



When: June 24, 2019 6:30PM - 8:30PM

Where: Whitewater Innovation Center Room 105, 1221 Innovation Drive, Whitewater WI

Invited: All Owners of the Whitewater Grocery Co. and their elected board

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.*

Meeting Intention: To take action and reach outcomes that moves the cooperative closer to opening a grocery store.

Preliminaries: Call to Order, Mission & Intention, Guests, Check-In, and Agenda Review

The meeting was called to order by President Lacey Reichwald at 6:30 p.m.

Board Members Present: Lacey Reichwald, Greg Majkrzak, Brienne Diebolt-Brown, Anne Hartwick, Jennifer Crone, and Joanna Baker. Planned Absence: Praveen Parboteeah

Owners Present: Nathan Hesse, Michael Schwabe, Sarah Hoots, and Katy Wimer.

The mission and vision for the Whitewater Grocery Co. was read by Jo. The intention for this meeting is to take action and reach outcomes that moves the cooperative closer to opening a grocery store.

Our guests were welcomed and declined to speak during the designated owner comment period.

The Board members checked in with one another and stated their readiness to engage in the meeting.

Brienne had office hours today. Everything is going well. Greg Stewart came in today and Brienne had a long conversation with him and felt re-energized afterwards. She has a 100 new ideas - many of them for the Outreach & Ownership Committee.

Greg is ready for the evening and he has reviewed all the board packet.

Lacey is prepared for today's meeting and has the Board presentation ready to help take us through the agenda. She is excited to share a little bit about her experience at the Consumer Cooperative Management Association (CCMA) Conference. She met many people in the food co-op business who have been around for a while and are willing to help start-ups. Veteran co-ops are energized by those who are just starting...so it's a win, win!

Jo is excited to share all of the work that the Board Development Committee has accomplished lately and is glad that Greg came and talked to Brienne.

Jen is completely buried and overwhelmed, but glad to be here. A lot of things on her plate are taking much longer than expected and is more complicated than she expected. And, she is getting ready to



leave town for a month which is compressing all of the work that she needs to do before she departs.

Anne is rarin' to go.

Before the Board reviewed the agenda, Lacey proposed a motion to move the agenda item regarding the Market Study to an Executive Session to take place at the end of the meeting. Second by Greg. Motion passed without dissent.

The Board reviewed and approved the agenda as amended.

Consent Agenda: Minutes & Reports

Brienne moved to approve the Consent Agenda comprised of the previous meeting's minutes and the Committee Reports. Second by Jo. Consent Agenda was approved without dissent.

The Treasurer's Report was not included in the Consent Agenda as there is no update since our last meeting on June 3 (as planned).

Accountability: Action Items

The Board reviewed our progress on the outstanding action items due for the June 24 meeting.

- In preparation for June 24 meeting all of the following tasks are due by June 19.
 - Brienne, Anne, and Jo will submit their Committee Reports (Outreach & Ownership, Finance & Legal, reports to the Secretary. **Done.**
 - Action Plan Owners (Brienne - 800 Owners, Lacey - Business Plan, Lacey - Site Selection) will include updates to their action plans in the Committee Reports. **Done.**
 - If action or discussion is required by the Board on any of the activities listed in the plans or the reports, notify Lacey to include in the Committee Updates agenda item. **Done.**
- Brienne will assign Maria to work on the language for a Memorandum of Understanding so that we can work with the Whitewater Community Foundation for a charitable donation pass-through and update the Board at the June meeting. **Pending. Brienne is still awaiting information from CDS Consulting before assigning this to Maria. She reported that there are other co-ops who want to establish similar relationships with a local foundation. Brienne will update the Board when she has anything to report on this task. Anne will remove this item from the task list moving forward.**
- Brienne will assign someone from the Outreach & Ownership Committee populate the Board Calendar. Brienne will have Maria populate the Board Calendar with O&O events & initiatives. **Done.**
- The Board Development Committee was tasked with working on a plan to increase the Board by two. They will present their plan to the Board, and the Board will vote on whether or not to increase the number of Board members from 7 to 9. Jo will update the Board during the June meeting. **Done.**
- Brienne & Jen will develop an owner information audit policy and procedure. Jen started the task with a listing of the items that need to be reviewed. Jen will update the Board during the June meeting. **Pending. Anne will move this item to the August meeting.**
- Jen will identify metrics that need to be customized for our community and market in order for Maria or the F&L Committee to research and populate in the pro forma. **Done.**
 - The Finance & Legal Committee, with the support of Maria & Lacey, will spearhead a



