

**Minutes of the  
Marquette Food Co-op Board of Directors  
November 20, 2018 Meeting**

**Ampersand Coworking Conference Room  
132 W. Washington St.**

**Start time:** Meeting was called to order by president Phil Britton at 6:10 p.m.

**Roll call:** M. Augustyn, P. Britton, H. Bush, K. Cantway, A. Cherrette, R. Kochis, M. Linck, C. Noordyk.

**Absent:** C. Morgan (excused).

**Staff:** GM Matt Gougeon, Sarah Monte, Evan Zimmerman.

**Public:** Paul Nardi, Laura Provost, Andrew Gale.

**II. Preliminaries:**

(a) Approval of Agenda & Additions: The agenda was reviewed. 2017 Financial Review was moved after the Consent Agenda. L9 was removed from the agenda and postponed to February 2019.

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

*Action: Motion passed unanimously.*

**III. Consent Agenda:** L9 was removed from the agenda. Draft October minutes were amended to include the revised language for G1.5 and a correction of a typographical error.

(a) Approval of October Minutes with changes

(b) Electronic Communications

(c) L5 – Financial Condition 3<sup>rd</sup> Quarter (M. Gougeon)

*Motion:* To approve consent agenda with changes (*motion by A. Cherrette, second M. Augustyn*).

*Action: Motion passed unanimously.*

**IV. 2017 Financial Review** (Paul Nardi and Laura Provost): The 2017 Financial Review was conducted by Makela, Toutant, Hill, Nardi & Katona, P.C. A written report was provided to the Board prior to the meeting. Laura Provost reported that based on their review they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with generally accepted accounting principles. Provost reviewed the report and entertained questions from the Board. Deferred tax assets and depreciation were discussed. An increase in governance expenses was noted and explained to be due to CBLD consulting, CCMA conference attendance, and annual meeting expenses. Retained dividends were discussed. It was recommended that the MFC pursue more definitive information concerning its legal responsibilities pertaining to dividends. The Statement of Cash Flows was explained to the Board. It was noted that next year a direct method of cash flows will be presented. The Board was encouraged to take time to read the report's footnotes, which summarize generally accepted accounting principles. Nardi offered to be available to answer further questions from the Board. Nardi noted that if the MFC anticipates an audit in 2019 the store will need to consider having inventory observed again. Board inquired whether the educational and outreach aspects of the MFC allow for any additional tax credits. Nardi commented that the MFC may wish to seek greater expertise on that matter from someone that works specifically with cooperatives. The

Board thanked Provost and Nardi. GM noted his positive experiences working with them for the annual review.

**V. Public Comment Period:** Andrew Gale introduced himself and noted that he is a prospective Board member.

## **VI. GM Monitoring**

(a) Store Report (M. Gougeon): Evan Zimemrman presented the MFC's webstore and demonstrated features for the Board. The webstore is anticipated to go live next week with limited products, mostly from the deli. GM provided a written Store Report prior to the meeting. He reported that October sales were down, but sales in November thus far are up. The turkey promotion went very well and was a big day in sales. Sales per labor hour held at \$74. 61 new members joined in October. GM reported that the MFC has participated in a pilot program for core sets with the Great Lakes chapter of NCG. He also reported that Evan Zimmerman and Mary Moe attended the Grocery Shop Conference in Las Vegas. Brand engagement was discussed. GM showed a video about a grocery store in China. Discussion was held about integrating technology in the shopping experience. Board inquired about data used for the core sets project and inquired about implications for the MFC. GM explained that the core set project would offer recommendations and would not be mandated.

## **VII. Outreach Reports**

(a) Outreach Report (S. Monte): S. Monte provided a written report prior to the meeting. She noted that October went really well. Positive feedback from the community about Co-op Month events was noted. Monte inquired whether the Board would like to sponsor Sunday yoga classes by Rohana Yoga for 2019. The estimated cost would be approximately \$500.

