



**When:** Dec. 19, 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:** 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

**Preliminaries: Call to Order, Mission & Intention, Guests, Check-In, and Agenda Review.** The meeting was called to order by Treasurer Jennifer Crone at 6:32 p.m.

Board Members Present: Anne Hartwick, Praveen Parboteeah, Joanna Baker, Elvia Meza-Klosinski, Katy Wimer, and Jennifer Crone. Board Members Absent: Lacey Reichwald, and Greg Majkrzak. Brienne Diebolt-Brown joined the meeting at 6:44 p.m. Owners Present: Michael Schwabe and Ron Binning.

The mission and values for the Whitewater Grocery Co. was read by Jennifer Crone. The intent for this meeting is to come to a shared understanding of what we need to do to move from Stage 2a: Feasibility to Stage 2b: Planning, and how that impacts our budget and allocation of resources, receive an update on where we stand with the pro forma, start planning our calendar for next year, and to wish each other a very holly jolly holiday season and a happy new year!

Ron provided an update on the business ownership outreach activities. Prior to Dec. 6, Ron was only able to visit 4 businesses. He stopped in at 5 more this week and will continue to work through his list now that the Medicare Part D deadline has passed. Out of the nine he has met with so far, one has joined the GroCo. He thinks eventually five out of the nine businesses will join. Ron has a list of all of the owners, and after reviewing, he thought there were 9 business members out of 617 owners. Ron said that all of us make purchases and interact with a variety of businesses in town. If we feel comfortable, we should approach those businesses with a business ownership agreement form.

Jen asked if Ron had assembled a list of businesses that we should contact and asked if he could circulate via email. Katy said the Ownership & Outreach Committee has a door knocking campaign scheduled for February and she said that they could include businesses in their canvassing routes. Anne suggested that Ron and the Ownership & Outreach Committee come together to plan their activities and find out how they can help support each other's efforts.

Jo said a really good approach would be to identify individual owners of the GroCo who are business owners, and ask them if they would like to purchase an ownership for their business as well.

Brienne joined the meeting at 6:44 p.m.

Jen asked that we move the Board Education agenda item to the January meeting. Praveen moved to approve the amended agenda. Second by Jo. Motion passed without dissent.



**Consent Agenda.** Brienne moved to approve the content agenda which includes our previous meeting's minutes, the Committee Reports and President's Report, and the most recent Dashboard & Financial Statements. Second by Elvia. Motion passed without dissent.

**Accountability.** The Board checked on the progress of Action Items.

- In preparation for Dec. 19 meeting all of the following tasks are due by **Tuesday, Dec. 17.**
  - **Brienne, Anne, Lacey and Jo** will submit their Committee Reports (Outreach & Ownership, Finance & Legal, Site Selection, and Board Development) to the Secretary. **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 agenda. **Done.**
- **Board Officers**
  - Meet to discuss budget **Done.**
- **Ownership & Outreach Committee**
  - acquire a revised version of the contract with Whitewater Cinemas that details our ad will run from Thanksgiving 2019 through Thanksgiving 2020. **Pending. Request sent.**
  - provide a list of current business owners for Praveen & Ron by Dec. 6. **Done.**
  - analyze the efficacy of Facebook ads and how much we should devote of our budget to this type of expense. **Done.**
  - review the Street Banners budget as there was concern about us complying with city guidelines. **Done.**
- **Anne**
  - provide the Board's feedback on the revised Travel & Expense Policy to the Finance & Legal **Done.**
  - Ask Finance & Legal how much money is needed for 2020 to cover legal expenses without including the cost of a Capital Campaign \$750. **Done.**
  - identify the number of packets we need to order for next year and the costs that were incurred for ordering and imprinting our previous run. **Done.**
- **Jen**
  - start identifying different scenarios to test for profitability in the pro forma and work toward presenting her findings to the Board at the December meeting. **Done.**
- **Greg** will reschedule the SmartSheet training for Outreach & Ownership. **Request for extension.**
- **Anne and Jo** should review and add their dates to the SmartSheet Firebrand copy. **Request for extension.**

**Committee Requests. Finance & Legal**

Board approves moving forward with establishing a non-profit fiscal sponsor for the co-op in order to provide another funding option for those who want to contribute to our mission and to help reach our fundraising goal. Ron suggested that we establish a non-profit arm of the co-op, something like the "Friends of Whitewater Grocery Co." Brienne said she talked to Columinate about that option, and they recommended against it because it would spread our volunteer base too thin.

