

High Falls Food Cooperative Meeting Minutes
March 17, 2014
Marbletown Community Center, 7:00 p.m.

Board Members Present: Chloe Annetts, Joan Ewing, Henning Greutz, Patricia Hasegawa, MaryJo Johnson, Ruth Molloy (standing in for staff representative Chris Cruz), Donna Perry, Marybeth Wehrung, Pat Yorks. Absent: Gary Donelian, Wilton Duckworth.

The meeting opened with a welcome from Marybeth and presentation of the agenda. The Board approved Ruth's standing in for Chris for this meeting.

1. Manager's Report (Ruth Molloy)

- A. Chris Cruz injured himself on the job on 3/3. Injury was reported to Worker's Compensation Board well within necessary ten days. His prognosis is unknown, to date. He has a follow-up visit with his primary physician on 3/24. He has been prescribed six weeks of physical therapy; all accounts are that he is feeling some improvement.
- B. Filling in for Chris while he is out sick: Ryan and Ruth are sharing the bulk department (bulk room, dispensers, herbs and teas). Ryan also supervises Michael, Chris's assistant. Working a couple of extra hours apiece per week management realizes it takes to cover for the time being. This will increase payroll expenditures for the time the Bulk management needs to be covered.
- C. Staff Changes: Having received her certification as a massage therapist, Kelly Collinson is leaving at the end of the month; she will stay on as a fill-in, when needed. Ron Ribant, who came in as temporary produce assistant, has taken her shifts and continues as a fill-in. This is possible because Thomas has returned from his six week musical tour of Ireland.
- D. Jamaine has returned from a two week vacation with her family.
- E. Next scheduled staff meeting (mandatory attendance) is after hours on 3/19.
- F. Garden Seeds from Hudson Valley Seed Library have arrived and the display is full.
- G. Spring cleaning has begun along with some rearrangement downstairs.
- H. Ryan, Eileen, and Marybeth will be attending the RVGA *Food to Forks* event on 3/24.
- I. The Hudson Valley Current: Chris Hewitt is interested in coming to a BOD meeting to present the concept and principles of the exchange currency being mobilized in our region. Call 616-7834 for more information.
- J. In the seventh week of the new budget and spreadsheet approach to keeping our COGS in line, the process is working very well. It allows everyone the opportunity to preview their department expenditures both weekly and daily. Budgets are based on departments' percentages of overall sales from the previous month. In February, only one department overspent, while many did not spend their entire allotted amounts. [To a question from a Board Member about leeway in allocation of amounts to individual departments, Ruth said yes, there is].

2. Financial Report (Patricia Hasagawa)

Sales: February is following 2013's trend of a slight drop in sales from January sales coming in at net sales of \$147,700. (In 2012, didn't follow this trend, Feb 2012 sales were slightly higher than Jan. 2012). That said, Feb.2014 sales grew 5% over Feb sales of 2013, which is a slower rate of growth. Growth between Feb sales in 2013 over 2012 was 10%. YTD sales increased 9% over the 2013 same period sales. It appears that Coop is still growing just at a slower rate.

Discounts: Member discounts decreased 10% or \$530 between Feb 2014 and Feb 2013, which is interesting because, while sales increased, discounts decreased a bit. The reason we can't really tell but either there were more non-working member sales, or more non-member sales. Yet, overall member discounts continue to climb with sales. 2014 member discounts were 3.40% of all sales, YTD the Coop gives back to its members 3.72% of sales.

Cost of Goods Sold (COS): For Feb.2014 COS increased slightly to 71.12%. Remember that January was below the historical norms at 68.74%, and YTD COS is at 69.86%, which is below 2013's COS year end. This is where the budgeting system is paying off with a controlled COS.

Gross Profit: (Goal is 30-33%). Gross Profit for Feb. 2014 is \$42k or 28.88%, bringing YTD Gross Profit at 91K or 30.14%. So 30% of sales drop to the Gross Profit line. This is a higher % than year end 2013 AND 2012 year end. Again, this is due to the budgeting process and the managers now tightly controlling their ordering process. All their hard work is paying off. Last year, this figure was had bigger swings, but this year they are controlling it.