fact-finding mission regarding the following assumptions/data points in order to customize our pro forma for community. The data points will be discussed at the F&L August meeting. F&L will recommend numbers for the pro forma at the August Board meeting.

- *Rent - Pro Forma assumption is \$12/sf. Survey local landlords, business owners, and real estate agents find out if this similar to the average in our area, noting if the rent information is for a NNN lease or not.*
 - *Triple Net (NNN) Payment - Pro Forma assumption is \$3/sf. Determine the typical rate for the Real Estate Taxes/Insurance/CAM.*
 - *Personnel Expenses - Pro Forma assumption is 22% - Contact existing co-ops to see what the sustainable range is to give us an understanding of how variations in this number might affect the pro forma.*
 - *Review the updated co-op averages from CDS*
 - *Facilitate the research alternative sources of personnel (UW-W internships and grants - "Co-op Grocery General Manager Training Certificate", owner volunteers, self service, robots, etc.*
 - *Facilitate the research of additional revenue streams (with support from Praveen, Brienne & Grace Crickette)*
- Lacey will report back on progress of identifying a chair for the Site Selection Committee and an owner of the Site Selection Action Plan at the June Board meeting. **Done. Al is willing to help with answering questions.**
 - Lacey will schedule a meeting of the Officers of the Board to hold a quarterly feasibility meeting in August prior to the August Board meeting so that the Board can be updated on feasibility at that time. **Done.**
 - Lacey will review the C9 – Proprietary Information policy and determine whether or not the policy needs to be modified to exclude or include contractors. **Done.**
 - Lacey and Anne will work on creating a non-disclosure agreement as a Google Form to track to whom we are providing access to proprietary information. **Done.**
 - Greg will review the development checklist in our new Smartsheet project management tool for the June meeting. **Pending. Anne will place on the action item list for August.**
 - Anne will reformat the calendar per Jen's request that it be changed from a landscape orientation to portrait by the June meeting. **Done.**
 - Praveen will distill the market study down into key findings and present it at the June meeting for the Board's review and feedback. **Done.**
 - Praveen will send the Board his presentation on the strategic process of creating a mission statement. **Done.**
 - Jo will have a new mission, vision, and values for the Board's review, feedback and perhaps approval at the June Board meeting. **Done.**
 - Praveen will work on an invitation letter than can be used to introduce faculty to the GroCo and ask that they consider investing in the co-op by purchasing an ownership share. **Done.**

Committee Updates: Ownership & Outreach

Sarah Hoots provided the Board with the final report of the Receipt Campaign.

The receipt campaign was completed in March. Originally we had 62 applicants and we did some targeted outreach to cover as much demographics as possible and ended with 69 total applicants.

Some of the learnings of the campaign include:



Participation

We had a total of 69 applicants and 53 ended up participating (16 did not submit any receipts)

Of those 53 participants:

- 71% submitted receipts the entire campaign (3 months)
- 23% submitted receipts most of the campaign (2 months)
- 6% submitted receipts part of the campaign (1 month)

A total of 925 receipts were collected.

Where

Of the 925 receipts, the table below represents the percentage purchased from each store.

Percentages reflect how many receipts she received.

