

**Minutes of the  
Marquette Food Co-op Board of Directors  
March 21, 2017 Meeting**

**Start time:** Meeting was called to order by president Phil Britton at 6:04 p.m.

**Roll call:** P. Britton, C. Noordyk, E. Wright, B. Cromell, R. Kochis, M. Augustyn, M. Potts.

**Absent:** B. Jackson (excused), G. Sarka (excused).

**Staff:** GM Matt Gougeon, Kat Eaton, Sarah Monte, Evan Zimmerman, Kelly Cantway

**Public:** Collin Thomson, Hilary Bush, Patrick Thompson

**II. Preliminaries:**

(a) Approval of Agenda & Additions: The agenda was reviewed and no changes were made. GM noted that Pat Thompson is in attendance and will be reporting to the Board.

*Motion:* To approve agenda without changes (*motion by* B. Krause, *second* R. Kochis).

*Action:* *Motion passed unanimously.*

**III. Consent Agenda:**

(a) Approval of February Minutes without changes

(b) Electronic Communications

(c) G11 – Treasurer’s Role (B. Cromell)

(d) L10 – Board Logistical Support (M. Gougeon)

(e) L4 – Membership (M. Gougeon)

*Motion:* To approve consent agenda without changes (*motion by* C. Noordyk, *second* E. Wright).

*Action:* *Motion passed unanimously.*

**IV. Public Comment Period:** Board Candidates Collin Thomson and Hilary Bush introduced themselves.

**V. GM Monitoring**

(a) Store Report (M. Gougeon): The GM reported that sales are continuing at moderate growth at around 5% with a positive trend relative to sales per labor hour. GM will be traveling to the NCG Annual Meeting in April which will focus on “Growing and Measuring our Impact.” The GM discussed ongoing national conversations about consolidation and explained that the NCG has identified the state of Michigan as a potentially successful region for collaboration, however not all Michigan co-ops are interested in consolidation. GM reported that he has been invited by NCG to a meeting to listen, learn, and contribute to discussion about cooperative consolidation. Consolidation advantages and disadvantages were discussed by the Board. The GM reiterated that his participation in discussions about consolidation are for learning purposes at this time.

Sarah Monte reported that Amanda Latvela has been hired to fill the part-time Outreach position. She is passionate about MFC Outreach and is a registered dietician. Planning for the Annual Meeting is on track. The meeting will be Friday, March 31, from 5:30 to 8:30pm at NMU. There will be a table for the Board activity discussed at last meeting. The Board thanked the staff for coordinating the event. Monte reported that the MFC attended Stronger Economies Together USDA meeting where funding opportunities were discussed and funding priorities were voted on.

Mary Moe reported on several resets underway at the store. Since dried fruit has been relocated, there has been a 10% increase in sales and bulk has seen 10% growth in sales from this time last year. The second phase of the bulk reset is underway. M. Potts is repurposing bulk shelving. More space will be opening for bulk coffee and packaged coffee and tea will be moving back to the bulk section. Under the management of Heidi, Prepared Foods is showing fantastic growth. More cut produce options will soon be available. Reset of deli, cheese, and bread department will take place in April. The Board commented on the signage that M. Potts created to advertise Board meetings in the store.

Kelly Cantway and Kat Eaton reported on APS CATALYST payroll system. Last June the MFC started transitioning to the CATALYST system. The time-clock, staff contact information, benefits, PTO, etc. are processed through the system. It is now being used for payroll as well. This will make reporting more efficient. Transition has been labor intensive but will save labor in the future, remove potential for error, and will help with applicant tracking and open enrollment in the future. Employees will have access to their information. Kelly reported on Customer Service Focus trainings and discussed positive feedback about improved customer service.

Evan Zimmerman reported on MFC IT. The MFC is working on capturing more data as product comes into the store, which will help improve operational efficiency. MFC implemented a tablet program to help speed up the special order process. Grocery stockers will have tablets to improve access to information.

(b) Auditor Presents Annual Report to Board (Patrick Thompson): P. Thompson introduced himself and discussed his role with the MFC. He has been working with the MFC for the past 11 years. He commented that from a financial aspect the MFC has seen significant change and growth in the past few years. His role has been to review everything entered by the MFC's Bookkeeper in Quickbooks to make sure it looks okay and help with the MFC's tax return. He clarified that his role is not to audit the MFC's financials. He discussed the financial reports regularly provided to the Board and noted that the Cash Flows Statement is an important report. He commented that cash flow was much better in 2016, and the cash from operations metric looked good in 2016. He explained that for every \$1 coming in the MFC, \$0.65 goes to cost of goods with \$0.35 being the gross profit margin. He commented that since he has been working with the MFC, the gross profit margin has been relatively consistent at 35%. He further explained that \$0.25 of every \$1 goes to personnel expenses, which leaves \$0.10 to pay for everything else. He discussed controlling personnel costs and other expenses.

## **VI. Outreach Reports**

(a, b) Outreach Report/UP Food Exchange Report (S. Monte): Reports were provided during Store Report.

