

November 12, 2017

Friends and Farmers Annual Meeting, Millbrook Marsh Barn

Board Attendance: Jeremy Bean, Chris Rand, Roy Sletson, Michael Pipe, Sara Spock Carlson;
Non-Board: roughly 30 members, vendors, and board candidates.

14:13 JB, current board president calls the meeting to order. Jeremy Bean, Current Board President calls the meeting to order.

Year in Review: Jeremy Bean

There was a change in the business model for the OLM after the April special meeting. Roy will address this more. Losing money even with the grant. Online shopping is an up and coming idea. About 520 members. Only 10% is active in the operations and purchasing. Not uncommon in coops, but gives us something to evaluate.

- Five open spots on the board
- Stacey Budd left the position as Outreach Coordinator for Friends and Farmers
- Three market managers in the last year
- New Market Manager is Anne Williams

Reduced the hours that AW is working, to operate lean. Daryl has been working on cleaning up the financials and he's trying to have this ready to transition to a new board. Marketing Manager, Diana Griffith has moved on after the grant funds ran out for her. Being creative in getting marketing help and we have some ideas moving forward.

Looked into partnership with the Barn, but we didn't have the funds to justify the rental space. We need a grant administrator. Jenn Landry had to move on after we decided to extend the grant.

We have open board seats, if we want to try to continue as a coop, we need to fill those seats, and get more volunteers.

OLM Update: Roy

Financial data for the OLM. \$92,000 in sales; \$72,000 in Cost of Goods (COGs) sold. 76% of sales. This gives us a gross profit margin of about \$22,000 to cover our expenses. 2145 orders from Jan-October. 35-40 orders/week. Just the direct expenses for the OLM were \$33,000 from Jan-October. Doesn't take into account grant reimbursement, because the grant will be running out soon and we need to look forward. Sept/October the financial situation has improved. We have decreased our COGs because we adopted an 8% user fee for vendors. We have cut back on labor costs. Foregone renting UHAUL van, asking vendors to deliver to us. Began to purchase in bulk wholesale quantities from some vendors to give us more control over the price we pay.

Anne Williams is the OLM Manager. She has been great. The future of the OLM is questionable. The board will continue to review as necessary. Running certainly through the end of March, because of the grant.

Membership/Outreach Update: Chris

Membership has become stagnant. Stacey ended up moving on from the Coop in early July, the situation was very difficult for her to be in. About 15-20 new members this year. Membership growth rate has slowed down substantially. The Board decided to not fill the position. We have a crisis with membership growth. Members can talk to friends and family about the OLM, membership benefits. Promote the OLM and the Coop. Get people involved. We need volunteers for OLM and for some membership engagement. Always email board members to ask how they can help. We would love new board members.

Spending a little more on advertising, a few new people to help with those efforts. By increasing advertising on Grant spending, we might be able to get the word out for the OLM. Some of our vendors rely on the income they get from the OLM. We should support them.

Financial Update: Sara

Sara Carlson presents financial highlights on behalf of Daryl Sinn, Treasurer, who was unable to attend the Annual Meeting.

Current Equity: \$53,766.50

Playing off of what RS mentioned by way of changes in the OLM, the total COGs for Jan-Oct 2017 have gone down to \$70,546.55 from \$85,733.45 from the same period in 2016. Gross profit increased in this time period from \$19,075.33 for Jan-Oct of 2016 to \$29,231.41 for Jan-Oct 2017. The changes in the OLM have helped to move the Net Income in the red from \$-19,626.72 in 2016 to \$-15,788.28 in 2017. There's still a lot of work to do.

Looking ahead 2018: Jeremy

While those numbers are trending up, we will have to start paying people to do the books and many other tasks that have been done by the board on a voluntary basis. We are now paying a firm to do marketing, that will start being covered by the grant. This will dry up.

Board conversations: Should we dissolve? The OLM isn't viable, should we spend money to continue or should we move in another direction. Need for a food hub in our area. Selling to bigger entities. Separate entities have been looking at this need for a long time. County Commissioners office, PSU, farmers, developers. 233 Food Hubs nationally. Most successful ones are hybrid of wholesale and retail. We are considering this option, but waiting for the new board to decide. There could be funds available from investors. We could continue to put our member equity into the OLM, but this is difficult with contractor/part-time wages. We'd have to spend money on them and we're limited on income.

Dissolution: We'd pay all of our bills and responsibilities, and pay out the rest to members. Jeremy's opinion is that we'd like to see what we can do for the local economy with what we have left instead of dissolving. He believes people didn't invest their \$300 to get it back.

Member Comments: Mike

Anne Glazer – Hoping for a store for food and community. More for the community space, where people could go for food. Don't have a food Co-Op anymore. Is there a finance committee? Who is attending to the finances and who will inherit this institutional knowledge and move on. OLM: Some of the new changes have made it more profitable, but interesting that those changes come with having a physical location. This might be a path that is more profitable. PV Food incubator from Mark Higgins? How would a coop fit in there? Does it have to be a coop? We should have a finance committee.

