

**Minutes of the  
Marquette Food Co-op Board of Directors  
September 20, 2016 Meeting**

**Start time:** Meeting was called to order by president Phil Britton at 6:03 p.m.

**Roll call:** Phil Britton, C. Noordyk, B. Krause, M. Augustyn, B. Jackson, R. Kochis,  
M. Potts, G. Sarka.

**Absent:** E. Wright.

**Staff:** Natasha Lantz, Kat Eaton, Kelly Cantway.

**Public:** None.

**II. Preliminaries:**

(a) Approval of Agenda & Additions: It was noted that the break was removed from the agenda to leave time for Board Education after the meeting. The Outreach Report listed under October Assignments was changed to TBD since Natasha Lantz will be leaving the MFC.

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

*Action:* *Motion passed unanimously.*

(b) Review of August Minutes: The Board reviewed the minutes and no changes were made.

*Motion:* To approve August minutes without changes (*motion by* B. Krause, *second* G. Sarka).

*Action:* *Motion passed unanimously.*

(c) Electronic Communications: GM sent a financial summary to the Finance Committee since he was absent from the meeting.

**III. First Public Comment:** None.

**IV. GM Monitoring**

(a) Store Report (M. Gougeon): GM was absent and the Store Report will be covered during the Outreach Report.

(b) L2 – Staff Treatment (K. Cantway): The Board received the report and determined that the report demonstrated compliance.

*Interpretation Reasonable:* Yes.

*Adequate Data:* Yes.

*The report was accepted as in compliance.*

Cantway reported that not a lot has changed. The manual has been revised and updated. There have been some changes in hiring data. There were nine terminations due to performance this past year. The MFC has seen fewer applications for entry-level positions. Data on internal promotions has been fairly consistent with data from last year. The Emergency Plan continues to be improved as opportunities to test protocols arise. Safety training and fire extinguisher trainings were conducted. Comments from the staff survey are available to the Board. The survey will be conducted again in October. The Board inquired about whether terminations affected morale. Cantway reported that when staff are not performing their duties or aren't a good fit for their positions it tends to negatively impact morale so terminations due to performance do not

seem to negatively impact morale. Cantway reported that the MFC previously had 95 employees and is down to 82. The Board inquired about the legal review of the handbook and associated expenses.

(c) L3 – Compensation & Benefits (K. Cantway): The Board received the report and determined that the report demonstrated compliance.

*Interpretation Reasonable: Yes.*

*Adequate Data: Yes.*

*The report was accepted as in compliance.*

Cantway reported that there are changes to FSLA in relation to the exemption threshold. Employees earning under \$47,474 annually will be classified as hourly employees and will be eligible for overtime pay. Cantway reported that the impact of these changes at the MFC seem pretty manageable and straightforward. Changes have been made to PTO accrual. The MFC has been gradually increasing wages for staff to meet or exceed changes in the minimum wage, and there has been a positive response to that. The Board inquired about age minimums for employment at the store, and Cantway reported that it is typically over 18 since the store sells alcohol. Cantway reported that open enrollment is in October. Staff were recently surveyed to find out what was of value to them from the BCBS health plan. There will be two options this year. Rates have increased by about 10%, which is relatively low in comparison to what other business are seeing.

## **V. Outreach Reports**

(a, b) Outreach Report/UP Food Exchange Report (N. Lantz): Lantz reported that site visits and farmer photos are ongoing. Group GAP continues to go on. Courtney from the MFC has been trained as an internal auditor. Natasha's role on an advisory council is now shifting to Phil Britton since she is leaving the MFC in October. The MFC will help with a booth for Great Lakes Food Co-ops at the Michigan Food Summit. The GM will be attending the summit. Sarah is at a training downstate. Farm to Schools fundraising, which allows schools to raise money by selling locally made items such as honey, maple syrup, jam, etc., is really taking off. Graveraet, Superior Hills, and PEAK Fitness are already participating. The MFC's United Way campaign is going well. Natasha Lantz chairs the Achieve Nutrition Committee and participated in a health challenge, which raised \$29,000. October is Co-op Month and there will be a calendar of events out next week. There will be sampling in-store, children's activities, massage, raffles, and movie screenings. The "Co-op Corner" will debut as a vibrant space for demos and outreach. The MFC will no longer be offering the \$40 payment plan for ownership, but will still be offering the 5/2 Plan and full-payment options. The marketing plan will soon be out. The Annual Owner Meeting will be held March 31 at NMU. Elections will be Monday, March 6 through Monday, March 20.

