

MINUTES

Medford Food Co-op Board of Directors Meeting

Monday October 17, 2022

Windermere Real Estate Training Office, 1117 E Jackson St, Medford, OR

Present: President Kellie Hill, Secretary Sarah Calhoun, Treasurer Roger Noyes, Fran Batzer, Matt Dorris, Peggy Leviton, Dan Smith

Absent: Vice President Patty Casebolt

Staff Present: General Manager Anne Carter, Administrative Assistant Kathy Damas

Call to Order / Introductions

The October 17, 2022 Medford Food Co-op Board of Directors (MFC BOD) meeting was called to order at 5:31 p.m.

Owner's Forum

There were no additional owners present.

Previous Meeting Minutes

- Minutes of the September 19, 2022 MFC BOD regular meeting were submitted. **Roger Noyes moved to accept the minutes as submitted; Peggy Leviton seconded the motion, which passed unanimously.**
- Minutes of the September 19, 2022 MFC BOD Executive Session were submitted. **Roger Noyes moved to accept the minutes as submitted; Peggy Leviton seconded the motion, which passed unanimously.**

GM MONTHLY REPORT

Relevant Financial Information

- September sales were \$445K, a 7% decrease over last September and 92% of budget.
- Cafe Update: September sales = \$36K 105% of budget, 8% of sales.
- COGS = \$292K, 93% of budget.
- Operating Expense = \$165K, 103% of budget.
- Net operating income = -\$13K, \$24K lower than budget due to low sales and margin.
- Days cash on hand as of 09/30/22 = 81.7
- September On-line Shopping = \$2,359.83, 12 transactions, \$196.65 basket size

Ownership Level Issues

- New Owners in September = 18
- Owner share redemptions in September = 1
- Patronage Dividend to Owners - We plan to distribute this in October.
- October Owner Appreciation Gift - free stainless steel pint cup to first 500 owners. We gave out 500 by 10/6. New owners signing up in Oct receive one of the cups.

Public Events affecting Perception of Co-op in Community

- Tabling at Thursday Growers Market during the month of September.
- Recent Events: Sept 24 Bear Creek Stewardship and Multicultural Fair, Oct 1 Talent Harvest Festival. The 9/24 events went well, but attendance wasn't very large. The Talent Festival was very successful - lots of people. It has been worthwhile to attend these community events.
- October 14/15 - Heart of the Rogue Festival in Pear Blossom Park. New annual event featuring local food & beverage vendors, music, Rogue Marathon, Bikes & Brews. Should be exciting!

Significant Operational Change and Policy Compliance Updates

- A new Wellness Lead was hired today and will begin work later this week.
- GM Policy B5 (Treatment of Customers) resubmission was overlooked last month. However, as reported in September, the NCG Customer Experience program will offer the most benefit for assessing customer satisfaction. At **GM Carter's** request, Directors agreed that the GM Policy B5 should be resubmitted in November.

GM MONITORING REPORT

All submitted reports included detailed interpretation, operational definitions, and supporting data.

GM Policy B1: Financial Condition (Q3). **GM Carter** was unable to report compliance of sub-policy #1: adequate sales growth, sub-policy #2: EBITDAP lower than 4%, and sub-policy #5: growth in annual equity.

Addressing adequate sales growth, **GM Carter** noted that 3rd quarter sales started out as projected in July and August but fell below projections in September. The profitability of many departments has been improving, with the exception of Grocery. This could be due to factors such as price adjustments, a change in department management, and associated timeframes. Nationwide, two-thirds of comparably sized co-ops are experiencing zero to negative sales growth numbers. NCG is working to assist co-ops by negotiating for better prices on select products.

In-depth discussion followed regarding ways for improving profitability, margins, and expediting price adjustments. Directors shared **GM Carter's** concerns about the effects of inflation, shopping trends, and staffing issues. They brainstormed both short term steps to be taken by year-end and longer term solutions, particularly to address automation issues.