Chris R: We did enter into a contract with Thompson Harner who does professional accounting. Third party with eyes on the books. Jeremy: One of the pieces in the past was a misstep, we treated all of the \$\$ as Friends and Farmers, not divided for OLM and FF. Mike says that the PV Food incubator is that it's a long way away.

Laura Dinini – Thank you for the work that you've done this year. Thank you for the changes in bookkeeping and OLM fees. Wondered if anyone has explored the idea of a FF label to market lines that could target audiences. (FREX: A line for students whose parents want to do home cooked meals) Target markets with the OLM to increase the sales. Blue Apron idea, but local targets.

Jeremy: People power. Volunteers take time to coordinate. We sat down with Mark Higgins to find out if we would be willing to be that entity. There is a local entity doing the Blue Apron idea called Feel Goodery Foods. We are the middle man and we can get in the way of the relationship between the grower and the buyer. Some farms are willing to see the role of FF as a healthy part of this relationship, but many are not. Farmers are busy and it's hard to have the conversations. We like the ideas, we just need the support.

Hockenberry Farms– If you're hiring an accountant, what are you doing with that information? Most organizations have finance committees, you don't just have to have board members do it. Membership and outreach: You have vendors selling no matter what. Why don't you use the vendors by handing out membership applications? Have vendors remind people that they give member discounts. I don't see that happening. You could use that easily. You could give them a discount on the membership fee each year, based on how many members brought in. During transition, the website was defunct. Cannot be left unmanned. We still haven't heard from anyone about putting our meat on there. We'd be willing to give a freezer to keep our meats in.

Jeremy: We did ask for members to serve on committees. We got very little response. We are hoping the LFM update will help because the website isn't great. We did have a breakdown in communications during transitions, that is on us, no excuses. We have asked vendors to promote friends and farmers. We are viewed as competition by many vendors.

Yauma – Brazilian Munchies. We haven't been able to reach anyone. We want to get involved. Received an email recently about our discount and we responded asking about getting listed in the OLM. We're not getting any responses. We come from a big city, we think this is a great idea, and we want to get involved. It feels like a closed community. No one knows anything.

Michele – Hard to listen to all of this because the fragility of this organization cannot be overstated. We have a dire capacity issue. We need people who are going to take initiative to come to the board with ideas and ways to execute, and then execute them. Bring us ideas, bring us feedback. Community engagement would be great, but we can't even get the board seats filled. If we can't do that, we can't get to the good stuff. If someone is sitting here with an idea, bring it to the board and get involved!

Eileen – We have 520 members and 30-40 members ordering. We should ask members why they aren't ordering. Can we coordinate a survey to ask them what's holding them back? What's the break even?

Sara: We did conduct a survey and did not get a lot of response. Jim: We need about 80 orders/week.

Jim Eisenstein – Since we have conducted our feasibility studies, there have been massive changes in the food economy. Opening a store now would be like opening a buggy whip shop. Pay someone a living wage to be a market manager, they would be able to grow the OLM and run the Food Hub. The way to break the log jam is to hire a competent manager, invest the equity in the entrepreneurial enterprise and take the risk.

Chip Medford – Hearing that we have an email problem that he can fix. He should probably come to the next board meeting. Let him know. He does information infrastructure and he would love to help the coop out.

Betsy Green – Curious about the Barn situation. Could not come to an agreement on cost? Elaborate?

Jeremy: Price per square foot would have been downtown rates. Barn wasn't conducive to pack for the OLM. No storage space, no refrigeration space, complicating what we're already doing. When we started conversations, the owner is a member of FFs and wanted to make it friendly for us. His partner wasn't as understanding toward Friends and Farmers. Also had a meeting with Michele at Nature's Pantry. They have a large space they're not using upstairs, and there could be a possibility to explore. They were intrigued by the Food Hub. Because they buy through a buying cooperative/buying club. They lose money on local. They'd love to provide more.

Hockenberry Farm – Belongs to an org that has a probation situation. You have to volunteer a certain number of hours before they become a full member. Could we try something similar in the Coop?

Roy Sletson – Tried very hard to educate himself before joining the board. Tried to get a big turnout for the special meeting in April. We had about 30 people come to the meeting. That's indicative of the organization. Stacey did an awesome job in outreach, but those are the kinds of things that should have been done by volunteer members. A lot of what she was doing are not getting done anymore. We have a need for 5 board members. We need member engagement. What does all of this tell us about our organization? Will we be able to field a full 9-member board? Will we get volunteers? You can't rely on employees or board members. We need more. Should we dissolve?

Board Voting: All

Membership votes as follows:

Dana Mitra: 19 Votes

Tim Flanagan: 20 Votes

Emily Newman: 19 Votes

15:48 JB closes the meeting by thanking those in in attendance.