

August 2, 2017

Friends and Farmers Board Meeting, Meetinghouse

Present: Board: Jeremy Bean, Sara Spock-Carlson, Michael Pipe, Neal Carlin, Daryl Sinn, Chris Rand, Roy Sletson, Meg Weidenhof, Casey Warner; Non-Board: Lex Shaw, Mark Maroney, Linda Stewart, Brian Kinney

19:08 JB calls meeting to order, goes over the current state of the cooperative, states that Sarah Potter will serve as interim market manager between Adam and future hire.

Lex Shaw introduces herself, is interested in market manager position, discusses history of success at Community Food Co-op, Bozeman in Montana. Answers questions from the board.

19:28 MP runs through presentation about the potential for teaming with the Barn at Lemont. Discuss square footage and layout of usable space, both retail and operational. Special event space in loft could be used for member meetings, board meetings, etc at no extra cost. Remaining questions are about needed equipment. MP thought grant allotted for purchasing freezers, refrigerators, but Jenn zeroed out those allotments to put them toward employees, etc. RS suggests that we could potentially utilize member equity for hard assets such as freezers, etc. However, MP clarifies that at this point, the grant money is allocated and "spent".

MP suggests that a Local Food Promotion Program grant could be applied for in 2018, even though we missed the deadline for the 2017 application. RS, CR, and DS agree that we should not budget this grant in or hang our hopes on it, but instead should work to figure out how to operate without it. JB says that any potential grant money should not be thought of as operational dollars, but instead used to attack big ambitious goals, but not fundamentals. SC says that a USDA representative mentioned that 60% of LFPP grant awards were re-awards.

DS says we have been paying ~\$500/month for several months to run ads in CDT and on StateCollege.com but questions the effectiveness of these two venues.

MM mentions that he had previously offered the use of space at Greenmoore Gardens, and a van for transport of orders from market to aggregation point. MM and F+F would share cost of upkeep, gas, insurance, etc.

MM: In regards to F+F potentially moving into the Barn, Brian at the Barn seems flexible, understands that our members could generate traffic for other vendors in the Barn, and therefore seems willing to work with our wants and needs.

MP: Brian mentioned doing a trial period of 6 months (Sept 1-Feb 28) before maybe committing to a year after that. In that case, we should offer to pay 6 months upfront.

SC suggests that we find out the triple net lease payment for the Barn and consider the square footage we would have available before making an offer on monthly rent.

20:03 Brian Kinney from the Barn joins, introduces himself, board members and others present introduce themselves.

RS asks about daily customer counts at the Barn. BK says there is more traffic in the spring and fall, maybe 50+/day, but 20-30 foot traffic right now.

MM asks if large upgrades requiring capital would be handled by landlord or the tenant. BK says it is on a case by case basis, but any renovations or electrical work would likely fall on the tenant, but would improve property value, so could be negotiated with landlord.

RS: If we needed to run some electrical to plug in equipment, those costs would be F+F's?

BK: The electrical is in the main area, so the only issue would be upgrading electrical service to be able to accommodate more equipment.

RS asks about staffing and the Barn. BK says there would be a cashier, but re-stocking, etc. would be up to F+F until more staff would eventually need to be hired.

DS: Does the POS system assign sales to each individual vendor?

BK: It could be configured to assign all F+F purchases to F+F or to individual vendors who supply to F+F.

20:13 Casey Warner joins

MM: Is there a real-time connection to the Barn software so that we could check in on inventory?

BK: We use square for POS and Shopventory for inventory, but unfortunately to give that access, we would have to grant access to everything. Alternatively, we could run and disseminate daily reports. There would definitely be a point person present at the Barn to let F+F know that stock of something is low.

MM says that MP mentioned 375 sq ft in his presentation, but he and BK originally discussed 600 sq ft. BK explains that the extra 225 sq ft is where Hostetler is currently, but if F+F started selling Hostetler products, then all of that space would be F+F's.

MM asks if there is potential for extending the lease by 6 months to 1 year if the 6-month trail goes well? BK says yes.

BK discusses the use of the space in the Barn. He says the loft upstairs can hold 20 people with tables, 30 without. Can be utilized for classes, board meetings at no charge. Anything that is pushing product would be charged. There is also the potential for utilization of the Barn's neighbors' ~500 sq ft deck. Mentions that the space is climate controlled.

DS asks if there is the possibility of additional costs on top of rent. BK mentions joint advertising. If the Barn at Lemont were to run a full-page ad in Town and Gown, usually the Barn will pay 50%, and vendors would split other 50% but could opt out of having their logo in the ad if they didn't want to pay. Other additional rent: the lease mentions space additions and modifications but everything would need to be approved by F+F first.

