



48th Annual Meeting

Approved Minutes

held virtually (on Zoom)

April 21, 2022

Owners Present: Julie Blair, Carl Blair, Kristine Bradof, Susan Burack, Edward Burger, Adam Campbell-Olszewski, Airen Campbell-Olszewski, Cathy Campbell-Olszewski, Mark Campbell-Olszewski, Sergei Casper, Joan Chadde, Jane Church, Marilyn Cooper, Emily Fiala, Frank Fiala, Jack Fish, PJ Fish, Todd Gast, Ruth Gill, Kim Green, Elizabeth Hakola, Angie Hamilton, Mike Hamilton, Denise Hansen, Barbara Hardy, Rick Loduha, Sean Havins, Polly Havins, Kirstin Hensley, Cynthia Hodges, Stephen Jukuri, Emilie Krznarich, Rich Krznarich, Charlene Laakonen, Brian Laakonen, Amanda Lutey, Brett Matuszak, Rebecca Matuszak, Natalie Nold, Julia Petersen, Matthew Petersen, Jim Pickens, Miriam Pickens, Julie Pintar, Lisa Reitz, Susan Serafini, Gabriela Solorzano, Audra Tormala, Chris Tormala, Briana Tucker, Travis Wakeham, Curt Webb, Keren Tischler, Roger Woods.

Non-owners Present: Lily Venable

Note: *This list includes all individuals who signed-in via our digital Annual Meeting sign-in form and others who were observed to be in attendance. **On record, there were 55 individuals, representing 38 member households in attendance. Elections quorum was satisfied by the 379 online votes cast.***

Call to order & Welcome - Lisa Reitz, Board President

Board President Lisa Reitz called the virtual annual meeting to order at 6:00 pm.

Lisa welcomed everyone, introduced herself and asked all attendee's to digitally sign-in to the meeting via the link provided throughout the meeting.

Review of Annual Meeting Minutes Process - Stephen Jukuri, Board Secretary

In previous years, Annual Meeting minutes have been approved at the following year's meeting. With our reincorporation in the state of Michigan, the legal requirement for a quorum for all votes has increased from 25 to 50. We may not reach 50 households at a virtual annual Annual Meeting, but we easily reach this threshold with electronic voting. In discussion with our attorney, the board learned there is no legal or governance requirement to have owners approve the Annual Meeting minutes. However, we still want to provide opportunities for owner review of the minutes, so we've come up with a plan that we'd like to try out this year.

This year, we will post the minutes from this meeting on the Board page of the Co-op website within one week. For one week to follow, members who attended can propose corrections of the minutes to the board. The draft Annual Meeting minutes will be approved at the next (May) regular board meeting. This allows two opportunities for attending members to provide feedback (before the board meeting or at the board meeting), and also allows us to adopt the minutes while they are still fresh. Stephen invited feedback from owners on the process.

Election Results - Stephen Jukuri, Board Secretary

All voting took place online from April 1 - April 19, 2022. There was a record level of participation this year, with 379 ballots cast, up from 346 last year.

Owners voted for two Bring-a-Bag Campaign fund recipients (of four applicants) and four Board Directors (of seven applicants).

Bring-a-Bag Campaign

For every bag customers bring to the Co-op to fill with groceries, the Co-op deposits \$0.05 into the Bring-a-Bag Fund. Each recipient organization receives these funds for six months. In a typical year, this amounts to \$500-\$600 for each organization. We see this as a great way to reduce the waste stream as we raise money for charities.

Applicants:

1. Kaleidoscope Alternative Education Organization
2. Great Lakes Recovery Centers Behavioral Health Services
3. Keweenaw Family Resource Center
4. Keweenaw Wild Bird Rehabilitation, Education, Conservation

Chosen Recipients:

For the periods: Jul 1, 2022 - Dec 31, 2022 & Jan 1, 2023 - Jun 30, 2023

1. Great Lakes Recovery Centers Behavioral Health Services (222 votes)
2. Keweenaw Wild Bird Rehabilitation, Education, Conservation(213 votes)

Board of Directors

There were seven excellent candidates on the ballot to fill four board seats (three 3-year terms and one 2-year term, filling a seat vacated early). Each owner was able to cast four votes for four different candidates, totaling 1,516 votes among 379 voters. The three-year directorships are given to the top three vote recipients. The candidate with the fourth highest vote total will be seated in the 2-year term.

Stephen invited candidates who were not elected, as well as all owners to participate in important upcoming board committee work.

