



Morrisville Food Co-op Board Meeting Minutes

November 16, 2022 5:00-7:00 p.m.

[Zoom Link](#)

Minutes

Present: Jessica Seddon, Dave Wallack, DonMcDowell, Beth Springston, Susan Titterton, Stephanie Davison, Megan Davin

GMs: Eric

Absent: Scott Weathers, Dave Carter

Guests: None

Meeting called to order at 5:03

1. **Vote - Approve meeting minutes** - [September 21 Board Meeting Minutes](#) (Draft)
[October 5 Board Meeting Minutes](#) (Draft)
[October 12 Board Meeting Minutes](#) (Draft)
[November 2 Board Meeting Minutes](#) (Draft)

Beth Springston made a motion to approve all minutes. Megan Davin seconded the motion. All present members voted to approve the minutes.

Old Business

2. **Review** - Status of action Items to keep in mind from previous meetings going forward
 - a. **Complete signage application** - Beth is still working on this.
 - b. **Confidential file storage** - Don shared that we are storing confidential files with attorney Tim Sargent. This was completed and moved out of the old business.
 - c. **Growth goals** - The growth goal for the GM's have been completed and are signed off on and so has the new employment agreement. This was completed and moved out of the old business.
 - d. **Discussion of role of co-op in the community** - Don talked about Dave Carter's conversations with Hunger Mountain and the value of continuing discussions of role of co-op in the community. This was completed and moved out of the old business. It will get taken up by the outreach committee.

3. End of Term Remarks from the Chair

- Don shared with the new board members that the co-op has made great strides over the past year due to the work of the co-GM's over the past year
- Don suggested focusing our energies would be a good thing going forward. Rather than trying to do a bunch of things, there should be focus on a few things. He shared that he thought the board should focus on lowering the debt.

4. Board officers

- Don shared that Jessica and Susan have stepped up to become Co-Chairs of the board, Beth has agreed to stay on as Treasurer, and Dave has agreed to serve as Secretary.
- Susan shared that she and Jessica would be splitting the duties of the Chair versus both of them doing everything. Susan flagged that the Executive Committee will include the Secretary as well as the Treasurer and the Co-Chairs.
- Megan Davin made a motion to approve the new officers. Don seconded the motion. The present board members unanimously approved the new board members.

5. Subcommittee Structure

- The board debated which committees to establish and then selected a “convener” as the leader of the committee. The board also assigned board members and other people to the board subcommittees
-
- Some key points from the conversation:
 - Susan flagged the need to have and keep agendas and minutes from these meetings so that they are accountable for the board.
 - Susan flagged that all of the committees are responsible to the board.
 - Beth flagged that the committees cannot take action; only the board can.
 - Jessica asked if the bylaws allowed staff members on the committee.
 - Beth shared that anyone could be on a committee and that she thought it was good practice to have at least one board member on a committee.
 - Beth reminded the board that this is a place where staff would bring value.
 - Beth asked Eric to nominate someone.
 - Eric said he would put the word out and that he will bring it up with Leah.
 - Stepanie flagged that staff could participate without being encumbered with committee membership responsibilities.
 - Beth shared that the staff know the members better than the board, they know what goes on in the store, and they are already giving us ideas.
 - Eric felt that participation would be easier to market to Leah (and the other staff) than membership on the Outreach Committee.

- Megan expressed that as Outreach convener she would be willing to go to the store to harvest insights from the staff.
- Jessica suggested that there is value to signaling to the staff that their feedback is important.
- Susan made a motion to establish the following committees with the charters as discussed in the previous meeting of the board and to approve committee membership and leadership as follows:
 - Executive Committee
 - Members: Chairs (Susan, Jessica), Treasurer (Beth), Secretary (Dave)
 - Convener: Susan
 - Finance Committee
 - Members: Treasurer (Beth), General Manager (Eric), Bookkeeper (Sandy), Dave Carter
 - Convener: Beth
 - Nominating Committee
 - Members: Stephanie, Don, Scott, Stephanie
 - Convener: Scott
 - Personnel Committee
 - Members: Don, Scott
 - Convener: Don
 - Capital Fund Committee
 - Members: Susan, Megan, Nancy Banks, Dave Carter
 - Convener: Susan
 - Outreach Committee
 - Members: Megan, Stephanie, Dave Carter
 - Convener: Megan
- Beth seconded the motion. The present board members unanimously approved the new board members.

6. Financials

- Beth reviewed the Profit and Loss Statement:
 - She flagged on the P&L statement that sales have been steady over the past four months.
 - Beth flagged to members of the board as users of the P&L that the KeHE invoice is sometimes dated at the end of the month and other times at the beginning of the month and that this impacts the Cost of Goods Sold (COGS) for the month (in a way that doesn't reflect the overall trend).

