

MACOMB FOOD CO-OP BOARD MINUTES

August 21, 2018

PRESENT: Gordon Rands, Randy Powell, Jeanne Nehls, Pam Rands, Rose Elam, Sydney Null by phone, Crystal Kepple
Guests: Margaret Ovitt, Clare Kernek, Brian Davies, Sue Marshall

The meeting was called to order by Gordon at 6:32 pm in the WIRC office.

MINUTES. The July 24, 2018 minutes were considered. The minutes were approved with a motion by Randy, a second by Pam and were approved unanimously.

NEW BUSINESS.

Prepared Foods (PF). Maddy Myers' resignation was accepted with much surprise and regret. Crystal will get the recipes from Maddy as well as a report about her time spent with consultant Kevin, and how many consultant hours were used.

Discussion followed. Pam shared ideas after brainstorming with Karen Thurman, who has experience with feeding large groups. Jeanne said without a plan in place, and without money, she doesn't want to see PF start on September 4. She loves that part of the Co-op and is willing to serve on a committee to plan PF. Crystal said after working with Kevin, there **was** a plan in place, with dates/timeline, with repeating monthly menus, pricing templates, and marketing, with a start date of September 4. The only thing that has changed is Maddy resigning. Crystal continued saying PF was not making money the way it was run before. That is why we were working with the consultant, to make changes. Syd said PF started with volunteer labor and most of us agree that is not what we want to rely on. Do we hire someone now? Crystal said yes, it would be 20 hours per week maximum, until we find we are turning a profit. Even with hiring someone as the PF Manager, we will need volunteers i.e., one volunteer per day. Jeanne understood from Maddy that 20 hours was barely enough time to plan, shop, cook and manage. Is this a subject for our owners' meeting especially with the financial situation we are having? Crystal suggested we share our plans on PF with the owners and see what they have to say. Pam feels once we a PF manager hired, have them vetted and trained, we should have faith in them and let the manager and Crystal make decisions. Gordon asked – do we as a Board make the decision to go ahead with PF? He knows of other co-ops that have a PF section that has a higher profit margin than the rest of the store's sections. Randy suggested we say to the owners: we have a plan, we used a consultant, we've got the menus designed and they have been costed out. Do you want us to continue by hiring a PF manager? Sue asked if we were planning PF expansion to more than one day a week? Crystal replied yes, to four days, Tuesday through Friday. Syd said the question is – are we moving ahead as a co-op? If we are, we have decided to do this. Maybe owners know of someone who would be interested in the position. Jeanne said that she and Maddy had developed and emailed a questionnaire to owners that had bought PF more than five times in five months. They sent a second questionnaire to about 30 owners who ordered less than four times in five months. Only two responses were received from all those polled. What does this mean to us? It was agreed to get feedback from owners – what they liked or didn't like about PF. What was their experience? What could be improved? These are the plans – are they consistent with your thoughts? It was decided to provide the questionnaire at the owners meeting. Margaret asked when the decision was made to go to four days of PF? After consulting the May minutes, it was written that Crystal shared the four week rotating menu that had been developed. It was suggested that the Board have clearer decisions and clearer votes. Rose asked if more owners have shopped since the dire email went out? Crystal said not many.

Finance. Pam provided three written reports. The first was a Financial Statement-Cash Method for the Co-op's Fiscal Year for the period July 1, 2017 to June 30, 2018. Highlights of this report were:

Beginning balance (July 1, 2017)	\$-16,575.48
Total Income	\$162,346.28
Total Expenses	167,516.08
Ending Balance (June 30, 2018)	\$-21,745.28

The second report presented was an Income Statement report showing 2015, 2016, and 2017 year-end figures. Highlights of this report were:

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Sales	\$ 59,219.94	107,703.57	143,291.11
Cost of goods sold	<u>56,409.79</u>	<u>94,971.93</u>	<u>105,118.64</u>
Gross Profit	2,810.15	12,731.64	38,172.47
Less expenses	<u>41,323.39</u>	<u>56,460.99</u>	<u>59,981.28</u>
Net Income	-38,513.24	-43,729.35	-21,808.81

Gordon explained why our financial situation seems worse. Once we opened the store, we started eating into the owner shares money as well as the \$30,000 bequest and we no longer have that cushion. Brian asked how many shares have we sold? Pam responded 608 (multiplied by \$100 = \$60,800). Brian said the co-op had lost money in the years before 2015, but we are nearly leveling out. Gordon said store sales had increased year over year but this year have leveled out. Brian recommended we think of PF as a division of the co-op and how to capitalize on it because the existing business is about at break even.

