



When: January 27, 2020 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

Meeting Intention: 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.

Preliminaries. The meeting was called to order by President Lacey Reichwald at 6:33 p.m.

Board Members Present: Lacey Reichwald, Greg Majkrzak, Brienne Diebolt-Brown, Anne Hartwick, Praveen Parboteeah, Joanna Baker, Elvia Meza-Klosinski, Katy Wimer and Jennifer Crone.

Owners Present: Ron Binning.

The mission and values for the Whitewater Grocery Co. was read by Katy. 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.

Lacey welcomed our owners present and allowed time for any comments not related to the items that are on the agenda.

Ron shared that he has signed up two new owners: Pam Kraus from Flora Villa and Elvira Kau who just moved to Whitewater. Ron has contacted 15 businesses and two have joined up.

Katy took this opportunity to share what she learned during the last peer call with Jacqueline Hannah from Food Co-op Initiative. The topic was growing owners. Jacqueline advised that we identify the number of owners we want to reach by the end of the year and what will happen when we reach that goal, and NOT what will happen when we reach future ownership benchmarks. Jacqueline thinks our communication efforts should be focused on the site. She also advised us to be conservative about how many new owners we bring in on a monthly basis.

Jennifer moved to approve the agenda. Second by Greg. Motion passed without dissent.

Consent Agenda. Jo moved to approve the Consent Agenda, comprised of our previous meeting's minutes, the Committee Reports, and the most recent Dashboard & Financial Statements. Second by Elvia. Consent Agenda was approved without dissent.



Accountability. Anne reviewed the progress of the action items with the Board.

Status update (done/pending/request for extension) on outstanding action items.

- In preparation for Jan. 27 meeting all of the following tasks are due by **Wednesday, Jan. 22.**
 - **Katy, 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**
- **Lacey**
 - distribute the Board Assessment Survey **Done**
- **Board**
 - complete the Board Assessment Survey by Friday, Jan. 24 **All but two have responded.**
 - schedule a planning session with Outreach & Ownership after our retreat/strategic planning session. **Tabled until February.**
- **Ownership & Outreach Committee**
 - review the Board calendar and update with O&O activities. **Done.**
- **Anne & Vicki**
 - update the timeline with the new ownership benchmarks proposed at the December meeting and the rate of ownership growth **Done**
- **Finance & Legal Committee**
 - invite Brienne to a future meeting to present on new market tax credits and how they can positively impact our pro forma **Tabled until February.**
 - update the 2020 goals to include pro forma tasks in each quarter **Done**
 - review the pro forma provided by Prairie Food Co-op **Tabled until February.**
 - research the legality of whether or not we are violating state statute, our articles of incorporation or our bylaws to have the same person own two shares - one as an individual and one for their business. **Tabled until February.**
 - provide an update as to whether or not the indemnification clause needs to be updated with expanded insurance coverage. **Done.**
 - recommend language for the 4.2 Bylaw Terms and Elections. **Due in July.**
 - develop a policy for owners whose installment payments have fallen in arrears and present to the Board for review and approval. **Due in March.**
 - research and provide a recommendation on the policy for Equity Return to an owner who wants to surrender his or her share. **Due in March.**
- **Jo**
 - update the Feasibility Assessment (create new copy) and present at the January Board meeting. **Done.**
 - review the Board calendar and update with Board Development activities. **Done.**

Committee Requests: The Ownership and Outreach Committee would like to request the approval by the Board for the expenditure of \$225.53 toward door hangers to be used for our first soft door to door campaign in February. This cost will include 2,500 door hangers.

We decided as a Board to pursue sponsorship of this expense by Robert Sivek who has expressed an interest in helping defer some of the development costs for the co-op. Katy and the Ownership &



Outreach Committee will contact Robert when he returns from his vacation to approach him with this opportunity.

Board Development: Lacey presented on 2B or Not 2B - what we need to do to move from feasibility to planning and had asked us to read pages 42 through 54 of the FCI Start-Up Guide. She used the materials presented by Siobain Mitchell at Assabet Village Co-op at the Up & Coming Conference in March, 2019.

The purpose of the session at Up & Coming was to gain a better understanding of the need for Board evaluation of feasibility, see how to use a template for the evaluation process, learn tips on building Board consensus on next steps and on conveying honest, consistent messaging about co-op progress to owners.

The assessment has four different sections, Market Demand; Financial Feasibility; Organizational Capacity; and Site Suitability.

Who determines financial feasibility? The Board, your owners, and your lenders. Assabet put the vote to their ownership whether or not they were feasible - not every co-op does that.

