



## TERRE FOODS *cooperative market*

June 2009

# Terre Foods Cooperative Market MAJOR UPDATE

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### Eating Ethically AND Economically?

A [recent article](#) in Salon Magazine suggests that it is possible to eat both ethically and sustainably, even under less-than-ideal economic conditions. As we are all struggling with a difficult economy, perhaps we can help each other learn how to manage our

Dear Robyn,

This is the email everyone has been waiting for--the big one. For everyone who's on this list, whether you're brand new or if you've been following us for over a year--THIS IS IT!

The Terre Foods Steering Committee is currently in negotiations to purchase the location at 248 S. 7th St., at the corner of 7th and Poplar--right in Downtown! Yes, you've read that right--we are now very close to having a location!

This is great news! It also means that soon, things will begin to move very very quickly indeed. Especially for those of you who have been with us from the beginning, you may have gotten used to a more sedate, calm pace (we certainly had!); it will be hard to believe how fast things will suddenly need to happen. Once the purchasing agreement is signed, the co-op will have 90 days to secure financing for the project, which includes securing a downpayment for the financing. That's a very short time to get a very large sum of money together!

So we are sending this update out to get people ready to go, and to start the ball rolling for **how you can help to get our store open!** First, and most importantly:

- **BECOME A MEMBER-OWNER!** If you haven't already--if you've been waiting for just the right time--believe me, this is the time. We will need every membership we can get, quickly, both to provide operating capital for some of the day-to-day things that will happen, and to show prospective financing institutions that we have broad community support. Our membership rolls are currently at just under 70; we will need to raise this

food supply in a sustainable fashion--both ethically AND economically!

Terre Foods Cooperative Market's Facebook Page



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number substantially, so please, join today! Our membership goal to open the store is to have over 500 members by store open--the earlier the better! Click [here](#) to go to our membership page and become a member today!

- Once you're a member, or if you already are a member, please consider making a **MEMBER LOAN** to the cooperative. As owners of our business, it is our collective responsibility to provide the downpayment for financing this venture. Member loans are the best way of creating this capital. Member loans are *loans*, not donations, and they are a voluntary part of being a member-owner. Minimum loans are typically \$2000, and will have payback terms of between five and 10 years, with a low fixed interest rate on par with current rates of bank CDs (offering higher interest rates would require becoming a securities dealer). Please think about how much you can loan to the Co-op in order to raise our needed starting capital, and contact us about making a loan soon!
- **Spread the word!** Forward this email to anyone you think would be interested in our co-op; you can use the button in the left-hand sidebar or use your email program's forwarding function. Tell co-workers and friends about what we're doing. Get a poster or a lawn sign to display your support. There are still many people in town that don't know about Terre Foods--let's get the word out!
- **Volunteer for one of our summer activities:** We've got a lot of great things in store this summer. We'll be back at the Farmer's Market, of course, and the Market is shaping up to be great this year. We are also planning on hosting a film series on food & agricultural issues in conjunction with the White Violet Center and Downtown Terre Haute. In August we are planning a Salsa Cookoff at the Market, and in the fall we will be hosting a 5k run. Come and participate in these wonderful events, and volunteer for whichever you can. We'll have more details for each event as summer gets closer.

Thank you for your continued support--without you, we certainly would not be here today, and so close to our goal! It's springtime, the season of growth and new beginnings--what better time to grow our co-op?

Please read on for more information about the process of starting the cooperative, including info about our financing, the buildout, and more!

## What's Next?

Once we have a purchase agreement in place, the property will be under contract and ineligible for purchase by anyone else. At that point, we can begin working on proposed floor plans and concept designs.

From the purchase agreement, here's the rough picture of what will happen:

- Securing financing: we will be working closely with the Indiana State Business Development Center (ISBDC) to pull together financing. We will have approximately 90 days to secure the needed financing for our project. While the exact numbers will be affected by various contractor estimates and such, our pro forma budget currently projects a total financial need of just under \$1 million. This will include all purchasing, construction, design, stocking, hiring, and opening costs, plus some amount of money for initial operations. This is a huge sum, believe me, I know. We will need to raise between \$250,000-300,000 in member loans and independent financing in order to secure bank financing.
- Once financing is secured and the purchase is finalized, the architect will create final plans for the space, which will likely include a building addition for storage. Once those plans are approved, construction will begin. Current time estimates for construction on this site are between 3-5 months. Assuming we did not need to request an extension for financing, this puts the total time from making an offer on a site to completed construction at between 7-9 months. **We are currently on track for a spring 2010 open!**
- During the financing period, we will be conducting a search for a General Manager. Once hired, the GM will take over much of the day-to-day oversight of the project, including store stocking and layout and hiring of additional positions (including department managers and floor staff).

It's exciting, isn't it?

## What is our money being used for?



When you [join the cooperative](#), you buy an equity share in the store, which means that you are an owner of the store. This equity money has largely been held in a bank account until now. We've used primarily fundraising money, plus a portion of the equity, to pay for our Market Study, which has formed the basis for our Business Plan. From here on, equity money will be used to finance the day-to-day needs of our startup, including things like lawyer's fees, escrow and "good faith" money for purchasing a location, retaining an architect and contractor, office needs and printing, and other similar uses.

Member loans are more substantial amounts of money. Before we have secured financing, member loan money will be used *exclusively* to leverage the needed financing to complete our project; it will not be used for any other purpose. Once financing has been secured, member loans will be used to fund the buildout of the cooperative; for example, as a down payment for our other bank loans, to pay for labor & contractors, materials, shelving & refrigerator/freezer cases, and other store needs. Any member can request to see our books at any time and verify where funds are being used. Remember, this is *your* store!

## Your Board is attending CCMA

Terre Foods Cooperative Market has received two scholarships to attend the Consumer Cooperative Management Association (CCMA) Conference this year. Robyn Morton (President) and Karla Hansen-Speer (Secretary) will be heading to Pittsburgh in mid-June for the conference. This will be invaluable for us, and it comes at just the right time. There are workshop tracks for startup cooperatives, Board management, Financing, and so much more. We expect the experience to be very beneficial to our startup--we've heard wonderful stories from other cooperatives about the conference! We are also considering using the Lost River Cooperative (Paoli, IN) tactic employed three years ago when starting their own co-op: they wore t-shirts during the conference that said "WE NEED A GM!" This proved to be a very effective advertising scheme for finding a GM--I believe this is how they hired Brad Alstrom!

I know this was a long update, and I thank you for reading it all. Please stay tuned for more updates, and remember--join today! Thank you to all of our current members for their support!

**In Cooperation,**

Robyn Morton  
Terre Foods Cooperative Market

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