

Silver City Food Co-op — Board Meeting Agenda
Wednesday July 18, 2018— 4:30 p.m. to 6:30 p.m. —
NEW LOCATION: The Volunteer Center - 501 East 13th Street.

Board members in attendance: Jennifer Johnston, president; Jean-Robert Beffort, vice president; Laurinda Anderson, treasurer; Shanti Ceane, member; Julianna Albershardt, member. At least 50 member-owners, including ten staff members also in attendance. Meeting called to order 4:32.

A. Welcome (4:30-4:35pm, 5 minutes)

1. Approve agenda Approved with addition of Welcome #2 added, by consensus
2. Resignation of Dan Herbison accepted by consensus

B. Decisions (4:35-4:50pm, 15 minutes)

1. Approve June board meeting minutes tabled to be completed by email
2. Announcement: Assistant Manager Mike Madigan and others applied for and received a training grant from the EPA. The EPA is sending 5-6 reps to lead a discussion on local food at The Commons/Volunteer Center August 1st, 5:00-7:30, and August 2nd 9:30-4:00. These reps will facilitate a 2-day information-gathering, feedback and planning session to identify local food and local place-making initiatives. Mike is looking for anyone who wants to have an active voice in this discussion. It is free of charge and includes meals.

C. Monitoring Report (4:50 – 5:30, 40 minutes)

1. Acknowledged B8 (Customer Service and Value) by consensus.

Jennifer referred to the list of how we prioritize products, and asked how management communicates and verifies that these parameters are followed. Management explained that the list of desirable products and attributes does not resolve all conflicts and gray areas, but buyers ultimately decide what is ordered. Joe cites as an example of gray area the issue of increased plastic packaging in bulk vs. increased sales in bulk. He wants to encourage reusable packaging. A member asked how they find out what members want? Joe referred to the MAD questionnaires and says members vote with their pocketbooks. Another member pointed out that products in Ziplocs are not also sold loose, so it's not a real choice. Mike mentions the suggestion box. Deborah the Psychic says that although she is very perceptive, she hasn't noticed the suggestion boxes, and Mike explained where they are located and what they look like. Another member mentioned, by the same token, that customers do not voluntarily vote for Ziploc bags so much as utilize the convenience, and they do not have time to write notes in the suggestion box. Joe says he would love to offer bulk both loose and in Ziplocs, but there is no room at our current location. He suggests an internal buying club? Another member asks about publishing the list of priorities for buying in GG. A member suggests a more involved member survey and offers to help. A member asks about disappearing products. Joe says that it could be larger stores taking all supplies, or that is just didn't sell and was discontinued. Jennifer says you can always ask staff, and praises the personal attention that customers get in the co-op.

2. Acknowledged B6 (Communication and Counsel to the Board) Monitoring Report by consensus.

Jennifer pointed out the record June sales. Joe says it's the most productive time at the co-op ever. Bulk is leading the charge: \$86,000 overall, with bulk at \$24,000. Joe talked about bread and cashew butter conundrums. Mike says the co-op takes risks and stays ahead of the curve. He says local food is so important that we relax other standards to carry local. A

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member agrees that this store supports local vendors, and its importance to people, more so than price. Joe says price is important and pumps our Field Day organic brand, lamenting there is no equivalent in Supplements. A member asks about how EMO position not filled saves money, but is it worth it? Joe says no specific person does the job right now, it is dispersed among staff whose hours went up with extra duties. A member asks about sales/square foot. Jennifer says it's double the industry standard. The member wonders why the overall sales are not higher if this is the case. Joe explained that the two are not necessarily related: one means we are very efficient, using much less space to sell the same amount as competitors sell in much more space; the other is just overall revenue. Joe said that continuous stocking is needed in the small square footage, and is inefficient. A member asked if the Co-op pays staff a living wage. Joe said definitely, and that wage pressure will go up. Another member mentioned that the employee discount effectively raises wages. A member suggested saving space by pulling pre-packaged versions of products already sold in bulk. Joe doesn't want to limit choices, and reiterates that if we had a bigger space we wouldn't have to make such tough decisions about what to stock.

