

1 **BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC.**
2 **Annual Owner Meeting**
3 **MINUTES May 30, 2022**
4 **SCD Community Room and via Zoom Conference Call**
5
6

7 **Board of Directors Present:** Jonathan Collier, Richard Drace, Mark Fenton, Katie Ivy,
8 Alana Lucia, Lindsey Pratt
9

10 **Staff, Owners & Guests Present:** see list of attendees in Appendix attached.
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12 **1.0 Land Acknowledgement & Call to Order:**
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14 Owner Relations Coordinator Chelle Wheatley opened the meeting and offered an
15 acknowledgement of our use of the lands of the Nisenan people. The meeting was
16 called to order by Rebecca Torpie at 7:02 p.m.
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18 **2.0 Election Recap:**
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20 Chelle Wheatley summarized the 2023 Board Election results, confirming candidate
21 Lindsey Pratt and incumbents Alana Lucia and Jonathan Collier were elected. 822
22 owners voted this year (8.6% participation) and the Co-op donated \$2.00 per vote, or
23 \$1,644, to the Bear Yuba Land Trust's Celebration of Trails program.
24

25 **3.0 President's Report and Board News:**
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27 Board Director Alana Lucia reminded attendees of our six Ends Policies and how they
28 describe the vision of what we want to accomplish as an organization and that the
29 Board monitors the fulfillment of the Policies via General Manager Chris Maher's
30 monthly and annual reporting. Throughout the year, the Board also focused on
31 continued education, learning from speakers on relevant topics such as local
32 water/farming issues, sustainability, the Auburn community, and DEI awareness and
33 expansion.
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35 Alana shared a conversation she had with an owner regarding this year's patronage
36 dividend. She explained that the second store expansion was not the primary cause
37 of the lack of profitability in 2022 and described how shopping habits changed due
38 to factors such as the pandemic, its aftermath, and inflation and that expenses
39 increased due to pandemic safety protocols. She welcomed owners to engage with
40 the business of the Co-op by attending meetings and reaching out to the board
41 directors with questions.
42

43 Alana then expressed appreciation for exiting board director Kali Feiereisel, who is
44 leaving the BriarPatch Board after 6 years of service, noting her preparedness, insight
45 and thoughtful questions. She will be missed on the board, but will remain an
46 engaged, community-minded owner.
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48 **3.0 Treasurer's Report and Auditors' Review:**

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2 Board Treasurer Mark Fenton presented the Co-op's 2022 Financial Results

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4 2022 operations resulted in a net loss for the first time since 2008, due to several
5 factors including, record-high inflation "double-whammy" caused low sales and high
6 costs paid to suppliers, high labor costs and supply-chain construction delays in
7 opening the Auburn store. We expect to return to profitability once the Auburn store
8 has been up and running for a period. Losses in the initial years of operation are
9 normal until sales ramp up and operating processes normalize. Despite supply chain-
10 related construction delays, the Auburn store project remains on budget, thanks to
11 our experienced team of contractors and project managers. Since there was no 2022
12 profit to distribute, no patronage dividends were paid out this year. Instead, we
13 emailed coupons to owners in late April as a token of our appreciation for supporting
14 the Co-op.

15
16 Profit & Loss:

17 Sales of around \$36 million were 3% lower than the year before. We attribute this
18 decline to inflationary pressures on shoppers' food budgets. Gross profit is what's left
19 over after we pay suppliers for the products we sell. In 2022 gross profit declined
20 even more than sales, indicating that some of the higher product costs were borne by
21 the co-op and not passed along to customers. Personnel costs were higher in 2022
22 because of state mandated Covid sick leave and also to higher wages caused by the
23 tight labor market coming out of the pandemic. Other operating costs were higher in
24 2022 due primarily to rent and interest expense on the Auburn store. Supply chain
25 issues caused a delay in opening the new store, which meant that contractual costs in
26 the latter half of the year (rent and loan interest) were not offset by sales. The net loss
27 of \$173 thousand dollars for the year resulted from low sales, high labor costs and
28 supply-chain delays in opening the Auburn store. Without the Covid sick pay and
29 Auburn store costs, we would have reported a net profit of approximately 1% of sales,
30 which is within the "normal" range of 1%-3% of sales.

