

**Minutes of the
Marquette Food Co-op Board of Directors
August 21, 2018 Meeting**

Start time: Meeting was called to order by president Phil Britton at 6:11 p.m.

Roll call: P. Britton, A. Cherrette, R. Kochis, M. Linck, C. Noordyk.

Absent: M. Augustyn, H. Bush (excused), C. Thompson (excused), C. Morgan (excused).

Staff: GM Matt Gougeon, Mary Moe, Kat Eaton, Evan Zimmerman, Clayton Lesatz.

Public: David Gill, Michelle Gill, Kelly Cantway, Desmond Canfield.

II. Preliminaries:

(a) Approval of Agenda & Additions: Agenda was reviewed. It was noted that C. Thompson will be leaving the Board. Discussion about vacant position will be held after Board monitoring. L5 was removed from Consent Agenda for further discussion.

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

Action: Motion passed unanimously.

III. Consent Agenda: L5 removed for discussion.

(a) Approval of July Minutes without changes

(b) Electronic Communications

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

Action: Motion passed unanimously.

IV. L5 – Financial Condition 2nd Quarter (M. Gougeon): Board inquired if a financial audit has been performed. GM explained that an audit has not been done because audits are more extensive, time intensive, and are a much more significant expense. The MFC has had financial reviews performed.

Motion: To approve L5 (*motion by* R. Kochis, *second* A. Cherrette).

Action: Motion passed unanimously.

V. Public Comment Period: Kat Eaton noted that cash handling has been reviewed and a review of agreed upon procedures has been performed.

VI. Board Education: David and Michelle Gill from Marquette Brewing Cooperative spoke about starting their coop. They currently have 243 members and are offering \$500 preferred shares with max of \$10,000 investment per investor. Gill noted that the MFC has been an inspirational business model of a co-op in our community. He explained their vision to open a microbrewery and tap room with craft beer brewed on-site. Gill asked the Board if they might be interested in helping get the word out about the Marquette Brewing Cooperative. Beer tourism and the success of local breweries were discussed. Membership structure includes \$99 general membership and \$250 brewing membership, which includes education process. Board shared enthusiasm for having another cooperative in the community.

VII. GM Monitoring

(a) Store Report (M. Gougeon): GM provided a written report. He reported that July sales were relatively flat. GM provided report on monthly stats for new members, noting that it was a ten-year low for new members during the month of July with only 17 new members. August membership numbers seem to be back on track. July labor costs are good. Progress is being made on e-commerce. Building a webstore will cost the MFC \$10,000. GM discussed Honest Green shipping cost options and testing UNFI's ability to fulfill orders. GM reported that Aldi will be opening a store in the area. Anticipated impacts were discussed. GM reported that documents are being prepared for another preferred share offering. Security system is being updated.

VIII. Outreach Reports

(a) Outreach Report (S. Monte): Monte provided a written report. Bulk Sale will take place in September. October is Co-op Month. Goal will be to get 35 new owners. Owner portraits will be done again this year. There will be an increase in owner referral gift card amount for the month. Outreach is hoping the rewards points system will be up and running by then. Outreach is planning to promote pet food sold at the store and plans to partner with UPAWS during Co-op month. Co-op month special events will include a "supermarket sweep," weekly raffles, Board bagging day, and a massage therapist paid for by the Board. The Board is invited to participate in events. Fair Trade month banana promotions were also discussed.

(b) UP Food Exchange Report (S. Monte): Michelle Walk, UPFE's point of contact for East end is leaving MSUE for another job.

IX. Second Public Comment Period: None.

X. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (P. Britton, C. Thompson, M. Linck): Did not meet.

(ii) Finance Committee (R. Kochis, P. Britton, H. Bush, C. Thompson): Met prior to this meeting. Committee reported that GM explained a new determination for gross margin. A change has been made to how adjustments are made, and the first quarter financial statement has been retroactively adjusted. GM explained how margins are determined and how adjustments are made using a rolling four quarter average of actual inventory counts, which gives a more accurate and current estimate for margins rather than basing interim months' margins on prior years. It was also noted that September sales are typically slower. MFC has been paying back preferred share interest. Dividends have been paid from cash on hand and the MFC has not relied on line of credit for these payments. GM noted that the store's tax abatement will continue until 2020.

(iii) Communications Committee (C. Morgan, C. Noordyk, M. Augustyn, A. Cherrette): No report.

(iv) Elections & Nominations (M. Linck, H. Bush, R. Kochis): Met and are continuing to revise their charter.

(v) Board Education & Orientation (P. Britton, A. Cherrette, C. Morgan, M. Augustyn): Met to discuss committee charter as well as speaker ideas. Follow up with IDI was discussed.

(b) Review and Approve Committee Charters and Procedures: Board discussed considering a section in binders for policies and procedures.

(c) Board Work and Action Items: C. Thompson will be leaving the Board to move to take a new position out of state. The Board may leave his seat vacant or choose someone to appoint to fill his position until the next election. Board discussed reaching out to the candidate that received the next highest vote count or past Board members to fill the vacant seat. Board discussed filling the position with a previous Board member since they would not need to undergo orientation as a new Board member. Elections and Nominations Committee will meet and make a recommendation at the September meeting.

XI. Third Public Comment: None.

XII. Closings

(a) September Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Board Budget Review
- iv. Begin GM Evaluation Process
- v. Consent Agenda:
 1. Approval of August Minutes
 2. Electronic Communications
 3. L2 – Staff Treatment (M. Gougeon)
 4. L3 – Compensation and Benefits (M. Gougeon)

XII. Motion to adjourn at 7:49 p.m. (*motion by R. Kochis, second C. Noordyk*).

Action: Motion passed unanimously.

Next Board Meeting: September 18, 2018 at 6:00 p.m.

Emily Weddle
Board Recorder