Fran Batzer moved to accept the GM Policy B1 (Q3) Monitoring Report acknowledging noncompliance; **Matt Dorris** seconded the motion, which passed unanimously. A severity level of High was assigned to this report due to the Directors' concerns and lack of sales growth improvements in Q3.

GM Policy B3: Asset Protection (resubmission). **GM Carter** reviewed the sub-policies that are now in compliance (#3: account opened at RCU and #4: security patrol has been hired). Despite increased outreach efforts, sub-policy #8, increase number of customer transactions, remains out of compliance.

President Hill noted that the data point for sub-policy #8 is found in two other GM policies (B1 and B5) and recommended removing it from the Operational Definition of this policy. After a brief discussion, **Roger Noyes** moved to remove this data point from GM Policy B3 (asset protection), sub-policy #8 (the co-op's public image): "The total number of customer transactions will be at least as high as a year ago." **Peggy Leviton** seconded the motion which passed unanimously.

Sarah Calhoun moved to accept the GM's resubmission of Policy B3 as in compliance; **Fran Batzer** seconded and the motion passed unanimously.

BOARD GOVERNANCE POLICY REVIEW

Policies have been reviewed each month based on the schedule below. Beginning in September 2022, policies will be reviewed in comparison with the recently revised Policy Governance template from CBLD. Policies with major differences will be reviewed based on the available time allotted for each meeting.

Roger Noyes moved to accept the updates to Policy C7 as presented and discussed; **Matt Dorris** seconded the motion, which passed unanimously.

2022 MFC BOD GOVERNANCE POLICY REVIEW SCHEDULE					
POLICY	1 ST REVIEW	NOTES	POLICY	1 ST REVIEW	NOTES
B2	January	OK as-is	B4	June	OK as-is
C8	January	OK as-is	A Global	July	OK as-is
B1	February	OK as-is	B9	July	OK as-is
D4	February	OK as-is	C3	August	OK as-is
B6	March	OK as-is	C4	August	OK as-is
D Global	March	OK as-is	C5	August	OK as-is
D1	March	OK as-is	Began revising policies compared to CBLD template		

B5	April	OK as-is	B3	September	Accepted changes discussed
D2	April	OK as-is	C7	October	Accepted changes discussed
D3	April	OK as-is	C6	November	
C Global	May	OK as-is	B7		
C1	May	OK as-is	B Global		
C2	May	OK as-is	B8		

OLD/RECURRING BUSINESS

Committee Reports

- **Finance: Treasurer Roger Noyes** commented that the financial winds are against the co-op. Customer counts and sales are down as all shoppers are being more mindful of their budgets, and the holidays may struggle to make up for this. Our owners are loyal shoppers yet are buying fewer items from MFC. In addition, food prices face upward pressure from climate change and the reduction of arable land, and these factors will not go away even when inflation begins to ease.
- **Owner Engagement: Committee Co-Chair Sarah Calhoun** reported that Board tabling for National Co-op Month is underway. She noted that this does help increase ownership as well as helps MFC staff feel supported. The Committee is considering hosting a “Talk with a Board Member” weekend in November at the Café.
- **New Director Onboarding (Ad Hoc): Peggy Leviton** presented a draft Onboarding Task List for new Directors. The BOD gave favorable feedback and agreed this is a good start for what will become a dynamic document that they’d like added to the Board Manual. Kathy will take care of this along with rearranging the order of contents as discussed briefly. “Orienting new BOD members” has been added to the Board calendar for June. This ad hoc committee’s work to date is complete.
- **DEI: Sarah Calhoun and Dan Smith** found more information about co-ops than specifically for boards, but learned that the Columinate self-evaluation information has good ideas. They would like to bring someone in to help us with this topic. MFC CORE managers are participating in a DEI training and will discuss it early next year. Dan led an “Equality vs. Equity” activity, asking how the MFC BOD could apply these concepts to its situation.
- **Board Self-Evaluation: Sarah Calhoun** described the process that she, **Kellie Hill**, and Kathy propose for an initial board self-evaluation. All ‘C’ and ‘D’ policies will be divided into two parts and assessed beginning in early 2023 via electronic surveys sent to Board members. The surveys would be completed before the Annual Meeting and election so that any outgoing Board members could participate. The results would be reviewed during the Boards’ spring training.