Anne reviewed the Finance & Legal 2020 Goals. The Board suggested we add a pro forma task to each quarter to ensure that we keep moving forward with this project. Anne will discuss with the F&L Committee and do so.



**Whitewater Grocery Co.**  
**Finance & Legal Committee 2020 Goals**

**Q1**

- Finalize Travel & Expense Reimbursement Policy
- Research Capital Campaign (Draft Checklist, Timeline & Questions)
- File Sales Tax Returns (Due in January)
- Develop Financial & Legal Calendar
- Recruit Bookkeeper
- Develop Security Audit Plan for Financial and Owner Data Information
- Draft Ownership Share Responsibilities & Management Policy (Return of Equity, Non-Transferability, Installment Payment Plans)
- Prepare Income Tax Returns (Due in April)
- Establish a relationship with the Whitewater Community Foundation

**Q2**

- Execute Security Audit Plan for Financial and Owner Data Information
- File Income Tax Returns
- Submit Annual Reporting Requirement to the State
- Finalize Ownership Share Responsibilities & Management Policy (Return of Equity, Non-Transferability, Installment Payment Plans)
- Develop Capital Campaign Plan

**Q3**

- Approach Banks with Pro Forma and Potential Capital Campaign Structure

**Q4**

- Review Insurance Coverage
- Review Finance & Legal Committee Charter
- Draft 2021 Budget
- Launch Capital Campaign

Brienne asked to present to the F&L Committee on new market credits. Anne will add this topic as an agenda item for the F&L Committee to discuss at a future meeting.

**Board Development. 2B or Not 2B.** What we need to do to move from feasibility to planning. In preparation, please read pages 42 through 54 of the FCI Start-Up Guide. Tabled until January.

**Board Business. Pro forma**

Jen provided a brief update on where we stand with the pro forma. She reviewed the sensitivity analysis with the Board to help us get more of a feel for how various assumptions affect the pro forma.

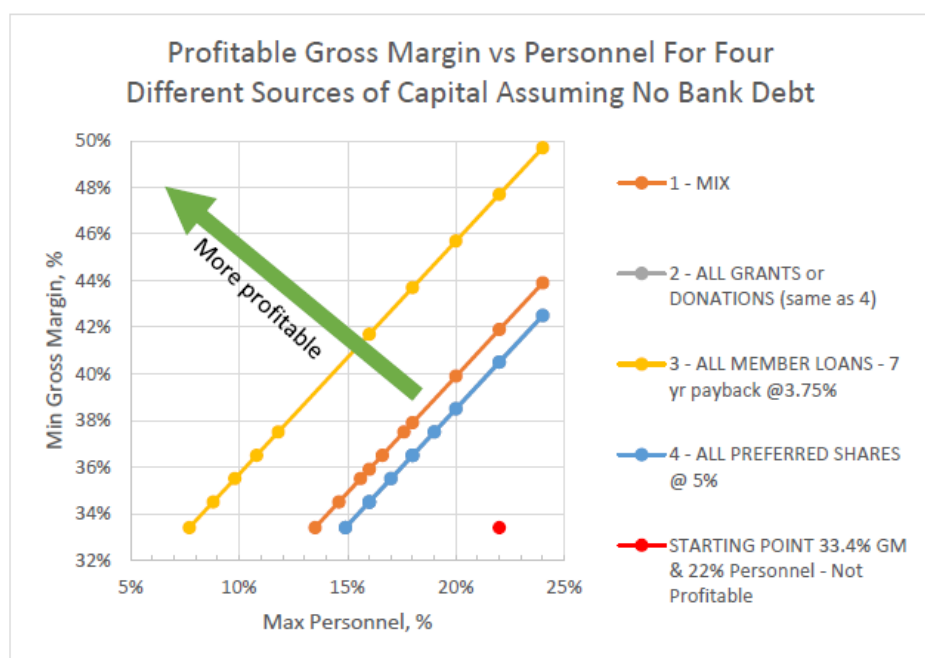
Over the summer our intern, Maria Bovee, and Lacey conducted research in order to customize some of our pro forma assumptions, including utilities, personnel, margins, rent, etc. This is the information



