

**Minutes of the  
Marquette Food Co-op Board of Directors  
April 18, 2017 Meeting**

**Start time:** Meeting was called to order by president Phil Britton at 6:02 p.m.

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

**Absent:** None.

**Staff:** GM Matt Gougeon, Mary Moe, Sarah Monte, Evan Zimmerman

**Public:** Courtney Morgan, Hilary Bush

**II. Preliminaries:**

(a) Approval of Agenda & Additions: Time was allotted for the Education Committee's conversation about Board orientation after Outreach Reports.

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

*Action:* *Motion passed unanimously.*

**III. Consent Agenda:**

(a) Approval of March Minutes and Annual Meeting Minutes without changes

(b) Electronic Communications

(c) G10 – Secretary's Role (R. Kochis)

(d) L8 – Communication & Counsel to the Board (M. Gougeon)

*Motion:* To approve consent agenda without changes (*motion by* B. Cromell, *second* B. Jackson).

*Action:* *Motion passed unanimously.*

**IV. Public Comment Period:** Newly elected Board members Courtney Morgan and Hilary Bush introduced themselves.

**V. GM Monitoring**

(a) Store Report (M. Gougeon): GM provided written report and explained that sales growth in the first quarter was a little more than 4% which is less than what the budget shows, but he expressed that he anticipates that the store will catch up with the budget in the next two quarters. Sales per labor hour is moving in a positive direction and has reached \$76. The goal that was set a year ago was \$85. In response to Board inquiry about the store being closed during Easter, the GM explained how the store determines when it will close for a holiday. He reported that when the store is closed on Easter the store essentially sees four days of sales over a three-day period with only three days of labor. The MFC often undertakes larger projects on days the store is closed. The MFC has been open for two Easters over the past nine years and business on those days was very slow and did not even pay for labor. The GM also reported that starting June 1 and continuing at least until Labor Day, the MFC will be open until 10 p.m. since the store has been seeing more shoppers during the last hour the store is open.

Mary Moe reported about resets happening at the store. Bulk foods is now more open. More improvements will be made to bulk signage. The side cap with dried fruit has been very successful. There has been a 3% gain in bulk sales. Prepared foods is seeing growth. Packaged coffee and tea will be moved to the bulk set. Cheese will be moved to dairy to make room for

more grab-and-go foods since there is increasing demand. Sales are averaging around \$24,000 a day. The Board shared positive feedback about the bulk reset.

GM reported that he will be attending the NCG annual meeting in North Carolina. He also reported that he recently gave a presentation on local food systems development and UPFE at the Community Economic Development Association of Michigan's Rural Economic Development Conference. Community development and potential opportunities at Sawyer were discussed. The GM also shared observations from a visit to a Lucky's store. Discussion was held about competition and opportunities to create a more fun and engaging atmosphere. Changes in retail and online ordering were also discussed. GM also discussed possibilities including rooftop solar and the feasibility of produce processing through UPFE. GM also mentioned the possibility of another preferred share offering and noted he has been getting inquiries about it.

## **VI. Outreach Reports**

(a) Outreach Report (S. Monte): Monte reported that no one has signed up yet for the volunteer cleanup opportunity on April 22. The cleanup will take place from 9 a.m. to noon. Several Board members are planning to attend. It has been promoted at the Annual Meeting, flyers in-store, and social media promotion. Additional volunteer opportunities were also discussed. Sarah also reported that the MFC received a grant from the Sioux tribe for the purchase of safety knives for the Co-op classroom. The knives are specially designed for use by children. The challenge grant through ACHIEVE is coming up. Cooking classes are continuing to be very popular.

(b) UP Food Exchange Report (S. Monte): Monte reported that the MFC has been partnering with the North Farm for a grant for agricultural education. GM and Monte attended a meeting regarding the Stronger Economies Together (SET) program and received funding for the Farm to Schools program website which will expand the website beyond agricultural education. She reported that the upcoming edition of *Taste the Local Difference* has a lot of information about UPFE. Taste the Local Difference will be hosting a party for the release of their new edition on Friday, May 19 at 6:30 p.m. at the bowling alley in Marquette. Families are encouraged to attend. Monte attended the National Food Policy conference in Washington, D.C. and reported that there were a lot of negative projections concerning food and agriculture. Changes to nutrition labeling, food consolidation and the impact on consumers and supply lines were noted.