**VII. Second Public Comment Period:** Mary Moe commented that she is working on managing the 10-12% of operational expenses.

## **VIII. Board Monitoring & Discussion**

(a) Board Modes – Discussion (Board Education Committee): The Board received a CDS Consulting handout identifying three Board Modes: Fiduciary, Strategic, and Generative. Board discussed how to effectively consider its role relevant to various tasks. Conversation was held about possible strategies moving forward. The Board discussed opportunity to serve in a

generative role to consider broader community issues. The Board discussed examples of Board education and how to generate more conversation among the Board and membership. The Board discussed whether they ask key questions of management and whether management feels the Board asks key questions of them. The GM shared that he believes self-reflection on a Board is important and as the Board is more deliberate in serving in a generative mode, key questions and bigger perspective will be generated.

(b) Committee Reports:

(i) GM Evaluation (P. Britton, C. Noordyk, R. Kochis): Did not meet.

(ii) Finance Committee (B. Cromell, P. Britton, G. Sarka, R. Kochis): Met prior to the Board meeting and reviewed January and February budget to actual numbers. The Committee reported that the second and third quarter are expected to show more growth. The MFC saw a 35% margin, which corresponded with what was budgeted. It was reported that cash flows are looking good so far this year, and the MFC was cash positive in February. Loans were discussed. It was noted that the loan officer at NI sees the MFC expansion as a success since the MFC has reached all the benchmarks it set for itself. Debt summary was reviewed. Future reports will be provided showing how departments are performing individually. SPLH is increasing. It was reported that the goal moving forward will be to increase cash on hand and pay off some debt.

(iii) Communications Committee (C. Noordyk, M. Augustyn, E. Wright, B. Jackson): Did not meet but reported that the Board has been invited by the Upper Peninsula Land Conservancy Board to participate in cleanup for Chocoy Bayou on April 22 (Earth Day). Another service opportunity suggested for consideration is for the Board to participate in the adopt-a-highway program. Discussion was held.

*Motion:* To participate with the UP Land Conservancy cleanup on April 22.

*(motion by B. Krause, second R. Kochis).*

*Action: Motion passed unanimously.*

(iv) Elections & Nominations (C. Noordyk, M. Potts, G. Sarka, E. Wright): Did not meet. The Board discussed the two-year term position and reiterated that the Board previously discussed that whichever candidate received the fewest votes would fill the two-year position.

(v) Board Education & Orientation (B. Jackson, M. Potts, M. Augustyn): Covered during Board Modes Discussion.

(b) Board Elections: Board Secretary E. Wright will be certifying the membership this week.

(c) Annual Membership Meeting: The Annual Meeting is Friday, March 31. Board members should plan to arrive by 5:15pm and should wear nametags.

(d) Begin CCMA Planning: CCMA Conference will be held in Minneapolis June 9-11, 2017. Interested Board members should email GM for group registration. M. Augustyn and G. Sarka are planning to attend.

**IX. Third Public Comment:** None.

**X. Closings**

(a) April Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Update Directory
- iv. Orientation Procedure Begins
- v. Consent Agenda:
  1. Approval of March Minutes
  2. G10 – Secretary’s Role (M. Augustyn)
  3. L8 – Communication & Counsel to the Board (M. Gougeon)

**X. Motion to adjourn at 8:05p.m.** (*motion by C. Noordyk, second B. Krause*).

*Action: Motion passed unanimously.*

**Next Board Meeting: April 18, 2017 at 6:00 p.m.**

Emily Weddle  
Board Recorder

## Monitoring Report

**Policy Type:** Executive Limitations

**Policy Title:** L4- Membership

Reporting Period: March 21, 2017

**I report compliance with all parts of this policy. All operational interpretations remain unchanged since the last reporting period. Changes in data are highlighted in yellow.**

**Signed:** \_\_\_\_\_, **General Manager**

*Global: The General Manager will not fail to establish, maintain, and promote a vital membership program that builds a sense of ownership among members.*

**Interpretation-** As membership and member equity are integral to the success of and necessary to the existence of the Marquette Food Co-op, the General Manager shall keep an active membership program from which members may find a meaningful ownership identity.

The GM will not:

*L4.1: Elicit information for which there is no clear necessity.*

**Interpretation-** Information requested from potential and current members of the MFC will only be used to meet the requirements of membership and membership classification. Other collected or solicited information shall be used for operational strategic planning. "Collected information" means member patronage data. "Solicited information" means surveys, forums, or questionnaires.

**Data:** See Marquette Food Co-op Equity Application and sample POS reports. This Equity Application is the only required data collection mechanism for membership in the cooperative. It establishes the legal contract between the cooperative and the member. Member purchase histories are used for patronage rebate purposes and retail strategy. Surveys, forums, and questionnaires are intended to link member needs to operational activities.

*L4.1.1: Use methods of collecting, reviewing, transmitting, or storing information that fail to protect against improper access to the information elicited.*

**Interpretation-** The GM shall keep confidential and protect all member information and data collected from any persons other than those employed by the MFC who require that information in the course of the regular activity of their jobs.