that was used in the sensitivity analysis.

Ultimately, after engaging in this activity, the data is telling Jen that the two most challenging assumptions (gross margin and personnel) affect the pro forma the most.

Jen also presented a Scenario Analysis, in which she assessed how the funding sources affect profitability. She set up different funding scenarios (no bank loans - all based on grants, donations, member loans, and preferred shares) in order to meet the 5 target outcomes related to cash flow and profitability, which are explained in the chart below. The blue line (all preferred shares @ 5%) and the gray line (all grants or donations) are overlapping in the chart, and demonstrate the funding scenario that is most easily profitable.



**ASSUMPTIONS**

1300 Members at open  
4,500 ret/7,500 total sf  
\$15/sf Rent + NNN  
\$7/sf utilities  
\$530 adj sales/retail sf  
\$15/sf landlord contribution

**Question:** What Gross Margin and Personnel Cost is needed to meet the first 5 target outcomes?

**5 Target Outcomes**

EOY Cash > \$175,000  
Days In Cash >= 13  
Profitable between Yr 4 and 8  
Cash Flow + After Yr 2  
EBITDA + After Yr 2

**Next Steps**

Look at different loan/share scenarios

We did receive a pro forma from Prairie Food Co-op and Jen will be reviewing in detail to see how they adjusted their numbers to prove financial feasibility.

Brienne said that based on what she learned from the presentation she came from today, new market tax credits are helping to bridge the gap in funding for co-ops and a variety of other businesses.

Praveen said that this information will help with the business plan.

**Board Business. Budget Planning by Stages** The objective of this portion of the meeting is to share with the full Board what the officers talked about at their Dec. 9 meeting.. Anne provided a history of how came to the discussion regarding the importance of budget planning by stages.

According to the Food Co-op Initiative model, we should have spent just under \$63,000 to get through Stage 2a, which is where we are right now. We have spent just under \$73,000. There is also a gap in how much we've raised. The FCI model projects that we should have raised more money from grants and donations than we have. Ultimately, the difference in where we are and where we should be is \$15,000. For Jen, it brings into clear focus, that we need to use the stage by stage planning as a guidepost and that we need to move into Stage 2B as soon as humanly possible. We need to look at



how to bridge the gap, both with sources and with uses - increasing sources and being conservative with the uses.

Executive Team Budget Discussion			
12/9/2019, 6:00 AM			
Jessica's Restaurant			
Lacey, Greg, Jen, and Anne			
	FCI Template	GroCo Actual	GroCo Actual
	Stages 1-2A	Stages 1-2A	(with FCI Grant)
	Stages 1-2A	Stages 1-2A	Stages 1-2A
Owners	585	616	
Sources	\$122,750	\$108,810	\$117,060
Uses	-62,845	-\$72,721	-\$72,135
Unspent Equity	<b>\$59,905</b>	<b>\$36,089</b>	<b>\$44,925</b>
	<b>Difference:</b>	<b>\$23,816</b>	<b>\$14,980</b>
<b>Assumptions</b>			
1,300 owners at open			
FCI Template Fees are 15% of project @7,500 sq ft.			
<b>For Discussion</b>			
1. What are our biggest expenditures?			
	Market Study	\$9,000	
	Promotional Materials (tees, signs, flyers, tchotchkies)	\$8,000 total	
	Pro Forma	\$6,000	
	Training	\$5,700 in 2019	
	Rent	\$5,500 per yr	
	Advertising	\$5,400 in 2019	
	Annual Meeting	\$2,300 Avg/each	
2. Are there expenditures we can immediately reduce or postpone for now?			
3. Are there new sources of income (grants/donations) we can obtain to make up the difference (\$14,980+), to get us back on track?			
4. How far away are we from STAGE 2B? We need to determine the budget needed to get us there.			

