

**Minutes of the
Marquette Food Co-op Board of Directors
January 19, 2016 Meeting**

Start time: Meeting was called to order by president Tom McKenzie at 6:00 p.m.

Roll call: Phil Britton, Brad Jackson, Barbara Krause, Janna Lies, Tom McKenzie, Cori Noordyk, Mike Potts, Emily Wright.

Absent: Brian Brady (excused).

Staff: GM Matt Gougeon, Mary Moe, Natasha Lantz, Kelly Cantway, Collin Barton, Clayton Lesatz.

Public: Mike Mallow, Ron Elberth, Michelle Halley.

Motion: To enter into closed session (*motion by* B. Krause, *second* B. Jackson).

Action: Motion passed unanimously.

Motion: To come out of closed session at 6:18 p.m. (*motion by* E. Wright, *second* C. Noordyk).

Action: Motion passed unanimously.

II. Preliminaries:

Approval of Agenda & Additions: The agenda was reviewed and no changes were made.

Motion: To approve agenda without changes (*motion by* P. Britton, *second* E. Wright).

Action: Motion passed unanimously.

Review of December Minutes: It was noted that all instances of “Janie Acox” should be replaced with “Jamie Acox.” The minutes will be updated with this correction.

Motion: To approve the December minutes with changes (*motion by* B. Krause, *second* B. Jackson).

Action: Motion passed unanimously.

Electronic Communications: None.

III. First Public Comment: Mike Mallow from the board of the Keweenaw Co-op explained that their board is interested in meeting with the board of the MFC to share experiences, challenges, and successes and look for possible collaborative opportunities. The Board inquired about the Keweenaw Co-op’s board and how policy governance is going for them. Mallow commented that it is going well and they are making improvements as they go. He also commented that the MFC’s outreach programs would be beneficial in their area. The GM commented on their beautiful remodel and Mallow explained that they are growing and exploring the possibility of expansion. The MFC Board Education Committee volunteered to meet with the Keweenaw board to explore possible collaborative opportunities.

IV. GM Monitoring

(a) Store Report (M. Gougeon): The GM provided a written report, which included an IT report from Evan Zimmerman. The GM commented that some of the accomplishments in IT were unintentionally omitted from the Ends report. The GM reported that the MFC came close to

\$8 million in sales in 2015, which is a 15% increase. He reported that there was a good margin all year and sales in January thus far have been really good. The MFC has hired for six positions. The staff survey was completed and the graph results were provided to the Board. More information will be provided in the Staff Treatment report. IT and the POS Coordinator are attending the NCG Technology Conference. The GM reported that the MFC is leading the way in cyber security improvements and sharing these improvements with the community. The Board requested numbers and percentages on the staff survey graphs to get a better understanding of some of the results. It was noted that the survey was given before the December presentation to staff on changes to employee benefits.

(b) Annual Ends Report (M. Gougeon): The Board received the report prior to the meeting and came prepared to act. The Board determined that the report demonstrated compliance.

Interpretation Reasonable: Yes.

Adequate Data: Yes.

The report was accepted as in compliance.

The GM commented that this is the first Ends Report with the new Ends Policies from the Board. The GM asked the Board to read his interpretations of the policies carefully to make sure the Board is comfortable with how he is interpreting what they have written. The Board commented that the report is a wealth of information and discussed that an infographic would be helpful for sharing this information at the Annual Meeting. The Board discussed distilling some of the Ends Report down to have as a handout available at the Board's info table at the meeting and other ideas for sharing information about the Ends Policies. The GM added that the Ends Report will be made available in the store.

(c) G7 – President's Role (E. Wright): No changes were recommended.

(d) D4/G4 Review (Ad-Hoc Committee): The President provided a written draft of proposed changes to make D4 more in line with the process actually being used to evaluate the GM. He explained that nothing would be removed from D4 but proposed additions to D4.3a, D4.3b, and D4.4.

Motion: To accept the proposed changes to D4 (motion by B. Krause, second P. Britton).

Action: Motion passed unanimously.

