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Organic Valley Principle Six Fund Issues First Co-op Loan



The Organic Valley Principle Six Fund recently announced its first loans, approving financing for Lexington Cooperative Market, Linden Hills Co-op, and Dill Pickle Food Co-op. The loans support the expansion of each of the co-ops. Lexington Cooperative Market is building its second store in Buffalo, New York; Linden Hills

Co-op is remodeling its store in Minneapolis; and Dill Pickle Food Co-op is relocating to a larger storefront in Chicago.

Launched earlier this year with a \$1 million investment in Shared Capital Cooperative by CROPP Cooperative, the farmer-owned co-op behind Organic Valley Brand, the Organic Valley Principle Six Fund is a way for CROPP to give back to food co-ops. The name comes from the sixth cooperative principle of “cooperation among cooperatives,” and the fund was created to re-invest in the growth and development of food co-ops throughout the United States

The Organic Valley Principle Six Fund is operated by Shared Capital under agreement with CROPP. The program provides loans of \$25,000 to \$50,000 to growing food co-ops that have been operating for at least three years. The loans are matched by financing from Shared Capital. The structure expands the financing available to food co-ops and creates a cost-effective loan program. By building on the existing lending infrastructure at Shared Capital, CROPP can keep operating costs to a minimum so more of the capital goes directly to the food co-ops.

The collaboration between CROPP and Shared Capital was a natural fit. Both cooperatives share a long-standing commitment to food co-ops. Formed by food co-ops almost forty years ago, Shared Capital has made nearly 300 loans to food co-ops over the years. Shared Capital also stepped in at a critical moment to support CROPP. In 1989, when the farmer-cooperative was in its infancy, Shared Capital made a series of loans to CROPP, including a \$10,000 loan to buy a used refrigerated truck.

Dill Pickle

“*Who knew commercial loans could make you feel so warm and fuzzy inside?*”

When Dill Pickle opened its doors in 2009, it provided a local alternative in a neighborhood where residents often had to travel far to shop for food. In its first year, the co-op posted unexpectedly high sales – twice the amount projected for its fifth year. The store now boasts 1700 members, fondly known as “Dill Picklers.” Their current location in the Logan Square neighborhood is just 1,300 square feet and does not have all the departments of a standard grocery store. With this rapid growth, the co-op quickly realized that an expansion was in order.

The new store in Logan Square will be 7,200 square feet with a larger selection of produce, new meat, deli and beer/wine departments, a juice bar, and a community room. The Dill Picklers believe that relocation to a larger space will allow them to become a “one-stop shop” and a community hub. The project will benefit both the co-op and the community, tripling the number of available jobs. More space will also allow Dill Pickle to offer nutrition, cooking, and gardening classes.

To fund the relocation, Dill Pickle worked with Shared Capital and the Chicago Community Loan Fund to secure financing. Shared Capital is providing a loan of \$450,000, with \$50,000 coming from the Organic Valley Principle Six Fund. This is their first time working with Shared Capital and cooperative development funds: “The growth of our co-op will fuel the growth of other co-ops in a very tangible way. Who knew commercial loans could make you feel so warm and fuzzy inside?”

Linden Hills Co-op

Linden Hills Co-op has been providing quality, nutritious food to their southwest Minneapolis neighborhood since 1976. Over the years, the co-op has weathered many changes, including relocating twice, most recently in 2011. In 2015, Linden Hills decide to remodel its store to better meet the community's needs. To help finance the \$1.19 million remodel, Linden Hills is working with a local bank, and they turned to Shared Capital for gap financing, as they have done on prior projects. Shared Capital is providing a \$110,000 loan, of which \$50,000 is coming from the Organic Valley Principle Six Fund.



Construction for the project began in February and will continue throughout the year. As part of the remodel, the co-op will expand their convenience food departments and food prep areas, update their dairy cases to increase energy efficiency, expand their community gathering spaces, and create a seating area with access to a patio. Linden Hills looks forward to the expanded possibilities post-remodel: "We are excited for the opportunity that this refresh provides to better serve... our community," they wrote in a letter to their member owners.

Lexington Food Cooperative

“*We would not be where we are today if Shared Capital had not come to our rescue and filled our financing gap,*” – *Tim Bartlett, General Manager of Lexington Food Cooperative*

Shared Capital first worked with Lexington Cooperative Market in 2004, providing financing to help the co-op relocate to a new, larger store. In the years since, that store has thrived, posting high sales and eventually growing to capacity. "We would not be where we are today if Shared Capital had not come to our rescue and filled our financing gap," said Tim Bartlett, general manager of the co-op. So when Lexington decided to open a second store to meet excess demand, it was only fitting for Shared Capital to join in the effort.

Lexington raised \$2.08 million through a capital campaign for the construction, landing them a spot in the top ten investment campaigns for food co-ops in the US. Even with their successful campaign, assembling the



financing for the \$6.5 million project was not easy. Shared Capital is providing a \$550,000 loan, which includes \$50,000 from the Organic Valley Principle Six Fund. In addition, the project is receiving financing from the National Cooperative Bank and LEAF.

The new location will be only a few miles away from their current store, but it will be almost twice the size and have three times the amount of parking. This second store will allow Lexington to reach its sales growth targets and provide a major boost to the community. The co-op estimates that 52 cents of every dollar spent in their stores returns to the Buffalo economy, compared to 18 cents for normal grocery stores. For Lexington, this second location is one more step in their mission of “making the world a better place one head of lettuce at a time.”

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