31
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33 Balance Sheet:

34 Cash balances decreased by almost \$3 million due to costs for tenant improvements
35 and equipment for the new Auburn store. Once the Co-op contributed its share of
36 project costs, a loan from Tri Counties Bank funded the remaining project costs.
37 Cash flow projections indicate that cash balances will be more than adequate for
38 completion of the Auburn store and beyond. Building, land and equipment increased
39 \$10 million due to \$7 million paid for Tenant Improvements and Equipment for the
40 Auburn store and a \$3 million book entry to record leased assets under a new
41 accounting rule. Accounts payable increased mostly due to contractor retainage and
42 other outstanding bills related to construction of the Auburn store. The amounts
43 retained from contractor payments are customary in commercial construction and
44 will be paid upon successful project completion. Loans payable and other non-current
45 liabilities include \$4 million for the Auburn store loan and \$3 million for the liability
46 side of the accounting adjustment to reflect the new accounting rule for leases.

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49 **4.0 General Manager Report: State of the Co-op**

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2 General Manger Chris Maher began by thanking the board, management, and the
3 staff, noting their dedication in navigating the post-pandemic challenges that still
4 remain for the Co-op. The camaraderie and our customer-service excellence
5 continue to prevail.

6
7 He noted the 2022 sales decline was the first in the last 20 years, largely due to
8 inflation. The fluctuation in local economy, due to the changes in the cannabis
9 industry have been felt as well. We are finding creative ways to offer quality, organic
10 and local products while being mindful of shoppers' budgetary constraints. The store
11 has been very well managed, reducing expenses and increasing efficiencies in the
12 face of declining sales.

13
14 Chris then focused on some program highlights from 2022, including the expanding
15 Farm Loan Guarantees (partnership with CA FarmLink), awards such as Bear Yuba
16 Land Trust's Business Sponsor of the Year and Progressive Grocer's recognition for
17 our Patchworks Volunteer Program and definition of Watershed. Director of
18 Marketing, Rebecca Torpie was recognized as one of the Top Women in Grocery,
19 nationwide. We're very proud of all of these accomplishments.

20
21 There was a significant focus on sustainability this year, led by Lauren Scott, our
22 Sustainability Coordinator. 55% of our energy was sourced from renewable sources
23 and we've made great strides in reducing environmentally damaging refrigerant leaks
24 in the Grass Valley store. The Auburn store will exclusively use zero-greenhouse
25 warming CO2 refrigerants.

26
27 Sixty cents of every dollar spent at BriarPatch goes back to the local community. By
28 comparison, a national chain grocery store's average is ten cents. Local is our
29 continued focus. We've launched Narcan training for staff, to help reduce the
30 increased Fentanyl overdoses in the community and Narcan is now available to
31 anyone at the customer service counter. This program has received recognition by
32 Sacramento and national media.

33
34 Regarding the second store expansion to Rock Creek Auburn (RCA), Chris explained
35 that we do not have a confirmed opening date at this time. The store is largely
36 complete, but there have been significant challenges with delivery of electrical
37 panels. The war in Ukraine negatively affected the supply chain, as that country is a
38 large exporter of components needed to create electrical parts. We are cautiously
39 optimistic that the panels will ship this month and we can plan to open in August. We
40 are beginning to expand hiring for various positions and build the team.

41
42 There is much enthusiasm from the staff and Auburn community about the new store.
43 We are encouraged and optimistic about its success, estimating it will generate \$17M
44 or more in sales in the first year. Folks can sign up for email updates from the
45 BriarPatch website and/or attend an Owner Drive at Knee Deep Brewing on July 12th.

46 47 **5.0 Owner Q&A**

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49 Chris opened the meeting to participant Q&A and offered the following responses:

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- For 2023, we are most excited about the expansion to Auburn. The decision to build from the ground up has been a long process for the Board and staff. We're especially excited to learn more about and support the Auburn community.
- Housing availability and vacancy rates are higher in Auburn than in Nevada County. A significant number of Grass Valley employees have shown interest in relocating to the Auburn store. We currently have 200 employees, expecting to grow by an additional 80.
- In addition to tuition reimbursement and DEI training, a new staff benefit includes paid lunch break scheduling adjustment for hourly employees. The Auburn expansion also allows for more upward career mobility for dedicated, talented staff.

6.0 Meeting Adjournment: The Owner Meeting was adjourned at 7:58 p.m.

Minutes prepared by Mary Hunter on June 2, 2023.



APPROVED BY:

DATE: 6/28/23

(These minutes were approved by the Board of Directors on June 27, 2022. The official signed copy is on file.)

BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC.
Annual Owner Meeting - May 31, 2022
Attendee List

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Allen Seidner
Gary Lehar
Carol Lee Meinhold
Ellen Clephane
Lisa Macrina
Paul Schwartz
Joseph Guida
Aimee Retzler
Tomas Kuzara
Kimberly Hallinan
Joey Chang
Toni Mikulka-Chang
Christy Barden
Brett Torgrimson
Chelle Wheatley
Rebecca Torpie
Chris Maher

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