40.6%	Walmart
11.7%	Woodmans
10%	Festival
5.6%	Pick N Save
4.7%	ALDI
4.6%	Piggly Wiggly
2.4%	Whitewater City Market
1.8%	Walgreens
1.5%	Basics
1.2%	Sentry, Trader Joes,
1.1%	Mounds, Thrive Market
<1%	Acorn Beverage, Albrechts, Big Lots, Blodgetts, Carnicera, Casey's, Cermak Farm Market, Costco, CVS, Dollar Tree, Elegant Farmer, Farm and Fleet, Faustos Food, Fresh Thyme, Good Harvest Market, Health Hut, Hitchcock's Market, Hyvee, Jim and Judy's, Jones Market, King Arthur Flour, Kwik Trip, La Tienda, Lake Geneva Co Meats, Lake Mills Market, Marianos, Me and My Pets, Metcalfe's, Outpost, Penzeys, Publix, QFC, Sam's Club, Target, Tony's, Trout House, True Value, Valli Produce, Vitacost, Whole Foods, Willy Street Co-op, Wilson Farm Meats, Winn Dixie, Yue Wah,

When



908 receipts had identifiable date and/or time.

The Most Popular Day/Times

Friday 1300-1359

Saturday 1200-1259

Friday 1400-1459

We had many Winter Market receipts submitted which may have swayed our numbers.

How Much Spent

2.7%	<\$5.00	8.2%	\$100.00-\$149.99
7.8%	\$5.00-\$9.99	4%	\$150.00-\$199.99
21.4%	\$10.00-\$24.99	2.2%	\$200.00-\$249.99
26.8%	\$25.00-\$49.99	0.8%	\$250.00-\$299.99
24.9%	\$50.00-\$99.99	0.9%	\$300+

Purchases By Category

This was the hardest thing to analyze.

% per category	Category	Conventional	Organic
78.8%	Produce	71%	29%
51.3%	Dairy	88%	12%
49.8%	Convenience (Premade foods)	95%	5%
45.6%	Staples (Flour, sugar, baking ingredients)	90%	10%
41.8%	Bread/Rice/Cereal/Pasta	95%	5%



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41.5%	Meat	91%	9%
23.7%	Miscellaneous (Anything that was not groceries)	n/a	n/a
22.6%	Frozen	98%	2%
21.5%	Health and Beauty	96%	4%
15.8%	Coffee and Tea	n/a	n/a
14.7%	Household	n/a	n/a
14.3%	Soda	n/a	n/a
12.8%	Bakery	n/a	n/a
11.7%	Candy	n/a	n/a
10.9%	Paper	n/a	n/a
9%	Deli	n/a	n/a
9%	Juice	n/a	n/a
9%	Non Dairy	n/a	n/a



8.6%	Bottled Water	n/a	n/a
6.7%	Alcohol	n/a	n/a
4.1%	Pet	n/a	n/a
3.3%	Floral / Gift	n/a	n/a
1.1%	Baby	100%	0%

Organic Vs Conventional

Overall, approximately 13% of the items purchased were organic

Coupons

14.3% of receipts had utilized coupons and/or reusable bag discounts.

Discussion

Jen asked if Sarah could provide the actual amount of money that was spent on categories, rather than percentages. Sarah said that would be too difficult to do at this time, but could be done during the next receipt campaign. Jen said that it would be good information for our pro forma.

Brienne thought that this could be a project that could be managed by Sarah in the future, but with assistance from an intern.

Sarah is going to assemble a brief report of what went well, what didn't, and what we can do better next time. She said that we really need to emphasize the importance of submitting receipts by the participants for the entire length of the campaign.

The Board discussed launching the next receipt campaign at our annual meeting. This would help with recruitment and education about what it means to be a participant in the campaign.

Jen also emphasized that before the launch the next receipt campaign that the Board be consulted about the data points as we now know better what we need to know! Now we can see how powerful this data can be in informing our pro forma.



Brienne asked about the coupons and Sarah responded that most of them were redeemed at Woodman's. According to a presentation Lacey attended at CCMA that was facilitated by Outpost on getting people into your store, Southeast Wisconsin has the highest percentage use of coupons in the country.

The Board expressed their appreciation for Sarah's work.

