

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

Start time: Meeting was called to order by president Tom McKenzie at 6:04 p.m.

Roll call: Brian Brady, Brad Jackson, Barbara Krause, Janna Lies, Tom McKenzie, Mike Potts, Emily Wright.

Absent: Phil Britton (excused), Cori Noordyk (excused).

Staff: GM Matt Gougeon, Natasha Lantz, Kelly Cantway.

Public: Rick Kochis, Michelle Augustyn.

II. Preliminaries:

(a) Approval of Agenda & Additions: Store Report and L8 postponed until arrival of GM at 7pm. G10 was moved to Board Monitoring before Committee Reports.

Motion: To approve agenda with changes (*motion by E. Wright, second B. Krause*).

Action: Motion passed unanimously.

(b) Review of March Minutes and Annual Meeting Minutes: No changes were made.

Motion: To approve the March minutes and Annual Meeting minutes without changes (*motion by B. Brady, second E. Wright*).

Action: Motion passed unanimously.

(c) Electronic Communications: None.

III. First Public Comment: None.

IV. Outreach Reports

(a) Outreach Report (N. Lantz): Lantz reported on recycling and composting efforts. She attended the Solid Waste Management Conference for the UP sponsored by the DEQ. She commented that there are challenges in the UP for recycling and composting. About 95% of the food waste at the MFC is taken care of. For the remaining 5% of food waste, the MFC is working with Partridge Creek Farms, which will be composting at a larger scale. Lantz reported that the key issue with composting is hauling and storage but efforts are underway. The MFC has been approved for a site visit for the Double Up Food Bucks program. Christopher Peacock is leaving the Outreach Department and Geneva Martin is joining the team. The social media plan is in review stages. Outreach is analyzing past advertising and planning metrics to assess advertising moving forward. The store has had great turnover with the “While Supplies Last”/”Good Buy” bin and is continuing to fine tune product turnover. Lantz reported that the extended Grow Team starts next Thursday. Staff are participating in NCG pricing strategy webinars. The Co-op Basics program has been rolled out with Field Day brand products available on the shelves. Lantz reported that the brand has pretty good ingredient integrity and an affordable price point. The store is planning more efforts to make the store more accessible and will be educating consumers and rolling out the 5-2 plan again. Staff will attend the Preventive Controls Training for the Food Safety Modernization Act. Outreach staff will attend the Marketing Matters conference. NCG has asked Lantz and the GM to participate in Lobby Day in Washington, DC. NCG is covering their costs and they will receive training with the National

Organic Coalition. Lantz will be co-chairing the United Way for Marquette. Lantz also reported that she visited Northwinds Natural Foods in Ironwood, which has been revitalized and is under new management. She also reported that she was contacted by Mike Mallow who is interested in having his board meet with the MFC Board and proposed meeting in Michigamme. B. Jackson will follow up.

(b) UP Food Exchange Report (N. Lantz): UPFE is sending MFC staff and two others to a USDA training at no cost to the MFC. This will mean that there will be internal auditors available in the UP. UPFE presented to the Ironwood Gogebic Foodies group about UPFE and the online marketplace. The “Together at the Farm” conference will be in Chatham on July 30 and will be capped at 300 attendees. The Board inquired about whether press releases go out about the MFC’s outreach efforts and Lantz reported that press releases are sent out. She also noted that the MFC will be doing a monthly column in the *Marquette Monthly*.

V. Board Monitoring & Discussion

(a) G10 – Secretary’s Role (B. Krause): The Board discussed the meaning of “board administrator” and determined that it is the Board Recorder. No changes recommended.

VI. Second Public Comment Period: Rick Kochis inquired about the quality of the “Field Day” brand products. It was discussed that it uses organic ingredients. Customer feedback about the brand varies product to product.

VII. Break

VIII. GM Monitoring

(a) L8 – Communication & Counsel to the Board (M. Gougeon): The Board reviewed the report and determined that the report demonstrated compliance.

Interpretation Reasonable: Yes.

Adequate Data: Yes.

The report was accepted as in compliance.

The GM elaborated that the report details how he communicates with the Board and added that he now informs the Board of national trends.

