

**Minutes of the
Marquette Food Co-op Board of Directors
December 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 (excused), C. Morgan (excused).

Staff: GM Matt Gougeon, Mary Moe, Sarah Monte, Clayton Lesatz.

Public: None.

II. Preliminaries:

(a) Approval of Agenda & Additions: Discussion of ad-hoc committee for Board Retreat was added under committee reports.

Motion: To approve agenda with changes (*motion by R. Kochis, second C. Thompson*).

Action: *Motion passed unanimously.*

III. Consent Agenda: Discussion was held regarding G6 and whether governance investment amount should be changed. No changes were made.

(a) Approval of November Minutes without changes

(b) Electronic Communications

(c) G6 – Governance Investment (R. Kochis)

(d) L6 – Budgeting & Financial Planning (M. Gougeon)

Motion: To approve consent agenda without changes (*motion by R. Kochis, second C. Thompson*).

Action: *Motion passed unanimously.*

IV. Public Comment Period: None.

V. Board Education: NCG Quarterly Report was provided to the Board via email prior to the meeting. Discussion was held regarding reactions and comments pertaining to the report. Trends and goals reported by NCG were discussed. Board discussed that the highlights noted in the report seemed to reflect things happening at the MFC. Competition and aspects that make co-ops unique were discussed. GM noted that NCG is making an effort to communicate more with co-op boards.

VI. GM Monitoring

(a) Store Report (M. Gougeon): GM reported on the 2018 budget and addressed the challenges facing the MFC. He noted that the budget represents modest growth in the beginning of the year but reflects a hit relating to anticipated competition. MFC is budgeting close to \$9 million in sales. Areas where costs can potentially be reduced were discussed. It was noted that governance expenses reflect participation in CCMA. Board inquired about interest rates, and GM reported that new terms will be negotiated with Range Bank this year. GM reported that the 2018 budget shows a loss, however the GM has been conservative in projections. Competition and areas of strength at the MFC were discussed. GM commented that the budget does not take into account several projects that are underway that are expected to be opportunities for growth. The GM

explained that NCG groups co-ops based on metrics. GM reviewed list of co-ops in the same category as the MFC. Metrics were reviewed and discussion was held. GM discussed the NCG's watchlist and risk matrix and comparisons with other co-ops. The liability fund was also discussed. GM reported that he was asked to provide projections for the next 20 years as a part of the financial review and noted that projections show profitability.

VII. Outreach Reports

(a, b) Outreach Report/UP Food Exchange Report (S. Monte): Classes have been filling up quickly. Monte reported that the MFC wants to keep them accessible but pricing will be reviewed since they have been filling up so quickly. Private classes have been going well. There are classes scheduled with Teaching Family Homes and Big Brothers and Big Sisters. Monte discussed the Climate Collaborative, a pledge and reporting system focusing on companies making larger scale changes in response to climate change. The MFC is participating in energy efficiency and food waste. Monte inquired whether the Board is still interested in sponsoring a free yoga class at the MFC.

Motion: To allocate \$500 per year for a Board sponsored yoga class at the MFC (*motion by R. Kochis, second C. Thompson*).

Action: Motion passed unanimously.

TV6 advertisements showcasing wine and cheese was previewed. Digital ads are linking to catering menus. Possible opportunities for UPFE and the MFC to interact with Taste the Local Difference were noted. Annual Meeting venue, content and agenda, and attendance were discussed. Shift to holding the meeting on a Thursday instead of Friday was discussed.

Project for healthy kids was discussed as an opportunity for UPFE to get involved.

VIII. Second Public Comment Period: Mary Moe reported that Prepared Foods is up 71% year to date over last year. Fresh bakery is up 42% month to date over last year.

IX. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (P. Britton, R. Kochis, C. Noordyk, C. Thompson): Did not meet. Process has concluded until next year.

(ii) Finance Committee (B. Cromell, P. Britton, R. Kochis, H. Bush, G. Sarka, C. Thompson): Met and reported there were small profits in October and November. Labor cost of 25% of sales was reported. There were no late payables. Accounts payable reflects lots of purchases in the past month. There have not been price increases. Margins vary depending on volume. Finance Committee received draft of financial review that will be completed in January. Paul Nardi will be at January Board meeting to discuss the review. Board budget was discussed. It was noted that there will be additional expenses related to attendance at Co-op 101 class and sponsoring the yoga class. Committee discussed participating in Power of Participation program, which audits how members are using and accessing the co-op and identifies opportunities to get members more involved.

Motion: To discontinue participation in CBLD and start participating in Power of Participation (*motion by C. Noordyk, second H. Bush*).

Action: Motion passed unanimously.

(iii) Communications Committee (C. Noordyk, C. Morgan, M. Augustyn, H. Bush): Did not meet. Explored options for retreat venue but venue was unavailable.

