

**Minutes of the
Marquette Food Co-op Board of Directors
September 19, 2017 Meeting**

Start time: Meeting was called to order by president Phil Britton at 6:08 p.m.

Roll call: P. Britton, M. Augustyn, H. Bush, R. Kochis, C. Noordyk, G. Sarka, C. Thompson.

Absent: B. Cromell, C. Morgan.

Staff: GM Matt Gougeon, Kelly Cantway, Mary Moe, Kat Eaton, Sarah Monte,
Evan Zimmerman, Clayton Lesatz.

Public: Jason Schneider.

II. Preliminaries:

(a) Approval of Agenda & Additions: No changes.

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

Action: Motion passed unanimously.

III. Consent Agenda: Discussion was held about interpretation of the wording “reasonable person” in D4. Discussion was also held about G3 and whether the Board is fully adhering to the guidelines. Communications committee will further review G3. Board received L2 and L3 and supplemental data prior to the meeting and is prepared to accept them as in compliance. The GM invited questions about the livable wage. Discussion was held about the benefits of implementing the livable wage all at once as opposed to slowly implementing it over time. It was noted that the wage scale that was provided to the Board was the current wage scale. The new wage scale will be provided to the Board later in the meeting.

(a) Approval of August Minutes without changes

(b) Electronic Communications

(c) G2 – Board Job Description (B. Cromell)

(d) G3 – Agenda Planning (M. Augustyn)

(e) D4 – Monitoring GM (C. Thompson)

(f) L2 – Staff Treatment (M. Gougeon)

(g) L3 – Compensation and Benefits (M. Gougeon)

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

Action: Motion passed unanimously.

IV. Public Comment Period: R. Kochis mentioned a recent news article about property values in communities similar to ours.

V. Board Education: Jason Schneider, director of the Marquette Chamber of Commerce and former MFC board member, discussed envisioning the future, new and innovative ways to be relevant, and investing in the community. He encouraged the Board to not keep doing what it’s doing, but to do it better and find new things to do. The Board inquired about the operations of the Chamber. Schneider reported that the Chamber is 2.5 years old. The MFC was one of the nine founding members. The Chamber is up to 163 members, and its primary goal is to be a listener and synthesizer to local community. It supports small local businesses and large businesses and operates as a cooperative. The Chamber managed a successful “Buy Local” campaign and Marquette365.com, a comprehensive community calendar. Schneider reported that

the Chamber is working on Ampersand, a co-working space that is scheduled to open in January to serve remote workers in the community. He explained that the Chamber connects local businesses and politicians and helps build relationships in the Marquette community to bring people together. He discussed the origin of the Marquette Chamber of Commerce and its membership structure. The Board Communications Committee expressed interest in the Marquette365.com calendar and using the calendar as a tool to connect with the community and explore future service opportunities.

VI. GM Monitoring

(a) Store Report (M. Gougeon): M. Moe reported that the 10 p.m. closing hour has been extended through September. So far the MFC has accumulated more than \$66,200 in extra sales with the extended hours. Sales month to date is 10% up for the year. YTD is up 8%. Evaluations and job description review is underway in preparation for livable wage implementation. Prepared foods merchandizing review is underway and the bulk project will continue. E. Zimmerman discussed automated ordering system and M. Moe commented on the benefits of this system, which reduces guesswork and is much more efficient. Zimmerman explained the system looks at where it is in the sale cycle among a large number of other factors to intelligently assist with purchasing.

Zimmerman reported on his attendance at several technology conferences and discussed helping the MFC keep pace with technological advancements in the grocery industry. Zimmerman discussed changes in the grocery industry and noted that a major topic of discussion is the Amazon purchase of Whole Foods. He reported that conventional grocery stores are moving toward building their volume of local product, and expected trends in grocery include increasing prepared foods and reduced grocery, as well as online ordering and home delivery. Zimmerman pointed out that software is needed to analyze the huge amount of data that is generated and encouraged the MFC to consider how it can potentially collaborate with other cooperatives. He has been looking at Symphony retail management software and expressed that it is a big priority to explore potential opportunities for collaboration.

GM reported about the NCG fall meeting. NCG meetings previously focused on productivity, leadership, and how co-ops can tell their story. He reported that the NCG board of directors is leading an effort to focus on leadership development, relevancy, and functional integration. GM discussed how cooperatives can collaborate and share information and best practices to be more efficient. He reported that co-ops are continuing to lose ground but not as rapidly as in past years. He reported that NCG is proposing changes in its risk management fund. The Board was provided with confidential NCG proposal to review. GM explained the reasoning behind the changes in the liability fund, which would benefit smaller co-ops in the event larger co-ops fail and are no longer able to pay into the fund. GM shared a spreadsheet of solvency information and discussed where the MFC stands. Benefits of collaboration and sharing data among co-ops were discussed. The Board discussed maintaining identity and avenues for collaboration through technology. Zimmerman commented that our relevancy is our local connection and community roots and they will always set us apart. It was discussed that collaboration on center store would give co-ops more time to spend on the things that make them unique. GM expressed that it is important that NCG remain strong and discussed relationship with UNFI.

VII. Outreach Reports

(a) Outreach Report (S. Monte): The MFC has started a Scrip and wellness advocacy program. Information is available on the MFC website. Through participation in the ACHIEVE program, the MFC received a grant from the Sioux tribe that will be used to provide fresh produce to JJ Packs. Apple Crunch Day will be Wednesday, October 25. During Co-op Month, the MFC will be showing photos and quotes from owners to illustrate the range of people and reasons why one might become an owner. There will also be an equity drive during Co-op Month with a goal of adding 25 new owners in two weeks. There will be six guest vendor demos, complimentary massages, weekly raffles and a Plaidurday raffle. There will also be a big bulk sale. M. Augustyn will also be featured in a TV6 ad promoting bulk foods. Board sign-up for bagging times was circulated.

