



Morrisville Food Co-op Board Meeting Minutes
January 18, 2023 5:00-7:00 p.m.

MINUTES

Present: Jessica, Beth, Dave, Susan, Megan, Stephanie, Eric (GM)

Absent: Don, Scott

Welcome

1. **Welcome:** Susan Titterton & Jessica Seddon (Co-Chairs)
2. **Member Comments** No members attended the meeting
3. **Vote - Approve meeting minutes**
 - a. December Email Affirmation in Lieu of Board (Draft)
 - b. November 16 Board Meeting Minutes (Draft)

Motion to approve minutes - Beth. Seconded - Jessica. No discussion. Minutes approved unanimously.

Old Business

4. **SBA Loan:** Recommendation to use some EIDL funds to pay some of the CFNE line of credit
Revisit at February board meeting
5. **Signage:** Status signage application
Eric said that the signs will be addressed in the next Finance committee meeting

New Business

6. **Independent Financial Review (August 2022 for FY22)** (Beth)

The write-up from Margaret Miley of CDI is coming; will discuss at Feb board meeting

Discussion:

Eric and Margaret and Beth had a discussion about ratios and how we tie into peer co-ops. She is doing a write up about how we compare. She has a goal of getting this memo done by the February meeting so we will be better able to review the financials. Jessica said that there was a discussion in the Executive Committee about how the review was not about the sustainability of the co-op as a business, but rather merely about making sure we were keeping the books in an optimal manner. Beth wanted to make sure people knew this wasn't a "true" audit. Beth said that it would be a good idea to have a financial policy about what we do to ensure that there are proper checks and balances. Susan flagged that we should review financial policy after we get past the February financial review.



7. Discussion & Vote - November/December Financials & [Treasurer's Report](#)- (Beth)

Discussion:

Stephanie asked for Beth to flag the high points of the report. Beth said that managing inventory using the point of sale data is challenging because so many people are entering data. Our consultant said that we should do an inventory every 6 months. That puts a hefty adjustment in December and it creates a hefty profit. \$17,000 was not a massive profit in December. It is an artifact of the inventory process. Newer employees stepped into the buyer role and they ordered more inventory than is needed. We do have higher sales and we want to keep the store stock and we do get cheaper prices if we order more.

Eric also said that companies have sales at the end of the year and we have no fridges in the store so there are more offerings. All of that increases inventory.

Beth said the other thing that makes the profit look big is the grant from VT efficiency to buy more equipment. That purchase goes on the balance sheet, but it isn't an expense. The income, however, is coming in as income. Dave asked if there is a breakout on types of income. Beth said we have the data and she can include it. Dave asked if there was a way to categorize the items by profitability. Beth said she would add the report back in.

Jessica wanted to make a decision about moving profit to the capital fund. Susan said that we should look at the capital fund and come back with some revisions. Jessica agreed and asked Beth and Dave to take a look at it. Jessica suggested that we should record that net operating is our working approach and let's move forward subject to a review of the policy.

Beth shared that we were heavy on personnel in December and we are straddling a line between how much we increase personnel to keep up with sales. As a result costs were a little higher, but we expect that to settle out. Eric said that payroll was higher, but sales were significantly higher too so it was 21.39% of sales, and this is below the target. Our labor as a percentage was still very good. Susan said we have two quarters in which we have shown a profit. Susan acknowledged Eric's leadership.

Motion to accept financials - Dave. Seconded - Megan. Unanimous vote to accept the financials.

8. Discussion - [GM Report](#) (Eric)

Eric described work on the website. Leah and Eric met with the company doing the work. Now have board members and new employees on the website. Leah has done a lot of work on websites in the past, including Copley Hospital's website. The website is now more user friendly. Hiring another person in the cafe to make sandwiches so that Elizabeth can make more dinners. Bringing Deb over to the buying side. Hiring a few new cashiers. The cheese fridge is fixed. Eric had a meeting with Buffalo Mountain to understand how they structure the new larger store. Also had a staff meeting and did some



training. One goal is to focus on the small stuff. Suggestion was made for Eric to talk to Emily McClure from the Craftsbury general store about grab and go dinners.

Eric ran reports from the same time last year and we are about \$100,000 ahead of last year.

9. Committee Reports - Current Committees

- a. **Executive / Finance** - (Jessica, Susan, Beth, Dave)

Link to minutes (December, January)

- b. **Member Loan/ Capital** - (Susan, Beth, Megan, Jessica, Nancy Banks)

12/15/22 minutes, 1/12/23 minutes (Susan additional comments)

Discussion: Member loans outreach will begin February with the goal of wrapping it up in June. We will be talking to people with loans from year 6 to year 10. We are asking them to either forgive all or part of their loan or push it back. At the most recent meeting we talked about a capital campaign. The results of loan outreach will inform the capital campaign. Currently, there are about \$188,000 in member loans.