P. Britton will update policy registers to reflect the changes. It was noted that G4 will not need to be changed because D4 will now require the inclusion of manager evaluations and GM self-evaluation.

(e) D3 – Delegation to the GM (T. McKenzie): No changes recommended.

V. Second Public Comment Period: MFC employee Collin Barton shared about the work going on by the Grow Team. They would like to make ownership more meaningful to existing owners and more appealing to potential owners. In an effort to improve owner attendance at Board meetings, the Grow Team is interested in exploring ways to make Board meetings more inviting, such as serving refreshments, adding in-store signage, or verbal reminders about meetings at the

registers. The Board suggested having signage at the suggestion box to encourage people to attend meetings to voice their questions and comments. The Board discussed possibly consolidating the three existing public comment periods into a longer public comment period at the beginning of meetings and moving the Outreach Reports earlier in the agenda since they may be of greater interest to the public than the policy governance. The Board was interested in considering making changes to the agenda to make meetings more inviting to owners.

VI. Break.

VII. Outreach Reports

(a) Outreach Report (N. Lantz): Lantz provided summary reports about the 5/2 Plan. The intent of the plan is make ownership more accessible. Three reports were provided. Lantz explained that the MFC is making sure they are doing due diligence before rolling out a larger plan. The Board reviewed the survey responses of 5/2 Plan owners and commented about many owners signing up under the plan because it was easy for them to do so. It was also noted that many of the 5/2 owners are bulk shoppers. The Board inquired about how 5/2 owner equities are counted for accounting purposes, and it was explained that they are not counted as a receivable; only the paid to date equity is counted. It was also noted that 5/2 owners must pay their equities in full before they would be able to purchase a preferred share. Lantz also reported about the Grow Team. The audit phase is complete and each group will bring six to ten things to the Promotions Team. This will serve as a foundation for the promotional plan that will roll out on April 1. Lantz reported that the community kitchen was used for a group of 30 fifth graders whose teacher wrote a grant to have their students learn about the cooperative model, organic foods, and how to eat healthy. Lantz also reported that Sarah wrote a grant to offer cooking classes for lower income families. The MFC is looking at how it can partner with the Upper Peninsula Health Plan. Abbey Palmer who worked with the Farm to Schools program, Lexicon of Sustainability, and Hoop House programs has moved on from the MFC. Her position is being replaced by the Media and Events Coordinator position, which has been filled internally by Sam Henke.

(b). UP Food Exchange Report (N. Lantz): A group from the MFC met with Vollworths to look into working with them to make use of space on their trucks. The MFC is continuing work at a state level to keep the MI Group GAP program going.

VIII. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (J. Lies, B. Brady, and T. McKenzie.): All three committee members will be leaving the Board at the end of the term. It was discussed that the next group of committee members should meet with the current committee to ease the transition and the incoming President should be on this committee. The Board Calendar needs to be updated to indicate that the GM Evaluation Process begins in September. The committee suggested that the GM evaluation and six direct evaluations should be rewritten.

(ii) Finance Committee (B. Krause, J. Lies, and B. Brady): The Finance committee is holding meetings regularly on the second Tuesday of each month at 6 p.m. Committee met last week and focused on refinance of debt. The GM explained that the store was supposed to break escrow late last week but there was a lack of clarity as to whether NI is

ready. The committee explained that the rates offered are very beneficial. Range will not consolidate everything. The MFC now has a line of credit to use as a backup plan. Cash is monitored daily. The committee discussed that sales were just under \$8 million last year. Employees can now fund their accounts and use those funds instead of an IOU account. The committee reported that preferred shares are at 85, there were 280,630 customer transactions last year, and the purchasing rebates will start coming in soon.

(iii) Communications Committee (P. Britton, E. Wright, B. Jackson, and C. Noordyk): Did not meet. Nothing to report.

(iv) Elections/Nominations/Orientation: Did not meet. Committee will meet this month. There will be three vacant seats on the Board. Three applications were received prior to the December 31st due date. Two other applicants have expressed interest but have not yet submitted applications. The Board discussed that there is nothing in the bylaws concerning the December 31st application deadline and the open nomination period is not clearly defined. It was noted that the bylaws require that applications must be received 30 days prior to voting, which will begin February 29 this year. The Board determined that the two applicants will be allowed to submit applications this week. The Board President will contact them. The committee will meet next week.

