

Fairbanks Community Cooperative Market
dba "Co-op Market Grocery & Deli"
Annual Meeting Minutes
Location: Zoom
Date: October 24th, 2020

1. Call to Order/Roll Call
 - a. Hilary Shook, the Chair, called the Fairbanks Community Cooperative Market Annual meeting to order at 4:33pm
 - b. Board Attendees: Brian Kassof, Anduin McElroy, Rich Seifert, Hilary Shook, Art Gelvin, Chase Nelson, Madeleine Patterson O'Dell
 - c. Attendance is about 59 people
2. Review and Adopt Agenda:
 - a. The agenda was approved as submitted
3. Approve the 2019 meeting minutes
 - a. There was no discussion, it was moved and seconded to approve the minutes, and approved by consensus.
4. Chair Report: Hilary Shook –
 - a. This has been an incredibly tough year due to the challenges presented by COVID-19. We supported management when they chose to follow CDC and Department of Health recommendations for cleaning, social distancing, and requiring masks.
 - b. The transition of the GM is nearing its end, we have been working with Carolee Colter and Todd Wallace from Columinate, NCG (National Cooperative Grocers) have been providing assistance to store operations and will continue to provide support for the new GM. We would like to thank Shaun Sims for keeping us afloat as Interim GM. We also want to recognize Amber Hernandez for providing key essential administrative support, providing staff input, and her participation on the GM Selection Committee.
 - c. This board is committed to improving the service we provide our owners and greater community, and we need your help to do this. The board can only represent the healthy diversity of our ownership. This community, can help out by getting involved by running for the board, by sharing your co-op story, share why you think the co-op is great. Talk about our amazing produce selection and how we're reinventing reinvesting in our meat and grocery selections. Let people know about the difference that Co Op has made for you and your family and friends in this community by providing good customer service, fresh, local healthy foods.
5. Introduction to new General Manager Rich Rosenberg. Rich provided a short introduction of himself and made comments in regard to the potential of becoming the general manager of the co-op.

6. Co-op Market Report: Shaun Sims, Interim General Manager, provided a management update.
 - a. 2018 was a great year for the co-op where the net profit after expenses was \$81,463. For 2019, the net profit was in the negative with -\$64,778, which represents a 2% decline in sales when compared with 2018.
 - b. The opening of COSTCO at the end of 2019 presented a lot of challenges for the store. Hardest hit was the meat, frozen, and bulk departments. Deli presented a bright spot where deli sales increase by 30% from the introduction of new recipes, breakfast burritos, and focusing on the lunch crowd.
 - c. We changed the initial payment to become a member from \$25 down to \$5. This change has provided a 94% increase for the number of new owners and increased equity as compared to 2018.
 - d. COVID-19 has had a major disruption to the store, decisions were made on a moment by moment, and day by day decisions without having a lot of information added a great deal of fear and stress. None of this could have been planned for, we removed the reach in bulk bins, closed the deli seating area, a lot of tough decisions were made and they ended up being ahead of the state mandates. Product shortages were experienced, the same as the other stores in town, where it was difficult to keep items on the shelves.
 - e. Even with the pandemic just starting, the first quarter sales were 18% above 2018. Typically, our sales growth target for the year is 4%, by the second quarter we had 7% sales growth, during the quarter where we had empty shelves, shortened operating hours, no truckload sale, which is impressive. For the third quarter, we are seeing a 14% sales growth as compared to 2018. We are seeing that shopping habits have changed, the number of transactions have decreased by 15% while the basket size has increased by 32%. People are shopping less and buying more.
 - f. We did receive a \$164,000 grant under the PPP (Payroll Protection Program) which helped us pay for the increase expense related to buying personal protection equipment (masks, gloves, hand sanitizer) and to pay our employees “hero pay” where an hourly bonus was added during the peak of the pandemic.

7. Election Results: Art Gelvin, Board Secretary announced the results of the 2020 Board of Directors Election.

Membership comment, “Did we have a quorum?” Yes, there was a 16.26% quorum. (Election Final Report: 16.26% quorum, 534 ballots of 3285 eligible voters).

Richard Seifert and Anduin McElroy – Elected to a three-year term

8. Owner Comment Time. Directors and Managers had an opportunity to respond to questions. Comments included:

Question: I have noticed that a high rate of staff turnover among the entry level employees seems to be a constant at FCCM. This means training this stuff is also a constant, what can be done to improve employee retention, particularly in front of store staff?

Answer: The turnover rate in grocery retail is very high. Ours has been higher than we'd like as compared to the past few years. This year since the pandemic hit, we have had a very hard time even getting applicants for quite a while. We just don't have many applicants for entry level positions or for the buying positions. When we did start getting applicants, they were very young, often high schoolers or high school graduates that were going to college. So, we staffed back up for a part of summer. If for example the grocery team. We lost almost the entire team, either moving out of state going to college. And then some of our cashiers going back to high school. That's one reason for the recent turnover.

In terms of ways to mitigate that we right now are starting at the top, our managers just completed a supervision and accountability series, which will help us support our entry level staff better. Amber Hernandez (HR) has done a lot of work on recruitment. She has worked with HR specialist at NCG to revamp our application and interview process. She is working with the state unemployment office. We're trying to do a better job with recruitment, we're trying to work hard on getting a good fit. Moving forward going to be looking at systems and procedures in the store, and making sure that we have clearly defined roles and expectations.

Question: How are you planning to expand the curbside pickup?

Answer: We would like to expand curbside pickup, however, we need to get some key positions filled, such as the General Manager. Which we are excited to have Rich Rosenberg to start soon.

Question: Will you be able to provide delivery options?

Answer: Unfortunately, we don't have a very good answer for you, this probably won't happen for some time, we could possibly partner with another business or agency, and we would need to upgrade our point-of-sale system.

Question: Are there any potential additional locations?

Answer: Expansion would happen after we get to a certain amount in terms of profit and sales within our own store. The board and several member owners are interesting in this issue and there has been quite a bit of time being focused on the strategic plan for most of 2019. Certain metrics for margin has to be met and we would have to repay all of our loans before we consider going the route of expanding.

Question: How do local businesses sell to the co-op?

Answer: We are currently developing a form that will have a list of requirements that we would need in order for businesses could sell their products at the co-op. We do have to follow the DEC guidelines, if the business can meet those guidelines, they could reach out by emailing grocery@coop.org.

Question: How does somebody go about requesting a product or items from a specific business?

Answer: We do get a lot of product requests, if you have put in a product request and haven't received any contact, we apologize as the staff have been overwhelmed. We do appreciate your suggestions and we are working on improving our communications. We have added products to our product mix based on requests, the best option is to submit a comment card at the front desk.

Question: How is the performance of the co-op compared to the projections that were presumably made at the beginning when it was created, or how are we doing better worse or about the same as we were hoping for originally.

Answer: We don't have the information in order to address this question during this meeting. With the exception of 2019, our sales numbers have either met or exceeded the pro forma projections. 2019 was a good year for sales, it just didn't meet the pro forma projections. The pro forma has been revised at least once because our sales growth has been much higher than projected. From the board's perspective, when we had the original pro forma prepared in 2012, the consultants that we were using indicated that our target market would never be more than 5% of the Fairbanks market. Our ownership count being at 4600 is very close to 5% of the Fairbanks population. So, in that respect. We're doing really well.

9. Annual meeting was called to an end at approximately 5:32 PM. Next Annual Meeting date will be announced in the annual newsletter.

Respectfully submitted,

Art Gelvin
Fairbanks Community Cooperative Market