



MEETING AGENDA  
Whitewater Grocery Co  
Board of Directors

Mission & Vision: *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: August 13, 2018

Meeting Time: 6:30 p.m.

Location: Whitewater Innovation Center, 1221 Innovation Drive, Whitewater WI

Description: Meeting of the Board of Directors of the Whitewater Grocery Co.

Invited: Board of Directors, all owners of the Whitewater Grocery Co.

Board Members Present: Lacey Reichwald, Brienne Diebolt-Brown, Anne Hartwick, Jennifer Crone, Joanna Baker, Greg Majkrzak, and Al Stanek. Owners Present: Michael Schwabe, Vicki Hagstotz. Guests Present: John Kutz, Project Executive, and Eric Neumann, Vice President, Senior Project Executive, MSI General, Oconomowoc, WI.

The meeting was called to order by President Lacey Reichwald at 6:30 p.m. The mission and vision for the Whitewater Grocery Co. was read by Jennifer Crone. The intention for this meeting is to provide Board and Owners on our progress, and to educate the Board on a potential partner in the design and build of the store.

During the owner comment period, Vicki stated that she is attending tonight's meeting so she can learn about what is happening behind the scenes for when she is tabling she can talk about what happens at these meetings.

Al moved to forward agenda item 4, board learning, to the top of the agenda. Second by Lacey. Motion passed without dissent.

John Kutz, Project Executive, and Eric Neumann, Vice President, Senior Project Executive, joined us from MSI General, headquartered in Oconomowoc, WI. MSI General Design Build Construction Company was founded in 1957 and includes architects, structural engineers, interior designers. It appeared in the Best of Milwaukee top firms list in 2018. Over the years, they've worked with Pick N Save, Outpost, Sendik's, and Brennan's Market.

Their understanding of our project is that we are currently looking for a site that supports approx. 10,000 sq. ft of retail and has parking for 50-75 vehicles.

MSI is a turn key company - architectural design, budget design, interior design, vendors (refrigeration, store shelving, marketing, etc.). They can review multiple options and analyze the cost difference in terms of building new or rehabbing a building, etc.

John and Eric presented the Outpost location in Mequon as a case study. There were a couple of different sites that Outpost was considering and MSI drafted a plan for how to structure the lease to make it the most affordable. MSI spent a lot of time with the neighbors to discuss their concerns and address them. They worked with the City to change zoning. It took approximately one year of working on approvals before they put a



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shovel in the ground. MSI was able to explore all the variables with the Outpost, the city and the neighbors. The project included purchasing multiple lots and the removal of the existing structures. MSI partnered with Outpost to provide a full understanding of project scope, costs, schedule and logistics to all stakeholders, including banks, government entities, co-op owners, shareholders, etc.

MSI has worked with Outpost for the past 20 years. They conduct multiple listening sessions with staff to prioritize program wants and needs prior to any design work happening. MSI requires 3-5 bids per trade; can analyze the cost differences between using an existing building vs. ground up construction; and often reviews historical data to help with decision making. MSI coordinates with multiple vendors, store fixture consultants, refrigeration vendors, furniture, fixtures, etc. to determine total projects cost.

The project duration for the Mequon Outpost was from June 2013 to May 2014. The store size is 16,875 sq. ft with 79 parking stalls.

Outpost is LEED certified - Silver. They just added solar to the roof with a WE Energies grant. LEED certification increased the cost of the project by \$75,000 (10% more). A lot of the costs are for documentation. MSI has an in-house resource completely devoted to LEED certification. MSI only builds LEED certified Bronze and up.

MSI encouraged us to form a team of partners who will be a part of this project. MSI said that Co-op Boards often get stuck when they don't have General Managers. General Managers are a critical component to keep projects moving forward and are essential to the design/build stage. Wild Roots is the only start-up food co-op hat they've worked with lately.

MSI has a fee structure for their services. The smaller the scale, the more expensive. MSI would work with us as a partner. The fees are 4-6% for architectural, 7-9% for build. They are motivated to do whatever it takes to make this a success. Sunset clause is worked into the contract for usually around 3 years. Some projects go longer than three and that can be negotiated.

We told MSI that our Annual Meeting is in October and we would like to talk about 3-5 sites to ownership during the meeting. MSI said they don't want to be a billable firm; they want to a partner from beginning to end. MSI would be interested in working with us to analyze our sites and provide us with renderings (pros and cons).

The Board thought that some quick breakdowns of pros and cons for each site to present to ownership will help us decide quickly on a way forward.