(v) Board Education (B. Jackson, C. Noordyk, P. Britton, B. Krause): Did not meet.

(b) Ends Survey and Blog Review:

(i) Ends 2 Blog (C. Noordyk): T. McKenzie's blog for Ends 1 is now posted. C. Noordyk will email the Board a draft blog post for Ends 2. For future meetings, it was clarified that the Board member who is scheduled to write that month's blog post should bring a draft to the meeting to share with the rest of the Board. B. Brady is scheduled to write the Ends 3 Blog. It was discussed that if he is unavailable, the next scheduled Board member will write the Ends 3 Blog.

(ii) Ends 1 Survey: Moved to February agenda. Survey results will be sent to the Communications Committee.

(c) Reconsider Outside Audit: The Board discussed whether it is necessary or beneficial to request an outside audit or review. It was noted that an audit is not required for the current share offering. It was discussed that if lenders are not requiring an audit it may be unnecessarily expensive for the MFC. The MFC could consider an internal audit or review of agreed upon procedures. The GM said that the last review was done in 2013. The GM will contact Paul Nardi to arrange a meeting with the Finance Committee to discuss doing a review.

(d) Newsletter Bios for Board Candidates Due: Noted.

IX. Third Public Comment: Ron Elberth inquired about the review of agreed upon procedures and asked who would make the decision about what was reviewed or audited. The GM explained that management and the Board would make these determinations.

X. Closings

(a) February Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (N. Lantz)
- iii. G8 – Vice President’s Role (P. Britton)
- iv. L5 – Financial Condition 4th Quarter
- v. Auditor Presents Annual Report to BOD
- vi. Certify Membership
- vii. Set Annual Patronage
- viii. Ends 3 Blog Draft (B. Brady)
- ix. End 1 Survey Review

XI. Motion to adjourn at 8:13 p.m. (*motion by B. Krause, second C. Noordyk*).

Action: Motion passed unanimously.

Next Board Meeting: February 16, 2016 at 6:00 p.m.

Emily Weddle
Board Recorder

January 19, 2016

Policy Type: Ends

Policy Titles: E- Global End

E1- Economic Vitality

E6- Local Emphasis

E2- Outreach & Education

E7- Environmental Stewardship

E3- Owner Engagement

E8- Model Workplace

E4- Wellness

E9- Food

E5- Community Leadership

Last Revised: February 17, 2015

I report compliance with each policy. For the purposes of this report

Signed: _____, General Manager

Date: _____

Global: The actions of the Marquette Food Co-op provide access to local, organic, and wholesome products, and the benefits of a healthy, diverse, educated, and sustainable community.

Interpretation/Operational Definition: The MFC makes available local, organic, and wholesome products. It also promotes healthy living to anyone, educates about food and related issues, and endeavors to exemplify sustainable practices.

Data: This policy proscribes broad criteria of product attributes and for whom these products are made available. It stipulates that we educate about these criteria and products. It also requires that we, as a business, take measures to not simply use less resources but to also re-use resources, return resources, and generate new resources as we operate.

By operating a consumer cooperative, the MFC liberally provides the kinds of products described in this policy. At any given time, 60% of the products in the store are organic. Local food purchases equate 8% of store product sold. There are tens of thousands of items in the store. The MFC

The MFC has been twice recognized, once locally, by the Marquette Beautification Committee and once at the state level, by the Governor's Office, for our efforts to conserve energy and re-use resources through the energy efficiency measures and gray water systems built into our new facility. We were presented the 2015 Marquette Beautification Committee's Green Award and the inaugural Governor's Award For Energy Excellence.

The MFC has robust educational offerings for both members of the cooperative and the public. We partner with other agencies and spread the word about good food across the U.P. We have worked at the national level of food safety protocols for small farms.

More detail about how the MFC is structured, functions, and responds to member need is detailed in the rest of this report in the following policies and their interpretations.