Natasha will be leaving the MFC after 13 years. She shared about how far the MFC has come since she started. The admin team is working on setting up the MFC for the long haul. There are now regular buyer meetings and regular promotion team meetings. Recommendations from the NCG audit have been shared with managers who have created action plans. Natasha's last day will be October 7. The Board recognized Natasha with a round of applause. The Marketing Director position has been posted. There will be some opportunity for restructuring in the department.

## VI. Second Public Comment Period: None.

## VII. Board Monitoring & Discussion

### (a) Committee Reports:

(i) GM Evaluation (P. Britton, C. Noordyk, R. Kochis): Committee will meet to begin the evaluation process.

(ii) Finance Committee (B. Krause, P. Britton, G. Sarka, R. Kochis): Met prior to the Board meeting with Kat Eaton and the GM joined by phone. The GM provided a financial summary by email, which will be attached to the September minutes. The financial statements for July and August were not quite ready. The MFC met with Pat Thompson to discuss changing the inventory evaluation adjustment and PTO accrual. The MFC is generally moving toward following GAAP (generally accepted accounting principles). 2016 year-end financials will be reviewed by and external auditor. 2017 will have a full audit. The store is getting closer to getting current with vendor payments. It is extending its Northern Initiatives note to January 2017 and considering another share offering. Kat will work on cash flow projections. The Committee noted that conference attendance expenses were high. The Committee discussed having more transparency with membership about financials.

(iii) Communications Committee (C. Noordyk, M. Augustyn, E. Wright, B. Jackson): Did not meet. The Board discussed that there will be no official message informing members that there will not be a Harvest Potluck this year.

(iv) Elections & Nominations (C. Noordyk, M. Potts, G. Sarka, E. Wright): Did not meet.

(v) Board Education & Orientation (B. Jackson, M. Potts, M. Augustyn): Committee met and discussed education topics and the need to consider a board job description. Changes to the agenda to accommodate the education component were also discussed. The Committee noted that there has been no further contact with the board from the Keweenaw Co-op, but that collaboration with them is still on the back burner.

(b) G3 – Agenda Planning (B. Krause): G3.3 concerning consent agenda items was discussed. Under this policy the Board may move reports to the consent agenda if the reports are provided ahead of time and if there is no need for discussion. Consent agenda reports would need to be attached to the minutes since there would not be discussion held during the meeting. G3.4 was also discussed. It was proposed that the language “discouraging discussion” be changed to “discouraging unnecessary discussion.”

*Motion:* To accept the change in language to G3.4 to read “discouraging unnecessary discussion” (*motion by G. Sarka, second R. Kochis*).

*Action:* Motion passed unanimously.

(c) D4 – Monitoring GM (M. Augustyn): The policy was discussed. The Board discussed external reports, including audits and possible needs for third party audits. It was discussed that financial reports are typically provided quarterly and that financials are typically reviewed monthly by the Finance Committee. Discussion was held regarding whether policies should be assigned monthly to individual Board members who may have varying degrees of background

relevant to individual policies or if the Board should review them together annually. This discussion will be revisited at another time. No changes were recommended to D4.

(d) BOD Budget Review: It was reported that governance expenses in 2015 totaled \$16,626.82. The largest expenses within this amount were the Annual Meeting and Harvest Potluck and the Board stipend. More information is needed from Kat Eaton and the GM. The Finance Committee is tasked with following up on the BOD budget which will be discussed at the next meeting.

