

**Minutes of the
Marquette Food Co-op Annual Meeting
Great Lakes Rooms, Northern Michigan University
March 23, 2018**

Start time: Meeting was called to order by President Phil Britton at 5:50 p.m.

Roll call: P. Britton, M. Augustyn, H. Bush, C. Morgan, C. Noordyk, C. Thompson.

Absent: R. Kochis (excused).

Staff: GM Matt Gougeon, MFC Staff.

Public: MFC Owners.

I. Welcome (Phil Britton, Board President): P. Britton introduced himself as Board President and recognized MFC staff, GM Matt Gougeon, former Board members, newly elected Board members Mary Pat Linck and Angie Cherrette, Board Recorder Emily Weddle, and all MFC owners. He drew attention to the Annual Report which was provided to owners at the meeting, noting that the MFC crested \$9 million in sales, sold nearly 7 tons of watermelon, and grew to more than 6,000 owners in addition to implementing a livable wage model last year. He also noted the MFC's Global Ends, which drive the co-op to be a beneficial force in the community. He share that the MFC is more than a grocery store, but also a community gathering space. M. Augustyn introduced herself as Board Secretary and shared about the significance of shopping with kids at the co-op, noting the abundant learning opportunities. C. Thompson introduced himself and shared about the importance of organic production and the role of the MFC in providing options that align with his food ethic and the importance for our local food economy. H. Bush introduced herself and shared about her experiences with the MFC from an early age, noting the value of getting involved in whatever ways you can. C. Morgan introduced herself and shared about the significance of having fair trade options at the MFC, which help combat human trafficking. C. Noordyk introduced herself and shared that she is proud of the MFC because of its role in environmental stewardship through offering local and organic options, encouraging reusable bags and bowls, and reducing waste.

II. State of the Co-op (Matt Gougeon, General Manager): GM thanked everyone in attendance and commented on the impacts of the MFC within our community and beyond. He reported that the store saw a big loss during its first year after expansion, but in 2017 the MFC saw a very small profit. He commented that each year since expansion has been a good step forward. Last year was a record year for new members. The store saw 9% growth. He explained that the grocery industry is changing at a rapid pace and the MFC is working to interpret these changes in ways that fit our community. He reported that the MFC implemented a livable wage, which in addition to being the right thing to do has had a positive impact on the organization because of significantly reduced employee turnover. The MFC has seen increased sales, employee retention, and consistent double-digit growth since last July that has carried over into the new year. The GM spoke about the year ahead, noting that there are concerns about competition from Meijer, which will be opening this year. The MFC anticipates a double-digit hit to sales revenue but has worked for two years to prepare for this competition. He reported that so far this year, the first quarter looks very positive. The MFC is planning new innovations and offerings for consumers. The GM noted that he is proud of the MFC staff, board, and owners and is looking forward to a good year despite the challenges ahead.

III. Public Comment and Question Period:

The GM opened the meeting to questions from the public:

- a) Member of the public inquired what percentage of grocery sales is from the bulk department and noted the amazing changes that have been made in the store and asked how these choices have been made. The GM responded that in the old store, bulk was 10% of store sales, however there has been a trend toward convenience and bulk sales have been declining. Before the MFC made changes to the department, bulk had decreased to 6% of store sales. Now it is between 6-7%. The MFC removed 20% of product from the department and made changes to the bulk setup in the store to stop the continued decline of bulk sales.
- b) Member of the public inquired what other accomplishments the GM is proud of in addition to implementing the livable wage. The GM responded that the organization is proud of its ability to listen and respond to the needs of our community and will be proud of the ways the MFC will transact with the community in the future, noting that there are new things being planned.
- c) Member of the public inquired if the MFC is on track to pay back preferred shares. The GM responded that the first offering comes due this year. The MFC will not be purchasing back shares this year, but dividends will be paid for the full amount of five years. He further explained that every shareholder will receive a packet of information with their dividend check, noting that owners may petition the MFC to buy back shares on a case by case basis.
- d) Member of the public complimented the board and staff on the noticeable change in atmosphere at the store since the implementation of livable wage. The GM responded that the positive impacts also include an increase in revenue and decreased turnover.
- e) Member of the public thanked the MFC for the quality of the spinach it sells and shared that it is worth traveling 116 miles for quality product.
- f) Member of the public inquired what percentage of gross sales goes to credit card companies for credit card transactions and asked if there were any mechanisms to reduce these expenses. The GM explained that bank fees are a significant expense, with \$120,000 going to banks. He explained that there is a mechanism by which the MFC may be able to process card transactions itself but cannot speak in more detail about it at this time.
- g) Member of the public inquired whether the MFC has considered using an electronic billboard to increase revenue. The GM said it would likely not be allowed by the City of Marquette, which governs signage.
- h) Member of the public asked if the MFC could offer its own credit card. The GM commented that he could not talk about it.

The GM noted that cooperation among cooperatives is important and introduced David Gill from the Marquette Brewing Co-op. Gill spoke about the craft brewing co-op which currently has 175 members.

Sarah Monte invited everyone to enjoy dinner and noted that raffle winners would be announced at 7 p.m. She thanked MFC Outreach staff, Simply Superior Catering, Queen City Hot Club, and Who Dat Brass.

IV. Closings: Meeting adjourned at 6:36 p.m.

Next Board Meeting: April 17, 2018 at 6:00 p.m.

Emily Weddle
Board Recorder