E1: Economic Vitality- The MFC uses the cooperative business model, primarily through a retail storefront, as a component of a robust local economy.

Interpretation/Operational Definition: The MFC shall remain economically viable while maintaining a cooperative organization and structure. Further, we positively impact our local economy through our payroll and purchases of as many local services and products as makes good sense.

Data: By definition, a cooperative exists to serve the needs of its members. A cooperative is also financed, in part, by member dollars. At the end of 2015, 23.2% of the assets of the MFC were held by direct member investment dollars; \$495,278.00 in member shares and \$382,000.00 in preferred shares. There are to date, \$85,000.00 of additional preferred shares yet held in escrow at range Bank not accounted here. The MFC is structured cooperatively from its corporate documents and bylaws to its representative board of directors elected from the membership.

In 2015, total sales revenue at the MFC literally fell a few dollars shy of \$8 million. The MFC continues on its path to recovery from the expansion. The following represents how dollars were spent locally on goods and services and their percent of total revenue:

- \$1,716,325.00 or 21.4% back to the community in wages and salaries to employees.
- \$119,148.00 or 1.4% was paid out in benefits to employees.
- \$526,336.00 or 6.5% of local food and goods.
- \$9,133.00 or .01% for professional services.
- \$59,032.00 or .07% of insurance through a local agency.
- \$25,299.00 or .03% for cleaning and maintenance.
- \$61,772.00 or .07% for utilities & garbage removal.

- \$39,405.00 or 0.4% for local property taxes.

- \$89,030.00 or 1.1% on local advertising and media.
- \$4,668.00 in local donations.

For a grand total of \$2,650,148.00 or 33.1% of total revenue spent locally or within our community. It is held that for every dollar spent locally, 45 cents of that dollar is reinvested locally. This is known as the local multiplier effect.

E2: Outreach and Education- MFC uses multi-faceted approaches to proactively engage our community and promote cooperative principles and support the operations of the store.

Interpretation/Operational Definition: The MFC shall offer a variety of educational opportunities for both members and the public. These educational offerings shall exemplify and be guided by the cooperative principles and will generally focus on food and related issues as they pertain to MFC policies, practices, and member need.

Data: Classes:

2015 was the first full year of offering classes in our teaching kitchen. There were 45 food demonstrations and cooking classes in 2015 compared to only 26 the year prior. Four of those classes were offered in Escanaba. Attendance figures increased from 321 to 600 people in the same time period. We held 3 workshops in 2015 with attendance of 59 people, an increase of 26 over the previous year. In the past, cooking classes were, at best, break-even events. In 2015 they began to turn a profit. 2015 marked the first year we hosted a school group for a multi-session cooking class. For five weeks the Immerse Homeschool Group (ages 7-13) learned about nutrition and health in addition to hands on cooking techniques. The curriculum for this class is ready for other school groups. Also new last year was corporate cooking classes as a means of corporate team building or holiday celebrations. Three of these corporate events happened and each was successful.

The MFC was awarded its first grant for our cooking classes from the Michigan Department of Agriculture and Rural Development. The \$21,806.00 grant is intended for three different projects. We will offer free cooking classes at the Co-op, the Downtown Farmers Market, and at Lake Superior Youth Village. The classes will focus on creating meals using a variety of fresh and locally or Michigan grown produce.

Farm to School:

We have hosted the Farm to School committee for some years now. There are too many individual teachers, parents, and community members to list that are involved in the Farm to School Committee but the list of organizations we work with on this initiative include: MAPS, Gwinn Schools, NICE Schools, Superior Watershed Partnership, Blue Cross/ Blue Shield, NMU Dining & Catering, MSU Extension, Superior Beekeeping Club, UP Health Systems, CUPPAD, NRCS, and MARESA. This initiative lifted off the launch pad in three ways this past year. Gwinn Schools, NICE, and MAPS participated in the Michigan Apple Crunch Day, MAPS began using the UPFE Online Marketplace for orders and increased their

purchases with the goal of annual increases moving forward, and NICE Schools ordered from local farms for the first time ever.