**X. Third Public Comment:** None.

## **XI. Closings**

(a) October Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Report (TBD)
- iii. BOD Budget Recommendation (Finance Committee)
- iv. Begin 3 month opening for Board nominations
- v. G4 – Board Code of Conduct (B. Jackson)
- vi. L7 – Asset Protection (M. Gougeon)

**XII. Motion to adjourn at 7:20 p.m.** (*motion by B. Krause, second C. Noordyk*).

*Action: Motion passed unanimously.*

**Next Board Meeting: October 18, 2016 at 6:00 p.m.**

Emily Weddle  
Board Recorder

## Monitoring Report

**Policy Type:** Executive Limitations

**Policy Title:** L2- Staff Treatment

Reporting Period: September 15, 2015

**I report compliance with all parts of this policy.**

Global: ***With respect to the treatment of staff the General Manger shall not cause or allow conditions that are illegal, unfair, unsafe, undignified, disorganized, or unclear.***

**Interpretation/Operational definition-** In regard to treatment of staff, the General Manager shall adhere to all federal and state employment regulations. Further the GM shall provide staff a work environment that is equitable and free of physical hazards. Staff dignity is preserved through well-structured policies that provide clarity of purpose.

The GM will not:

**L2.1 *Cause or allow discrimination or harassment among employees or in hiring decisions. Further, the GM will not fail to ensure that employment decisions are based solely on business related criteria, individual performance and qualifications, and that channels are established and known to staff, through which claims of harassment or discrimination may be brought without fear of retaliation.***

**Interpretation/Operational definition –** The General Manager makes all employment and hiring decisions without regard to employee or potential employee gender, race, age, physical disability, parental status, national origin, sexual orientation, or religious belief. Current employees are retained based on work performance. Potential employees are hired based upon their work experience, qualifications, and abilities. All potential employees follow established MFC application and hiring procedures. Employees may bring grievance against the MFC or any of its staff through outlined criteria and procedure as stated in their employee manual.

**Data:** See data packet for Employee Manual pgs. 16, MFC 2014-2015, Application and Hiring Data Summary, and Employee Manual pgs. 11-15. **Please review the Application and Hiring Data Summary for comprehensive information on staff turnover including turnover and promotions.**

**L2.2 Operate without reference to written personnel policies that: (a) comply with all applicable laws, (b) clarify rules for staff, (c) protect against wrongful conditions such as nepotism and/or preferential treatment, and (d) provide for effective handling of grievances.**

**Interpretation/Operational Definition-** The General Manager shall provide an employee manual that gives evidential statements of adherence to employment law, sets working parameters for staff, recognizes and defines inequitable employment conditions or situations, and provides clear procedure for grievance.

**Data:** See data packet for Employee Manual

The GM will not fail to:

L2.2.1 Disclose the co-op's "employment at will" policy and inform staff that employment is neither permanent nor guaranteed

**Data:** See data packet for Employee Manual pgs. 5 and 39.

L2.2.2 Ensure that all staff is issued personnel policies in the most current form

**Data:** **The Employee Manual is revised annually and reviewed by our attorney. The updated manual is sent electronically to all staff each year.** New hires receive current copy of the Employee Manual.

L2.2.3 Periodically review and update personnel policies

**Data:** The Employee Manual is something of a "living document" and receives frequent attention. **See manual with recent highlighted updates.**

**L2.3 Fail to provide staff with adequate resources and training to perform their jobs and shall not fail to offer staff development that promotes increased competence and opportunities for advancement.**

**Interpretation/Operational Definition-** The General Manager shall provide for and make available, training and development courses to management approved staff members deemed likely candidates for advancement. Further, the General Manager shall provide for appropriate development and specific job trainings for all staff.

**Data:** Training at the MFC begins with the HR Orientation program. Included is an introduction to and tour of the store, an HR orientation surrounding benefits and policies of the MFC with a complete reading of the Employee Manual. All employees attend Co-op Essentials, a training program that provides an overview of the MFC with specific instruction on the cooperative business model and an introduction to policy governance and the MFC Ends Policies with the

GM. The Essentials training also includes a Loss Prevention component, Safety in the Workplace component, and Community Relations and Outreach. **All new hires receive customer service training.** Once an employee reaches their department, specific job training begins. Training manuals exist for all departments including administration. Outside of the store, there are many opportunities for staff to participate in professional development and educational course work. **29 employees have received a promotion internally in the last reporting period. See MFC internal promotions document. See NCG training log.**

The GM will not fail to:

L2.3.1 Establish and update accurate job descriptions for all positions.

**Data:** See data packet for sample Job Descriptions.

L2.3.2 Provide periodic and timely review and evaluation of staff performance based on established criteria.

**Data:** See data packet for MFC 2014-15 Evaluation File and evaluation fillable form.

L2.3.3 Encourage cross-training and internal promotions for staff before posting externally.