D. Member-board discussion (5:30-6:30, 60 minutes)

1. Pope Street Project Q and A

Jennifer informs the crowd that the co-op has made an offer on 907 Pope Street. Laurie says there have been a lot of good inspections: plumbing, electrical, structure good minus small roof leaks, phase 1 environmental good, basic architectural plans. Julianna says current location has costs too, needs new refrigeration. Member says staff is amazing, and they should make more money. She asks how the move could impact on salaries. Someone brings up the part of the business plan that rolls back wages, and Joe says it is only a contingency plan for if we don't get 10% higher sales after move, and the co-op has to cut 5-10k/month. But he thinks 10% is very conservative and we will grow more. Joe says 200,000-400,000 on refrigeration move or stay. A member reads his four page statement on speculated costs of renovation and then leaves the letter behind. He thinks the math does not work. Doesn't think co-op can spend more than 3-4k a month on mortgage. Joe thinks his math is close, it has similarity to what we're looking at. The move does involve guessing at what increases in revenue are; if the store stays at current sales only in new location, it is true that we cannot afford renovation. Joe said we must indeed believe the co-op will improve and grow in the new location or it is not worth doing. A member brings up the Market Café', which she misses, and says the debacle doesn't inspire confidence in the next venture. Mike says it was a labor of love by inexperienced people, most of the challenges and overhead costs could be saved by being under the same roof. Laurie points out that delis and cafes could be part of a long-term plan, and electrical and plumbing put in initially have to support that. One member says lack of parking isn't a deal-breaking issue. Another member says not to bank the co-op on belief and hope, as Joe said. Jennifer suggests a better term is "calculated risk." Joe reiterates that belief is important too. A member thanks Jennifer for being President and chairing meeting. She asks about the decision to buy at the end of July, and challenges Joe several times. Jennifer noted that Joe met deadlines, had architectural drawings, and preliminary business plan for board to review. We approached 5 banks to get best real estate loan package, and can now take 3-6 months to plan how renovations could go and what we can afford. If all contingencies come through as okay, we will buy the building. We will take every piece in steps. One member says she wants to move. Another quotes from bylaws: "each active member-owner participates in governance and guiding business and affairs,

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directors are accountable to member-owners, owned by active and inactive.” She was curious about how inactive members exercise rights granted by equity. If timeline is not rigid, then what are we going to learn by August Garbanzo Gazette, since there is a time lag between publication and what has been done. The business plan will be available by August meeting. One member thinks we’re heading for recession. Another moved here for co-op in part, and the move scares him because of problems he saw in his previous Co-op. He likes the walkability in current location, but worries that the Lifequest location has a higher speed limit and dangerous intersection. Julianna says that older people want to park nearby and will be better able to do so at the Lifequest building. One member shops at a competitor because of parking and price, so she thinks now is our chance to move on. A member objected to the whole process, saying the plan seems like a done deal. Jennifer points out that expansion is in the strategic plan, and another member agrees. Jennifer says if everything lines up by 25th of July, the co-op will buy the building, which is within the purview of an elected board. Another member thinks he Board’s explanations are inadequate. A former board member encouraged people to run for board. Jennifer says some things are the Board’s job for a reason, because 2,200 people simply cannot weigh in and decide together. A few members said, “here, here.”

Jean then talked about his architectural background, and showed a possible architectural plan. He overlaid 520 and its warehouse on the new building to show the size difference. The Lifequest property is about 11,000 square feet, (8620 without Quonset hut) current space is 5,130. Jean is speaking with 4 architects, mentions putting together an RFP for local papers. Timeline for RFP would be into September. Opinions cost nothing. Looking into hiring a project manager. Sometimes architects can project manage if you trust them enough. Jean could be Board liaison. Calls for people with experience in construction management: specs, timeline, budget. A member asked if the Co-op hired CDS. Jennifer says we have hired one consultant to help with manager/board relationship, and could hire other consultants for financial analysis, project management, membership loan campaign, or marketing survey, if we want/need them. Another member asks about MAD survey regarding increase in member annual shares. Joe says biggest single response was blank, followed by approval for an increase from \$10 to \$20. Shanti re-emphasized staged renovation. A member asked about bare minimum: Jennifer says the one quote so far is \$900,000. Shanti says the Board can’t share specific plans because it would be unfair for future bidders. Costs come from demolition, plumbing, electrical, mechanical, refrigeration, doors, and uneven flooring from wood shed into main building. Many of costs can’t be staged, because the final stages must be integrated into early plans (esp. electrical and mechanical). A member tries to speak for who’s not coming to the co-op and why. She hopes the new location takes into account what will draw people who are not coming and address their needs. She asks about member loans? Jennifer says that is a possible option. A staff member says we need deli space in initial new building. Shanti says employee feedback is important. A member asks about value of old building. Appraisal happened this morning, the board will know the value in a week. Grab’N’Go is cheaper in current location, but having two locations was a nightmare. Board able to say that the Co-op would be getting a very good deal on the building. One member pointed out that the new building would be asset/money-maker. He wished members who left early were still there. The cost of staying in current buildings is not zero. He added that sales of canola oil chips subsidize natural veggies, related to earlier discussion of product selections. He said we have to expand. A staff member invited the board to come to store and

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talk to staff. Jennifer says thanks and begs understanding that the Board is overburdened with only 5 members, most of whom have full-time jobs. Board has put in incredible amount of work. There are always committees for members to join, if not the board. A member asked about Q's parking. Time for meeting was up

E. Board Meeting Closure (7:05 – 7:15, 10 minutes)

Review task list, tabled items, if any, and calendar—not completed this month

Executive Session if needed on real estate matter (tabled)