

2017 ANNUAL MEETING MINUTES

East Lansing Food Cooperative
April 9, 2017
Okemos Library, Okemos, Michigan

The 2017 annual meeting convened at 2:00 p.m. Owners who had not yet voted in the annual Board of Directors election were informed that they could vote until 3:00 p.m. today.

Board members in attendance (and year of term expiration): Anne Woiwode (2017), Yelena Kalinsky (2017), John Reich (2018), Heidi Porter (2018), Julia Kramer (2019). Absent: Bekki Hosford (2019).

Staff members in attendance: Bruce Grambau, Peggy Cunniffe, Shiloh Daum, Mike Moreno

Introductions: Anne Woiwode, Board President, introduced herself and explained that she was retiring from the Board after five years as Board president. At her invitation, everyone in the room introduced themselves.

Candidates running for open Board seats introduced themselves and talked about their qualifications and reasons for their candidacies during the general introduction period. Candidates running for open Board seats in attendance at the meeting were: Yelena Kalinsky, Steve Andre, Lily Woodruff, Michele Bridges, and Marshall Clabeaux. Candidate Chris Bardenhagen was not present.

Minutes of the 2016 Annual Meeting were presented. A motion to approve the minutes was made by Julia Kramer, seconded by owner Aaron Fields, and approved by the majority of the owners in attendance.

Financial Updates were presented by General Manager Bruce Grambau:

Sales and Income: Bruce presented data showing the decline of sales and income from 2011 to 2016 and explained the reasons for the decline, including the opening of Fresh Thyme in 2015 and Whole Foods in 2016. Net income for 2016 was a negative \$129,634, more than twice the loss suffered in 2015, which itself was more than twice the loss suffered in 2014. Graphs for the final three quarters of 2016 were presented showing expenses outstripping sales overall. The store closed on January 28, 2017.

Post-closing store financials: Bruce reviewed the Board's decision to budget \$30,000 for staffing for three months (February, March, and April). An additional \$63,000 was budgeted for the next six months (May to October). Proceeds from the sale of equipment (not being retained for a proposed future store) are \$9,000. Costs associated with the physical closing down of the store are approximately \$7,000. Cash on hand as of today is slightly over \$55,000. Projected income from the sale of the building is \$200,000, although closing costs associated with the building sale are not yet determined. The projected closing date on the sale of the building is May 9, 2017.

Membership and Equity: Membership Coordinator Mike Moreno reviewed membership and equity data. The number of current owner/members is 2,463. This number includes anyone with an equity investment level of \$60 or more. The total equity investment by these owner/members is \$203,305. Mike described the Board's decision in 2016 to decrease the equity requirement from \$240 to \$60, as

well as its decision to return equity paid in excess of \$240 to owners who wished to be reimbursed. To date, equity reimbursement requests total \$8,993, of which \$522 has been reimbursed through 5% discount on grocery sales. In response to an owner question, Mike explained that this 5% discount will be reinstated if and when ELFCO opens another store or other grocery operation. Anne described the difference between “membership” and “ownership.” Owners (who pay equity), as opposed to members (who pay fees), are eligible for financial returns on equity investments whenever the organization (such as ELFCO) makes a profit.

Key Decisions and Actions: Board Vice President Julia Kramer presented a 2016-17 timeline of key decisions made by the Board of Directors, as well as actions carried out by the Board and staff.

April 2016: Whole Foods opened on April 13; co-op sales, already low, fell further. In particular, the opening of WF significantly depressed the number of non-owner customers who shopped at ELFCO. At our Annual Meeting on April 16, five Board members were elected. Unfortunately, we also lost Board members during the year due to events beyond their control. We were especially sad to say good-bye to Sara Bijani and Danny Ritter, whose energy and ideas were greatly appreciated during a difficult period for the co-op.

June-August 2016: The Board and staff met several times to review the co-op’s precarious financial situation and try to come up with solutions, among them the possibility of lowering equity and of moving. A phone bank was held to inform owners of ELFCO’s plight. Owners did respond and sales increased for a few weeks, then fell again.

September 2016: A second celebration of the co-op’s 40th anniversary was held with special sales, giveaways, music, and workshops. This was a way of once-again thanking our wonderful owners, and of perhaps renewing interest in the co-op. It was a fun day, though with no appreciable effect on future grocery sales. On Sept. 12, the Board adopted a policy lowering the equity investment requirement from \$240 back to \$60, a reduction implemented on November 1. This was an attempt to bring those owners back to the store that had not chosen to increase their equity level to \$240. The Board apologized to owners at this time for the mistakes made at the time equity was increased.

November 2016: In late November, with the store on its way to an historic annual loss in sales of \$129,000, the Board approved a resolution to put the building up for sale. Doing so ensured that the business would retain the financial integrity necessary to close the store and still be able to pay its bills.

December 2016: At its December meeting, the Board approved the formation of a transformation committee to look into the many possible ways ELFCO could reinvent itself.