A lot of the work MSI does is industrial, so many times, MSI is provided with site options and they provide an analysis on which footprint makes more sense. What might look more cost-effective short-term is costlier long-term. Each project gets a lead architect, estimator, project superintendent and project executive. If the GroCo gave MSI 5 sites to review, they would do so as that 4-person team, then analyze each site based on their expertise and would provide us with recommendations.



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The Board had a question about spec buildings. Per MSI, if you can get involved early enough and you have some say in the process, it could be a good thing.

MSI typically takes the lead in meetings with city councils, planning commissions, etc. They like to over-communicate rather than keep people guessing. Informal meetings with the city planners and key influencers go a long way.

The presentation ended with John & Eric reviewing why the Board should consider partnering with MSI:  
Award-winning and sustainable design  
Collaborative results with a repeat client  
On-time and on-budget deliverable

The Board thanked MSI for joining us and they left the meeting at approximately 7:30 p.m.

Lacey moved to remove the Board Development Committee Report from the Consent Agenda. Second by Anne. Motion passed without dissent. Anne moved to add an action item to the Committee Updates - approval of the Annual Meeting Committee Charter. Second by Lacey. Motion passed without dissent.

Brienne moved to approve the consent agenda. Second by Jo. Motion passed without dissent. Brienne moved to approve the minutes from the July Board Meeting. Second by Jo. Motion passed without dissent.

Al moved to approve the Committee Reports from the Ownership & Outreach Committee and the Site Selection Committee. Second by Jen. Motion passed without dissent.

The Board reviewed the action items from July Board Meeting:

- *Jen and Lacey will work on the Articles of Incorporation to provide an update to the Board. **Done***
- *Ownership & Outreach Committee will report on the progress of assembling an ad hoc committee for Annual Meeting as well as a location and time. **Done***
- *All Committee Chairs will submit their reports to the secretary 5 days prior to the meeting (Aug. 8). **Done***
- *Jo will add a Quick Glance Dashboard to the Feasibility Assessment. **Done. Dashboard is color-coded.***
- *Jen and Jo will add Financials to the Feasibility Assessment. **Will be done by September Meeting.***
- *All Board members will take the Board Capacity Assessment distributed by Lacey. **Done***
- *Lacey will analyze the results of the Board Capacity Assessment and provide a report and recommendation on the number of Board members. **Done***
- *Lacey will talk to the attorney about increasing the number of people on the Board. **Done***
- *Jen would like to present on Sources & Uses by Stage looking into Stage 3 to help us decide on the ownership equity spending policy during the September meeting. **Will be done by September Meeting.***
- *Jen will create a new pro forma based on our Sources & Uses spreadsheet. **Will be done by September Meeting.***
- *Lacey will work on a Board Planning Retreat to engage in a strategic planning exercise. **Lacey is working on identifying a date - All Board members should reply with their availability.***



- *Greg & Jo will be working on the election materials and timeline for the Annual Meeting. **Done***
- *Greg & Jo will be working on the onboarding process for new board members. **In Process***

### Financial Report - Jen Dashboard & Budget

32 new owners joined us in July, which might be a record! Other than that, not a lot of huge shifts in bank account balances or expenses - rent and minor supplies. The big issue we are dealing with that is somewhat related to the Financial Report is working out the issues of being able to sell ownership shares beyond 500. We did receive part of the FCI grant reimbursement - \$1,750 under FCI Seed Grant. Small changes to various expenses. Nothing noteworthy.

### Articles of Incorporation

Why do we need to change our articles? We incorporated to allow up to 500 owners and we defined our ownership as a share of capital stock sold to each owner. We must change our articles to get beyond 500. Further complicating things is that we are subject to FEC filing as we sold to out-of-state owners.

Our attorney has provided us with different options. The owners must vote to amend our Articles of Incorporation. We have 19 non-Wisconsin owners. At least 5 have WI addresses that we could get them to update if needed.

## Options for Amending/Changing Owner Shares

### 1 - NON-STOCK OWNER

**CONVERSION** - Convert capital stock ownership to non-stock "certificate" ownership

PROS - Unlimited number of members/don't need future amendments. Eliminates issue with out-of-state owners.

CONS - Hassle to contact each owner. Owner fee is taxable. May still need to file with SEC.

### 2 - DUAL OWNER TYPE -

Create non-stock owner type and convert out of state owners to this type.

PROS - Only need to convert a small number of owners. Most owner equity remains tax-free.

CONS - May still need to file with SEC. Not sure if dual ownership complicates other matters.

### 3 - INCREASE CURRENT OWNER STOCK ISSUE -

Amend articles to allow >500.

PROS - No hassle to convert existing owners. Tax-free owner equity.