**Data:** Member information is only collected via the equity application. Only employees of the MFC have access to complete collected member information. Compudyne- our contract IT specialists, and ECRS-our POS software provider have access to member information. Compudyne and ECRS have their own privacy and security systems and non-disclosure policies as part of conducting business with other organizations. While it is not feasible to keep member information entirely secure because of necessary access to it, improper access to information is prevented through security layers. The first layer is locked filing cabinets where hard copy member information is stored and keyed door locks (when needed) to the MFC offices. The second layer of security is password protection for any necessary electronic access. The third layer of security is a legally binding “Non-Disclosure” policy signed by each employee of the MFC. That policy reads; ***“The protection of confidential business information is vital to the interests and success of the Marquette Food Co-op and its members. Employees who improperly use or disclose confidential business information will be subject to disciplinary action. It is also a breach of policy to disclose the addresses, phone numbers, or work schedules of members and staff.”***

Employees with access to member information are; cashiers- at the point of origin where members apply for equity share purchase. Cashiers also access member information at the POS during the necessity of member “look-up” during a transaction. Outreach Department staff use member information for various communication initiatives, store managers for conducting/resolving various individual member business transactions.

Additionally, we hold a cyber security insurance through Harleysville Insurance. We have security policies and protocols in place for staff to help ensure member data security. Each employee with MFC computer network access and a MFC email address reads and signs an Acceptable Use Policy. We strive to keep security protocols current.

L4.2: *Fail to provide opportunities for members to participate in the cooperative.*

**Interpretation-** The GM shall make available to members various methods of involvement in their cooperative.

**Data:** Owners may contact the MFC via phone, our website, email, Facebook account, or in-person. Owners may make direct suggestion, complaint, or request of the MFC via the Customer Suggestion form or by direct communication with board members and operations through published contact information. Owners may serve on ad hoc committees, participate in surveys and focus groups, submit owner suggestion forms in the store regarding any topic, and

submit comments and suggestions on the MFC Facebook page. MFC members have free access to MFC sponsored workshops and meetings and discounted admission to cooking classes. At board meetings they may be heard at any of two public comment periods at each meeting. Owners also have the opportunity to apply for employment at the MFC when positions come available. Owners may also nominate themselves and apply for director seats. Volunteer opportunities, though rare, are also available. Owners may also vote on bylaw changes and for board candidates. Owners may also invest in the MFC through the purchase of Preferred Shares when offered.

L4.3: *Fail to ensure that members are aware of Board actions, meetings, activities, and events.*

**Interpretation-** The GM will inform members of board actions, meetings, activities, and events.

**Data:** Board activity is variously communicated to members through the newsletter; Fresh Feed, store postings, email, MFC Facebook account, and via a direct link to board information at the MFC website.

L4.4: *Change the membership equity requirement.*

**Interpretation-** The GM may not change the member equity requirement without board approval.

**Data:** The membership equity requirement has remained unchanged at \$150.00 since November of 2012.

L4.5: *Fail to establish with members a clear understanding of what may be expected and what may not be expected from membership.*

**Interpretation-** The GM will work to see that members understand what ownership in the MFC means.

**Data:** When a person signs up as a member, the assisting customer service specialist takes the time to accurately explain ownership. Outreach Department staff offer a “Getting to Know Your Co-op” class twice each month and often provide one-on-one sessions to those owners who are unable to make a regularly scheduled class. The benefits of ownership are also highlighted on the MFC website.

**Policy Type:** Executive Limitations

**Policy Title:** L10 – Board Logistical Support

Reporting Period: March 21, 2017

**I report compliance with all parts of this policy.** I certify that the information contained in this report is true.

Signed \_\_\_\_\_, General Manager

Global: ***The General Manger will not allow the Board to have inadequate logistical support.***

**Interpretation/Operational Definition-** The General Manager will provide or ensure that the Board has access to relevant resources of the MFC in order for the Board to carry out its duties.

The GM will not:

**L10.1 *Provide the Board with insufficient staff administration to support governance activities and Board communication.***

**Interpretation/Operational Definition-** The General Manger will provide necessary administrative support to the Board from available staff and a dedicated contracted clerical person.

**Data:** See Emily Weddle, our board recorder. Although directed by the Board, the board recorder is not compensated by the Board except through Board directive to the GM. Also, the Board is supported by Outreach Department staff and store IT support staff. Annual Meeting organization and Board Election Procedures are examples of support supplied to the board by these department staff. Further the Board is supported by the GM in administering Board travel.

**L10.2 *Allow the Board to be without a workable mechanism for official board, officer, or committee communications.***

**Interpretation/Operational Definition-** The GM shall provide an effective method(s) for any Board communication to operations or the membership.

**Data:** Board communications may be posted in the store lobby at the Board's discretion and according to MFC bylaws. The MFC website has a page devoted to Board communication where regular meeting agendas and minutes. Also, the Board may contribute to the MFC newsletter, The Fresh Feed, or may ask the Outreach Department to communicate information via a variety of channels, including but not limited to the MFC website, Facebook, Twitter, in-store postings, and email.