

Notes on Owners Meeting - July 28, 2017

Approximately 50 people were in attendance at the Owners Meeting on Friday, July 28, to discuss the possibility of expansion and relocation of the Co-op to the Modern Home building. Of that 50, about 40 were owners.

Gordon Rands presented a Powerpoint presentation to outline the history and timeline of the Co-op, the Online Market, and the growth, as well as the current cash flow situation. He also discussed the interest in a Grab & Go kitchen, and the cost of putting one into the current location at 211 S. McArthur. During the presentation, Gordon explained some of the drawbacks of the current location and why the Co-op is rapidly outgrowing the building. He then discussed the Modern Home building, and the potential of a larger Co-op store.

The Modern Home building is just under 20,000 square feet. Depending upon the results of a market analysis, the Co-op may be able to use 5000 to 10,000 square feet. Additional information, discussions, and research must be done to determine the feasibility of a larger Co-op, in addition to the feasibility of the Modern Home site. This meeting was to determine if there is sufficient owner interest in relocating and expanding the store, if there is interest in pursuing the possibility of leasing a portion of the Modern Home building, and if there is support for pursuing a market study. One market study quote from an experienced consultant (who performed the Co-op's previous market study in 2011) was approximately \$7000.

The potential of relocation to the Modern Home building is still in very preliminary stages, dependant upon a large number of variables. Potential developers were looking for indication that there would be tenants who were seriously interested in inhabiting the building before moving ahead.

The owners and interested parties at the meeting had several questions. These are outlined below. More discussion is necessary and a feasibility study is currently underway. The Annual Owner Meeting/Harvest Party will be held on Tuesday, Sept. 12, at the Macomb Presbyterian Church, beginning with a potluck at 6 p.m. followed promptly by a meeting at 7 p.m. The results of the feasibility study will be completed by this time and shared at the meeting. It is very important that as many owners and interested parties attend this Owner Meeting/Harvest Party as possible so discussions can move forward.

Discussion amongst the board and those in attendance at the July 28th meeting:

Costs and Feasibility Study

-How much is a share? \$100 for one share.

-Regarding what is needed at this time (as of the first meeting) from owners and participants: As a board, we don't want to make a decision without a second affirmation that the Co-op would be viable at this location. Because of this we need to pursue a feasibility study (which will also show us what size the store should be and what the community and county can sustain). At the July 28th meeting we asked for a commitment from owners and interested parties to raise money for the study.

- Regarding funding for the project, is the board looking for investments or gifts? Both.
- Concerns were expressed about the amount of money that will be necessary to build a new Co-op. The feasibility study is not a guarantee, and there is always a potential for failure even with the feasibility study. We will be pursuing a capital campaign which will include raising our number of owners and asking for owner loans.
- An owner asked about the original feasibility study performed in 2011. That feasibility study suggested 3500 - 4000 square feet and \$1 million in annual sales. It was based partly on projected sales, demographics, income level in the county, etc. Owner expressed concern about considering a store that would be a much larger size. Response: that is why we need a new feasibility study, especially considering the changes in the community and economy since 2011. A survey of Macomb said that the number one thing people would like to see in Macomb is a from-scratch bakery, but the consultant performing the study would have a better idea of whether we could justify the larger size, and whether the community could sustain it.
- Questions regarding length of lease on the location: this will be something that will have to be negotiated. There could be a wide range, other co-ops have been able to negotiate rent-free leases for a period of time, then began paying when turning a profit.

Modern Home Site:

Has a mold expert been called in? The Modern Home building is built with I-beams rather than wooden 2x4's, therefore, the potential for mold will be reduced. However, this is something the developers will be looking into.

Would space be reserved for the Co-op or are there other interested parties? There is at least one party who has expressed interest in occupying the Modern Home building.

There was discussion of the possibility of someone who might be interested in becoming a tenant with a business that may be complementary to the Co-op. If someone chose to open a bakery, for example, that would be extremely complementary to the Co-op. If not, interest in having a bakery at the Co-op would climb. However, a market study would help determine the feasibility of having a bakery.

Is there public parking and semi delivery available? Public parking is available at the front (across a 2-lane portion of Jackson Street) and at the back of the Modern Home building. Access to the parking will be dependent upon the design of the Modern Home building in regards to the interested tenants. There may be space for semi delivery at the back of the building, and discussions turned to the possibility of semi delivery on McArthur Street. All of this would be dependent on zoning and building.

Reasons for a Larger Location:

- Discussion of a larger location allowing for greater selection on shelves, not just of the variety of products carried but also of the high and low price points of individual products. A larger store that allows for greater annual sales should also allow for a lower price point because of how some distributors set up their pricing (on a tier system relating to the amount of annual sales - better sales, lower pricing). Additionally the Co-op needs to be able to be a one-stop shop, with a full selection.
- One reason for a larger location: to help meet the needs of lower income families and support SNAP benefits, which will be a more easily attainable goal at a larger store.
- One owner mentioned a few positives regarding a larger store at a location near the square: it will attract more shoppers from the square, a community kitchen will be an asset, the Co-op

could partner with other groups (non-profits were mentioned), and this could help bring more cash to local economy. Other owners suggested groups to partner with.

Current Shopping Trends at the Co-op

-A current board member pointed out that the Co-op has over 450 owners but few dedicated shoppers. The Co-op's number of consistent customers must expand regardless of the location.

-The question was posed to owners at the meeting - Why are you not shopping? Responses included lack of selection; there are not always enough left of a specific product; there is not enough awareness; a large number of people probably don't realize that many bulk items cost less than elsewhere or that they can save money by buying from the Co-op's bulk section rather than buying new packaged spices and grains.