Expenses: Expenses are also tightly controlled. The only variation is really in payroll. And payroll has jumped to 27k in Feb 2014, or 19.5%. Feb.'s 2013 payroll was 23K. Payroll was higher in January also. And, according to Holly it will continue to be high, with Chris sick and new employees being trained as several people leave. All other expenses are in line with what they always are.

Ordinary Profit: The ending result is that there was an operating loss of 2K, which is 5K less in profit than 2013. In Feb. 2013 Coop had a profit of 2.9K. Feb 2014 membership dues came at \$3610.00, which is slightly less than Feb 2013, which offset the operating loss and brought a net profit of \$1,480.00 for the month and YTD profit of \$7600.00.

Membership Dues: Members are lower for the month by \$175 over 2013 Feb. Figures.

Balance Sheet: Cash Position is better right now with 81K in current assets. Inventory is very steady. Accounts payables are slightly higher than year end at \$51,551 and current liabilities are 100K.

Over all, the Coop has a profit and is holding steady, but not much can change as members are getting their discounts up front before expenses are accounted for, which doesn't give the Coop many options to expand and grow or to compensate their employees more. The next action on the financial front is to consider and explore possible ways we could change membership structure to make it more of a mutually beneficial relationship and to explore raising capital options for POS and other needs. Henning asked if we could see what we would gain from a point of sale system—and plan for it. Patricia said that we are visiting Honest Weight Coop in Albany to get information on their operations. Patricia noted that if we joined NJIA we might be able to get discounts on purchases.

2. Minutes of the Semi-Annual Meeting of 2/24 were read and amended. Final minutes were approved. Update on actions proposed in February: Marybeth took the member's

information at the Semi-Annual and passed it on the MaryJo; Marybeth posted the December Board minutes; MaryJo will do a blurb on the Communications Committee for the website later; Patricia looked into the farmers' market idea and we would need a permit for it and we don't have enough parking to do this and we aren't ready for it yet; Henning contacted Paul Brennan who said we don't have to do drop-outs as we replace the roof; we'll get an estimate if we decide to do this.

3. Term length extensions for Board Members: We found out that it is legal to extend board membership for one year in addition to the four years members have already served. Proposal: to extend Marybeth Wehrung's term by a year. Vote: Unanimous. Proposal: to extend Donna Perry's term by a year. Vote: Unanimous. Neither Marybeth nor Donna voted on their own extensions.
4. Marybeth nominated MaryJo Johnson for the office of Vice President of the Board. Pat seconded the nomination. MaryJo spoke briefly about her "looking forward to supporting Marybeth in the work of the Coop" and her experience in human resources for a large nonprofit. Board members also noted the fine work she has done with the Communications Committee. Vote: Unanimous. Board members thanked MaryJo for her willingness to serve: "We feel lucky to have you."
5. Marybeth recommended that the officers of the Coop formalize their role in the board. Toward that end, they will be meeting regularly to oversee the board's activities and set agendas.
6. Marybeth read briefly from a booklet on *How to Start a Food Co-op*, from the Cooperative Grocers' Information Network, which she had sent to board members. Marybeth, Patricia, and MaryJo shared their future visions for the Coop (See attachments to the minutes). Other board members shared their responses to the booklet. Members talked about a number of issues and agreed that board members should become active and involved in the life of the co-op.
7. **New action steps: Marybeth will contact Dana Rudikoff to find out what amendments were passed to the bylaws in the past. Henning is getting a preliminary cost benefit analysis for photovoltaic or solar system; Ruth is posting at the Co-op a recent article on electric rates from The Bluestone Press; Marybeth will check to see how long Pat has been on the board and when her term ends; ALL BOARD MEMBERS should read the booklet on *How to Start a Food Co-op* and the vision statements from Marybeth, Patricia, and MaryJo, and come to the April meeting prepared to talk about how they will commit to the board this year as members.**
8. Ryan will be substituting for Chris Cruz on the board.
9. The meeting adjourned at 10 p.m. Next meeting is Monday, April 21st, at 7 p.m.

