



MEETING MINUTES
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: Wednesday, September 12, 2018

Meeting Time: 6:45 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, Linda Holmes, Nathan Hesse.

Brienne joined the meeting at 6:50 p.m.

The meeting was called to order by President Lacey Reichwald at 6:45 p.m. The mission and vision for the Whitewater Grocery Co. was read by Greg Majkrzak. The intention for this meeting is to provide updates to the Board and Owners on our progress in the feasibility research of Whitewater Grocery Co.; gain understanding of potential sites and the evaluation process; gain financial literacy regarding our budget through Stage 2B; examine the Pro Forma in more detail; and review progress through Stage 2a.

Lacey requested that we move Item 8.B Committee Updates - Potential budget increase request from Annual Meeting Planning Committee ahead of 8.A Committee Updates - Site Selection Committee Recommendations. Motion was seconded and approved.

Although several owners were present (see attendance list above), no owner spoke during the designed owner comment period.

Brienne moved to approve the consent agenda. Second by Jen. Motion passed without dissent.

Results of Vote to Amend Articles of Incorporation

Lacey reported on the results of the vote on the following question. Shall the Whitewater Grocery Co. amend the Articles of Incorporation to allow for an additional 500 shares of capital stock to be added? Of the 238 votes were cast, 233 voted yes; 5 voted no. We received a total of 32 ballots returned by mail and 206 owners voted online. This equaled a 52% response rate. The amendment passed.

Jen has prepared the amendment for filing. Lacey will send a note to all owners regarding the results of the vote and next steps. Jen reported receiving an email from an owner asking why we needed to amend the articles of incorporation. There seemed to be some confusion because this particular action was not included in our talking points timeline. She explained to him that it was an administrative task that we'll



have to do from time to time. Lacey has since learned that can in the future let the owners know our recommendation on the vote and the reasons the Board is making that recommendation.

Action Item: Board Secretary Anne Hartwick and Board President Lacey Reichwald will meet at City Hall or a bank to have their signatures witnessed by a notary and then mail the amendment to the Dept of Financial Institutions along with the appropriate paperwork and check provided by Jen Crone, Treasurer.

Action Items from Last Meeting

- *All Committee Chairs will submit their reports to the secretary 5 days prior to the meeting (Sep. 8). **Done***
- *Jen and Jo will add Financials to the Feasibility Assessment. **Done***
- *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. **Done***
- *Jen will create a new pro forma based on our Sources & Uses spreadsheet. **Task will be reviewed and updated.***
- *Lacey will work on a Board Planning Retreat to engage in a strategic planning exercise. **Date has been set for Saturday, Dec. 1.***
- *Jo is working on the onboarding process for new board members. **In Process***
- *Brienne will review the Board Application Packet by Aug. 18. **Done***
- *Jo will extend a personal invitation to those candidates who applied previously to reapply for the Board. **Done***
- *Jo will extend an invitation to those who applied to the Board to join us at our September Board meeting. **Done***
- *Anne and Lacey will work together on the amendment to the bylaws as approved by the Board. **In process.** Lacey and Anne have been working on this action item and plan to distribute notification to owners by Sunday. According to the Bylaws, they "may be amended or repealed in whole or in part by a majority of the Member-Owners who participate in the vote. An amendment may be proposed by decision of the Board for consideration by the membership or by petition of at least twenty percent (20%) of active Member-Owners. The proposed amendment shall be publicized to the Ownership not less than four (4) weeks prior to the voting process, and also included in full detail in the Notice of the meeting, which meeting shall be held at a time and in a manner determined by the Board (see section 3.3 about proper Notice of any such meeting)."*

Financial Report - Jen (10 min.) [Dashboard](#) & [Budget](#)

Jen Crone, Treasurer, reported that we had nine new members sign up in August. We currently have 466 owners at the time she prepared the Dashboard. We have \$52,161.46 in our cash accounts. Our expenses include rent, proforma preparation, 4th of July, promotional items, tablecloth for tabling, lawyer, and other other supplies for a total of \$7,030.41.

The Budget is not changed other than the amounts in the actual column. The italics in the Budget denote the number that have changed since the last Board meeting. We have currently spent 24% of our member equity with 76% unused. We have received a portion of our FCI Seed Grant. Brienne continues to submit



expenses to FCI for reimbursement. Brienne sent a note to Stuart to ask him how broad the grant is so we have a good understanding of what can be submitted for reimbursement. The grant is a matching grant, so we could when we submit \$1,000 worth of expenses, we receive \$500. We have a few more big ticket expenses coming up with the Annual Meeting and think that we might be able to submit those expenses for reimbursement with the grant as well.

Board Learning - Sources and Uses Budget Through Stage 2B - Jen

Jen has modified the budget to help us identify the sources and uses in stages called the Stages Forecasting Tool. We are currently at the end of 2a and the beginning of 2b. We should consider this a tool for us to work with moving forward. We can project and forecast our estimated member equity and grants against our expenses. These are just projected costs, however, as we don't actually know what they will be until we move closer to that point of when we will need to be making those expenditures (legal fees, promotional materials, salaries, etc.).

