolt-Brown as chair, Anne Hartwick & Lacey Reichwald.

We decided to, on a regular basis, analyze our readership stats for our newsletters to see what is resonating with our owners.

We continue to work on promotional materials to help us disseminate the results of the market study,, including a press release, key messaging points, a newsletter article, as well as updating our community slideshow presentation. We are currently waiting for feedback from Jacqueline Hannah at Food Co-op Initiative before proceeding with doing any type of promotional campaign regarding the results of the market study.

Our February newsletter will spotlight volunteer, Tricia Borchardt.

We have placed another order for our T-Shirts, supplementing the sizes that were low in our inventory. We've also created a checklist for our tabling events that can be handed off to any of our



volunteers or Board members to make sure there is consistency in the set-up, break-down and processing of items and shares sold during this time.

We are working on confirming with the CDA our quarterly appearance before the committee to update them on our progress. We are also looking at what it would take for us to advertise in the Young Auditorium Playbill for next year. Brienne noted that we did provide Al with staff permissions for Nationbuilder so he can start to use the site.

While Lacey was on vacation, Jo took over the posting on Facebook with some great engagement results. Nice job, Jo! We start our first Ownership Drive on February 14 which will almost exclusively be publicized through our Facebook account. If we reach our goal of 14 new owners in 14 days, we will enter all of those new owners into a raffle to win \$50 in Whitewater Chamber Bucks.

In wrapping her report, Brienne gave a quick overview of the recent field trip to Madison. Brienne, Anne, Jen, and Lacey visited Willy Street Co-op on Wednesday, February. 7. This cooperative grocery store caters to a diverse community. It is their first branch to sell a mix of conventional, organic, and higher end exclusive products. Their store was designed to be comfortable for people who are used to shopping in a conventional grocery store. We met with Director of Co-op Services Kirsten Moore and Director of Purchasing Megan Minnick for about an hour. They then gave us a tour of the store. They had a lot of great advice, including telling us to incorporate WIC and SNAP requirements into our retail operations plan at the very beginning rather than trying to retrofit it into your existing plan as they had to do. The store has a kitchen, deli, hot bar, salad bar, bakery, meat department and is building out a juice bar. It is a comfortably sized store at 20,000 square feet. Kirsten and Megan noted that they've heard from employees that their site does not have enough office space which is another consideration for when we build our store. We also are making plans to visit Yahara River Grocery Co-op in Stoughton and Viroqua Food Co+op after they finish implementing their expansion plan.

Jen had a question about the committee's donation of an ownership share to the Spring Fling. She thought it violated our bylaws. Based on Jen's feedback, the committee will review the request and most likely take donations from the Board and other owners to pay for the donated ownership share. A suggestion was made to solicit a corporate sponsor for this gift sponsorship, although concerns were expressed that the Spring Fling Committee has probably already asked local businesses to sponsor other donations.

Business Administration Committee Report

The first official meeting of the committee took place on January 25, led by Jen Crone with owners and new committee members Margie Hammerl and Sara Hoots in attendance. Much of the meeting was spent on bringing Sara & Margie up to speed on the systems and the work of the committee.



Between Sarah and Jen, they've discovered that deadline for filing the 2017 U.S. Income Tax Return for Cooperative Associations is September 15, 2018. They are still researching the deadline for the State of Wisconsin. They are also working on identifying an accountant that specializes in cooperatives who will help with filing the tax returns and with transitioning to a new accounting system. Jen has also include a task for the committee to contract with an auditor to perform an audit on our accounts.

Board members suggested that we ask for accountant and auditor recommendations at the Up & Coming Food Co-op Conference in Milwaukee, March 16-17.

Jen completed the state sales tax filing requirements for 2017 and is working on preparing the 1099 forms for our consultants.

The committee is still working on a policy and procedures for installment members that are delinquent in their payments. Jen is researching best practices. Margie offered to contact the delinquent owners and has made contact with two out of three.

The committee is also developing a job aid that documents the publication of Board agendas and meetings on our website. Anne provided Dustin with instructions for him to document the process.

Their next meeting is schedule for April, although no date has been identified yet. The agenda for the April meeting will include the business toolkit and data security.

Anne move to approve the revised Charter for the committee. Second by Jo. Motion passed without dissent.

Lacey moved to approve the purchase Quickbooks at the Simple Start level for \$180/12 months. The Board discussed the differences between the membership levels. The higher level, costing \$420 annually, includes the option for multiple users and bill pay. Per Lacey, the multiple user option may be helpful for an accountant. The Board agreed to start with a lower cost option and decided that we could also increase to the next level if it is necessary. Motion passed without dissent.