**Data:** All cross-trained staff are pay incentivized by a 25 cent per hour raise. Cross training of employees is not “open” but situation specific. Internal promotions happen with regularity. *See list of employees promoted from within.*

L2.4 ***Allow staff to be subjected to unsafe or unhealthy conditions nor allow staff to be unprepared to deal with emergency situations.***

**Interpretation/Operational Definition-** The General Manager shall see that the store is free of operational and health hazards. Further the GM shall develop a comprehensive emergency protocol covering, catastrophic, weather, and criminal emergencies and train staff for such contingencies.

**Data:** An updated and revised Emergency Plan has been written by HR with input from management. *See Emergency Plan document.* There also exists an ad hoc staff Safety Committee. Additionally, as per Board directive, a comprehensive Safety Plan and Manual has been created. It’s worthiness as a viable document and plan has been verified by our local MIOSHA representative. The manual has been made available to all departments and is being used as part of staff training. *See Safety Manual.*

**Our Emergency Plan and Safety Program manuals were updated for our Safety Week in this past August. During that week we offered staff training in proper knife handling, back safety,**

and food safety. We also held a fire extinguisher training for our managers and supervisors. Our Safety Committee continues to meet quarterly to review our reported accidents and incidents and to discuss ways to increase safety throughout the store. See *Emergency Plan document*.

**L2.5 *Fail to provide for appropriate documentation, retention, and security of personnel records, and maintain confidentiality of all personnel-related decisions.***

**Interpretation/Operational Definition-** The General Manager shall keep confidential all personnel related decisions, records, and documents in compliance with store policy and state and federal guidelines and regulations.

**Data:** The Personnel file cabinet is locked. Only GM and HR have access to the files. All filing is compliant with state and federal filing guidelines. Employees have access to their own file but only under supervision of HR or GM.

**L2.6 *Fail to conduct an annual and comprehensive survey of all staff members with results and analysis made available to the board. Further, the General Manager shall not fail to conduct the survey in a manner which assures the anonymity for those who complete it.***

**Interpretation/Operational Definition-** The General Manager shall conduct an annual anonymous staff survey regarding employment satisfaction and operational policies and procedures. The Board of Directors will receive results and analysis of the survey.

**Data:** A Staff Survey was given to all employees in the fall of 2015. The results of which were largely positive. Survey results were shared with staff. The complete results are available to the Board. A new survey will be given this winter. See *survey results*.



**Policy Type:** Executive Limitations

**Policy Title:** L3 – Compensation and Benefits

Reporting Period: September 20, 2016

I report compliance with all parts of this policy. Changes in interpretation and data are highlighted in yellow.

Global: *With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the General Manager will not cause or allow conditions that are illegal, unfair, or that jeopardize the co-op's fiscal integrity or public image.*

**Interpretation/Operational Definition-** The General Manager will compensate all employed or contracted workers of the MFC in a legal and equitable manner that preserves the MFC's sound financial footing and protects the MFC's community standing.

The GM will not:

L3.1 *Fail to establish a wage schedule, based upon job responsibilities and the labor market, which is applied consistently to all people and positions.*

**Interpretation/Operational Definition-** The General Manager shall create a wage schedule that establishes defined pay from entry level positions through management. Said schedule will clearly show multiple base and cap pay ranges based on job responsibilities and expectations.

**Data:** See data packet for wage schedule. Raises in pay are tied to longevity or promotion with additional responsibilities. Additionally, plans are in place to comply with changes in the Fair Labor Standards Act which require salaried staff earning less than \$47,474.00 annually to be paid overtime for hours worked over 40 in any week. These changes go into effect January 1, 2017

L3.2 *Promise or imply permanent or guaranteed employment.*

**Interpretation/Operational Definition-** Employment at the MFC is neither permanent nor guaranteed.

**Data:** See data packet for Employee Manual pages, 5 and 37 and sample signed statements of staff acknowledgements.

L3.3 *Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.*

**Interpretation/Operational Definition-** Compensation and benefits shall be commensurate with our geographic region and the level of skills involved in the work.