(b) UP Food Exchange Report (S. Monte): Monte was invited to join the wellness policy team at Bothwell. Lakeview Elementary School in Negaunee will be fundraising in partnership with UPFE.

VIII. Second Public Comment Period: None.

IX. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (P. Britton, R. Kochis, C. Noordyk, C. Thompson): Committee met to begin the process. The Board will need a new contract proposal from the GM.

1. Begin GM Evaluation

(ii) Finance Committee (B. Cromell, P. Britton, R. Kochis, H. Bush, G. Sarka, C. Thompson): Met and reviewed financials for past two months. The committee reported 8% sales growth. Digital marketing is having a positive effect. Turnover has been high. Personnel costs have been lower than projections. The MFC is still paying interest only on NI note. Current ratio is up. Cash position is good. The MFC is on a slow path to improvement. September sales are expected to be similar to July and August. Financial review is underway. Patrick will still do quarterly financials but Makela and Nardi will be doing MFC taxes in the future. Adjustments to the balance sheet and patronage were discussed. It was also discussed that there may be a potential conflict of interest concerning preferred shares for Board members that have preferred shares.

(iii) Communications Committee (C. Noordyk, C. Morgan, M. Augustyn, H. Bush): Did not meet but is working on its charter and calendar for committee work and is continuing to manage events.

(iv) Elections & Nominations (B. Cromell, M. Augustyn, H. Bush): Did not meet. B. Cromell will be moving, and the Board needs to recruit new financial expertise to the Board.

(v) Board Education & Orientation (C. Morgan, G. Sarka, M. Augustyn, P. Britton): Committee brought in Jason Schneider for board education.

(vi) Ad Hoc Bylaws Committee Report: Did not meet.

(b) Board Budget Review: Board allocated money for Co-op Month in-store chair massages.

X. Third Public Comment: None.

XI. Closings

(a) October Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Board Budget Finalized
- iv. Begin 3 month opening for Board nominations
- v. Consent Agenda:
 1. Approval of September Minutes
 2. Electronic Communications
 3. G4 – Board Code of Conduct (C. Morgan)
 4. L7 – Asset Protection (M. Gougeon)

XII. Motion to adjourn at 9:15 p.m. (*motion by C. Noordyk, second R. Kochis*)

Action: Motion passed unanimously.

Next Board Meeting: October 17, 2017 at 6:00 p.m.

Emily Weddle
Board Recorder

Monitoring Report

Policy Type: Executive Limitations

Policy Title: L2- Staff Treatment

Reporting Period: September 19, 2017

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 attached handout with recent changes/revisions.*

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, customer service, an overview on the cooperative business model and an introduction to policy governance, and assigned reading of the Employee Manual, Safety Program, Workplace Violence Prevention Program, and our Cyber Security Policy.

All employees attend Co-op Essentials within their first 90 days of employment. This training program includes a Loss Prevention component, Community Relations and Outreach, a powerpoint with employee photos to familiarize new hires with existing staff, and a viewing of the Food for Change documentary.

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.

At the start of 2017 MFC implemented a monthly "Focus Training" program. This program covers specific topics related to customer service and is implemented at each department meeting by department managers. Staff are given the opportunity to discuss each topic and share experiences and ideas that will assist co-workers with offering better service to shoppers and staff.

See Staff Training Summary, Focus Training Schedule, Focus Training Example

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. 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. It is updated annually.

MFC promotes safety through a "Safety Week" annually. During that week we offer staff training in proper knife handling, back safety, and food safety. We also have 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 Safety Program 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: In past years, a staff survey was given to staff in November. In 2017, the survey was given in September, to allow for relevancy when reporting to the Board of Directors at the September meeting. Survey results will be shared with staff. The complete results are available to the Board. *See survey results.*

Policy Type: Executive Limitations

Policy Title: L3 – Compensation and Benefits

Reporting Period: September 19, 2017

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, MFC hopes to implement a Livable Wage in 2017, which will increase our base wage and require a revision of the wage schedule.**

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 in 2015, the MFC was at average or above average in almost all categories. That comparative survey did not take into account variations of regional cost of living adjustments. The same comparative survey that was completed in 2016 did not have wages included. MFC continues to offer average PTO accruals compared to other Co-ops. An employee working 40 hours per week can accrue between 64-136 hours of PTO based on longevity.

The MFC yet intends to implement a Livable Wage Model in 2017. The model we will use was developed by the NCG and CDS Consulting Co-op. The model takes into account a variety of actual average costs of living in our specific geographic region, such as housing, transportation, food, and utilities, etc. When implemented it will raise our base entry level pay to \$11.56 per hour. Currently our base pay is \$8.90 per hour. A new wage scale has been developed to account for this change that raises the base pay and the capped pay in each level of the pay schedule. The model also honors longevity in the organization by applying a penny raise in pay per month of tenure at the co-op to the wage of staff whose pay is above the new base pay or moves staff to the new base pay within their wage schedule if the penny longevity raise doesn't help them reach their new base pay level. All staff have met individually with the GM and HR Director to explain this change and what to expect from it. The GM currently anticipate implementing LV in the 4th quarter of 2017.

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, the Flexible Spending Account, Paid Time Off (see data packet for Employee Manual, p. 35), and Blue Cross Blue Shield of Michigan health benefits package. The plan year for BCBS, Assurant Benefits, and the FSA is annual but runs from November 1 through October 31. 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.