**VII. Board Education:** The Board Education Committee reported on a recent phone conference with the Board consultant. The consultant encouraged the Committee to get Board feedback on the orientation process. Discussion was held and the following ideas for topics that should be covered during the orientation process were proposed: Policy governance, boundaries, review of financials with GM and Finance Committee, holding group orientation with the involvement of the entire Board, using the June Board meeting as an opportunity to focus on Board Education and recalibrating existing Board activities, bylaws review, policy register review, video tutorials, sharing issues of *Cooperative Grocer* and other relevant periodicals, digitizing Board books, utilizing Owncloud, and participating in "Co-op 101" classes. The GM noted that he could adapt June reporting to be more educational in nature. The financial tutorial could be held during June Finance Committee meeting. The Board retreat was also discussed. The Board Education Committee will consider ideas from brainstorming session and will develop a proposal for the May meeting.

**VIII. Second Public Comment Period:** Mary Moe recommended the movie *Food for Change* as something that would be potentially beneficial for Board Orientation, as well as “Co-op U” through NCG. Evan Zimmerman commented that restaurants and services are booming while retail is collapsing, noting that people are willing to pay for experiences. Technology can be used to support the experiences, and he suggested that he could help test out ideas the Board may have. Board discussed the significance of experience and suggested that that may be why the deli is seeing so much growth. Ideas including expanding the café to include a barista and espresso beverages were discussed.

## **IX. Board Monitoring & Discussion**

### **(a) Committee Reports:**

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

(ii) Finance Committee (B. Cromell, P. Britton, G. Sarka, R. Kochis): Met today prior to the Board meeting and reviewed April sales and March financials. The Committee reported that the MFC was very close to breaking even. It was noted that financials were a draft and adjustments may still be made. Sales per labor hour are at \$76, which is moving in the right direction. The current ratio is over \$1. It was noted that this is a significant ratio and a sign of health of the MFC. Current ratio was explained as the ratio of current assets that are convertible to cash within a year and liabilities that need to be paid in the next year. The Committee discussed preparing for competition and expectations for next two quarters. Growth in the deli was discussed. Marketing expenses were a little higher in the first quarter since the MFC took out an ad in an in-flight magazine. Total personnel cost in the first quarter was 23%.

(iii) Communications Committee (C. Noordyk, M. Augustyn, E. Wright, B. Jackson): Did not meet.

(iv) Elections & Nominations (C. Noordyk, M. Potts, G. Sarka, E. Wright): It was noted that other Board members stepped in to fill the roles of Board members that were running for reelection so as to avoid conflicts of interest.

(v) Board Education & Orientation (B. Jackson, M. Potts, M. Augustyn): Presented earlier in the meeting.

#### 1. Orientation Procedure Begins

(b) Annual Meeting Discussion and Survey Results: Monte reported that 183 owners were in attendance. The Board commented that attendance at the business meeting was low. Owner comments from the survey activity will be sent to the entire Board and will be further discussed at the next Communication Committee meeting and the May meeting.

(c) Update Directory: New Board members will email Board Recorder their contact information. Officers will meet to discuss Board terms.

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

## **XI. Closings**

### **(a) May Assignments:**

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Set Board Calendar (postponed until June)
- iv. Assign Monitoring (postponed until June)
- v. Review of Owner Survey from Annual Meeting
- vi. Consent Agenda:
  1. Approval of April Minutes
  2. Electronic Communications
  3. L5 – Financial Condition 1<sup>st</sup> Quarter (M. Gougeon)
  4. GM Evaluation of the Board (M. Gougeon)

## **XII. Motion to adjourn at 8:09 p.m. (*motion by E. Wright, second B. Jackson*).**

*Action: Motion passed unanimously.*

**Next Board Meeting: May 16, 2017 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 18, 2017

**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.

**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. The board has, instead, worked with the GM to find and contract with a consultant to improve board process in the whole which should have the desired effect of improved board/GM relationship.

**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. The GM has met with the Board President three times in the past reporting period to discuss upcoming regular board meetings. This practice is expected to continue.

**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, the only legal or contractual items requiring board approval, brought to the board by the GM has been new NCG Financial Reporting Standards (signed by the Board President and GM) and 2016's changes in terms for loans that extended a six month period of interest only payments for the last half of 2016. Those changes in terms have reverted to original terms as of January 1<sup>st</sup>, 2017.