MP asks about the possibility of a dedicated parking space for a delivery van. BK says there is a spot right in front of the deck with access to the main level and that is where their deliveries are

dropped and could be utilized by F+F as well, but there is potential for a dedicated parking space for F+F.

BK says that the Barn's landlord sells clothing and accessories, but BK doesn't foresee there being competition issues with F+F vendors. Will get that in writing from landlord.

20:32 BK leaves

SC says we need to change point of contact for Nationbuilder, and phone number for OLM.

Lex asks if the Barn would carry inventory of all of F+F vendors and whether vendors would be restricted from having their own arrangements to sell at the Barn. CR says it would be an opt-in for vendors to stock their product with F+F, not a requirement. Lex asks if the mark-up would be the same on the OLM vs in the Barn. JB says that we haven't figured all of that out yet, but foresees many vendors opting out of the Barn.

JB concedes that this is not the brick and mortar we imagined, but could lead to it and has the potential for growing membership. It could serve as a trial run for our members to get engaged and get an idea of what the "third space" is. SC agrees. JB says that BK would like F+F to be there because it would help streamline some of the vendors (Fasta, Hostetler) into one micro-vendor. CR argues that the square footage is very expensive at current quotes.

RS identifies some operational issues: 1) We need to be willing to spend upwards of \$1000 to install our refrigeration and other equipment (A quote that JB doesn't fully agree with). 2) Not sure how we'll collate the orders if we moved packing operations to Greenmoore. There are logistical concerns with the transportation of OLM orders from Boalsburg to Stormstown and back to the Barn at Lemont. JB argues that Greenmoore is only a temporary solution.

Lex: With all of those hurdles, maybe we'd be better off not doing delivery.

CR: I think we shouldn't do delivery at least for a while if we were to move into the Barn.

JB thinks we will need to spend member equity for this transition, which is a concern. DS argues that we would be spending it on something that the members have asked for, and he also says that we will need to hire a bookkeeper at this point.

Linda: 50-75% of your sales are in perishable products, not carrots that can easily be stored. Are you willing to get rid of half of your sales to open a store rather than a farmers market?

JB: If it comes down to it, then yes. We want to create a niche.

Linda: F+F has a niche, and I am concerned that the board is walking away from that niche to create something that already exists. Suggests a two-tier system for perishable and non-perishable items, with some things being sold on consignment.

Lex: F+F is letting the vendors set the prices, and it doesn't feel controllable. From my experience, the most successful boards do less operations.

JB says that we can't wait two weeks to meet again and move on this but if that's what everyone's schedule will allow let's set a follow up meeting in two weeks.

MP suggests that we should go to BK with some parameters for an agreement between F+F and the Barn. JB says we need to create an operating budget – DS could make operating budget, JB and MP could work with BK, RS and MM could try to decide how to operate in the meantime. SC will start looking at details for the annual meeting for October. Coming up very fast.

DS says that every day that we stay at Meetinghouse, we are losing money. The Barn seems like the only option, and maybe we will do it and find that it is impossible, although he doesn't believe it is, but it will be challenging.

JB: I make a motion that the board makes all necessary preparations to move us out of this space and into the Barn (hiring market manager, notifying current space of vacating, starting negotiations to get Barn space and starting the transition). Seconded by CR. JB says he shares all of the concerns brought up by the rest of the board, and we will have to work them out, but CR agrees that what we are doing now does not work, and CW believes it will move us toward finding out if our members really care.

SC suggests October 1 for vacating Meetinghouse. RS is still concerned that we can't operate OLM at the Barn, and would rather use MM and Greenmoore as temporary fix. CW thinks we need to continue conversations with BK, suggests pausing deliveries, but continuing OLM and utilizing the Barn as distribution center in the meantime. Can always reintroduce delivery later. JB thinks that continued OLM delivery is doable – Stan and Deb Latta have verbally agreed to contribute their volunteer efforts.

SC believes that opening a retail space could open a huge can of worms that we don't foresee currently, but changing distribution and pickup location is a small change.

JB rescinds earlier motion. Suggests that we will begin negotiations with the Barn as soon as possible. In the meantime, we will continue our month to month lease agreement with Sharon at the Meetinghouse until the move into the retail space at the Barn. CW says that RS and other board members should send out a list of concerns a week before the next meeting, which should happen in 2 weeks.

RS motions to adjourn meeting. Seconded by JB. No discussion points, all in favor. Motion passes.