

Annual Meeting 2/22/2019 Summary

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Date: Tuesday, February 26, 2019, 10:55 AM CST

Dear Members and Members in Process,

No one can accuse me of tweeting off the cuff, but I did want to get a summary out to you sooner instead of later. Next Tuesday I travel to EXPO West in Anaheim, CA, so my daily schedule is already hectic with last minute planning and catching up for being gone to MOSES.

All member votes cast were in favor of both resolutions, which represented a majority of all members, too. Member Terry Durham was elected to MEC's Board of Directors. The by-laws change to optional purchase of commercial production/distribution C Shares means that we are open to Class A share members across the country. However, MEC can only accept Class C purchase from members where we have a way to regularly handle the volume from harvest to sales. Discussion on shared equipment to handle harvest as well as how to store it also came up. I hope to update the website before leaving for EXPO.

Terry mentioned that the recent tariff activity has raised the price of stainless steel almost 50%, so he is waiting on any additional production. I mentioned that other growers were working on some different approaches to destemming, and that we have some grant applications in the works that will include grower needs in this area and solutions options.

Kevin Wolz of the The Savannah Institute attended the meeting and are key partners in our grant applications. Kevin Edberg and I had a long chat yesterday by phone about bringing CDS's expertise and resources, including possible grants and investor sources, over the next few years of growth. I reviewed CoBank's willingness to work with us assuming proper documentation and financial metrics. I anticipate justifying & asking to expand MEC's credit line to about \$300,000 so that we can aggregate frozen berry inventory for River Hills Elderberry Producers, under contract for MEC to supply the elderberries for the RHH product line based on historical sales data and projected sales. I anticipate advance purchase orders from others for up to 200,000 lb. of bulk frozen berries with a 10% cash deposit to help support this growth and increased equity requirements.

Terry and I have much to work on in transitioning his 72 grower suppliers over up to three years to this new operations process including his commitments, their education, C Share purchases, some potential retail product growth opportunities, to the financial documentation. When we have a business plan and package suitable to CoBank's application requirements, I will submit it to the board for approval before submitting to CoBank.

We discussed several other implications of growth including how a functioning almost national coop will affect the price growers get selling direct, the impact of southern growers ability to produce two crops of elderberry a year with a high per acre yield each time, and necessity of building our cooperative appropriately, adding the right people as contractors and employees, etc. so that MEC can properly support elderberry growers across the country, develop our planned ingredients, and sell the elder berries and flowers produced.

In my early reflection on how to bring focus to our efforts, I saw the need to shift from total USA market potential for 22,500 acres (still less than Europe's 30,000+) to a goal that should sustain MEC as a profitable cooperative for all involved, providing the experience and organizational personnel & infrastructure needed to grow for decades.

Thus, I will be talking about 2,250 acres under cultivation and harvest sold by 2025. Aggressive but doable. I do not expect straight line growth. It will be slower at first. This goal represents an annual harvest (including consideration of some weather and production variance year-to-year) of about 5,000 tons of frozen berries or 10,000,000 lb., which is only enough to provide everyone in the USA with 7 tbs/one week of RHH ElderBerry Juice.

All the berry best,
Chris

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Natural Kick Farms

Midwest Elderberry Cooperative, President

Go to <http://midwest-elderberry.coop/> for more information.