**Data:** When the MFC wage schedule was last compared to the average compensation of other Michigan Co-ops, the MFC is at average or above average in almost all categories. **The same comparative survey is not yet available to us this year.** That comparative survey did not take into account variations of regional cost of living adjustments. One area where the MFC fared below average is Paid Time Off for hourly staff within their first year of employment. Most of our contemporaries gave a full week of PTO to first year employees. We gave 5 days of PTO with a small accrual for each hour worked.

**As commented in the 2015 L3 report, PTO accruals for all staff were increased on January 1, 2016. This change was based on comparisons with other Co-op PTO accruals in Michigan. See the attached PTO policy for the changes we implemented.**

**We are nine months into the wage adjustment project. By the end of 2016, all staff that have been with the Co-op for 1 year or more, will have had an increase in their wages to reflect the upcoming minimum wage changes.**

**The wage scale was also revised to reflect consistency in pay ranges, as well as an additional pay schedule to categorize new positions that have been added to the organizational structure since the expansion in 2014. This additional pay schedule also allowed positions that were in pay schedule 2 that include specialized responsibilities to be classified into a higher pay schedule.**

**In addition, we recently surveyed our staff ensure the medical insurance that we offer for the 11/1/2016-10/31/2016 plan year fits the needs of a majority of our full time staff.**

*See: various wage schedule and wage range documents.*

**L3.4 Create obligations over a longer term than revenues can safely be projected, in no event longer than one year and in all events subject to losses in revenue.**

**Interpretation/Operational Definition-** The General Manager shall keep any contract or compensation obligation to one budgetary cycle or less.

**Data:** The only compensation/benefit obligations outside of regular payroll are the Employee Assistance Program, (see data packet for EAP file), the Flexible Spending Account, (see data packet for FSA file), Paid Time Off (see data packet for Employee Manual, p. 34), and Blue Cross Blue Shield of Michigan health benefits package. The plan year for BCBS and Assurant Benefits is annual but runs from November 1 through October 31. The FSA plan year is July 1 through June 30. PTO and EAP obligations are annual in the calendar year.

L3.5 ***Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.***

**Interpretation/Operational Definition-** The General Manager's compensation package shall only be determined by the Board and written in the Contract between GM and the Marquette Organic Food Co-op.

**Data:** See data packet for GM contract and recent GM pay stub.

## Finance Committee Report

September, 2016

*All data drawn from POS Catapult reports or QuickBooks accounting software.*

- I don't have July or August financial statements to give you because we are in the middle of adjusting our 2<sup>nd</sup> quarter balance sheet and P&L to recommended changes as per our NCG Audit from July. Third quarter financials will reflect all these changes as will the 2<sup>nd</sup> quarter statements (retroactively). Kat, Pat Thompson, and I are working together to ensure accurate reporting.
- The third quarter has been good. July sales were in at over \$760K and August was over \$770K. Both were record sales months and 6.4% and 8.4% over the same periods in 2015. Thus far September is tipping the scales at being up 8.9%. Our customer counts and average basket are both up 3% with the average purchase being \$28.73.
- Increasing sales have helped us to attain our initial labor goals of 18%-19% of total store sales. We have also attained some consistency of \$70 of Sales Per Labor Hour over the last two months.
- Our Accounts Payable project continues to see progress. As you recall, in April of this year we began a quest of catching up about \$165K of payable that were behind to vendors. Recently we are about \$125K through our goal. It is our intention to begin to build some cash reserve from this point forward to the end of the year while we peck away at the last \$40K or so of our original goal.
- Earlier this year, we signed a set of NCG financial reporting standards. Those standards came into effect this past July. To be compliant with those standards I am seeking quotes on a financial review for the FY2016. Additionally, I am seeking quotes on a full financial audit for the FY2017. In the past we have received a review of agreed upon procedures of our cash handling methods in 2011 and a financial review in 2012.
- Northern Initiatives is extending our period of interest only on \$100K until the end of January 2017. After that they will write what I consider to be some fairly aggressive terms on that note; 5-7years at 6%-7% interest. It will be good that I find a means to mitigate the effect of such terms that could likely result in a \$1800-\$2000 payment per month. I'm working on it. Once we are off our period of interest only payments we will return to paying P&I of about \$15K per month, including the NI note.
- I am gearing up to renew our preferred shares offering for a third time. This could be a good solution to the NI high interest terms. Stay tuned.