

## MACOMB FOOD CO-OP BOARD MINUTES

November 13, 2018

BOARD MEMBERS PRESENT: Margaret Ovitt, Randy Powell, Tim Mealiff, Rose Elam, Dusty Berg, Ann Knowles, Maureen Wallen, Jeanne Nehls (by telephone)

OTHERS PRESENT: Crystal Kepple, Gordon Rands, Pam Rands, Clare Kernek

The meeting was called to order by Margaret at 6:35 pm in the WIRC office.

**New Board Member.** Margaret introduced Ann Knowles, a Co-op producer and newest Board member. All Board members introduced themselves.

Co-op Principles and Bylaws were distributed to new Board members.

### **Member-Owner Presentation.**

Gordon Rands was given the floor. Gordon and Pam Rands are concerned that the election was not conducted in accordance with the Bylaws and the Co-operative Principals of Democratic Member Control. They consulted Sarah Kaplan, a Co-op attorney, about the Macomb Co-op's October 27 Annual Meeting & Election. Pam and Gordon had provided details and the Co-op's Bylaws to Sarah. Kaplan wrote a letter with her opinion which Gordon presented to the Board, stating that since the top voted candidates were not seated on the Board, the election was invalid. Gordon questioned seating a producer to the Board; he recognizes the value in that but the Bylaws do not guarantee it; nor was it discussed at previous Board meetings. There were an adequate number of candidates to fill all vacancies. The question is: was the election valid?

Clare Kernek said Kaplan's letter was not based on accurate facts. She read an excerpt from the August 21 minutes where the Board had chosen to wait until after the Annual Meeting and Election to appoint candidates to the vacancies.

**Motion.** Randy made a motion to get a second legal opinion on the validity of the October 27 election. Dusty seconded the motion. After discussion, the motion passed unanimously. Randy questioned whether we could conduct business until this is settled. Jeanne stated that Kaplan did not receive information from all of us to make a decision. **Margaret will seek another co-op attorney.** She feels we were properly elected as per our Bylaws and we can conduct business at this meeting.

### **Chair Report.**

**Update on Taxes/Bookkeeping.** Cindy Carey Butler has been hired to do the Co-op's taxes and bookkeeping. When Margaret inquired about the Co-op's 2015, 2016 and 2017 taxes, Cindy reported that they were not filed. She has not billed the Co-op for tax preparation. Pam said she gave Cindy the information and instruction to do so. Cindy is working on a balance sheet with information **being provided by Margaret and Crystal.**

**Emergency Meetings and Executive Sessions.** When the Board makes a decision in Executive Session, if it pertains to confidential matters such as legal and personnel matters, the ES is to remain confidential. Margaret read the summaries of the following Emergency Meetings & Executive Sessions (ES) that have occurred since the October 27 Annual Meeting.

- October 30. Board members present: Randy Powell, Jeanne Nehls, Tim Mealiff, Rose Elam, Dusty Berg, Margaret Ovitt. Executive Session: **Maureen Wallen was appointed to fill a two year vacancy on the Board. It was decided to look outside the pool of candidates that ran for the Board to fill the two remaining vacancies, preferably a producer for one of them.** No other action was taken as a result of the ES. Due to one of the Board members leaving, further discussion of Board appointments was tabled.

- November 3. Board members present: Randy Powell, Jeanne Nehls, Tim Mealiff, Rose Elam, Margaret Ovitt, Dusty Berg, Maureen Wallen. Executive Session: to discuss advice from a local attorney about a financial matter. No action was taken as a result of the ES.
- November 5. Board members present: Margaret Ovitt, Dusty Berg, Randy Powell, Jeanne Nehls, Tim Mealiff, Rose Elam. The Board was convened to discuss urgent financial matters, including the fact that the Board just found out that the Co-op has not paid any corporate taxes since 2014. This information came to light during a meeting with accountant Cindy Carey-Butler. The Board decided at this meeting to hire Cindy Carey-Butler to do the Co-op's payroll on a month-to-month basis until we get through the web of information. A portion of this meeting was held in ES to further discuss the legal matter that was the subject of the November 3 meeting. No action was taken in the ES session. The Board also elected officers at this meeting. Margaret Ovitt was elected Chair, Jeanne Nehls was elected as Vice Chair, Tim Mealiff was elected interim Treasurer, and Rose Elam was elected Secretary.
- November 9. Board members present: Margaret Ovitt, Randy Powell, Jeanne Nehls, Tim Mealiff, Rose Elam, Dusty Berg. The meeting was called to further discuss the Co-op's urgent financial issues. The Board, by unanimous vote, hired local accountant Cindy Carey-Butler of Carey Calculations to do bookkeeping, in addition to payroll, for the Co-op. A discussion about personnel was held in ES. Ann Knowles, a producer for the Co-op, was appointed to fill the two year partial term vacancy. Discussion about personnel was held. No other action was taken in the ES Session.

Board Training and Store Visit. Jaqueline Hannah, who works for Food Cooperative Initiatives, and former GM for the Common Ground Co-op in Urbana, would like to visit in December to do Board training and store visit. Tim asked if there would be a cost. Margaret replied just car rental. Margaret will contact Jacqueline to arrange a December 4 & 5 visit.

#### **Store Manager Report.**

Market Report. See Crystal's written report. LFM acronym = Local Food Market

Kalona Order. Crystal placed the Kalona order. Pam will pick it up. Crystal has written a check for the total due.

CORE POS. In light of the fact that Joel has never done off-site tech support, an on-site support is preferred but at a cost of \$1,000 for travel. Crystal will contact Joel regarding his expenses.

**Store Location Report.** Randy will meet with Jay, our MCTC liaison, and tell him the Co-op is in re-organization mode and propose that we retain our rent at \$600 (or less) for another six months.

#### **Consultation with Manager.**

Ordering Policy. Margaret stated ordering and payment for product should all be done through Crystal. If for some reason Crystal is unable to, she can delegate someone to do it. Ray Bunch recommended that personal credit cards not be used for Co-op purchases.

UNFI (United National Foods Inc.). We are still getting our 13% discount and order once per month with a \$750 minimum. Crystal said it is difficult to order from many places. She hopes the new POS system will help.

Cutting Expenses/Increasing Efficiency. According to Jacqueline Hannah, employee expense formulas show should not exceed 22-25% and a store our size should only have one employee.

**Executive Session.** Motion. Ann moved and Randy seconded to go into Executive Session at 8:05 pm. The motion was approved unanimously.

**Exit Executive Session.** At 8:20, the Board exited Executive Session. Adjustments were made to part-time employees' hours.

The following store hours will be in effect after Thanksgiving:

Tuesday	Noon – 6:00 pm
Wednesday	Noon – 7:00 pm
Thursday	Noon – 6:00 pm
Friday	Noon – 6:00 pm
Saturday	10 am – 3:00 pm

**UPCOMING EVENT.**

December 4. Board meeting, 6:30, WIRC Offices

**ADJOURNMENT.**

The meeting concluded at 8:22 pm.

Respectfully,

Rose Elam, Secretary