

MORRISVILLE CO-OP ANNUAL MEETING MINUTES

2024

Date: October 23, 2024

Location: Wing Center, 24 Upper Main St

Meeting Type: Annual Membership Meeting

Board Members Present:

- Jessica Seddon, Board Chair
- Beth Springston, Treasurer
- Dave Wallack, Board Member
- George Aiken, Board Member
- Don McDowell, Board Member
- Kaylin Heatley, Board Secretary
- Megan Davin, Board Member
- Bob Verrico, Board Member

Board Nominees:

- Erika Gaudreau
- Zachary DiMotta

Co-op Leaders

- Eric Besecker, General Manager
- Sandra Bettis, Co-op Bookkeeper

Other Attendees:

- Approximately 30 members and co-op staff

CALL TO ORDER:

Board Chair Jessica Seddon called the meeting to order at approximately 6:00 PM and welcomed attendees to help themselves to food throughout the meeting.

CHAIR'S OPENING REMARKS:

Jessica Seddon Board Chair, provided opening remarks highlighting:

- The co-op's significant progress over the past year in stabilizing finances and growing as a community institution

- Results from community engagement surveys and a strategy session held in November
- Key accomplishments aligned with member feedback, including café expansion, affordability initiatives through National Co-op Grocers (NCG) membership, expanded local offerings, and staff development

BOARD NOMINATIONS:

Don McDowell, Nominating Committee Chair, presented four board candidates for election:

1. Beth Springston - Nominee for three-year term (current Treasurer, seeking re-election)
2. Bob Verrico - Nominee for two-year term (current board member filling a vacancy)
3. Erika Gaudreau - Nominee for three-year term (new candidate with healthcare industry experience and owner of Red Bar Realty)
4. Zachary DiMotta - Nominee for three-year term (new candidate, Elmore resident, owns property at 82 Lower Main Street)

ROUND UP FOR CHANGE BALLOT:

Don McDowell reviewed the organizations on the Round Up for Change ballot, including:

- Clubhouse Kids Early Education Preschool
- Food Shelf
- Lamoille Community House
- Lamoille County Mental Health Services Players
- Lamoille Neighbors
- Lamoille Restorative Center
- Meals on Wheels at Lamoille County
- Morrisville Soccer Club
- Morristown Centennial Library
- River Arts
- The Lamoille Studio Center

Members were asked to vote for recipients.

Voting Information:

- Voting available at the meeting and in-store through the following Wednesday
- Ballots available at the store checkout

TREASURER'S REPORT:

Beth Springston, Treasurer

Beth acknowledged Sandy, the co-op bookkeeper, for her essential work maintaining financial records and processing transactions.

Financial Highlights:

Sales Growth:

- Sales have doubled in the last four years
- Currently approaching \$2.3 million annually
- Sales growth continues in the current fiscal year
- 25% sales increase in most recent fiscal year

Operating Income:

- Two consecutive years of positive operating income ("in the blue/black")
- Operating expenses increased at a lower rate than sales, demonstrating cost control

Balance Sheet Strength:

- Assets increased significantly from FY23 to FY24
- Cash reserves have grown substantially
- Building a loan repayment fund for the first time
- Improved cash flow enables paying vendors on time

Liabilities:

- Long-term liabilities include an SBA Economic Disaster Loan (30-year term at favorable rates)
- Member loans comprise the majority of remaining long-term debt
- Working capital loan also maintained
- Confident in ability to repay all loans over time

Additional Context:

- Cost of goods sold increased 24%, in line with 25% sales increase
- Operating expenses well-controlled
- Interest and depreciation expenses decreased
- Previous year's profit included significant member loan forgiveness (recorded as income)
- Current year profit achieved without debt forgiveness
- Additional benefits and wage increases provided to staff

National Co-op Grocers (NCG) Membership:

- New CPA review requirement as part of NCG membership
- Access to Cometrics data platform for peer comparison with other co-ops
- Early data shows MOCO's sales growth significantly exceeds most peer co-ops

GENERAL MANAGER'S REPORT:

Eric Besecker, General Manager. Eric acknowledged and thanked:

- Members for their participation
- Staff members, particularly Sandy (bookkeeper) and Deb (who has been with the co-op since Eric's start 3.5 years ago)
- Deb's dedication, including working on her days off and thinking about co-op improvements

National Co-op Grocers (NCG) Impact:

Eric described NCG membership as the major initiative of the past year, noting extensive backend work with limited visible changes to date.