The other enhancement that has been added to the Stages Forecasting Tool is the Funds section, as recommended by FCI. Funds includes Equity + Grants + Donations + Misc (not the capital campaign). The Funds section will tell us if we have enough money to do what we need to do to implement the project. Each column (stage) is accumulating from the previous column (stage); and the equity minus the expenses should always be positive. Currently we are estimating that we will have \$129,461 in Accumulating Sources and \$76,522 in Accumulating Expenses through 3A, leaving us with an Accumulating Surplus of \$52,939.

Jen did assign a placeholder amount for the capital campaign in the Stages Forecasting Tool. Capital money pays for the project. We don't wouldn't touch it until we are decide to proceed with the project.

This is not a budget. It should be considered a forecasting tool and in draft form. Jen requested that the Board charge a Pro Forma Budget Committee to analyze, evaluate, and modify the Stages Forecasting Tool and present it to the Board on a regular basis. We do need a process that involves more than just the Treasurer to consider categories and estimate costs and revenue.

Al recommend that we have an accountant be a part of the committee who is familiar with acceptable accounting principles. When we present our budget to the general public, he feels strongly that it should be comply with generally accepted accounting principles.

Lacey moved to form a Finance Committee. Motion was seconded by Jen. Motion passed without dissent.

Action item: Board Treasurer Jen Crone will provide a draft of the Finance Committee Charter by the next meeting for the board to review, discuss, and approve.

Annual Meeting Committee Update

Executive Event Lead Vicki Hagstotz requested additional funds for the Annual Meeting based on the project number of people that might attend. Anne moved to increase the Annual Meeting Budget from \$4,000 to not to exceed \$6,000. Second by Greg. Motion passed without dissent.



Site Selection Committee Update

The charge of the site evaluation committee at this point is "identifying properties with potential" for further evaluation. All properties not selected at this step are not necessarily eliminated from consideration but are viewed as having "less potential" or having been put in "placeholder" status because of ongoing outside initiatives.

A comprehensive list of 34 sites was considered. A "fatal flaw" (mostly acreage) screening of that list of potential sites narrowed the list to seven candidate sites.

Three of the seven sites came out clearly as having the greatest potential. All four evaluators rated the Coburn, True Value or Round-a-bout sites as either their first, second or third choice. The Committee Chair, Al Stanek, did not serve as an evaluator. The evaluators included a former city manager, two developers, and a financial advisor

- Evaluator A ranked Coburn first, True Value and the Round-a-bout tied for second place.
- Evaluator B ranked the Round-a-bout first, Colburn second and True Value third.
- Evaluator C ranked True Value first, the Round-a-bout second and Colburn third.
- Evaluator D ranked the Round-a-bout first, Colburn second and True Value third.

One evaluator gave a relatively high ranking for the Sanderson site and another gave Bluff Road Marketplace a decent ranking. One evaluator did not rank beyond the top three and considered the remaining sites undesirable.

The Library site remains as a "placeholder" due to too much uncertainty.

The consensus three top sites are presented to the Board for consideration at the September WWGROCO Board meeting.

It is recommended that the top sites be presented for informational purposes at the October General Meeting. MSI Incorporated has volunteered to prepare professional depictions of what a 12,000 to 15,000 square foot grocery would look like at each of the three sites as well as a professional "strengths and weaknesses" evaluation for each site after they conduct a more in-depth review of each site.

Al requested an endorsement from the Board to work with MSI to produce presentation boards for the Annual Meeting. The Board agreed that Al should proceed as recommended.

Outreach & Ownership Committee Update



The request for the Board to approve the purchase of a tablet so that volunteers can take PayPal payments while tabling was withdrawn. The SweetSpot is donating a tablet. The Board expressed their gratitude to The SweetSpot for doing so!

Feasibility Progress Report

Whitewater Grocery Co Feasibility Dashboard

<p>Market Feasibility Current Status: Met (with current assumptions)</p> <p>Next Step(s): Update Market Study in November 2019</p> <p>Future Considerations: Update assumptions as Owner vision changes or market changes</p>	<p>Financial Feasibility Current Status: Not Feasible</p> <ul style="list-style-type: none"> ● Current Pro Forma shows debt coverage ratio at -0.5%. Debt coverage ratio should be 1.25 or higher. ● Current Pro Forma shows Gross Margin Minus Labor at 8.9%. Should be 15% or higher. <p>Next Step(s):</p> <ul style="list-style-type: none"> ● Update Pro Forma to reflect new knowns and assumptions (e.g. site selection) ● Assemble Pro Forma Committee ● Develop owner capitalization campaign
<p>Organizational Capacity Current Status: Evaluated</p> <ul style="list-style-type: none"> ● Recent Board assessment survey returned the following low scoring areas: <ul style="list-style-type: none"> ○ Project management ○ Onboarding new owners - may need to split Ownership & Outreach Committee ○ Overall volunteer recruitment & engagement <p>Next Step(s):</p> <ul style="list-style-type: none"> ● Discuss hiring to fill project management gap ● Discuss splitting ownership & outreach committee ● Change bylaws at annual meeting regarding # of board members 	<p>Site Feasibility Current Status: Under Evaluation</p> <ul style="list-style-type: none"> ● Pending Committee recommendations <p>Next Step(s):</p> <ul style="list-style-type: none"> - Select site(s) for further evaluation - Update Pro Forma per recommended <u>site(s)</u> to assess feasibility - Commission site-specific market study