The third report shows a bank balance of \$5,176.07. Jeanne asked where the \$1,000 and \$5,000 loans are reflected? Pam replied that they are included in the bank balance. Without them, we would have a negative bank balance. Jeanne would like to see a loans line item of \$6,000 in the financial reports. Jeanne also asked that we have a contract with the loaners. Pam responded that the person giving the \$5,000 drew up their own contract. The Rands have no intention of asking for a contract. At the July 24, 2018 Board meeting, the Board approved a policy that the Board must give approval to accept all future loans (except those made by Board members). Jeanne would like to clarify the definition of emergency where Board approval is not necessary. Gordon said one example would be if the co-op was going to overdraw its bank account. Much discussion followed. Jeanne made a motion that the Macomb Food Co-op will only accept loans from owners with prior Board approval under any circumstances. Approval can be given through email. Syd seconded the motion. Discussion followed regarding gifts vs. loans. The motion was called with Rose, Sydney and Jeanne voting yes; Gordon, Randy and Pam voted no. The motion ended with a tie vote.

Pam informed the Board that her co-op credit card was compromised at the end of July. Crystal has a different card number. The co-op is not being held responsible for any of the fraudulent charges.

The three financial reports are attached to these minutes.

MDTC meeting. Randy, Pam and Gordon met with our MDTC rep who has a meeting with his board on August 29. The rep feels his Board would want our co-op to pay for utilities, but wasn't sure how they would feel about increasing our rent. It was shared with him that our co-op is not operating in the black; hopefully that may make some difference with MDTC's decision but there is a potential for a significant increase. Brian asked if \$600 was appropriate for our square footage? We should look at commercial rental rates for our location.

Owner Meeting. The agenda was discussed for the Owner's Meeting on August 28.

Margaret reminded us the purpose of the meeting has to be stated. Other topics of discussion:

Review of long range goals

Share the business plan

Have an owner's open forum

Have a sign-in sheet asking owners to update their contact information, including best e-mail

Elections – there was discussion about the five open Board positions

Non-shopping owners – in reviewing our lists, it appears we have 180 viable non-shoppers

Maher/Sandage letter – decisions were made on how to mail it to our non-shopping owners; Crystal will email the letter to shopping owners

Communication Committee. Margaret was thanked for her work on The Buzz newsletter. It was awesome! She then read a section of the Co-op Bylaws pertaining to Board elections/terms. Generally, the biggest vote getters get the longest terms i.e., three years. It is apparent that several changes/tweeks need to be made to the bylaws. Margaret felt the Board should appoint two people to fill the two year terms (filling vacancies) before the election. Brian disagreed saying if we have five people who really want to run for the Board, but two positions were already locked out, that isn't right. When reading the Bylaw section on Vacancies, the Board can appoint to fill vacancies for the remainder of the expired term. It appears it would be more appropriate to appoint the two year terms after the election.

The Board candidates' packets deadline is August 28. We will have packets at the Owners Meeting.

Margaret distributed a candidate questionnaire to review. She plans to publish the next newsletter on October 6 and will contain election and candidate information. Crystal should collect the questionnaires and packets. Absentee ballots should be ready at the store at the first of October (21 days before) for those that can't come to the annual meeting on October 27. People can also vote electronically.

Pam and Jeanne planned to work on updating the owner list. Crystal wants to set up a group texting communication.

Store Committee. Randy and Gordon have met with city officials, a contractor, considered other locations, and asked about new construction costs vs. renting/rehab. Syd asked if we talked to MDTC about purchase of existing building? That subject has not been discussed yet, but will be brought up.

UPCOMING EVENTS.

September 4. Board meeting, 6:30 pm, WIRC offices

September 18. Board meeting, 6:30 pm, WIRC offices

September/October. Farm crawl

September 26. WIU Farm to Fork (Homecoming weekend)

October 27. Harvest Party/Annual Meeting/Board nominations, First Presbyterian Church, Dudley & Carroll Streets, 6:00 pm potluck, 7:00 pm meeting

ADJOURNMENT. The meeting concluded at 9:12 pm.

Respectfully,

Rose Elam, Secretary