



2016 AFC Annual Meeting Minutes June 25, 2016

The meeting was called to order at 12:35 p.m. by Emile Amarotico.

	ITEM DESCRIPTION	DISCUSSION
1.	Welcome, Introduction of Board Directors and Board Officers	<ul style="list-style-type: none">• Emile welcomed Co-op owners and introduced Gwyneth Bowman, Board President. Gwyneth introduced the Board Directors in attendance.• Gwyneth thanked Ian Crosby for his valuable service as Employee Director and presented him with a gift card.• Emile congratulated Gwyneth and Gary for their re-election to the Board.
2.	Strategic Planning Process Report	<ul style="list-style-type: none">• Emile reported a strategic planning process was initiated in 2013-2014 and included employees, owners, MT, the Board of Directors, and community members with expertise and interest. There are four key initiatives:• 1) Space/Expansion. This initiative is considering what the Co-op could look like in 10-20 years. Double-digit growth is not possible without the capacity for expansion. The Co-op has over 10,000 owners with 3000 shoppers per day. Umpqua Bank is not yet interested in moving and a second local store would over-serve this small community. There are no easy answers, but the team is studying the problem.• 2) Food Production. There is much organic produce in the valley that goes to waste. Value-added products could be created and distributed by the Co-op. Helping train a new generation of young farmers is integral to the strategic planning process.• 3) Grow the Cooperative Movement. Currently there are only 4 or 5 cooperatives in the valley; ideally there should be 40-50. This team is meeting with other cooperatives and organizations to promote the cooperative business model.• 4) Education. This team is considering ways to reach a younger, new demographic through education.
3.	Financial Report	<ul style="list-style-type: none">• Board Treasurer Stephen Sendar made a presentation about the finances of the Co-op.• Although the Co-op has reached \$30 million in sales, after the Co-op pays its bills and distributes the patronage dividend to owners, it made less than \$100,000; much of that profit went to pay taxes.• The Co-op no longer experiences double-digit or automatic growth because our guests and members have many opportunities to buy organic foods elsewhere at places such as Costco and Walmart. These giant stores have the ability to buy and warehouse large quantities and



		<p>sell at lower prices. However, our store is unique because we have a strong commitment to an entire community, including people who work in the store, owners, and local purveyors. There is tremendous owner and shopper loyalty because of way people are treated in our store. We also have a commitment to focus on GMO-free products. Our profitability is not as great as Shop n' Kart because we pay our employees a living wage.</p> <ul style="list-style-type: none">• Expansion and growth is being considered in the context of how we will move forward in 10 or 20 years.• The Board and the Finance Committee continually examine costs. There is a balance with spending enough so employees have good energy and also wanting to make owners happy.• Some people have asked about the patronage dividend. Co-ops are required to pay 20% of any amount secured for the patronage dividend. Typically AFC sends out a dividend of 40-50%. The rest is put in the bank for future uses, such as capital expenditures or to cover health care costs. Saving funds is important so we can make changes needed to remain competitive in the marketplace.
4.	Owners Forum Findings	<ul style="list-style-type: none">• Board Secretary for External Relations Jeff Golden made a presentation about last year's owner forum findings. The Board was interested in determining how do owners feel like owners and finding out why people shop with us. If members feel like owners and that the Co-op is their store, it helps us survive and thrive.• A dozen owners joined Board Directors for three evenings to hold conversations about what would it take to engage them more in the governance of the Co-op. Owners said a personal invitation was a key element. They were also looking for work and volunteer opportunities that were fun and reflected their personal passions. Material incentives and discounts were important as well.• Owners were pleased to learn most of the money spent at the Co-op stays in the region.• Jeff asked owners to let the Board know if they were interested in participating in future owner forums. Owners who participate in governance help determine the future direction of the Co-op.
5.	Answering Owner Questions	<ul style="list-style-type: none">• Emile had collected questions from owners earlier in the meeting. He addressed questions not already answered by the Board reports.• Question: Will the Co-op consider moving to the Safeway location? A. Emile gave a detailed accounting about how the Board and the Ad Hoc Real Estate Committee closely looked at the Safeway property. However, it was too costly for benefit and the property was not truly available for the Co-op to purchase.• Question: Is the Co-op considering expansion or moving? A. The preference would be to stay in our store location if we could make it work. Q: Has the Board considered the



		<p>feasibility of building upwards? A: Building up would be very expensive, as the building was not originally engineered to hold multiple stories. Also more parking would be needed to accommodate a second floor. The Co-op has a large campus including the rusty barn, but the barn is historic and cannot be removed for parking.</p> <ul style="list-style-type: none"> • One owner suggested making smaller Co-op satellite stores in nearby towns. • Question: What would a Co-op food production facility look like? Would it include a farm? A: The strength in a food production facility is adding value to what is already grown in our valley. Currently much produce stays in the field because not perfect for the retail market. This produce could be canned and packaged for the certified organic market. Products might also be distributed throughout the I-5 corridor. • Question: Does the Co-op do catering? This would be a good opportunity to serve and do more at events. A: Currently the Deli is equipped to provide platters of food but not catering. • Question: Could the Co-op offer online ordering and delivery? Could delivery be available for shut-ins? A: Our POS system is building a module for this soon. Infrastructure is needed to put orders together, as well as holding orders for pick-up or delivering orders. Commitment to ordering online would be needed from shoppers to go forward and develop an in-house system. • Question: What are the plans for the rusty barn? A: The Co-op is currently using two-thirds of the barn. We have been leasing it for the past 5 years and will take full occupancy in several months. There is a storage area, freezer and cooler. It is hoped the Co-op can eventually store some palette loads there in order to offer lower prices. If this space was used for a food production facility, the barn would need to be completely renovated. • Emile introduced managers and employees attending the picnic, including Outreach Department members Gretchen, Laura, Misty, and Outreach volunteers, and managers Christina Oliver (Finance, 15 years), Zack Burrows (Front End, 26 years), Marty Williams (Deli, 1 year), and Annie Hoy (Outreach, 22 years.) • Owners were reminded the Board of Directors meets the second Wednesday of the month at 6 p.m. Owners were invited to come and watch the process. Owners were also invited to share their thoughts at the Owners Forum. • The raffle prizes were distributed to owners.
6.	Closing Remarks	<ul style="list-style-type: none"> • Owners were thanked for attending.

The meeting was adjourned at 1:40 p.m.