Financial Report

Jen reviewed the monthly dashboard. We reached our goal of 20 new members for January. The financial issues were updated to reflect current Q1 concerns/activities, including Seller's Permit Applied For and 2017 Sales Tax Paid, Federal Income Tax Return for Co-ops Due Sept 15, - 1099's, Convert to Quickbooks, Accounting Support, and Developing policy for delinquent installment owners. As of 1/31/2018, we have a cash balance of \$43,834.94.

The Sources and Uses now includes a new line item for sales tax (estimated for sales on lawn signs & t-shirts) and an adjustment to the cost for office space based on our lease with the Innovation



Center for the next 12 months. Lacey confirmed that the office space includes utilities, so there will be no additional expenses to cover that cost. Jen also added corporation filing fees for Stage 2A. We have spent 7% of our member equity and are projected to spend 48% of our member equity according to our planned expenses at 500 members.

Jen asked for clarification on how we are reimbursed for the FCI Grant. Brienne will be reviewing that process with her. Jen will follow up with Casey Reed at Banco Insurance regarding liability insurance for office space.

Office Space

We now have an office at Suite 118 in the Innovation Center. We were fortunate in the timing as it coincided with Generac's renovation of their space. Many thanks to our Vice President, Greg Majkrzak, who was able to secure some of the office furniture and move it into the space this weekend. The benefits of being in the Innovation Center are many. We will have access to the start-up resources provided by the University, including a marketing professor, HR professor, conference space, free Wi-Fi, and storage space. We will have the opportunity to meet with other start-ups and learn from them!

Pro forma

Lacey reached out to Bill Geisner at CDS Consulting to ask whether or not it was time for us to start on our pro forma. He responded yes and provided us with our next steps. We will be working with his associate, Don Moffitt. We need to provide him with a down payment of \$3,000. The total cost of the pro forma is \$6,000 which is covered under the FCI Seed Grant.

Once they receive the check, Don will be in contact with us to set up an initial phone conversation.

- ★ Typically they recommend 1-3 people from the co-op to work on the pro forma.
- ★ The initial phone call will take 90 minutes.
- ★ The purpose of the call will be to sketch out the Key Assumptions and review the Sources & Uses budget.

After the initial phone call, CDS Consulting will develop the first draft of the financial pro forma. Typically they have that first draft completed at least within 30 days of receiving the deposit or 30 days from the initial conference call.

Once the first draft is ready, a second call will be scheduled with the same Board members to orient us to the pro forma model, review it together for accuracy, and begin to consider possible (and achievable) modifications to the pro forma that will bring it closer to being a project that is financially feasible. Typically the first draft of the pro forma for all start-up food co-ops does not show a financially feasible project. The first draft serves as a good beginning point for further work together on the pro forma. The focus in the first draft stage is to understand the pro forma model and how all the ingredients work together to help plan a project that could be financially feasible.



CDS Consulting makes no guarantees that they can get the pro forma to a point of financial feasibility.

For the initial call, we would need to provide the following:

- ★ Preliminary market study
- ★ Our latest Sources & Uses
- ★ If we have a preferred site, any information about that site including retail sq ft., total sq ft on ground floor, total sq ft on any other levels (basement and/or second floor), # of off-street parking spaces, rental rate if leasing or purchase price if purchasing, annual expenses for real estate taxes, building insurance and CAM (common area maintenance). These 3 expenses are often referred to as 'triple net' expenses. Any documents you have related to securing the site (intent agreement, lease agreement, option agreement, purchase agreement)
- ★ The 'concept paper' that you referred to and/or an early draft of a business plan.
- ★ Anything else, in addition to what is on our website, that we'd like to share with them that will give them a better understanding of you co-op.

The Board entered into a discussion as to whether or not the timing was right to start on the pro forma process, given that we are still working on the concept paper and that we still have questions about the market study. There was also some discussion about the need for us to be consistent with our owner benchmarks. Some of the Board were under the assumption that we needed to get to 450 to start the pro forma. This information is included in the press release for the market study and the new office space. The press release will need to be adjusted to reflect the timeline on our website.

Al talked about identifying other ways to incentivize the community to become owners and that this should be our focus rather than the pro forma based on the assumption that we need to reach 450 owners before proceeding with this action.. Lacey's primary concern is proving feasibility to demonstrate to stakeholders, including city government and the CDA, that we are the primary and most viable solution to providing this community with a grocery store. Anne said that she didn't want us to regret not starting sooner on the pro forma based on what she's heard from other co-ops in regard to how long it takes and what a gruelling process it can be.