Candidates:

1. Bre Tucker
2. Amanda Lutey
3. Audra Tormala
4. Kim Green (incumbent)
5. Cathy Campbell-Olszewski (incumbent)
6. Gabriela Solorzano
7. Rebecca Matuszak

Elected Board Members:

1. Kim Green - 3-year term (278 votes)
2. Cathy Campbell-Olszewski - 3-year term (229 votes)
3. Bre Tucker - 3-year term (221 votes)
4. Rebecca - 2-year term (219 votes)

Stephen congratulated the elected board members, and thanked all of the candidates for their interest and willingness to support the Co-op with board service, welcoming those who were not elected this year to assist the board with relocation work. A special thanks to Lisa Reitz, the board president for the past two years. Lisa has been a terrific president and will be missed. Stephen also thanked outgoing board members Matt Petersen for his year of service. Matt has been great.

Financial Recap, 2021 Highlights & Relocation Updates - Curt Webb,
General Manager

2021 Financial Recap

- The 2021 Annual Report is hot off the electronic presses, and is available on the website and via the link in the chat box.
- 2021 Financial statements were prepared in-house. A financial audit of 2021 is in-process. The report from that audit will be available in 1-2 months.
- 2021 saw solid performance, building on successes of 2020. The **Profit & Loss Statement** shows continued sales growth of 7.2% in 2021, on top of over 12% growth in 2020. Our margin was steady at approximately 38%, resulting in a modest but positive net income of 1%. Looking at earnings before interest, taxes, depreciation, patronage refunds, and relocation planning and due diligence expense, earnings were on target at around 4% for the year. Additional expenses from expansion and relocation planning and due diligence added 1.4% to our expenses. Even with that, we managed a profitable year.
- The **Balance Sheet** shows that we continue to build cash & maintain inventory, with total assets growing around 9.5% over year-end 2020. Liabilities saw a small increase due to cycles of short-term payables and increased gift card use. Equity increased notably due to strong retained earnings from 2020 as well as strong growth in member equity from new member sign-ups and member payment plan payments.
- A profitable year for the Co-op typically means a **patronage refund** for our owners. This is true for 2021. Owner patronage represented approximately 62% of Co-op sales for the year. Each year, the board decides how much of a year's patronage refunds will be paid out to owners and how much will be retained in an owners' equity account to support capital improvements. To date, the Co-op has paid out over \$60,000 in patronage refunds to owners.
- **Key Ratios** highlight our work to position ourselves for a major project. We continue to build cash and minimize debt. The debt:equity ratio is very low, showing that the business activity that we do is financed through equity rather than debt. The current ratio compares current assets to current debt and shows our ability to pay what we owe. We have a strong balance sheet - as we move forward through a relocation project, you'll see some changes here and there will be more to discuss.

2021 Highlights

- 2021 began to feel more normal (in comparison to 2020), but shopping patterns have remained altered (fewer, but larger shops). Sales have remained strong and well above the average growth of our peer co-ops. We saw year over year sales growth every month last year, except for April which is being compared to the month of panic-buying of 2020. We feel pretty good about yet another year of record sales.
- Supply issues have continued a bit, but we have responded by diversifying suppliers and have been able to maintain adequate stock and meet customer demand.
- Curt thanked our hard-working staff - we wouldn't be where we are without them! He also called out our hard-working farmers! Our staff helped us achieve another record year of sales and stuck with us as we all learned to work smarter. While we did our share of hiring in 2021, we never felt the dire crunch due to the Great Resignation. We even went three months during the all-time high quit rate in the nation without posting a job. Staff also deserve recognition for getting excited about co-op membership, signing up a record number of new members in a single year (equivalent to nearly 1 new member a day in 2021). Curt thanked staff for all that they contribute to what the co-op gets to do each day.
- We continue to support the community that supports the co-op through sponsorships, donations, partnerships, and participation with other organizations. Our ongoing programs of Bring-a-Bag, Double-Up Food Bucks and Round-Up at the register saw growing support and participation in 2021. Customers' Round-Up at the register donations totaled \$25,004, which converted to \$40,000 of quality food donations to the Food Bank in 2021! The Double-Up Food Bucks program provided over \$18,540 in free produce.
- Finally, Curt recognized the board of directors, who have shown more commitment and done more work in the last year than he has witnessed in his tenure. It is their support that has enabled us to take this next step toward relocation

Relocation Update

Where we have been - Lisa Reitz, Board President

- For the past decade, the co-op has done much work to understand the feasibility of a relocation. In the past two years, the majority of that data indicates that relocation is a necessity. Growing the co-op also furthers our progress toward our board-stated Ends. The work we've done over the past few years has positioned us to do it now.
- During this time, a prime location, 612 Quincy St. in Hancock (formerly Keweenaw Buick GMC and Bruno's Motors), became available. Based on early financial projections and market analysis, this location checked more boxes (parking, visibility, accessibility, square footage, warehouse space, etc.) than any other place we have looked at.
- In July 2021, the board authorized entering into a purchase agreement for this location, and it has been all due diligence since then! Curt took on the role of Project Manager and the board of directors formed multiple relocation work groups.