Board Retreat: Saturday, October 29, 2022, 9am – 3pm

- The first half of the day will include CORE staff to participate in a discussion about expansion. After lunch the Board will meet with Ben Sandel from Columinate for a primer on capital campaigns. The retreat will be held at the office of **Matt Dorris** (Windermere Real Estate, Medford).

NEW BUSINESS

Submit/Approve Committee Charters

There were no changes suggested for any of the Committee Charters.

Board Blog: Why Be a Director

Dan Smith drafted an article with assistance from **Peggy Leviton** to be posted next week. He asked for input from the BOD on it ASAP.

Financial Audit

GM Carter reviewed the documentation provided by Wegner CPAs who found MFC’s financial statements to be accurate. Some of their suggestions from the previous audit have been implemented. Other improvements can be partially completed by the end of 2022 ahead of next year’s audit.

Executive Session

There was not enough new information to warrant an Executive Session at this time.

ADJOURNMENT

At 7:56 p.m., **Dan Smith** moved to adjourn; **Matt Dorris** seconded the motion, which passed unanimously.

The next regular MFC BOD meeting is scheduled for Monday, November 21, 2022, at 5:30 p.m., at the Windermere Real Estate training center, 1117 E Jackson St, Medford, OR. Owners are welcomed and encouraged to attend. Please see below for this meeting's Motion Synopsis and Action List.

Respectfully Submitted,

Kathy Damas

Administrative Assistant

MOTION SYNOPSIS			
MOTION	1st	2nd	PASS/FAIL
Approve 09/19/2022 regular minutes	Roger Noyes	Peggy Leviton	Pass
Approve 09/19/2022 ES minutes	Roger Noyes	Peggy Leviton	Pass
Accept GM Report B1 as out of compliance	Fran Batzer	Matt Dorris	Pass
Strike data point from B3, sub-policy #8	Roger Noyes	Peggy Leviton	Pass
Accept GM Policy B3 resubmission as in compliance	Sarah Calhoun	Fran Batzer	Pass
Accept updates to Policy C7	Roger Noyes	Matt Dorris	Pass
Adjourn	Dan Smith	Matt Dorris	Pass

ACTION / ONGOING PROJECT LIST		
TARGET DATE	ACTION	RESPONSIBLE PARTY
ONGOING		
Within 1 week after Board Meeting	Write minutes; update reports and documents as needed. Email draft minutes and tentative agenda to Directors. Email approved minutes and tentative agenda to Halle.	Kathy
4 days prior to Board Meeting	Email Directors the shared drive access link to the complete Board packet	Kathy
Prior to Board Meeting	Conduct Committee meetings (regular and ad hoc)	Committees
Ongoing	Attend Columinate webinars	BOD
Ongoing	Boost MFC on social media: Follow, like, comment, share	All
NEW / CURRENT		
TBD	DEI ad hoc Committee meetings as needed	Sarah / Dan / CORE
11/21/2022	Update Gov Policies accepted by BOD; replace in Manual	Kathy
11/21/2022	Change GM B3 template: remove data point in #8	Kathy
11/21/2022	Update Personnel Policies; Have attorney review	Anne
11/21/2022	Resubmit GM Policy B5 (Treatment of Customers)	Anne
11/21/2022	Resubmit GM Policy B9; update GM Policy B9 language	Anne / Kathy

COLUMINATE TRAININGS	
11/3/2022	Financial Training for Directors
11/19/2022	Virtual CBL 101