**Equity needed moving into 2B**

**Board Expense Approval.** Jo moved to approve the following upcoming expenses. Second by Praveen. Motion passed without dissent.

	A	B	C	D	E	F
1	Committed or Automatic Unspent Expenses 12/9/2019 - 1/31/2019					
2						
3	Date	Description	Memo	Category	Amount	
4	12/18/2019	Pecan Pie Productions	Movie Theater	Marketing:Advertising	\$260.00	
5	12/24/2019	QuickBooks		Project Management:QuickBooks	\$40.00	
6	12/30/2019	Wegner CPA	QB Support	Consulting: Accountant	\$486.00	Over budget
7	1/1/2020	Innovation Center		Project Management:Office	\$460.00	
8	1/1/2020	Dorsey & Whitney		Consulting: Legal	\$750.00	Not sure when they will bill us
9	1/18/2020	Pecan Pie Productions	Movie Theater	Marketing:Advertising	\$260.00	
10	1/24/2020	QuickBooks		Project Management:QuickBooks	\$40.00	
11						
12	TOTAL				\$2,296.00	

**Policy Review.** Katy moved to approve the revised Finance and Legal Committee Charter as recommended by the Committee. Second by Brienne. Motion passed without dissent.

**Looking Ahead.** The Board reviewed the 2020 Board Calendar. Anne asked that Katy and Jo review and add their content to the calendar by the January meeting.



MEETING MINUTES  
Whitewater Grocery Co  
Board of Directors

**Closing.** Jennifer Crone officially adjourned the meeting at 8:05 p.m. The minutes were respectfully submitted to the Board on January 20, 2020 by the Board Secretary, Anne Hartwick.



**DRAFT OF NEXT MONTH'S AGENDA (JANUARY)**

Time	Topic	Board Action or Outcomes	Leader(s)
6:00	Gather, Socialize, Settle In	Enjoy and settle in by 6:30	
6:30	<b>Preliminaries:</b> Call to Order Mission and Intention Guests Personal Check In Agenda Review	Officially start the meeting Shared understanding of our co-op's mission and tonight's purpose Welcome, set expectations for meeting participation, allow for comments Share and listen; make our readiness known Approve the agenda; decide on any changes	Lacey
6:40	<b>Consent Agenda:</b> Approve minutes from April Accept Board Reports Accept Treasurer's Report	Accept and enter into record our previous meeting's minutes Acknowledge and accept Committee Reports, Action Plans: 800 Owners, Business Plan, Site Selection Acknowledge and accept most recent Dashboard & Financial Statements	Lacey
6:42	<b>Accountability:</b> Check on progress of Action Items	Verify delegation and deadlines of new and outstanding action items	Anne
6:50	<b>Financial Report:</b>		
7:00	<b>Committee Updates:</b>		
7:05	<b>Board Business:</b> Business Plan Update  Budget	Review and approve final version of current business plan for distribution  Approve Stage 2A Budget	Praveen  Jen
7:20	<b>Board Development:</b> Education Topic		
7:45	<b>Administrative:</b> Quarterly Review	Review and approve changes to Feasibility Dashboard & Assessment	
7:55	<b>Self-Assessment:</b> Policy Review	Board Charter Policy and Charter Audit Process	Lacey
8:10	<b>Looking Ahead:</b>		



MEETING MINUTES  
 Whitewater Grocery Co  
 Board of Directors

	Review Board Calendar & next meeting(s)	Review Calendar for next month Review draft agenda for next month	Anne Anne
8:20	<b>Closing:</b> Review decisions & tasks Adjourn	Discuss and agree on what we accomplished Officially end meeting	Lacey Lacey
8:30	Goodbye and Good Job!		