(b) Store Report (M. Gougeon): The GM reported that he attended the NCG Annual Meeting in Chapel Hill, NC and reported about trends from the meeting. Co-ops are losing market share to corporate competitors including natural foods grocers and conventional foods. Organic and natural products are seeing growth. He reported that there is huge turnover among co-op GMs due to the competitive marketplace and difficulty of roles at individual stores. Corporate competitors have many of these roles centralized and handed down to stores so they are able to operate more efficiently. Some co-ops are closing and some are shrinking. NCG is asking co-ops to focus on price, product (category management), and productivity. The MFC has an operational strategic plan and is already making great strides with these efforts. The GM reported that the store is doing well with inventory management. At its worst there was a \$30,000 variance, which is now down to \$400. The back room is now set up to be more efficient and labor can be reduced. The Front End has become aware that through tardies and missed shifts, there is \$6,000 left by

employees without a major impact to operations so managers can pay closer attention to scheduling and hours worked. The GM reported that the MFC is on the low end of sales-per-labor-hour but would like to reach 85. The store is planning to have more full-time employees. The GM would like to institute a livable wage model. The NCG has developed a model for co-ops but the MFC cannot afford it yet. The GM commented that the wage schedule was updated last year to give wage increase which seems to have been well received by staff. The MFC has a 44% turnover rate and would like to reduce turnover. The store will continue to stay relevant to consumers through customer surveys. The MFC is seeing growth in sales and received another award at the NCG Annual Meeting for growth.

IX. Board Monitoring & Discussion (Continued)

(b) Committee Reports:

(i) GM Evaluation (J. Lies, B. Brady, and T. McKenzie.): Met and reviewed the survey form and evaluation form that has been in use. The committee also reviewed employee feedback about the evaluation process and plans to recommend changes. All committee members will be leaving the Board at the end of the term. Continuing Board members were asked to join the next GM Evaluation Committee meeting to help with the transition.

(ii) Finance Committee (B. Krause, J. Lies, and B. Brady): The committee did not meet prior to the meeting but received a report from the GM that was shared with the Board and discussed at the meeting. The GM explained that he would like to pay off past due Accounts Payable and proposed a list of reductions that have been identified to help pay the \$160,000 that is past due. Part of the plan involves requesting interest only payments from Range for 12 months. The Board inquired about risk and discussed implementing some sort of metric or designated range to monitor Accounts Payable in the future to help make sure the MFC does not land in this position again.

(iii) Communications Committee (P. Britton, E. Wright, B. Jackson, and C. Noordyk): Did not meet.

(iv) Elections/Nominations/Orientation: Did not meet.

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

(c) Ends Survey and Blog Review:

(i) Ends 5 Blog Draft (M. Potts): M. Potts will email draft to Board for review.

(ii) Ends Survey Review: Postponed to May meeting.

(d) Update Directory: Postponed to June agenda after new Board members begin their terms.

(e) Set Retreat Date: Postponed to June agenda.

(f) Orientation Procedure Begins: Two new Board members attended the meeting.

X. Third Public Comment: Rick Kochis inquired about increasing member participation at the co-op. It was discussed that members used to be able to volunteer at the store. Other volunteer and member participation ideas were discussed.

XI. Closings

(a) May Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (N. Lantz)
- iii. L5 – Financial Condition 1st Quarter (M. Gougeon)
- iv. GM Evaluation of the Board (M. Gougeon)
- v. Ends 6 Blog Draft (J. Lies)
- vi. Ends Survey Review
- vii. Set Board Calendar
- viii. Assign Monitoring

B. Brady notified the Board that he will be absent from the May meeting. J. Lies may also be absent.

XII. Motion to adjourn at 8:24p.m. (*motion by B. Krause, second E. Wright*).

Action: Motion passed unanimously.

Next Board Meeting: May 17, 2016 at 6:00 p.m.

Emily Weddle
Board Recorder

Policy Type: Executive Limitations

Policy Title: L8 – Communication and Counsel to the Board

Reporting Period: April 19, 2016

I report compliance with all parts of this policy. All changes in interpretations or data from the last reporting period are highlighted in yellow.

I certify that the information contained in this report is true.

