

Draft Minutes

French Broad Food Coop

Annual Owners' Meeting

October 28, 2020

The meeting was held via Zoom due to the ongoing COVID 19 pandemic. began at 6:04 pm. Quorum was present; 55 owners attended.

Meeting Summary:

- **Opening remarks & overview of meeting**
- **Review & approval of 2019 minutes**
- **Review of proposed bylaws changes**
- **GM Report**
- **Owner comments heard**
- **Board candidates introduced**
- **Presentation honoring staff**
- **Closing remarks and farewell to Josh Littlejohn, ending service on the Board**

Opening remarks – Adam Bowers, Treasurer

- Housekeeping for this meeting
- Board introductions
- Review agenda

Motion to approve minutes of 2019 by RaMa, seconded by Peyton. Motion passed.

Proposed changes to bylaws: Proposal to remove gender specific pronouns wherever they occur in the bylaws and replace them with gender-neutral pronouns. These proposed changes will appear on the ballot along with Board candidates.

GM Report: Full report follows these minutes.

Owner Comments: read by Jennifer Heeder

- Julie Montanea - Are there innovations that were put in place because of COVID that turned out to be good ideas?
- Anne Craig – What is the status of the worker-owner program?
- Michelle Smith – Notice that Zan Naar appears to have left the Board.
- Arjuna DaSilva – I’m surprised we didn’t use “they” and “their” from the beginning. Wondering when those were written.
- Michelle Smith – Cooperative model allows business to be nimble, curating products – yay!, relationships with growers going back to 1975 – wow!, adaptive and responsive, glad to see we were able to increase hours. We are blessed to have multiple income streams.
- Arjuna DaSilva – Hooray! Sounds like the co-op is getting its chance to be all that it can be. Thank you, Bobby, and co-op Board members.
- Maggie Berry – Getting goosebumps listening to this – so wonderful!
- Michelle Smith – I’m into lift up excitement as we go through this transition.
- Julie Montanea – Expansion planning meeting a few years ago included increasing customer parking capacities. Is that still part of phase III?
- Ileana Grams-Moog – I want to commend Bobby for an excellent report, reflecting an enormous amount of work and thought on his part, and all the staff and Board. Thank you.
- Maggie Berry – Thank you, Bobby for an excellent overview.

- Megan Ibach – I appreciate the hours change, although 9:00 am to 6:00 pm is still difficult for me to do since I work 9:30 to 5:30 five days a week. There’s so much business at Harris Teeter in the evenings, I worry about the FBFC being able to compete although not sure if that’s what we’re going for.
- Sage Turner – Things we started during COVID that we will keep:
 - Online store & curbside pick-up
 - Brand new walk-up window is coming
 - Parking – yes, that is phase IV
- Myra Fuller – Love the expansion plans. Glad that we are starting to implement them. The three stages exhibit the forward thinking and planning that has been exhibited during the co-op’s response to COVID.
- Andrea Higgins (employee) - If anyone has anything they would specifically like to see on the web store as we continue to make additions, please let me know. We’re adding more every day.
- ? (unidentified) - Is there a picture of the new building design?

Board Candidate introductions:

Candidates briefly introduced themselves.

- Adam Bowers, incumbent
- Andrea McClure-Burkins
- Scott Campbell
- Kylie Hulver
- Terra Marshall (not present tonight)
- Susan Levy (not present tonight)

Voting overview – Board candidates & proposed bylaws changes will be on the ballot. We will be using an electronic ballot this time. Email will be sent to owners. In addition, we will make it accessible through social media as well. You will need your owner number which is on your owner card. You can call the store to get your owner number. There will be an option for a phone ballot as well.

We understand this is a complex year to try to vote, so please reach out to someone on the Board of Directors if you need help accessing the ballot through a different means or if you have any technical difficulties.

Presentation honoring staff:

Clare created a moving photo montage and musical tribute to our fabulous staff! This year has been challenging! We are grateful that folks have taken things seriously and done their part to protect the co-op staff by complying with safety measures.