On average 20-25% of owners will contribute to the capital campaign, \$3,000 - \$5,000 per person. That means, according to that general guidance, if you have to raise \$1 million, then you need 1,667 to open if 20% of owners loan an average of \$3,000 and 800 to open if 25% of owners loan an average of \$5,000. Per Lacey, \$1 million is now on the low-end of what co-ops are raising these days and ending is tighter than it has been in previous years.

A balanced pro forma can be completely dependent on the site. Oskhosh was considering two sites. The difference between the two sites was \$200,000 in yearly sales projections.. It was the difference in being profitable in year 7.

Organizational capacity involves assessing membership growth, board candidacy, project management, and marketing & outreach. There is MORE WORK in 2b than 2a - believe it or not!

The Flowchart included in the presentation shows that owners elect and give input to the Board. The Board speaks with one voice and functions as a team. We charge committees and assign tasks.

Site feasibility is assessed through preliminary design by an industry professional, includes parking, vents, drains, plumbing, parking, loading dock/ease of receiving deliveries, etc. We must have a site selected before we can move into Stage 2B. You will not be successful if you organize and plan around a site because of the wrong reasons.

Continue to communicate with our owners - we should be honest with our owners about our assessment. Lacey thought that we need to do a better job communicating about why we are building a small store and not a 30,000 sq ft store. We should talk about how our assumptions are just that - they are assumptions.

Brienne suggested that we have regular meetings with the City and the University to help them understand where we are at with feasibility. Lacey thanked Brienne for the reminder to set-up a meeting with Cameron. She will do so.

The presentation included a visual of the Grow, Fund, Build model which helps market and



communicate the development process to owners, stakeholders, and the community. Grow (3-5 years), Fund (4-6 months), and Build (timeline based on site needs). Oshkosh gave themselves two months to fund their capital campaign. The important part of assessing feasibility is to make sure that we have the membership base and the funding capacity from the community.

Ron talked about his experience with the Whitewater Aquatic Center. Most people who are going to donate large amounts of money, do it right away.

Lacey again referenced the Oshkosh example - \$200,000 sales projection difference. We need to examine our market feasibility in terms of site - is there one thing that makes the difference in sales? From what Lacey remembers, traffic counts and parking impacted Oshkosh's site selection decision. They were looking within a four block radius.

Board Business. Feasibility, Board Capacity Results, Timeline, and Expenses

Review and approve the updated Feasibility Assessment and Dashboard.

Jo reviewed the updated Feasibility Assessment. The background information remains the same. The readiness color key is green for go, yellow for moving towards or away from feasibility, and red is not ready at all. Jo updated the market feasibility section. She kept almost everything that was in the document previously and just added new content. She also noted that if we take too long to get out of this stage, we will age out of our study's usefulness. Jo added a date of expiration for market study (March 2021). Financial feasibility was updated by Jen, Anne, and Jo. This is the first time our feasibility study has reported the status of the pro forma. The site feasibility section is based on our market study, but is not location specific. The rent level was lowered, but no other assumptions were really changed. Tweaked things down to the lower end of the cost for construction assumptions. Used the funding source that was the easiest to prove feasibility. Demonstrates some potential, but there is room for improvement.

In the Organizational Capacity section, succession planning was added as well as our work with Firebrand on project management. We did add an activity around exploring hiring project manager on page 8 of 9.

MSI has vetted the sites for us for overall functionality, but we will need to have a store designer review in greater detail.

This Feasibility Assessment is an ongoing activity that will need to be updated periodically.

Lacey will update the Dashboard to reflect the most recent progress that has been made for Site Feasibility and Organizational Capacity.

The Board suggested that we change the Organizational Capacity to Yellow.

What does yellow look like for Financial Feasibility? We need to outline the next steps needed to move financial feasibility from red to yellow.

The Board discussed how prepared foods affects our gross margin. If we can figure out how much of our store will be dedicated to prepared foods, this will help us calculate a solid average gross margin percentage. Can we do additional research into gross margin? We are using 33.4% gross margin currently. The Board recommended that we increase our gross margin to be more in line with industry standards. Lacey suggested that we refer to the pro formas provided by Prairie Food and Oshkosh



Food co-ops.

Come to a shared understanding of our current status using - FCI Stage 2A Feasibility Checklist

No everyone on the Board took the Board Capacity survey. Lacey will send it back out to everyone, and ask that everyone take it by Jan. 30. Lacey will provide results to Praveen by Friday. Praveen will put together a presentation that we can review during our Retreat scheduled for Feb. 2.