*Motion:* To approve Board sponsorship of free Sunday yoga classes at the MFC.

*(motion by M. Augustyn, second A. Cherrette).*

*Action: Motion passed unanimously.*

Board discussed Board member participation at yoga classes. Other wellness opportunities were discussed as possible outreach opportunities. Monte reported that she will continue to serve on the ACHIEVE committee, but is relinquishing the chair position. November and December promotions were discussed. Board commented on positive experiences with sampling and customer interactions at the MFC.

(b) UP Food Exchange Report (S. Monte): Monte reported on the UPFE Policy Committee meeting and plans to update documents to assemble packets of resources for municipalities.

**VIII. Second Public Comment Period:** Andrew Gale commented on ecommerce and predictive data.

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

(a) Committee Reports:

(i) GM Evaluation (P. Britton, M. Linck, C. Noordyk): Met and will have a report for the Board to review at the December meeting.

1. GM Evaluation:

(ii) Finance Committee (R. Kochis, P. Britton, H. Bush, K. Cantway): Committee reported that profit for October was \$17,354. November sales are looking positive. Preferred shares were discussed. There were two requests for preferred share redemptions. GM explained that the first preferred share offering was in 2013. Members could purchase up to 25 shares with a 4% dividend. Investments could be held for a five-year period before dividends were to be paid. At the five-year mark shareholders may ask for shares to be redeemed. The GM explained that the Board governs how shares are redeemed based on recommendations from GM on whether the MFC is able to purchase back shares. It was noted that shares do not have to be bought back if cash on hand is insufficient. Finance Committee discussed creating a reserve fund for preferred shares. Discussion was held.

*Motion:* To set aside \$1,000 per quarter for preferred shares reserve fund beginning April 1 of 2018 for the purpose of preferred share redemption to be reviewed in May and November of subsequent years (*motion by* R. Kochis, *second* M. Augustyn).

*Action:* *Motion passed unanimously.*

Board also discussed whether it would benefit the entire Board to request alternative means of reporting financial data from the annual review in the future. Financial educational opportunities were also discussed.

(iii) Communications Committee (C. Morgan, C. Noordyk, M. Augustyn, A. Cherrette, K. Cantway): Met and posted meeting minutes on Slack prior to the meeting. Committee would like to schedule quarterly opportunities for the Board to interact with people about ownership in the store. Ideas for more Board connection and engagement were shared. Committee has drafted a letter to MFC owners addressing competition and the cooperative philosophy. Board shared feedback and ideas about messaging. Board noted this may be good discussion for the Retreat.

(iv) Elections & Nominations (M. Linck, H. Bush, R. Kochis): It was noted that A. Cherrette (filling G. Sarka's seat), R. Kochis, M. Augustyn, and K. Cantway (filling C. Thompson's seat) will need to submit applications and bios if interested in running again. Andrew Gale and Jane Hendrick have submitted applications. There are six candidates for four seats.

1. Nominations Committee to Meet with Potential Candidates: Committee discussed whether it is necessary to meet with candidates. Discussion was held about language on the Board application and communicating expectations to candidates.

(v) Board Education & Orientation (P. Britton, A. Cherrette, C. Morgan, M. Augustyn): Future education ideas and opportunities were discussed.

(vi) Ad-hoc Retreat Committee (Executive Committee): Met to begin planning.

(b) Board Work and Action Items: None.

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

## **XI. Closings**

### **(a) December Assignments:**

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. L6 – Budgeting and Financial Planning (M. Gougeon)
- iv. Board Candidate Nomination Period Ends
- v. Sign Contract with GM
- vi. Consent Agenda:
  1. Approval of November Minutes
  2. Electronic Communications

## **XII. Motion to adjourn at 8:18 p.m. (*motion by R. Kochis, second C. Noordyk*).**

*Action: Motion passed unanimously.*

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

Emily Weddle  
Board Recorder