

Keweenaw Cooperative Inc. Annual Meeting- Accepted Minutes
March 26, 2015

Held at the First United Methodist Church, Hancock

Present: Christine Alquist, Julie Blair, Carl Blair, Susan Burack, Dan Butler-Ehle, Faye Carr, Sergei Casper, Karin Cooper, Douglas Cooper, Kay DeLoach, Donna Des-Jardin, Mirriam Dobrofsky, Cynthia Drake, Jacke Eberhard, Samantha Flora, Felix Fournier, Virginia Fournier, Phyllis Fredendall, Hannu Lapanen, Bill Gale, Ray Gerhart, Jessica Gohman, Sean Gohman, Marcia Goodrich, Bill Deephouse, Jay Green, Judith Haataja, Melissa Davis, Angie Hamilton, Mike Hamilton, Rick Loduha, Oedith Harris, Cynthia Hodur, John Hersman, JoAnne Johnson, Steven T Karpiak, Denina Kaunonen, Sue Ellen Kingsley, Linda Kinnunen, Daniel Krueger, Mike LaBeau, Kay Lang, Judith Lell, Susan Bagley, Mike Mallow, Alice Margerum, Steve Walton, Belinda Mattfolk, Evan McDonald, Pamela Oakes, Ann Pace, John Slivon, Julie Pintar, Karen Rumisek, Joyce Koskenmaki, Dan Schneider, Susan Serafini, Sharon Stoll, Scott Pietila, Susan Stratton, David Walls, Melani Walls, Patrick Walls, Anna Walls, Curt Webb, Keren Tischler, Megan Werner, Thomas Werner, Lena Wilson.

Note: This roll includes all owners who signed the 2014 Annual Meeting sign-in sheet. It may not include all members of owner households who were in attendance.

1. Call to order

Board president Carl Blair called the meeting to order at 6:00. There are 56 households in attendance.

2. Approval of Minutes from 2014 Annual Meeting

MOTION: A motion to approve the minutes as presented was made by Steve Karpiak and seconded by David Walls. The motion passed without opposition.

3. General Manager's Report, Curt Webb presenting

Curt welcomed everyone to the Annual Meeting, remarking on the large number of owners in attendance. He thanked the deli for putting out a good spread, thanked the board for putting the meeting together, thanked Faye Carr and Rick Loduha for setting up the "Lexicon of Sustainability" display, and to Co-op owners for showing up at the meeting and caring about the Co-op.

Curt referred owners to the annual report for graphic representations and data tables relating to the Co-op's financial performance.

Curt said many businesses in the conventional grocery sector are "eying our milkshake" (trying to do things like co-ops). This is good in that it means that good food is becoming more widely available for people. One of the things that sets co-ops apart from the conventional stores is our community focus.

Curt summarized the Co-op's efforts over the past few years to prepare for future relocation of the Co-op. This includes a multi-faceted plan relating to the Co-op's performance.

The Co-op staff is working to improve the Co-op's performance along various metrics, such as moving inventory through the store more quickly. The Co-op is also increasingly working to engage with customers and owners to get feedback to improve the Co-op's performance. A Co-op owner who has lately moved to Gwinn, for instance, praised the Co-op.

The Co-op's sales growth is in excess of the national average for National Cooperative Grocer's Association. Curt attributed this success to the Co-op's offering something that resonates with the community.

A new buying policy has recently been drafted and approved. This is one example of an effort to tie our buying decisions directly to the Co-op's Ends. Co-op buyers have even begun educating suppliers along these lines: "It's worth it to us to pay the higher price, because it is important to us that it is recycled," and the like.

The Co-op is working to become an influential entity in the community with regard to building a local food system. Work continues in partnership with the Marquette Co-op to build a U.P.-wide food distribution system.

The Co-op is working to become a prominent community partner: getting involved in community events, supporting community events, providing good food for community events.

"Continuous improvement!"

"Move it forward!"

These are rallying cries voiced with increased frequency within the Co-op staff.

Progress on the operations side includes improving the hiring process, enhancing the wage scale, offering increased training opportunities.

Part of the work of going forward is the realization that major change, done well, takes time. The Co-op's Capital Improvement Plan for the current store, for instance, will be enacted in 2015 rather than in 2014, as had been originally planned.

Curt again encouraged owners to review the Annual Report for information related to the tangible effects of these improvement efforts.

The Co-op is working toward making patronage refunds available as store credit. The Co-op is trumpeting the cooperative message by such means as prominently displaying the Seven Cooperative Principles in the checkout area.

Curt recognized the role the Co-op staff and board play, along with the owners, in making these improvements a reality.

4. President's Report, Board Nominations, Elections, and other business, Carl Blair presenting

The Keweenaw Green Burial Association and the Keweenaw Land Trust will be next two recipients of the proceeds of the Co-op's bring-a-bag campaign. During their time as the recipient organization, each will receive 5 cents for every re-useable bag used at the Co-op.

Carl touted the benefits of rechargeable gift cards, including their capacity for minimizing the expense of credit cards by putting money onto gift cards and using them for purchases at the Co-op.

Carl pointed to the Board's efforts toward refining the Co-op's Ends. A major overhaul of the Ends took place in the past year. The Ends are what drive the Co-op in addition to the Rochdale Principles.