Key NCG Benefits:

- Access to UNFI (United Natural Foods Inc.) as a major natural foods distributor
- Launching "Basics" program in November with approximately 80-90 products at significantly reduced prices
 - Example: Organic canned beans dropping from \$3.29-\$3.49 to \$1.49
 - Example: Organic coffee dropping from \$12-\$13 to \$8.99 per 12 oz bag
- "Co-op Deals" program starting in January (rotating sales every two weeks, available to non-members)
- Member-exclusive specials in addition to Co-op Deals
- Better pricing enables reducing margins on local products
 - Example: Maple syrup margin reduced from 35% to 20%
- Credit card processing fees reduced by almost \$20,000 annually (from approximately \$40,000 to \$20,000+), allowing elimination of 3% credit card surcharge
- Access to NCG headquarters support in Minneapolis
- Product department specialists available for consultation
- Store visits available when needed

Community Engagement:

- Hired/promoted a staff member to serve as Community Outreach Coordinator
- Launching "Community Connect" program to partner with local businesses for member discounts
- Transitioning from receiving community support to providing support through charitable contributions and gift baskets
- Grab-and-go café program has been highly successful, bringing in new customers

Future Plans:

- Kitchen currently at maximum capacity
- Plans to expand kitchen facilities to offer more grab-and-go options

Membership Growth:

- 268 new members in the current year
- Approximately 20-40 new members monthly
- Membership has roughly doubled since Eric started
- Mix of lifetime members and annual members (annual members become lifetime members after several years)

- Monthly equity payments range from \$1,000-\$1,400

Co-op Month:

- 5% discount on all store items during Co-op Month (October)

DISCUSSION AND QUESTIONS:

Q: Recognition of ongoing work improving product selection, store appearance, and staff friendliness

A: Eric thanked members and acknowledged the staff's contributions

Q: How is membership growth affecting business?

A: Eric noted seeing many new faces, attributing growth to both new community residents and the accessible annual membership option introduced by former manager Taylor

RECOGNITION:

- Don McDowell was recognized and thanked for his service as a long-standing board member, former chair, and Nominating Committee Chair. This was his final meeting as a board member.
- Susan Titterton was acknowledged as a former board chair and Jessica Seddon's co-chair

DOOR PRIZES:

Three prizes were awarded:

1. Co-op gift basket
2. \$50 co-op gift certificate
3. \$50 co-op gift certificate

Special acknowledgment to Lori Woodruff for donating decorated fall cookies for the meeting.

APPROVAL OF PREVIOUS YEAR'S MINUTES:

Motion: To approve the minutes and annual report from the previous year's annual meeting (2023)

Moved: Susan Titterton

Seconded: Beth Springston

Vote: Approved unanimously

CLOSING REMARKS:

Jessica Seddon thanked attendees and emphasized:

- Importance of encouraging member friends to vote in-store to achieve quorum (50 members or specified percentage)
- Need for quorum to officially seat new board members
- Board openness to member ideas and suggestions
- Current board's ability to focus on strategic planning and growth rather than immediate financial pressures
- Interest in member input on future direction, including ideas for 3, 5, and 10-year time horizons

Contact Information:

- Board member profiles available on co-op website
- Members encouraged to share ideas with board members, Eric, or any staff member

ADJOURNMENT:

The meeting was adjourned