(iv) Elections & Nominations (B. Cromell, M. Augustyn, H. Bush): H. Bush contacted the consultant for resources. Was unable to meet with any candidates but was able to connect with two groups that may have potential candidates. There has been one applicant. Applications are due on December 31. H. Bush drafted a call for applicants and Board discussed posting call on social media.

1. BOD Candidate Nomination Period Ends

(v) Board Education & Orientation (C. Morgan, G. Sarka, M. Augustyn, P. Britton): Met and discussed upcoming education topics. Board discussed inviting a grower/supplier to speak to the Board about what their relationship with the MFC is like. Discussed having a tour at the North Farm.

(vi) Retreat Ad-Hoc Committee: Venue ideas were discussed. C. Noordyk, C. Thompson, and P. Britton volunteered to be on the committee.

(b) Sign Contract with GM: Discussion was held regarding details of the GM's contract.

Motion: To approve the GM contract with the changes of removing YMCA benefit and increase in life insurance premium (*motion by R. Kochis, second C. Thompson*).

Action: Motion passed unanimously.

X. Third Public Comment: Reported that the United Way round-up at the register is going well. Board noted that an employee has suggested rounding up for UPAWS. Board has discussed shoppers becoming fatigued by having ongoing campaigns at the register and the United Way was chosen because of its broad benefits to the community. It was also noted that the MFC is participating in the Ampersand coworking space.

XI. Closings

(a) January Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Newsletter bios for BOD Candidates Due
- iv. Consider Outside Audit
- v. Annual Retreat
- vi. Consent Agenda:
 1. Approval of December Minutes
 2. Electronic Communications
 3. G7 – President's Role (P. Britton)
 4. D3 – Delegation to the GM (C. Morgan)
 5. Annual Ends Report (M. Gougeon)

XII. Motion to adjourn at 8:15 p.m. (*motion by C. Noordyk, second G. Sarka*).
Action: Motion passed unanimously.

Next Board Meeting: January 16, 2018 at 6:00 p.m.

Emily Weddle
Board Recorder

Monitoring Report

Policy Type: Executive Limitations

Policy Title: L6 – Budgeting/Financial Planning Updated

Reporting Period: December 19, 2017

I report compliance with this policy except for L6.1. Updates to this report are highlighted in yellow.

Global: Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

Interpretation - Any financial plan for the co-op shall be born of the priorities of the board as set forth in their prescribed ends policies and be adapted to meet any and all changes in those ends policies. Said plans shall not potentially or actually jeopardize the MFC 's financial standing and shall encompass two or more years of business projection.

The GM will not allow plans that:

L6.1: *Risk incurring those situations or conditions described as unacceptable in the board policy "Financial Condition and Activities"*

Interpretation - Any financial plan will keep integral the conditions and benchmarks stated in L5 "Financial Condition and Activity" of the MFC policy register as assurance of continued financial health.

Data: See financial plan. **Unacceptable conditions are avoided within the plan. Objectives of maintaining sufficient liquidity through a current ratio of not less than 2:1 is not met in the 2018 Financial Plan.** Maintaining sales and net income at levels sufficient to support operations and annual goals is met. The plan directly references sales growth, Debt to Equity, and liquidity. Current ratio within the plan is below board proscribed benchmark, as is Debt to Equity. The Financial plan discusses the trajectory of each of these ratios relative to board proscribed benchmarks.

L6.2 *Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.*

Interpretation – Any budget or financial plan shall provide clearly stated substantive assumptions of revenue and expense generation and expectations of owner investment and

return. The plan shall delineate between the capital and operational sides of implementation and express projected cash flow.

Data: See the budget for FY2018. Operations budget assumes a challenging year in our recovery post expansion. The Financial Plan clearly shows investment and return expectations. It is assumed that a Capital Budget for 2018 is yet not necessary, nor feasible, beyond what is contained within the general budget categories of small equipment and repair and maintenance needs.

L6.2.1 *Contain insufficient details to support assumptions.*

Interpretation - All budget or financial plan assumptions shall be supported by data.

Data: See budget, statements of cash flows, and financial plan. Assumptions and projections are based on actual MFC data and documented industry trends.

L6.3 *Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.*

Interpretation - Any budget or financial plan will include funding for known board prerogatives and governance as set forth in G6 "Governance Investment" of the MFC policy register.

Data: See budget. Governance expense as projected in the budget is based on historical figures, additional known board expenditures, and not policy. If Governance Expense is budgeted in accordance with Policy G6 at .0075% of projected revenue, Governance Expense will be in excess of \$67,000.00 dollars. The GM will act according to the will of the Board relative to this policy. *The budget includes known board expense of a consulting contract and conference travel. The budget is not set to G6 policy proscribed amounts.*

L6.4 Are not updated annually

Interpretation - Any budget or financial plan will be revisited, updated, and adapted annually.

Data: The budget and plan are revisited in June each year and updated and adapted in December of each year as per the Board monitoring calendar.