

**Minutes of the
Marquette Food Co-op Annual Meeting
March 18, 2016**

Roll call: Phil Britton, Brad Jackson, Tom McKenzie, Cori Noordyk, Mike Potts, Emily Wright.
Absent: Brian Brady, Barbara Krause, Janna Lies.
Staff: GM Matt Gougeon, MFC Staff.
Public: MFC Owners.

I. Welcome (Tom McKenzie, Board President):

President Tom McKenzie welcomed and thanked everyone in attendance. Members of the Board of Directors introduced themselves. McKenzie recognized absent Board members, former Board members in attendance, and newly elected Board members Jamie Acocks, Michelle Augustyn, and Richard Kochis. GM Matt Gougeon recognized outgoing Board members Janna Lies, Brian Brady, and Tom McKenzie.

II. State of the Co-op (Matt Gougeon, General Manager):

GM Matt Gougeon reported that it has been nearly two years since expansion and things are going according to plan, however last year was one of the most difficult years at the Co-op even though business has been good. With the wrap up of the store's expansion, the MFC carried a lot of debt. There were also many positives in 2015, including growth in membership, sales, number of customers in the door, and average basket size. The GM reported that this year the store has turned a corner and things are on schedule to fully recover from expansion. The store may even be on track to break even or potentially have a profit in 2016. The MFC has paid down \$650,000 in debt and has \$2.8 million in debt remaining. Through the efforts of Natasha Lantz and Mary Moe, the store has developed an operational strategic plan based on results of focus groups, surveys, and a self-audit. The MFC is being recognized nationally as one of very few co-ops seeing growth during a time when there is growing competition from national natural foods stores. The GM commented that the MFC has to continue to make itself relevant and explore what services and programs can be offered in the community that large national chains can't offer. Natasha Lantz has been appointed to the NCG's Advocacy Committee. The MFC is doing everything it can to stay in communication with its owners. The GM encouraged everyone to check out the Ends Report, which is publicly available. The GM commented that he is proud of everyone involved with the co-op for getting through this difficult year.

III. Public Comment and Question Period:

The GM opened the meeting to questions from the public:

- a) Member of the public inquired if the Co-op is still selling shares. The GM said that shares are still being offered and will be offered until July. The disclosure statement and business plan were available for those interested. Shares are \$1000 with a 4% dividend. The MFC will hold shares for up to five years before the dividend is paid, but it is cumulative. Anyone interested in purchasing shares can talk to the GM. The GM added that the next Board of Directors needs to think about other opportunities like cooperative housing, financial services, alternative energy, etc.
- b) Member of the public inquired about cash on hand and how the GM feels about the amount the store currently has on hand. The GM explained that he would like to have

\$250,000 on hand, but because of cash depletion after expansion the store has had to monitor cash daily. The store grew by 44% and got behind on some invoices but caught up on outstanding payments before the end of 2015. Now that the store is caught up, cash is growing and there was actually a profit in February.

- c) Member of the public shared about their experience with cooperative housing in Golden, Colorado.
- d) Member of the public inquired about potential opportunities for growth for Co-op to provide co-op cellular phone service. MFC IT staff member Evan Zimmerman commented that there are some smaller groups breaking into the market so it is something that needs to be watched.
- e) Member of the public commented that if the MFC diversified into new products or services it should keep the new ventures separate so if they fail they don't bring down the Co-op. The GM said that at present, the MFC has its hands full with grocery operations, so he is just entertaining ideas for future consideration. There are policies in place that prohibit operations from jeopardizing the business. The GM inquired whether owners would be interested in having the opportunity to put \$500 in a co-op account if after a period of time their investment was returned and they had a discount on purchases. He also shared that staff can now fund their accounts instead of having an IOU program. This reduces bank fees from card transactions.
- f) Member of the public shared that the UP spends \$300 million a year on electricity and sends a lot of money out of our community.
- g) Member of the public inquired about the meat and seafood department. The GM explained that meat and seafood and prepared foods were new territory for the MFC and that the store is learning that there is sometimes a disconnect between what people say they want available and what they actually purchase. The NCG will be bringing in specialists that will perform an audit of the department.
- h) Member of the public inquired about when the bulk reset will happen. The GM explained that it was announced last year that a bulk reset was planned. A significant makeover is still on the list for this year. The store will be closed Easter Sunday and will reset the refrigerated section during that time. The customer survey last summer had 700 respondents and the results are informing the changes taking place at the store.
- i) Member of the public talked about the issue of people not spending on what they say they want and asked how the store will respond to that issue, noting it is impossible to please everyone. The GM explained that there are themes that were identified from the survey. For example, people typically do not purchase paper products at the Co-op. The store exists on shared values but it can be very different when it comes down to individual purchases on the floor. The MFC has the best prices on a lot of product but some are more expensive due to smaller purchase volume. The store will be implementing a new pricing strategy and is looking at how to appeal to core shoppers and mid-level shoppers that tend to shop around for prices.
- j) Member of the public inquired about issues with sourcing local meats. Clayton Lesatz the meat manager explained that there is only one poultry processing facility in the UP. For other meats, there are large gaps from local processors so the department has had to figure out how to make sure local product is stocked despite these gaps. Natasha Lantz added that there is a small team looking at UP processing and a feasibility study is being undertaken in Marquette County so there will be actual statistics to help build the system.

- k) Member of the public asked if the MFC would benefit from reducing prices on staples like milk that are also available at local competitors. The GM said there is a new pricing strategy and self-audit that will help inform these decisions. The store has come a long way to understanding its inventory. The store turns its inventory 15 times a year, which is a sign of a very healthy store. Smarter buying is on the agenda for this year.

IV. Raffle Winners Announced: Natasha Lantz announced the winners of the raffle.

V. Closings

The GM shared about the Double Up Food Bucks program which is a federal program for people with SNAP benefits that allows them to use their Bridge Cards at farmers markets to get twice the value on local produce. The program will be tested in Co-ops in Michigan, and the MFC has submitted its application. Once in effect, it will be something tremendous the Co-op can offer the community.

Next Board Meeting: April 19, 2016 at 6:00 p.m.

Emily Weddle
Board Recorder