Closing remarks – Peyton

Thanks to all for attending tonight.

We are saying farewell to retiring Board member, Josh Littlejohn. Thanks, Josh, for your service, your knowledge and input, and your levity.

Josh – Thank you all. I appreciate this organization so much. It really is a representation of our community and it’s a jewel in Asheville. I’m glad to have contributed a small amount of energy to the co-op to continue its good work. Keep it up!

The meeting was adjourned at 6:55 pm.

Jean Karpen, Board Assistant

2020 GM Annual Owner Meeting Address

A written version of this address will be available after the meeting on the website, in case you miss anything or want to revisit it. It will be under About > Board of Directors > Meeting Minutes

1st, I want to say it's an absolute honor to do the work I do every day, so thank you for making that possible! It's been both exhilarating and exhausting operating a store during the pandemic, but it's made us better and given us a deep appreciation for the nimbleness of our business model. Yet, for a pretty small store, the FBFC is a highly complex democratic organization. We have:

- Thousands of owners
- Many more customers
- A little over 40 staff members
- 11 board seats
- 1000's of local items we buy direct
- More independent suppliers than most grocery stores
- We're part of a national co-op that gives us great buying power.

So, what ultimately guides us? Ends Policies. Basically, our goals or guidelines. They cover:

- **Financial Health**, as well as transparency
- A **Staff Environment** that is responsive and safe for a fairly compensated workforce
- **Education and Outreach** to empower...
- An ever-widening **Community** whose lives are impacted by these Ends

And then there's:

- **Products** – our focus should be healthful, organic and local, with ecological and social responsibility for the community.

All of it starts with our **Global Ends Policy**, which mirrors our **Vision Statement** in the bylaws:

The French Broad Food Co-op is to be a **transformative force** in our community and in our work, and to serve as a model of a sustainable business alternative that nurtures social and economic well-being in an environmentally sensitive manner.

I have thought a lot about what it means to be a transformative force and we see and hear every day how this can be done. I wasn't sure about this in the past, but the current circumstances have given rise to the best and most responsive staff the co-op has had, at least for the decade I've been here.

Transformative forces include:

- Superior customer service – getting to know the shoppers and actually caring about them and listening to them.

- A carefully curated product mix to fit our small store, where we take customer input and can act immediately on it.
- Access opportunities for low income shoppers with DUFEB, a federally funded program providing free food bucks to match people's purchases of fruits & vegetables.
- Staff collaboration on how the store operates, which has been dramatically enhanced within our decision-making process for responding to the pandemic.
- Our *7 Strategies* design that distinguishes us from the other grocery stores, especially the new incarnation of Earth Fare.
- An entry-level pay of \$15/hr. – as high as our closest competitor on this point.
- Strong relationships with local growers and vendors that bring us thousands of local products.
- Making sure our assets are solid for the future of the co-op and for future generations

In the global ends policy the definition of transformative is left open, so each generation of the co-op can interpret it in their own way, guided by the board's approval.

The State of the Co-op

We finished 2019 with just over \$5 million in sales, which was an increase of 7.5% over the previous year. Our cash position has never been better and by the end of last year our total assets increased 5.5%. That includes cash, inventory, real estate, fixtures and equipment.

In 2020 everything was going as planned and then we were hit with 4 consecutive shock waves – the last of which we asked for and planned for, but it still brings unpredictable circumstances.

- 1st Earth Fare closed at the end of February and our sales and new ownerships surged.
- Then COVID-19 hit mid to late March and panic buying ensued, making our sales much higher than we've ever experienced. It also effectively emptied our shelves and we weren't able to recover immediately with the shakeup of the supply chain – toilet paper being the most extreme example.
- Then Earth Fare reopened June 22nd at a time when grocery buying was already softening.
- And finally, construction started October 12th, creating disruption in our parking lot and around our entrance.