Submitted by Donna Perry, Secretary

ATTACHMENT: Vision Statements

Vision Statements for the High Falls Food Co-operative/March 17, 2014

Marybeth Wehrung:

The High Falls Food Co-op is an exemplary resilient Co-operative business in our community, and provides our Members and the public with the best quality local and organic local and organic food at the most affordable prices around. The store is highly profitable, and relies on our engaged, motivated Member-owners for labor, organization, and lively culture. Our strong management team lead a vibrant, responsive staff in carrying out the operations of our store with a high level of professionalism, courtesy and unique character, and represent the mission of our cooperative in their actions and words. Our employees and independent contractors are well-trained, understand what is expected of them, communicate clearly with each other, and work to resolve conflicts transparently. Member labor keeps payroll low, allowing employees to make a generous hourly wage and receive benefits and job security. We have a proactive and highly motivated Board of Directors who provide overarching guidance for the vision and financial stability of the Co-op entity. They are well-organized and take on projects as committees, effectively collaborating with each other and using their wide range of individual skills to ensure the continued stability and vitality of the Co-op. They know what is expected of them as well, and share a clear and unified mission for guiding the matters of the collective, and representing Membership. They work in tandem with the staff, empowering them with the tools and infrastructure needed to allow the smooth operation of the store, and they also represent the mission in their actions and words. The Board constructs a yearly budget, and maintains a flexible 1 year, 5 year and 10 year plan for the entity. They keep the records of their precedings and history for future Boards. The Co-op is a hub of social and educational activity in the community, and a significant contributor to local economics. The Co-op has inspired others through the cooperative model, and many other cooperatives have emerged as a result, improving the quality of life for all in the Hudson Valley.'

Patricia Hasegawa:

One Year Vision: The HFFC is consistently profitable with a clear business plan for the next 3-7 years.

Goals:

- Board Goals:
 - To restructure the Board: Perhaps like MJ's idea committee/heads etc per phone conversation.
 - To recruit new appropriate Board Members. To decide how many board members the board should have and carefully select appropriate new candidates.
 - To develop a system for the above.
 - Board to establish ways to monitor and evaluate management performance.
 - Establish long range goals and performance milestones for the coop's future: so management knows what they are working towards and be responsible for fulfilling these goals.
 - Create Board Members responsibilities descriptions to ensure we are fulfilling our legal and financial responsibilities.

- Financial:
 - To create Financial Projections and budgets for 2014 and 2015,
 - To research and price out the POS system and create a plan for funding it.
 - To learn and explore ways to raise capital ideally from within the coop membership
 - To broadly define some financial fund raising goals tied to the board's vision.

- Operations
 - To ensure that management has what it needs for the coop to integrate a POS system successfully
 - To oversee the creation of current job descriptions and identity management gaps (such as managing membership and PR plan etc.) and evaluate next steps to structure management so those gaps are in place.
 - To ensure the creation of HR infrastructure: employee handbooks, HR procedures, hiring/firing/evaluations.
 - Identity and establish better financial reporting procedures, if needed.
 - To ensure there are operations procedures manuals in place: what infrastructure is needed here?

MaryJo Johnson:

One Year Vision: For the HFFC to be a well managed and profitable Food Coop with a clear business plan for the next 3-7 years.

Goals:

- Board Goals:
 - To restructure the Board: Perhaps like MJ's idea committee/heads etc. per phone conversation.
 - To recruit new appropriate Board Members. To decide how many board members the board should have and carefully select appropriate new candidates. And have a system for this.
 - Board to establish ways to monitor and evaluate management performance.
 - Establish long range goals and performance milestones for the coop's future: so management can be responsible for fulfilling these goals.
 - Create Board Members responsibilities descriptions to ensure we are fulfilling our legal responsibilities.

- Financial:
 - To create Financial Projections for 2014, and budgets for 2014 and 2015.
 - To research and price out the POS system and create a plan for purchasing it.

- To explore ways to raise capital ideally from within the coop membership.

- Operations
 - To ensure there is the management in place for the coop to integrate the POS system successfully.
 - To oversee the creation of current job descriptions and identity management gaps (such as managing membership and PR plan etc.) and evaluate next steps to structure management so those gaps are in place.
 - the creation of HR infrastructure: employee handbooks, HR procedures, hiring/firing/evaluations
 - Identify and establish better financial reporting procedures
 - Evaluate operations procedures: what infrastructure is needed here?