Anne reviewed the revised Timeline based on new ownership benchmarks recommended by benchmarks

The Board requested that we add the transition to QuickBooks in 2019 under Systems and the expiration date of March 2021 for the market study.

Jen reviewed the lease and approve upcoming expenses.

Some of the items listed in the upcoming expenses are contractual and some are not. She would like us to make a decision about how much we should budget for registration for the Up & Coming Food Co-op Conference. Reimbursement statement for Krista. Kiwanis Pancake Breakfast is up for renewal - \$80 for two events due Feb. 18. Rent for the office. Our least renews in Feb. and goes up to \$470.

Given our budget crisis, can we offer to cover half or offer full scholarships for some? The registration is \$225 for the full conference. If you go on the tour, it is another \$25. If you go for one day, it is \$150. The Board decided to table this discussion until the Board Retreat.

Lacey will approach Mark Johnson, Director of the Innovation Center, to see if we can go month to month on our lease. The Board agreed that we do need an office, but it doesn't have to be at the Innovation Center. We'll wait and see what happens.

Lacey moved that we ask the Innovation Center for a month to month lease while we explore other options for an office. Second by Jen. Motion passed without dissent.

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

Expenses for approval 1/25/2020 - 2/29/2020						
Date	Description	Memo	Category	Amount		
2/1/2020	Innovation Center		Project Management:Office	\$471	\$5,647	Rent for 12mos
2/18/2020	Pecan Pie Productions	Movie Theater	Marketing:Advertising	\$260		
2/24/2020	QuickBooks		Project Management:QuickBooks	\$40		
	Up & Coming Registration		6 <-- Number of registrations	\$1,350		
1/31/20	Sales Tax		Approx.	\$50		
2/28/20	Great American		Insurance	\$147		
	Other things????					
	TOTAL			\$2,318		

Self-Assessment. Lacey moved to re-approve with no changes the Board Charter and Policy and Charter Audit Process. Second by Jen. Motion passed without dissent.



Executive Session. Lacey moved that the Board enter into executive session at 8:14 p.m. to receive an update regarding possible locations and feasibility. Second by Anne. Motion passed without dissent.

Lacey moved that the Board end the executive session at 8:30 p.m. and move into open session. Second by Brienne. Motion passed without dissent.

The action items identified in the closed session include that Lacey will reach out to Debbie Suassuna at G2G to determine how much more we have left on our contract with her. Jen asked if there is anyway she can update the Market Study now so that it will be extended a year. Also, it would be great if we could have the market study updated to reflect the impact of the eastside Kwik Trip and the Arby's opening near the True Value location.

Lacey will also review our systems and see what kind of default permissions need to be updated for our Google Drive and PayPal accounts.

Looking Ahead. The Board reviewed and commented on the next month's calendar.

The Board discussed the attendance at the Up & Coming Conference, March 5-7.

Closing. President Reichwald officially adjourned the meeting at 8:35 p.m. The minutes were respectfully submitted to the Board on February 22, 2020 by the Board Secretary, Anne Hartwick.

DRAFT OF NEXT MONTH'S AGENDA (FEBRUARY)

Time	Topic	Board Action or Outcomes	Leader(s)
6:00	Gather, Socialize, Settle In	Enjoy and settle in by 6:30	
6:30	Preliminaries: 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	Consent Agenda: Approve minutes Accept Board Reports Accept Treasurer's Report	Accept and enter into record our previous meeting's minutes Acknowledge and accept Committee Reports Acknowledge and accept most recent Dashboard & Financial Statements	Lacey
6:42	Accountability: Check on progress of Action Items	Verify delegation and deadlines of new and outstanding action items	Anne



MEETING MINUTES
Whitewater Grocery Co
Board of Directors

6:50	Financial Report:		
7:00	Committee Requests:		
7:05	Board Business: Business Plan Update Budget	Review and approve final version of current business plan for distribution Approve Stage 2A Budget	Praveen Jen
7:20	Board Development: Education Topic		
7:45	Administrative: Quarterly Review		
7:55	Self-Assessment: Policy Review	Policies A; C1-C7	Lacey
8:10	Looking Ahead: Review Board Calendar & next meeting(s)	Review Calendar for next month Review draft agenda for next month	Anne Anne
8:20	Closing: Review decisions & tasks Adjourn	Discuss and agree on what we accomplished Officially end meeting	Lacey Lacey
8:30	Goodbye and Good Job!		