Farm Raiser:

We are poised to be the direct organizer for this Central Upper Peninsula Farm to School fundraising program where students raise money for their schools selling farm products. Through the U.P. Food Exchange platform and program templates developed by us, schools will be able to work with us instead of downstate organizers. This will allow for easy communication and the participating schools will keep more money.

Tabling & Presentations:

Additionally, MFC Outreach staff tabled at events or gave presentations to over 3,100 people. 62 people attended our Get to Know Your Co-op class. Promotional events including the Farm Tours and Farm Tour Dinner, The Culinary Journey, and Snacking With the Spirits (at the Regional History Center) found us in front of 832 people. At every class, event, or workshop the MFC is promoted by our staff or is at the center of the event itself.

Hoop House:

This was our last year of operating the NMU Hoop House. Hoop house operations have been handed over to NMU. In all 648 people attended hoop house programs and tours.

E3: Owner Engagement- MFC maintains connection and relevance to its owners and encourages them to take an active role in order to sustain the cooperative.

Interpretation/Operational Definition: The MFC maintains open communication with its owners and encourages and seeks their input.

Data: We have an ongoing and robust Customer Suggestion system. On average we receive 7-10 suggestions, compliments, or complaints per week. Each suggestion is routed to the best person to respond and the customer is contacted if they desire. All comments are recorded into a spreadsheet system for official record of the comment and our response.

We gave a comprehensive survey to members and customers during the summer of 2015. The board was given these survey results. More than 700 respondents gave us valuable insight into the continued needs of our members and shoppers.

As part of our Operational Strategic Plan we held two member focus groups this past fall/early winter. The purpose of the focus groups was to assess member input relative to the functionality of the new store a year after opening. We also hosted four different dot surveys in the store where shoppers answered a short survey by sticking a dot under their choice of answer to a question on a board in the store.

Finally, the MFC Board of Directors regularly surveys the members via the MFC website.

E4: Wellness-MFC promotes health and wellness in our community through the principles of eating good food, staying connected, being active, and rest.

Interpretation/Operational Definition: The MFC supports healthy living and a balanced approach to wellness that takes into account both mind and body.

Data: The MFC has promoted health and wellness since its inception in 1971. We were formed by people who sought good food in order to be healthy and well. Since then, the MFC has positioned itself as the premiere health and wellness retailer in the area. The following provides a look at how we do this:

- We are a one stop shop for everything from healthy foods to our own brand of vitamins and supplements with a knowledgeable staff to help answer customer questions.
- We have an Outreach Dept to spread the word about our products and teach people to use them.
- Natasha Lantz chairs the ACHIEVE Community Wellness Committee that works on and implements community wide health initiatives focused on food and exercise.
- We work with schools to implement fundraising activities that sell farm products instead of candy.
- We make food donations to events that promote active lifestyles like the Kicks For Kids 5k race, the Iron Range Roll race, and the Marquette Trail Running Club races.
- We have information tables at events like the Belly to Baby Expo geared toward healthy living for moms and babies.
- We offer hands on cooking classes that help people connect with not only food but also each other.
- We provide a breast feeding/pumping room for nursing mothers and offer staff benefits like giving discounts on vitamin C and other cold/flu remedies, paid sick time, discounted gym memberships, , and give free discounted produce to staff in the staff break room.
- We are in discussions with UP Health Plan regarding how to connect MFC healthy lifestyle education with the UPHP's 50,000 members.

E5: Community Leadership- MFC takes a collaborative leadership approach to positively impact our community.

Interpretation/Operational definition: The MFC does good work in our community through partnering with other agencies and businesses.

Data: The MFC is a willing community partner and leads through service to other people and agencies. What follows is a list of initiatives, partner agencies, and our role in working with them.

- UP Food Exchange:
 - MSU Extension, Western UP Health Department, and Sault Tribe of Chippewa Indians-
 - Central UP Food Policy Committee- we chair this committee that looks at ways to encourage the development of local policy that favors local food production

and supports the UP's ability to provide for its own food needs. Partners include MSUE, city, township, county planners, and citizens.