The Board also drafted and approved a document making relocation the official policy and intention of the Co-op. The current building is insufficient to sustain continued growth. It is also structurally rough. A better physical plant is necessary for growth and for the continued pursuit of our Ends. Things are going quite well for the Co-op: more owners, increased sales, etc. It is very comfortable, but it can't stay that way, as we need to step out of our comfort zone to pursue new endeavors. This includes operational improvements such as enhancing data-driven management plans. Future improvements may require raising capital by such means as selling preferred stock in the Co-op.

The Co-op is contracting for a financial Pro Forma and later a Market Study to forward the goal of relocation. This will help determine feasibility as well as logical next steps toward relocation. The expense of these studies is quite small in comparison to the broadly estimated \$4 million potential cost of the actual relocation effort.

The Co-op will continue to work toward relocation, including efficiency improvements, community outreach, building the owner base (ownership now stands at approximately 1,050).

Carl remarked on the number of new faces in the audience, occasioning an explanation of the Policy Governance system the Co-op Board operates under for the benefit new members, saying the Board sets policy and management establishes mechanisms to carry them out.

5. Board Nominations & Election

Chris Alquist nominated Sharon Stoll for a position on the Board. Sharon accepted the nomination.

MOTION: A Motion to close nominations was made by Dan Butler-Ehle and seconded by Mike Hamilton. The motion passed without opposition.

Sharon Stoll spoke about her past involvement in Co-ops and commitment to Co-ops and goals including helping work toward a new building.

Susan Serafini shared her experience with Co-ops and specifically as a member of the Co-op Board.

Sergei Casper described his commitment to the Co-op and its importance to his family, and his own willingness to try new ideas.

Carl Blair spoke about his experience as the president of the Board and shared his excitement about the Co-op's future.

Steve Walton and Bill Gale volunteered to serve as the ballot enumeration committee.

6. Guest Speaker, John Hersman of Algomah Acres Honey Farm presenting Hersman discussed the challenges of local food production in the context of beekeeping. Bees are not native to this area and have a hard time surviving the long winters. The landscape provides a lot of great forage, but the long winter restricts the amount of access the bees have to this forage.

Algomah Acres's meadery has helped keep the business going. Making mead, the oldest fermented beverage, was one of John's initial goals in getting into beekeeping, along with a desire to pollinate his garden.

John opened the floor to questions.

7. General Discussion, Questions, & Election Results, Carl Blair presenting

Susan Serafini, Carl Blair, and Sergei Casper were elected to three-year terms on the Co-op's Board.

Question: (Mirriam Pickens) Does the Co-op honor all of the deals in the weekly sale fliers?

Answer: (Curt Webb) If we can get the product. We won't necessarily stock all items, but we can special order them.

Q: (Steve Karpiak) Is the Co-op prepared for new micro-chip credit cards?

A: (Curt Webb) At present, no, but we will keep up.

Q: (Ann Pace) At the Secretary of State's office, they *charge* two percent to customers paying with credit cards. Could the Co-op do this?

A: (Curt Webb) The rules are changing, but this option has not yet been investigated.

Comment: (Susan Burack) Touted the benefits of Co-op gift cards. Several members chimed in with support for that sentiment.

Q: (Sue Ellen Kingsley) Could we have our patronage refunds on gift cards?

A: (Curt Webb & Carl Blair) We are looking into this possibility.

C: Thank you for opening up at 8 a.m.

C: (Angie Hamilton) Really likes the Co-op Deals flyer.

Q: (Angie Hamilton) Could we get it farther out in the community?

A: (Curt Webb) We distribute as an insert in the Daily Mining Gazette. We are looking at other outlets, but it is a time-sensitive piece to manage.

Q: (Steve Karpiak) Are we reaching out to Tech students?

A: (Carl Blair & Others) We have a presence during orientation, student discount on Sunday, etc.

Q: (Mirriam Pickens) Would we prefer a downtown rather than a strip mall location?

A: (Curt Webb) That would seem to align better with our Ends. The Market studies, etc., will help inform these decisions. Operational requirements limit downtown options.

C: (Linda Kinnunen) It would be great to be able to call up, pay in advance, and have some groceries set aside for a friend to come pick up.

Q: (Anne Pace) When will the purchasing guidelines be made public?

A: (Curt Webb) They are ready and we will get them out there soon.

C: (Dan Schneider) We should embrace our cooperative identity.

Q: (Oedith Harris) When is the next Board meeting?

A: (Curt Webb & Carl Blair) Board meetings take place the second Wednesday of every month starting at 6 p.m.

C: (Evan Anderson) The Houghton County Planning Commission has assembled a recycling task force that is working toward improving recycling in the county. He encouraged people to be conscientious about their use of packaging. It would be great for the Co-op to be $\frac{1}{4}$ produce, $\frac{2}{3}$ bulk, and a small amount of packaged grocery. The Co-op could play a central role in improving our recycling record here.

C: (Susan Burack) Past efforts at the Co-op to organize community recycling collection at the Co-op were an indication of the enthusiasm in the community with regard to recycling. The Co-op recycles all it can as a business.

MOTION: A motion to adjourn the meeting was made by Oedith Harris and seconded by Steve Karpiak. The motion passed without opposition and the meeting adjourned at 7:55 p.m.