Board Business: Mission & Values, and Board Composition

Jo Baker presented the following proposed new mission statement and values for the Board's consideration.

- We are your (future) neighborhood grocer that is local, friendly, and accessible.
- We value:
 - quality customer service
 - local & fresh products
 - a lively learning and gathering space
 - sustainable practices: people, planet, profit

After much discussion by the Board and with contributions from Katy, Nathan, and Sarah, Anne moved to approve the following new mission statement and values. Second by Greg.

We are your (future) friendly neighborhood grocer supporting fresh and local products.

We value:

- community ownership
- quality customer service
- welcoming everyone
- a lively learning and gathering space
- sustainable practices: people, planet, profit

Motion passed without dissent. Lacey asked that the new mission and values be handed off to the Ownership & Outreach Committee to broadcast and promote to owners and stakeholders through our communication channels.

At the Whitewater Grocery Co. 2018 Annual Meeting, the owners in attendance voted to give the current Board of Directors the ability to increase the number of directors from seven to an odd number so long as the vote is unanimous. The bylaws were changed to reflect the wishes of the owners after the Annual Meeting vote (words in **bold** reflect the wording change):

4.1 Powers and Duties. The Board shall be composed of **an odd number of Directors, no less than seven, to be elected from among the Member-Owners of the Cooperative. Decisions to increase or decrease the number of Board seats must be made by unanimous vote of the sitting Directors.**

After careful consideration from the current directors, and a survey conducted of other co-op start-ups, it has been determined that the time has come to increase the Whitewater Grocery Co.'s number



of directors from seven to nine. Jo Baker, as the chair of the Board Development Committee, recommended that we vote to increase our capacity from seven to nine directors.

Jo moved to approve increasing our capacity from seven to nine directors to be effective at our October election. Second by Lacey. Motion passed without dissent. Praveen approved via email.

The Board Development will research if the Bylaws need to be changed regarding the terms for these new seats or if this could just be a policy change that would not need approval of the entire membership of the owners.

The Board took a 5 minute break to refresh.

Board Development (Education & Training): General Manager Search and CCMA Review

Lacey presented what she learned during a recent Peer Call on searching for a general manager.

The demographics are changing for GMs of co-ops. It used to be that 50% of GMs would come from other co-ops, and 50% from other natural foods or conventional grocery stores. More GMs are now being hired from other retail segments. They can be trained up if they have all the other management and operational skills.

Hiring a GM takes 6-9 months on average, but the search might take longer. The GM should be hired at least 6 months before the store opens, and will develop all of the employee onboarding and hiring plans, help design the store, establish relationships with vendors, identify distributors, etc.

The experienced GM candidate pool is very small. Currently, there is no co-op GM training program and turnover is high. The skills and experience needed are getting more complex as the industry gets more competitive.

The good news is that we have a lot of resources for us to learn about how to hire a GM, including a GM Hiring Toolkit, GM Success Profile, a GM / Board Transition Handbook from FCI & Firebrand (coming soon), and consulting help when needed.

The budget for hiring is somewhere between \$8,500 to \$15,000 depending on how much you do yourself and how much you hire out to a professional recruiting firm. .

The GM hiring process includes the following steps:

1. Set up a search committee
2. Define the job qualifications and compensation
3. Recruit qualified candidates
4. Screen the candidates
5. Check references
6. Conduct finalist interviews
7. Make the job offer

Lacey talked about creating a GM Training Program here at UW-Whitewater with Kay from Firebrand and Jacquelyn from FCI. She is going to connect with Praveen to discuss working with the Business Department to create curriculum for Start-Up Co-op Management. We would benefit from grants that the University would have access to. It is a great way to involve the UWW, the community, and the



greater world of food co-ops.

Due to timing, Lacey shortened her review of her experience at the CCMA conference by saying that she learned a lot about how to know if you have the right GM, and the critical importance of governance policies for Board and GM interactions.