- On April 3, our membership voted to reincorporate in the state of Michigan, which allows us to begin fundraising and take advantage of grant opportunities.
- Last Friday, April 15, the Keweenaw Co-op purchased 612 Quincy Street!

Where we are going - Curt Webb, General Manager

- We currently have a concept plan and schematic drawings for our new location. From the market study, we derived sales projections and the square footage of retail space needed to service those sales projections. From there, we asked an architect to turn a floor plan into three dimensions. This is an early phase plan, and by no means final, but close enough to give you an idea.
- From the concept stage, we move into creating architectural, engineering and construction drawings. This is where we will drill into the details that will yield our final budget. Then we will secure financing. Thus far, we have letters of interest from several lenders, multiple grant applications in process, and we have just launched our Capital Campaign!

Capital Campaign - Cynthia Hodges, Board Member & Capital Campaign Coordinator

- We have all gone through a lot of changes in the past few years. Our co-op relocation is another big change at a local level, one that can give us hope for the future. That said, this change will take a lot of effort and the help of many people. Every day we have more community members volunteering to help with our relocation. If you'd like to help, sign up via the link in the chat box or via the "volunteer" button on our website.
- This change will also take a lot of money - our new store will require approximately \$7,000,000! Our co-op is a group of people who come together to meet our collective needs in a fair and equitable manner. It serves us and our community. As a co-op, with no corporate office or parent company, we need to make this happen ourselves. Our plan is to raise over \$1,000,000 from our community by Memorial Day in support of this project. We can bring our resources together for good in the Copper Country: to provide employment, and support our local farmers, bakers and local businesses.
- Our co-op is founded on international principles that have been around in some shape or form since the 1840s. Principle 3 is: Members' Economic Participation. As members of the co-op, we have the opportunity to have full economic participation. We can support our new store by investing in Non-voting Investment Certificates.
- The capital required for relocation will come from cash on-hand, community investments and grants as well as bank loans. We'd like to minimize bank loans as much as possible, and in the process pay ourselves. Our Non-voting Investment Certificates will accrue dividends annually, and will become eligible for redemption 8 years after our new store opens. They are available only to Michigan residents or Michigan-based businesses or entities. The minimum investment will be \$2,000. In order to reach our goal, we will need some owners, community members and businesses to invest \$20,000, \$50,000 and more.
- Investing in our co-op is a good thing to do. No other area grocery store provides an opportunity to earn a respectable rate of return and do a good thing for our community at the same time. When you invest in our co-op, it will work so hard it sweats. Take shopping local to the next level: invest local. Support Main Street,

support Quincy Street over Wall Street. When our new store is open, you will be able to see what your money is doing every day.

- Look for a letter from us in your mail this week. For the investment packet, email invest@keweenaw.coop, call the co-op or visit our website and click “Invest”.

Moderated Discussion - facilitated Roger Woods, Board Treasurer

What's one feature of our current store that you'd really like to find again at the new location? What NEW feature would you like to see at the new store?

Member comments/likes/requests shared in the chat box:

- keep the charm of the current staff/friendly staff
- I love the bulk foods and personal care/natural beauty products
- maintain the bulk foods
- expand bulk foods
- best bulk food dept. in the Midwest!!
- keep special orders
- peanut butter machine
- sit-down deli seating
- keep the deli - add indoor/outdoor seating!!
- expanded deli - more of my favorites available dailly
- cafe with hot food
- vegan deli options
- smoothie bar
- butcher counter
- Increased fresh meat availability, including locally-raised!!
- rotisserie chicken
- best wine section around
- more local produce
- more local products
- expanded local art offerings - cards, mugs, etc.
- organic/sustainable clothing, dishware
- longer hours
- community meeting space!!
- food hub capacity for local farmer CSA pick-ups, etc.
- resume classes/education on healthy eating!!
- food tastings
- demo gardens/native landscaping (also a suggestion for help from Keweenaw Wild Ones)
- EV charger
- parking in a parking lot!
- bike racks!!!
- solar panels eventually, possible wind energy
- more & accessible bathrooms
- gender neutral bathrooms
- dual-flush water efficient toilets
- seek sponsors for special features
- I'm so happy the Co-op is staying in Hancock!

Roger invited everyone to reach out to Curt, the board or stop by a board meeting on the 2nd Wednesday of each month in the Community Room from 6-8pm, with other questions, concerns, wishes or ideas that arise.

Adjourn Meeting

With the agenda completed, the meeting was formally adjourned at 6:41 pm.

Minutes submitted by Keren Tischler, Board Administrative Assistant