We came to consensus that while we don't need a Board motion to begin the pro forma process, we would wait for another month to give us time to work on the concept paper and clarify our questions about the preliminary market study.

Identifying and Connecting

- ★ **Active volunteers** - We have added at least 5 volunteers to our committees, bringing us that much closer to reaching the goal of 15-20 actively engaged volunteers. All Board members should continue to review the owner list and work on bringing more volunteers into an active role in our development tasks.



- ★ **Potential partners and stakeholders**- Brienne met with Dave Carlson to update him on our progress and to talk to him about attending the Up & Coming Food Co-op Conference. Anne mentioned her connection with UW-W Student Governance which has expressed interest in us presenting to their senators.

Concept Paper

Jen reviewed her work on the Concept Paper which is meant to be used with lending institutions and other stakeholders explaining what we hope to accomplish and why. Lacey suggested we form a task group of 3 Board members to work on the concept paper. Jo, Al & Jen will serve on this task group and report on their progress at the March meeting. Anne suggested we ask on our February Peer Call with other regional food co-op starts up if anyone has a concept paper that they would be willing to share with us.

Food Co-op Interest Survey

We've heard that engaging our members and the community in an interest survey would serve dual purposes. It would be a way to gather helpful data that will inform our feasibility and planning process and help increase awareness in our efforts to build a community-owned store in Whitewater.

Lacey did reach out to Kevin Kaufman, Director at the Small Business Development Center at UW-Whitewater to see if he would be able to help us. He did say that we could engage their services for a fee and recommended that we talk to Courtney Berner at UW Center for Cooperatives. Lacey said that Courtney is happy to review, but she cannot help us draft a survey at this time due to lack of resources.

Anne found an example of a co-op member/shopper customer satisfaction survey that was developed through a collaborative effort between National Co-op Grocers, CDS Consulting and Survey Research Center (SRC) at the University of Wisconsin – River Falls to help co-ops better understand their customers, and inform the co-op's strategic decisions.

We did talk to Willy Street North who implemented a receipt campaign. This campaign amounts to asking our owners and community members to turn in their grocery receipts to us to give us insight into their grocery habits and purchases.

Anne, Al, & Brienne offered to serve on this task group to work on the survey and the receipt campaign. They will present their progress at the March meeting.

Vendor/Supplier Research

Lacey, Greg & Jo created a distributor, producer, supplier worksheet that includes name, website or Facebook account, products, ship details and notes. We currently have 25 vendors listed. This task group will continue to populate the spreadsheet, called Potential Vendor Info, with content as we



move through the development process.

Needs Assessment

Lacey created a needs assessment spreadsheet to help us track our challenge or need, the proposed resource(s), who is responsible for fulfilling that need, and status. We currently have identified 12 challenges or needs and have fulfilled two of them.

Internal Timeline

Anne reviewed a new internal timeline tool for us to use as we proceed through the development process. It is a mashup of two resources, one provided by a co-op that opened several years ago, and the other is a detailed task list provided by Food Co-op Initiative that is based on the stages and the four cornerstones of co-op development. The Board thought it would be helpful, so Anne will continue to build out and update moving forward. We did, again, call out the need to be consistent with ownership benchmark numbers based on our external timeline. Anne will update the timeline to reflect our external owner benchmarks.

Board Calendar

We reviewed the calendar which was updated to reflect the first ownership drive in February. It was noted that we should include our tabling efforts at the Winter & Summer Markets on the calendar. Anne will do so.

Meeting Review

Board members summarized the meeting as follows:

- Jo's overarching theme of the meeting is that we must be consistent with the timeline and our messaging points in all of our promotional and business materials.
- Al said that we should be focusing on membership, membership, membership. That we've been lucky with how fast our membership has grown and we can't expect that to continue without thinking of creative ways to incentivize community members to join.
- Brienne said her biggest takeaway is that the Ownership & Outreach Committee has a lot to do! She's added those tasks identified during the Board meeting to the agenda for Wednesday's meeting.
- Jen said that she's proud of all that we've accomplished over the past month. And, that we are at a stage where we're doing our best to gain an understanding of the complicated path ahead where we're going to have to keep multiple balls in the air at once.
- Anne said our different strengths and perspectives benefit the process by making us more thoughtful and deliberate in our decision making.
- Lacey felt good that we accomplished our intentions for the meeting as it bears witness to a promising future for the co-op.

No Board members had any request for future agenda items.

Anne moved to adjourn the meeting. Second by Al. Meeting adjourned at 8:12 p.m.