- Central Upper Peninsula Farm to School Committee- Please see data for E2, Outreach & Education
- Coordination of the Online Marketplace, website, and Plowshare Newsletter.
- Hoop Houses for Health:
 - YMCA, Downtown Farmers Market, Michigan Farmers Market Association, AMCAB, and MSU
 - We convened partners in order to formulate a sustainable system that encourages coupon redemption by families eligible to receive food through the program.
- NMU Hoop House:
 - Northern Initiatives, NMU College of Professional Studies, NMU student groups
 - We provided management and maintenance at this educational site.
- ACHIEVE:
 - YMCA, Marquette County Health Dept., NMU, Cliffs Natural resources, AMCAB, MSUE, UPHEC, BC/BS, and the Sault tribe.
 - We have been active partners in the development and maintenance of this coalition since 2010. We have representation on the full committee and chair the Community Wellness Committee.
- MSU Extension UPREC Advisory Council:
 - Natasha Lantz sits on the council which advises the UPREC Director about current and future programming needs of U.P. citizens and farmers.

General Manager, Matt Gougeon currently sits as the president of the board of the Marquette Chamber of Commerce. Communications & Marketing Director, Natasha Lantz, sits on the board of Michigan Food and Farming Systems and the Michigan Good Food Steering Committee.

The MFC continues to be a leader in farm food safety in the U.P. by working with the farmers who supply our store as well as farmers around the U.P. who are connected to UPFE. Through UPFE, the MFC provides yearly food safety training and coordinates USDA GAP/GHP certification for interested farms. Our Co-op assists MFC suppliers with production planning and makes annual educational visits to each farm to help them stay current with food safety best practices. Natasha Lantz and MFC Board Member, Phil Britton, co-chair the MI GroupGAP Development Team. This group is creating a state wide, collaborative food safety system. The MFC remains part of the USDA/Wallace Center GroupGAP Community of Practice which is an extension of the GroupGAP Pilot Study work that we were part of in 2014-2015.

E6: Local Emphasis- MFC gives preference to local products and services that align with operational principles.

Interpretation/Operational Definition: The MFC purchases products and services locally that support store policy and make good business sense.

Data: Please see the data from E1 Economic vitality for financial figures relative to purchases of local product and services.

The MFC gives preference to local product by:

- Reducing our margin on what is generally a more expensive purchase in order to help it be price competitive with national competitors
- Giving prominent shelf space to it and lots of promotional visibility. The word “local” is prominent in store marketing
- Facilitating, designing, and then training food safety protocols to suppliers
- Integrating local food into our cooking classes
- Hosting farm tours for the last ten years
- Hosting a farm tour dinner
- Continued development and management of the UP Food Exchange and Online Marketplace
- Convening the Central UP Food Policy Committee and the central U.P. Farm to School Committee
- Opening new institutional markets to growers
- Serving as an aggregation site for U.P. farm products
- Developing distribution opportunities for local food
- Keeping local in the media spotlight
- Remaining patient

The MFC gives preference to local services by:

- Choosing local service providers over national or multi-national providers unless it is clearly price prohibitive to do so.

Through the NCG, we have a common purchasing contract with a variety of national vendors for paper products, containers, displays, etc. These cooperative contracts keep costs low and we don't seek local vendors for these supplies. But we purchase services like cleaning (Spiffy Clean), general maintenance (Tim Wadsworth), accounting (Pat Thompson), legal (Michelle Halley), and financial services (Range Bank) locally. Our insurance is purchased through a local agency (VAST), and our garbage hauler (Northcountry Disposal) is also local.

E7: Environmental Stewardship- MFC strives to conduct its operations in an environmentally conscious manner.

Interpretation/Operational Definition: The MFC will keep a light environmental impact “top of mind” while operating.

Data: In 2013 the MFC Board of Directors made policy that stated when the cost of including energy efficiency solutions in our new building plans was within 10% or less than *not* including them, the General Manager was directed to opt for the energy saving solution. Our building has two gray water systems, LED lighting on timers and motion detectors, reclaimed waste heat from compressors, and

proper insulation. We also make use of green space to absorb parking lot run off. Over all, compared to our old location we have realized a net decrease in energy usage. In 2015, as previously noted, the MFC received two awards recognizing our efforts at reducing our environmental impacts. The Marquette Beautification Committee presented us their Green Award and the Governor's office for the State of Michigan gave us their first ever Award For Energy Excellence.