- Beth also shared that over a four month period that the Net Operating Income is positive.
- Beth shared that the personnel expense is an estimate at the end of the month.
- Beth reviewed the Balance Sheet:
 - Beth noted that our assets have been steady.
 - She flagged that the Capital Fund has started to grow.
 - Beth asked the board whether the remainder of the Small Business Administration (SBA) loan that is currently in the Union Bank savings account should be paid back to the SBA.
 - Beth said that she spoke to Eric and cash flows have been steady.
 - Beth said that the question for the board is how much risk the board is willing to bear (less tolerance for risk would suggest a larger cushion).
 - Beth suggested that \$15,000 from the Union Bank savings bank account be used to repay the line of credit with CFNE.
 - Beth reminded us that this loan has our highest cost at a 5% interest rate.
 - She reminded the board that we only do inventory every six months so that has not changed.
 - She shared that the accounts payable and accrued interest have remained steady.
 - She flagged that the balance sheet shows a large loss and a large amount of loans to repay, but also shared that for the first time the co-op has positive net income.
- Beth then shared a comparison of the P&L numbers from July to October of 2021 with those from July to October of 2022:
 - She noted that sales are up 37%. COGS is up 35% (about the same as sales).
 - Expenses have gone down 6%, and they are actually down more because of an uncategorized expense that should be categorized as COGS.
 - Last year we had a \$52,000 loss and this year we have a \$10,000 profit.
 - Beth credits the General Manager (Eric) with controlling costs in a manner that has created a profit.
- Beth moved that we pay off \$15,000 of the line credit loan. Susan seconded the motion.
- The board debated the motion. Beth withdrew the motion after the debate. Some key points from the debate:
 - Dave asked what the cost of capital would be if we needed to take a loan.
 - Beth questioned whether or not we could get a loan. Beth said that we could get more money from CFNE, but there is an approval process.
 - Susan asked Beth if CFNE would view repayment favorably.
 - Beth said that they won't guarantee that they would make another loan, but Beth believes from her interactions that they would be accommodating as long as things are going in the right direction.
 - Stephanie asked what percentage of cushion that other co-ops tend to keep.

- Eric said that the last time we dipped into this account was before his tenure to cover payroll.
 - Beth said that the bills have been current for six months and that it has been at least eight months since there has been a problem.
 - Jessica asked if there are seasonality issues that would make it wise to wait until after the holidays to repay the loans.
 - Beth flagged that storage constraints mean that we can't stock up too much (which has the impact of constraining costs).
 - Jessica flagged the vendor reliability issue and that so much of COGS flows through one vendor. She also raised the question that there may be non-financial reasons to diversify.
 - Jessica also flagged her experience of the store occasionally being understocked and suggested that an alternate use of the cushion could be for increased inventory.
 - Jessica also flagged that the economic outlook is uncertain and that the cushion might be useful.
 - Stephanie asked about the term of the loan and expressed caution about increased interest rates and agreed with concern about the economy.
 - Susan suggested that we should reconsider this in six months to balance the desire to repay the loan and caution about the economy.
 - Dave suggested that the outlook look at ways we could get more than 5% return on the money.
 - Beth agreed and suggested that Grab and Go is a good example of how we could effectively deploy money for a > 5% return.
 - Jessica suggested that the board look at debt every six months.
- Beth withdrew the motion.
 - Dave made a motion to accept the financials for October. Megan seconded the motion. The present board members unanimously approved the new board members.

7. GM Report

- Eric presented his GM report.
- Susan asked what happened with the MAC beautification grant.
- Jessica asked for and received an update about the capital fund roundup.

8. Other Business

- Beth shared that he has all board member confidentiality forms except for Jessicas and Scotts forms.

9. Board Calendar

- The board discussed whether or not to meet in December.
- Stephanie moved to skip the December meeting and to meet in person in January. This was seconded by Jessica. All board members approved this motion except for Susan who abstained.

10. Board Orientation

- Susan shared a Google document that she created for board orientation and asked for feedback.
- The feedback she received was:
 - Jessica said that it looks really comprehensive.
 - Beth asked if it would be useful to add charts about the financial history.
 - Stephanie said that terms of loans are more crucial than financial history.
 - Jessica said that she would like to know about comparative information about other co-ops.
 - Eric and Beth shared that they have been talking to Margaret with CPI and she has given a bunch of ratios and we can lay that out.
 - Jessica wanted to see information about comparative co-op practices.
 - Stephanie wanted to learn more about the membership.
 - Jessica suggested that we have a placeholder on the January agenda about the board orientation documents that Susan has compiled
- Don asked for a motion to adjourn. Jessica moved to adjourn. Beth seconded the motion. Jessica withdrew the motion and the board went into Executive Session at Eric's request.
- Dave motioned to adjourn the meeting. Jessica seconded the motion. The board unanimously voted to adjourn at 7:15 pm.