Last Updated: September 12, 2018

Based on the current feasibility report, Market Feasibility has been met. Organizational capacity has been evaluated, and scored low. To prove feasible, we may need to consider hiring staff, we do need to change the bylaws to increase board membership and evaluate the need to split the Ownership & Outreach Committee. Financial Feasibility has been evaluated and scored low. To prove feasible, we need to update the Pro Forma to reflect new knowns and assumptions, form a new Committee, and develop a capital campaign. A critical component of the Pro Forma is the size of the store. Currently the Pro Forma is based on a store size of 15,000 sq ft. I would like to see a version of the Pro Forma with a smaller square footage size.

We discussed that if we want to look at a smaller size store, we will need to reach out to Keith Wicks to ask him to update his market study. He has encouraged us to do so and said he would be happy to help us modify our market study in the future. We could send him the three evaluated size and ask him to update



his market study for these locations with different sizes of store - 10,000, 12,000 and 15,000 square footage.

Action Item: Lacey will follow up with Keith to obtain a quote to update the market study for a different store size and for the recommended locations.

We reviewed the task list from the FCI Co-op Start-Up Manual.

Simplified Checklist, Stage 2a: Feasibility

- Develop a concept paper describing what you hope to accomplish and why
- Distribute a member newsletter on a regular schedule
- Share information through a web site
- Participate in community events
- Conduct surveys
- Identify areas of weakness, recruit help or hire consultants
- Research local real estate market
- Contract for a market study
- Continue fundraising
- Conduct a thorough process of assessing feasibility, including market feasibility, financial feasibility, and organizational capacity/readiness
- Make plans to include preliminary design and design feasibility depending on how advanced you are in identifying your preferred site
- Assess your accounting system and upgrade as needed
- Research suppliers and their account requirements
- Develop/revise your budget and checklist for Stage 2b

Decision Point

If the market study and financial feasibility are positive, and the organizational development and readiness are in place with 450 owners (or 45% of target membership at opening), the co-op is ready to move forward into **Stage 2b: Planning**.

The Board agreed that we are not yet ready to move into 2b. That while we have reached our Ownership Goal, we are not yet feasible in organizational capacity or financial feasibility to move into the next Stage (2b).

The Board reviewed the [Timeline](#) and discussed whether or not we are at the point of where we can plan a capital campaign. We decided that the capital campaign needs to follow site selection. The Board needs to identify the Committee that will plan the capital campaign. Planning for the capital campaign requires strong research, legal, and accounting skills and knowledge. We will need to once again change our Articles



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of Incorporation to define our other stock offerings should we decide to go in that direction. The Board discussed whether or not we want to open during the holiday season. Rather, we should plan on opening in early fall or early spring. Discussion ensued regarding schedule vs. ownership goals. Our message has always been milestone driven and not schedule driven. We all agreed that it doesn't feel good to move goals from one month to another, but we need to adjust based on ownership milestones.

The Board briefly reviewed our [Needs Assessment](#), and we noted that we need to add a Finance Committee, and a Site Selection Committee.

The Board briefly reviewed our [Board Calendar](#) which needs to be modified to reflect that we do not have a Board meeting in October.

No requests were made by Board members for a future agenda item.

No closed session was required for this meeting.

The meeting was adjourned by the President at 8:41 p.m. Minutes respectfully submitted by Anne Hartwick, Board Secretary, on Sunday, November 11, 2018.

Action Items:

- Board Secretary Anne Hartwick and Board President Lacey Reichwald will meet at City Hall or a bank to have their signatures witnessed by a notary and then mail the amendment to the Dept of Financial Institutions along with the appropriate paperwork and check provided by Jen Crone, Treasurer.
- Board Treasurer Jen Crone will provide a draft of the Finance Committee Charter by the next meeting for the board to review, discuss, and approve.
- Site Selection Committee Chair Al Stanek will work with MCI to create large poster board renderings of the potential sites for the Annual Meeting.
- Board President Lacey will follow up with Keith to obtain a quote to update the market study for a different store size and for the recommended locations.
- Board Secretary Anne Hartwick will modify the Needs Assessment to add a Finance Committee, and a Site Selection Committee.
Board Secretary Anne Hartwick will modify the Board Calendar to remove the Board meeting scheduled for October.