CONS - SEC filing required due to out-of-state owners. Need to make amendments to number of owner stock issued part of each annual meeting.

Some co-ops seem to limit their ownership shares to in-state owners and others have in-state ownership shares and out-of-state ownership shares. Whatever we do, we need to make sure it is compatible with different stock options. The terms of what being an owner remains the same - they would still get to vote.

Our path forward is to decide which option to pursue. Lacey is working on a draft of the proposed amendment language. Lacey thinks we can get this taken care of within the next several weeks. We need to provide a voting



period of more than 7 days and less than 30. If it is approved, we would need to submit the amendment to the state.

You can call a meeting to take place at any time, any place. If 10% of our ownership or 50 people vote on the amendment, we are in compliance with our bylaws. We would essential conduct an electronic vote (and send paper ballots to those who've indicated that this is their preference) and count the votes at the end of the meeting.

Brienne moved to designate the Ownership & Outreach Committee to organize the vote to amend the Article of Incorporation to include an additional 500 ownership shares. Second by Lacey. Motion approved without dissent.

### **Committee Updates**

#### ***Board Development***

Jo is now chairing this committee. She is working on a board orientation booklet based on the Sitka Co-op which she will present at the next meeting. Lacey moved to approve a budget of \$100 to spend on Board orientation materials. Second by Al. Motion approved without dissent.

Jo has updated the Board Application Packet. Brienne will review by Aug. 18. Anyone who wants to be a candidate should be invited to the September Board meeting. Jo will reach out to the previous candidates to extend them personal invitation to them to apply.

#### ***Outreach & Ownership***

The Board reviewed the Annual Meeting budget and the Annual Meeting Committee Charter. Jo moved to approve an Annual Meeting Budget not to exceed \$4,000. Second by Lacey. Motion passed without dissent. Al moved to approve of the Annual Planning Committee Charter. Second by Brienne. Motion passed without dissent.

### **Board Capacity Survey Results**

Lacey reviewed the data from the board assessment survey. Lacey provided some of the highlights which included:

- We either have the talent in house or we know where to go.
- We are all feeling the time crunch and the pressure to move forward quickly.
- Outreach & Ownership received some lower scores, based on time and capacity.
- Onboarding new owners scored low...we can do better.
- Our skill and capacity for project management scored the lowest and this is where we have the most room for improvement. This may be an area where we need to hire someone to help us start managing the project more efficiently and effectively.

Based on these findings, we discussed whether we need to add more people to the board to increase our capacity or if we need to focus our efforts on getting more volunteers onto our committees. Would having two more board members increase our capacity? Brienne said that we would increase our skill set by bringing on new



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Board members as well as our ability to increase our sphere of influence to recruit new volunteers, new owners, and new partners. We would need to amend our bylaws from seven to 9 or we could say an odd number of board members as identified. Concerns were expressed about onboarding new board members. It is a steep learning curve and it poses issues about us losing momentum as those new board members integrate into our team.

Al moved to change the bylaws to allow by unanimous vote the board to expand by an even number so that there is an odd number of board members, and the expansion should occur by offering the open positions to the previous election runners up in order of number of votes. Second by Greg. Motion passed. Anne and Lacey will work together on the amendment to the bylaws proposal.

The **timeline** and the **needs assessment** were not reviewed during this meeting.

We reviewed the Board Calendar and added for next month, for Board Education: Sources & Uses Budget in 2b and for Board Policy Monitoring: Roles & Responsibilities.

During the board member requests for future agenda items, Al requested that he would like to present for the Board's consideration the recommendations of the Site Selection Committee.

The meeting was adjourned by the President at 8:36 p.m. Minutes respectfully submitted by Anne Hartwick, Board Secretary, on Saturday, Sept. 8, 2018.

**Action Items:**

- *All Committee Chairs will submit their reports to the secretary 5 days prior to the meeting (Sep. 8).*
- *Jen and Jo will add Financials to the Feasibility Assessment.*
- *Jen will present on Sources & Uses by Stage looking into Stage 3 to help us decide on the ownership equity spending policy during the September meeting.*
- *Jen will create a new pro forma based on our Sources & Uses spreadsheet.*
- *Lacey will work on a Board Planning Retreat to engage in a strategic planning exercise.*
- *Jo is working on the onboarding process for new board members.*
- *Brienne will review the Board Application Packet by Aug. 18.*
- *Jo will extend a personal invitation to those candidates who applied previously to reapply for the Board.*
- *Jo will extend an invitation to those who applied to the Board to join us at our September Board meeting.*
- *Anne and Lacey will work together on the amendment to the bylaws as approved by the Board.*