Signed _____, General Manager

Date _____

Global: ***The General Manager will not cause or allow the Board to be uninformed or misinformed.***

Interpretation/Operational Definition- The General Manager informs the Board with relevant information regarding the Marquette Food Co-op's operations and activities. **The GM does this through direct report and staff or third party report.**

The GM will not:

L8.1 *Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes which affect the assumptions upon which Board policy has previously been submitted.*

Interpretation/Operational Definition- The GM informs the Board generally about the business of the MFC. The GM shall make known to the Board changes and trends within the operation of the store, the greater community, **and nationally** that would affect Board thinking when applied to current MFC policy.

Data: The GM gives monthly store reports to the Board regarding sales trends, customer data, membership, internal activities, significant personnel changes, equipment acquisition, community partnerships, potential threats, staff trainings, outreach activities, store policy, employee benefits, etc. These reports either verbal or written are meant to assist the Board in understanding store activity relative to Board policy. They are not meant to involve the Board in operations or operational decision making.

L8.2 *Fail to submit timely, accurate, and understandable monitoring data required by Board policy D4 – Monitoring General Manager Performance.*

Interpretation/Operational Definition- The GM shall submit internal monitoring reports to the Board as defined by Board policy D4. Further, said internal monitoring reports shall contain clarity of data relevant to the report and be submitted to the Board according to the established and agreed upon reporting calendar.

Data: Within the last reporting period the Board has accepted all policy interpretations submitted by the GM. Supporting data has been deemed sufficient to prove policy compliance. However, the GM has been late with the majority of monthly reports in the last reporting period. Through the Board evaluation of the GM, formal request of report timeliness has been made.

L8.2.1 *Allow the Board to be unaware of any actual or anticipated non-compliance with Ends or Executive Limitations policies, regardless of the monitoring schedules.*

Interpretation/Operational Definition- The GM shall inform the Board of any known or potential situation within the MFC that is non-compliant with existing Ends and Executive Limitations policies. Such information shall be communicated to the Board as it is relevant to policy and not according to the cycle of the monitoring calendar.

Data: In the past reporting period, store operations has been compliant with all Ends and Executive Limitations policies- that have been reported to the board.

L8.2.2 *Submit monitoring reports that do not include:*

Policy criteria repeated in the report; The Manager's interpretation of the policy; Relevant data that fully addresses the interpretation; An explanation and the anticipated date for compliance, if the report indicates an out of compliance situation; A clear indication of which aspects of the report are changed since the last report.

Interpretation/Operational Definition- The GM submits monitoring reports that include the policy language as written, the GM's interpretation of that written language, data that supports the interpretation, a reasonable plan and date for compliance if a report indicates non-compliance, and highlights any parts of a report that have changed since the last reporting period.

Data: In the last year the Board has accepted all monitoring reports from the GM as specified by the above criteria.

L8.3 *Allow the Board to be unaware if, in the General Manager's opinion, the Board or one of its members is not in compliance with the Board's policies on Board Process or Board/General Manager Relationship – particularly if the case is detrimental to the work of the General Manager or the relationship between the General Manager and the Board.*

Interpretation/Operational Definition- The GM informs the Board of his opinion as to whether the Board or individual Board members may be acting in non-compliance with Board Policy, Board Process, or Board/GM relationship especially if such non-compliance is a hindrance to the GM's work or working relationship with the Board.

Data: In this reporting period the Board/GM relationship has not, in the GM's opinion, been compromised.

L8.4 *Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.*

Interpretation/Operational Definition- The GM works with the Board as a whole except when honoring individual Board member requests for information relative to Board business or responding to the work of individual Board Officers or duly charged committees as referenced in Board Policy D1- Unity of Control.

Data: In this reporting period, outside of meeting with the entire board at the regular board meetings and the annual Board retreat, the GM has met regularly with the Finance Committee and GM Evaluation Committee of the board. The GM conducted no MFC business with any single member of this board during the reporting period.

L8.5 *Fail to submit to the Board a consent agenda containing items delegated to the GM yet required by law, regulation or contract to be Board approved, along with applicable monitoring information.*

Interpretation/Operational Definition- The GM brings to the Board any legal or contractual item requiring Board approval even though the items may be delegated to GM responsibility. Each legal or contractual item will be brought to the Board as part of the regular Board meeting agenda and will be accompanied by enough data for the Board to determine policy compliance relative to the item.

Data: In the past reporting period there have been no legal or contractual items requiring board approval.