Food waste is also minimized at the MFC. All waste from our Produce Department is given to local farmers as compost. Outdated product that is no longer sellable but yet edible is directed to staff. Day old bakery items are taken across the street and donated to the Room At The Inn warming shelter. Food scraps and paper waste from customers in our cafe that make it into our waste stream are slated for a future composting program. We are partnering with Northcountry Disposal and the Marquette County Landfill Authority on a compost program whereby our scraps will become useful soil amendment. This project will see further development in 2016. In conjunction with this, a comprehensive in-store recycling program will be implemented whereby food containers and plastics will be removed from the waste stream generated by the café.

Additionally, we use 100% post recycled office paper, allow shoppers to opt out of printed receipts at the register, and offer our newsletter to recipients electronically.

E8: Model Workplace- MFC fosters a workplace in which there is a professional culture of mutual support and open communication, while balancing personal and organizational needs.

Interpretation/Operational Definition: The MFC is a good place to work. There exists a culture of professional respect among employees and open lines of communication. Employee compensation and benefits are weighed against operational capacity.

Data: Communication- Store Administration and Management communicate with staff via meetings, memos, postings, emails, and the staff newsletter. Additionally, all departments have a communication log or board where important information is placed for store and department specific information. Annually, staff receive an Employee Satisfaction Survey and a Benefits Survey as a means of gauging staff preferences and interests in their work life. (*See survey results*). Survey results corroborate that the MFC is a good place to work. Staff may also communicate with Administration via the Cooperative Collaboration (CC). The CC consists of staff elected representatives that serve as an advisory group to management and administration relative to employee work environment and response to store policy and procedure. Additionally, the General Manager, has an "open door" policy and will meet with staff at almost any reasonable request.

Additionally, the MFC Grow Teams, charged with determining the focus of work for implementing the Marketing Plan portion of our Operational Strategic Plan have allowed for collaborative store wide communication and staff engagement in activities that directly affect operations. The Grow teams may consist of a mix of upper management, management, and staff working together to identify areas needing improvement and solutions to make them stronger.

Compensation & Benefits- During 2015 and in response to staff input and pending changes to state and federal minimum wage laws, the MFC re-vamped its salary and wage schedule. The board of the MFC

received all documents pertaining to these changes with the regular L3 Wages & Compensation report. But I include herein the new MFC compensation philosophy as it reflects what this E8 policy embodies:

The MFC compensation philosophy allows for wages and benefits that are meaningful, clearly communicated through an effective administration system, and include special benefits that make us distinctive as an organization.

MFC strives to pay competitive wages for staff who have achieved full competency, and allow for pay ranges that reflect responsibilities, specialized skills, and pay increases that reward longevity and performance. Our wage schedule provides guidelines so that compensation decisions can be made with confidence and consistency.

Our goal is to meet or exceed the mean wages, paid by position, as determined by the US Bureau of Labor and Statistics for the Upper Peninsula of Michigan. All pay decisions are balanced against organizational need and capacity.

The list of employee benefits at the MFC follows:

Upon employment

- Both full-time and part-time employees:
 - 20% discount on most grocery items excluding beer, wine and deli items
 - 10% discount on beer, wine and deli items
 - Cost plus 10% on UNFI catalog special orders
 - Employee pricing plus 10% on sale flyer special orders
 - Complimentary foot massages and wellness sessions(monthly drawings)
 - Attend Outreach events for free
 - Free and discounted past dated items throughout the store
 - Anytime Fitness membership discount - \$35 per month for 12 month contract
 - Transportation Benefit for bicyclists and public transit commuters
 - Employee Assistance Program with Northstar