Luckily for us, when construction began our staff culture was already attuned to checking in daily for changes and developments due to our constant adaptation to changing pandemic protocols. This and our caring community members helped us navigate through it all. None of us who work here ever expected to be considered "essential workers" on the front lines in a situation like this and it was frankly terrifying at first. Now we are leaning into it with innovations and adaptations to meet the moment - how one can successfully conduct a grocery business with such unprecedented conditions. We now have a web store, we offer curbside pickup, so people don't even have to come in the store, and even though our business to restaurants has softened, special orders and case buying have been up over 100%

All that said, after 8 quarters of substantial sales growth, sales overall *are* declining - just as we're seeing with co-ops and other stores nationally. We planned some major promotions for September including a TRUCKLOAD SALE and that seemed to work, however one of our biggest limitations is not being able to have our massive 10% off Community Appreciation Days (CAD). In fact, we are continuing to limit the amount of people who can enter the store. And normally the cold snap this time of year gets business booming but we haven't seen that happen yet.

The easiest way to control profit is to reduce labor when sales drop like this. However, my M.O. has been to continue to carry the staff and focus on promotions to raise the sales we need to cover them. At a time like this the last thing I want to do is cut people off from their income. So, starting 11/02 we are moving to extend our hours from 8am – 6pm and with September-like promotions planned through January of 2021, we are hoping to see sales levels increase and stabilize. But the future *is* uncertain. Due to the fires in California, we are seeing a disruption in the supply-chain of certain brands and winter could bring more COVID panic buying.

Throughout we will continue to highlight and enhance the **7 Strategies** that distinguish us from our competition:

1. Double Up Food Bucks – free food bucks for EBT users
2. Co+op Basics – our organic bargain brand
3. Truckload Sales and
4. Special Orders, which turn our warehouse into an income generator, and give a better price to shoppers.
5. Ownership Benefits, to spread the savings
6. Web Store/Curbside Pickup
7. Merchant Accounts – sales to restaurants

We had an all-store meeting just yesterday to communicate the state of the co-op to staff.

Expansion

Our expansion began dramatically on October 12th with the destruction of our patio. Thanks to Sage Turner, our project manager, we have a big plan that includes 3 separate phases, with the first two already fully funded. The 3rd phase is the most ambitious and will depend on a stable economy. That phase involves constructing a new building behind our existing one to connect it with the warehouse. All three phases can be done without closing the store for any extended period of time.

Ultimately the plan is to triple the size of our current location and to add more rental property. Even now our rentals to the Recyclery, Lazoom, and the BMW guy bring in needed income, as does the parking lot at Lazoom and the corner lot across from the Orange Peel. Increasing this opportunity takes the stress off the profitability of the store.

All 3 phases are independent of each other so we can pause if needed. Like I said, the funding is already set up for the first two and if we have to pause there, we will still have a bigger store.

- **Phase 1** – Enclose the patio area for our new checkout stands. Turn the area with our current checkouts into more retail space for more products. Re-paint the lines in our parking lot, encouraging traffic to flow 1-way, exiting through the Lazoom lot. Restore the aging brick and paint the existing building. Do interior updates and mend our aging roof.
- **Phase 2** – Overhaul the warehouse, adding a commercial kitchen, a produce prep area and making more room for our restaurant wholesale program and special orders. This phase will involve opening our existing produce prep, kitchen and back office for more retail space if phase 3 is not able to be accomplished right away.
- **Phase 3** – Build a new multi-level building behind our existing one to greatly expand the store and connect it with our warehouse.

The opportunity during all this is to create excitement about the co-op, even as people are inconvenienced with the complexities of the logistics of construction. Staff members are on board to cast these inconveniences as positives and the excitement among customers is already palpable. It will take a unified front from staff members to board members, owners to vendors to commit to shopping the co-op and spreading the good news.

Please, let's all be a voice in the community talking up the co-op as much as we can. Food security and food access have never been more important issues. Right here is the vehicle to address them. Right here is the vehicle to bring people together, to work together, eat together, vote for what they believe in and invest where their heart is – the French Broad Food Co-op, Asheville's only community owned grocery store since 1975.

Thanks again!