Administrative: Development Timeline & Project Management

The Board reviewed the extensive changes that were made to the Development timeline, including adding another year to the process and updating our membership benchmarks to reflect reaching 800 by the end of the year. The timeline also include starting up two new committees in the Q4, GM Search & Ownership Loan Campaign.

Greg has been in touch with Firebrand and looks forward to training the Board on Smartsheet in August to help us with project management.

Self-Assessment: *Policy Review*

Review and approval of the Site Selection Committee Chart has been postponed until a new chair has been identified.

Regarding the Board Policy C9 – Proprietary Information, Lacey did not receive any responses for her request for feedback on our policy from other start-up Boards or consultants. She recommended the policy be approved to read as follows as follows:

Policy Type: Board Process
Policy Title: C9 – Proprietary Information
Approved: June 24, 2019

We will hold confidential the complete results and specific details of proprietary data and studies.

1. We will speak with one voice regarding the information we make public. We will do this by voting as a board on the summary information that we will share regarding the results of market studies, our pro forma, site analysis, or other proprietary research conducted on behalf of the Cooperative.
2. We will vote as a board before providing confidential information to any party outside of the Board.
 - a. A non-disclosure agreement (NDA) may be required for the party requesting the information, *including consultants, officials, and parties hired to help further the development process. A vote will be taken to determine the necessity of an NDA prior to the information being shared. This will not be applied retroactively but may be applied to new information or new parties.*
 - b. We will keep accurate records to ensure the security of our data, including: party receiving data, names of those authorized to access it, number of copies provided, purpose for sharing, and Board member contact.

Jen moved to approve as recommended. Second by Brienne. Policy was approved without dissent. She asked that when Board members share confidential information electronically, that the word “Confidential” be included in the subject line. She also asked that the items that are confidential be



marked accordingly in our Google Drive.

Anne will mark the following items as confidential:

Market Study
Pro forma
Site Selection Materials

Looking Ahead:

The Board reviewed the newly reformatted Board Calendar and reminded the Committees to include appropriate activities in the Calendar for planning and tracking purposes.

In the interest of time, the Board Development Committee was tasked with deciding the Board Education topic for July. Anne suggested that Katy deliver a presentation on what she learned from the July Peer Call on Volunteer Management.

Executive Session:

The Board adjourned to Executive Session at 8:20 p.m. to discuss the results of the Market Study. The Board reconvened into Open Session at 9:04 p.m. with an approved statement about the key findings of our latest market study. Lacey asked that the Ownership & Outreach Committee help communicate this appropriate to our stakeholders through our news channels.

The Whitewater Grocery Co. board of directors recently commissioned a full market feasibility study. The 2019 study found that Whitewater has a relatively weak trade area and moderate competition. It will be important to the success of the proposed co-op that it positions itself as a healthier alternative to conventional food stores, with a heavier emphasis on fresh/prepared foods, as this will enable the co-op to fill a void in the market area and compete more effectively with existing food stores. The study concluded that the co-op can be successful assuming several recommendations are implemented, namely:

- offering a product range focused on fresh, healthy, local/organic products with a mix of clean conventional products
- offering grab-and-go foods such as soup/salad bar and deli counter to capitalize on the popularity of such products
- the co-op should play a critical role educating the customer base about the benefits of local/organic foods. The store should also be locally involved through sponsorships, partnerships, and reinvestment in the community
- limiting the size of a new store to around 7,000 square feet. This size will provide for a full line grocery store and allow customers to meet most/all of their weekly shopping needs. The store should be designed with future expansion in mind
- hiring experienced/seasoned managers. Having strong and regular marketing efforts and a focus on service will increase the probability of success.

Closing:

In closing, we agreed that we accomplished a lot in this meeting, approving a new mission & values statements, learning the results of our receipt campaign and what it takes to hire a GM, approving increasing the Board to 9 members, and coming to consensus on the key findings of our market study.



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Our next meeting is scheduled for July 22, 2019 at 6:00 p.m. President Reichwald officially adjourned the meeting at 9:06 p.m. The minutes were respectfully submitted to the Board on July 11 by the Board Secretary, Anne Hartwick.