Upon completion of 90 day training period

- Full-time employees:
 - Flexible Spending Account (FSA): \$500/year, November-October
 - Paid Time Off (PTO): Based on accrual system (Accrual Rate per Hour: .0192)
 - Assurant Vision Insurance with available buy up options for self and dependents
 - Assurant Dental Insurance available for purchase
 - BCBS health Insurance, MFC pays 65-80% of premium cost, employee pays remainder
 - Aflac Supplemental Insurance available for purchase
 - Bereavement leave, 2 paid days to attend funeral of close relative
- Part-time employees:
 - Flexible Spending Account (FSA): \$300/year, November-October
 - Paid Time Off (PTO): Based on accrual system (Accrual Rate per Hour: .0192)
 - Assurant Vision Insurance with available buy up options for self and dependents
 - Assurant Dental Insurance available for purchase

- Aflac Supplemental Insurance available for purchase
- Bereavement leave, 2 paid days to attend funeral of close relative

Upon 1 Year of employment

- Both full-time and part-time employees:
 - PTO accrual rate increases to .0385 per hour
 - Life and Accidental Death enrollment available
 - FMLA eligibility

E9: Food- The MFC provides access to local, organic, wholesome, and fairly traded food and products.

Interpretation/Operational Definition: The MFC seeks and purchases local, organic, wholesome, and fairly traded products as a significant part of a dynamic product mix. We establish mechanisms and means by which people may access these foods and products.

Data: The MFC is open 361 days a year, for 13 hours per day. We transact in cash, check, credit, debit, and EBT. We give away a piece of organic fruit or a vegetable to shoppers every single day. Members and shoppers are allowed to special order product by the case. The MFC has several regular promotion programs currently running that bring reduced pricing to members and shoppers

- Co-op Deals which is a bi-weekly NCG manufacturer rebate program
- TPR's (temporary price reduction) from UNFI which serve as our Owner Buys program
- New Items which mostly generate from UNFI and highlight new product
- Coop Basics, an NCG generated program serving as an Everyday Low Price promotion providing deeply discounted product throughout the store
 - This promotion is largely identified by the Field Day label.

SPINS is an organic and specialty product grocery analytics company that we use to track sales data of products we sell. Using SPINS data and our own internal data we find that in the 52 week period ending November 29, 2015, 59% of product sold in the store was 70-100% organic. This product accounted for 60.2% of total store revenue attributed to food sales.

Local food may be regularly purchased at the store year round. Through the UP Food Exchange's Online Marketplace, local food is purchased by MFC and other institutions like schools, hospitals, restaurants, and universities throughout the U.P. \$11,726 of sales passed through UPFE's Online Marketplace from local farms to non-Co-op wholesale customers. The UP Food Exchange was also the vendor supplying local products for two Farm to School Fundraising campaigns. Students were responsible for selling products to community members and a percentage of the sales went to fund educational opportunities and materials at those schools. Between the two campaigns, students raised about \$7,500.

The MFC contracts with two main suppliers, United Natural Foods International (UNFI) and Co-op Partners Warehouse (CPW). UNFI is the nation's largest wholesaler of organic and natural foods for the grocery industry. CPW is an off shoot of the Wedge Co-op in Minnesota and provides us with organic

and fair trade produce. We are CPW's largest single customer- which is saying something as they serve all the twin cities co-ops as well. There are more than a hundred other independent vendors throughout the store.

Because of our membership in the National Cooperative Grocers, we share a common UNFI purchasing contract with 140 other member co-ops. This contract gives us markedly reduced costs on product than if we were an independent store. These cost savings are passed along to our shoppers. Product from UNFI accounts for about 60% of product on the shelf. We remain the area's single largest "one stop" purveyor of local, organic, wholesome, and fairly traded foods and products.

Summary

The MFC continues to be integral to the fabric of this community. We contribute to the local economy. We build community around food. We provide access to good food. We educate about food. We provide a good solid place to work. We are careful with our resources and tread as lightly as we can within our space.

In all of this, we are inclusive of everyone who wants to be involved with this cooperative. With our bylaws and policies defining our actions and the Cooperative Principles guiding our decision making. The results of our work are felt in the smiles of members and shoppers, in our good influence throughout the U.P., and in the heft of a piece of free fruit in a child's hand.