January 2017: ELFCO began reimbursing excess equity to owners on Jan. 2 through a 5% discount on purchases. Reimbursements of excess equity are on hold until such a time as the co-op begins to sell grocery items again (in whatever form the new ELFCO takes). At a Special Owners Meeting on Jan. 8, over 100 owners met to approve the sale of the Northwind building and to express support for the Board’s efforts to transform the co-op. In the weeks before the store closed, 20%-50% sales were held to liquidate inventory. When the store closed on Jan. 28, inventory had been reduced to \$2,500. An extensive survey of both owners and the general public was conducted by ELFCO. We

were able to gauge interest in a whole host of food and co-op related issues that we can use as we transform.

February 2017: A “Visioning” meeting was held on Feb. 26 at the Edgewood United Church to gather together ideas for the many ways in which ELFCO could be reimagined. Nola Warner of the MSU Student Housing Co-op facilitated the event. On Feb. 25, an equipment sale was held at a day-long event open to the public. In the following weeks, more equipment, large and small, was sold to other Michigan co-ops and to the Williamston Food Bank. What was not sold (or kept for possible future use) was either responsibly recycled or donated. MSU Salvage, for example, removed some very large, heavy, and old refrigerated units from the building at no cost to ELFCO. About \$9,000 was realized from the sale of equipment.

March 2017: To lay conceptual groundwork for turning the ideas from the Visioning meeting into reality, a charrette, or Community Design Event, was held on March 26, again at Edgewood United Church. Nola Warner facilitated the event. Work was begun in earnest on the business plan using the results of the Visioning and Community Design events. We continue to explore these ideas, get advice (at no cost as yet) from consultants, and meet with food producers as well as local and state organizations and officials to try to get a feel for where we are headed.

April 2017 (projected): April is the last month we anticipate being in the 4960 Northwind Drive building. Since closing in January, we have continued to use the building for office space and Board meetings.

May 2017 (projected): On May 1, if the sale of the building is still on track, we will move to temporary office space at 780 Lake Lansing Rd. Closing is expected to take place on May 9.

May-October 2017 (projected): On April 3, the Board approved the continuation of a paid staff of five through October. The staff will work under the direction of the Board to research the possibilities before us, including that of opening a new store in a different location.

Transformation Update and Next Steps: This discussion focused on the business plan from the perspectives of the various transformation committees established earlier in the year to move ELFCO forward into its next phase. Yelena reviewed some of the recent meetings arranged by ELFCO with representatives of various organizations, such as Eric Pratt of the Lansing Area Economic Partnership and Tom Donaldson of SBDC. Meetings with local producers have also taken place. Heidi discussed the importance, in creating the business plan, of having good demographic data. The need to strategize on this as well as many other aspects of the business plan is a priority. We need a logically planned timeline of tasks in order to complete the business plan, insofar as we can accomplish this by ourselves. Once we’ve gone as far as we can go with a draft business plan, we’ll need to have it reviewed by one or more professional consultants. Yelena reviewed a list of the current committees and their chairs, as follows:

- Outreach: Shiloh Daum
- Product Development: Bruce Grambau & Pete Taran
- Building: Bruce Grambau & Yelena Kalinsky
- Deli/Café: Michele Bridges
- Fundraising: Yelena Kalinsky & Julia Kramer
- Website/Communications: Mike Moreno & Anne Woiwode

- Environmental Practices: Heidi Porter & Mike Moreno
- Diversity: Yelena Kalinsky
- Commuter: Aaron Fields
- Volunteering: Mike Benedict

Outreach committee chair Shiloh Daum offered a clarification of how the idea ELFCO-sponsored classes would be developed. The idea of classes, supported by many respondents to the February survey, will now be part of the Outreach committee's work.

Deli/Café committee chair Michele Bridges indicated that no members of the deli committee have responded to her outreach attempts. Michele is currently working on a set of recipes for the deli.

Volunteer committee chair Mike Benedict also indicated he had received no response from volunteer committee chairs when he recently emailed them. He feels these committee members most likely wish to become volunteers at a new store rather than to be part of the committee shaping policy on this issue.

Building committee: Shiloh reiterated survey results showing that a large majority of respondents want the co-op to re-open either at the Allen Neighborhood Center site or somewhere on the east side of Lansing. In response to owner discussion, Anne stated that no building is currently "in the lead" at this time; we need to learn from our past and make sure that we know what we're doing and are completely ready to go before jumping in.

Diversity committee: Yelena reported that owner Sandra Seaton emphasized the importance of diversity. An important reason for this is that it will bring more people in to shop at a new store. Diversity is an issue of education, and guidelines and best practices must be put into effect to make it happen.

Fundraising committee: Discussion centered on the need to have a completed business plan and an understanding of how much money we'll need to raise. Selecting a building is also crucial for a fundraising effort to work. Fundraising suggestions include organizing an owner loan drive.

Website/Communications committee: Discussion centered on exploring all the ways the website could be used by ELFCO to expand the concept of what it means to have a store. Ideas included: online ordering, special ordering, recipes, etc. Relative to communications, Anne reported that sending emails to owners on a regular basis is very important, and that the committee is currently trying its best to do this. Michele suggested having a special drive to get current owner telephone numbers and email addresses; she bases this on the phone banking experiences in 2016 where often only 20% of owner telephone numbers were working number. The switch to smart phones is likely the reason for this.

Transforming Society discussion: Yelena reviewed the central issues that must be addressed if ELFCO plans to reinvent itself as an organization that can help transform society. These include: (1) providing affordable healthy foods; (2) supporting local producers; (3) gathering community; (4) educating eaters; (5) practicing sustainability; and (6) supporting cooperative principles. Yelena added that ELFCO must aim to be a cornerstone of the community, so that people coming to the store feel they are part of ELFCO, and that ELFCO is a part of the community. The importance of getting feedback on this issue is critical. Anne said we must understand thoroughly why we are here, and that this understanding,

together with feedback on it from owners and the community, must be absolutely central to any discussion of re-opening a store. Lily suggested that ELFCO become more deeply integrated into the neighborhood via the development of partnerships with other area businesses. Being part of a network of area businesses would also reinforce the cooperative ethos to which ELFCO is committed.

Archiving ELFCO's History: Owner Kriss Ostrom, recently appointed as the Board's liaison to the MSU Library Archives, led a discussion about the library's plan to archive ELFCO's history.

Owner and Supporter Input:

- Serving the underserved communities is a good goal, but ELFCO should maintain our food standards of providing organic, non-GMO, and clean foods. Concern expressed that the attempt to reach underserved communities could lead to reducing standards to bring down costs. (Nicholas Daum)
- ELFCO should do a market analysis for the area we are looking at opening a store in to get a sense of whether the community members in that area would be able to afford the foods we would carry. (Christel Beretta)
- Can ELFCO bring more people into the co-op with non-organic foods because of costs? Organic is better and if we can get people into the store we show them how good it is. It is an iterative process so we need to do both. (Steve Andre)
- Cost issues are one consideration in choosing products, but clean foods should be provided with an education goal. We don't want to carry foods that can cause problems for people's health. (Heidi Porter)
- ELFCO could offer taste comparisons to demonstrate just how much better organic foods taste. (Annette Barton)
- These issues of affordability and good food are a framework for the business plan. We need to be strategic about success, and be a bridge to make good food more accessible. Ideas like suspended groceries and double up bucks for SNAP help us get there. (Shiloh)
- Outreach and connection with the community will be critical, and canvassing is something ELFCO should do to get word out in the community. Phone banking is a good idea, but not as effective as door to door canvassing. There is a good return on investment from canvassing. T-shirts and a presence in the community through canvassing is a form of free advertising. (Marshall)
- Bringing other components like the solar cooperative project can help build sustainability for the whole community. (Unidentified meeting participant)
- Discussion about renaming the cooperative to fit the future location and our goals was pursued. Shiloh mentioned recommendations that the name not include a geographic component because that may limit future locations. She said a list is being compiled of potential names, and people's thoughts are welcomed. It was also observed that the name ELFCO may have negative connotations for some people. Carolyn suggested "Eat for Living Food Coop" or something along those lines. Steve pointed out that although there are some negatives with ELFCO's name, there is a 40

year history with the name that gives some advantages. Michele urged including the word "community" in the name to support this central concept of the co-op. Kriss pointed out that the store can use initials that provide flexibility in the name, like the PPC in Seattle.

Acknowledgment of Anne Woiwode's contributions to ELFCO: Anne, stepping down after five years as member and president of ELFCO's Board of Directors, was thanked by all present and presented with tokens of our great appreciation for her service. Anne has graciously agreed to continue to serve on the Website/Communication committee.

Board Election Outcome: The ballots were counted, verified, and announced. The following five candidates (out of a total of six) for ELFCO's Board of Directors have been elected as follows:

Terms ending in 2020 (3 highest vote getters):

- Yelena Kalinsky
- Lily Woodruff
- Michele Bridges

Term ending in 2019 (4th highest vote getter):

- Marshall Clabeaux

Term ending in 2018 (5th highest vote getter):

- Chris Bardenhagen

Announcement of Tim Durkin's memorial celebration service: This is to be held on Sunday, June 18, 2017. Meeting participants were asked to give their contact information to Peggy if they wish to be notified of more specific details about the memorial service, which is being arranged by Tim's brother. Several owners expressed their appreciation of Tim's service to ELFCO, their friendship with him, and the regret they felt at his passing on December 12, 2017.

A motion to adjourn was made by owner Judy Benedict, seconded by owner Carol Ducat, and approved by a majority of meeting participants.