- c. **Personnel** - (Don, Scott)

No report at this time

- d. **Nominating** - (Scott, Don, Stephanie) - Discussion about open seat

Discussion:

We have one open seat. Nominating Committee charge is to recruit candidates to fill any vacancy before the next Annual Meeting. Discussion about whether to look for particular characteristics or mainly someone interested and willing. Jessica said it would be nice to have connections into the food community, commuters who are new Morrisvilians who need to be represented. Megan said that she had ideas for new members. Susan wants to make sure that we keep more people in the pipeline. When we discuss future plans we could start a list of other needs. We have three members' terms expiring in 2023.

Action Items:

- Stephanie to contact Scott & Don to convene a Nominating Committee meeting
- Following that, put a notice in the newsletter and posted notice in store
- Board members to look over the member list and suggest candidates
- Megan to reach out to Jeff Egan

- e. **Outreach** - (Megan, Stephanie, store staff as possible)

No report at this time.



10. Looking Ahead to 2023

a. Board Annual Planning Calendar (link) (Jessica)

Jessica presented the annual planning calendar as a work in progress and asked for questions. One addition this year is the building lease to be renewed on July 31st. Also flagged are YR 6 member loans that are due on July 1st. Jessica asked for board members to send her any revisions or additions.

b. Presentation & discussion on board development plan (Dave)

Dave and Susan each shared ideas for board development. This topic was woven into the 2023 Strategy Refresh discussion that followed.

c. Presentation and discussion 2023 Strategy Refresh (Jessica/Eric)

Presentation:

Jessica flagged that the last market study was done in 2012. Morrisville has changed in the past ten years and is currently undergoing a big change. It is an evolving town. We need to look at what opportunities this creates. Because of the past work and Eric, we are not fighting fires and we can look around. We have the time to engage the members to rechart where we want to be in 2027. The point today is to understand what else we need to know, whether we are asking the right strategic question, and what some sources of information are to get new ideas and to track our progress. The question is how to grow sustainably. Jessica and Eric shared three important realities about where we are:

- We have a lot of debt consisting of member loans, the CFNE loan, and the SBA loan. Jessica showed an analysis of how much profit would be needed to manage the loans as they currently exist. She then showed the implications of different levels of loan forgiveness.
- Growth requires real people to do real things that take time, space, mental energy, and other resources.
- We have very visible opportunities in our community, a steady and accelerating inflow of new potential members and customers, there is a growing food scene, and there is a need for more food options in this town.

Discussion:

Eric said you need to hire more staff so people don't burn out. Payroll is drastically less than a year ago. He would love people to hang out and have community workshops. At some point we will need more space. Retaining staff, and expanding as well, is important because we need people to make it happen. Jessica said that if you want to get the discount on bigger orders you need space and if you want more diverse offerings you need space to keep it. Stephanie asked about the storage capacity of the building. Eric said there is a small storeroom to the side of the office. Eric visited the Buffalo Mountain store and



they have a basement with extensive storage. There was discussion about options for expanding, to be explored with the Tittertons. For any expansion, we need to figure out what it would cost.

Jessica laid out the broad contours of a strategy process:

1. Any other thoughts about the lay of the land? Any aspects that she is missing?
2. Do we have the right question to organize around? That is: grow profitability, sustainably, in a way that delivers value to the community
3. Approaches to learning what we need to know:
 - a. Member engagement
 - b. Mining sales/customer data
 - c. Surrounding survey/Market survey

Regarding lay of the land, Susan thinks that we have not yet accomplished stability on the board. We also need to ensure stability of GM and key staff. Stability in leadership is key to achieving our goals.

Jessica suggested that we talk about what would be exciting and keep you engaged, as a board member.

- Jessica said that she would like to see more locally sourced food with interesting spices. That may not be borne out with the data, but the idea about building a community space around food would make me, personally, want to stay on.
- Megan said that she is excited about the community involvement side and figuring out who the new and different markets are locally. She was talking to another mom and she was talking about the CSA that was delivered to her school. Meet the farmer and see where it goes from the farm into the store. Megan is keen to get different people involved. She flagged that her friends are members, but who are not involved. A strategic planning process might get more people to rally around the co-op – dormant members and yet to be engaged people.
- Stephanie said that she was excited about partnering with other existing organizations like River Arts and the Moss Galley and doing a block party with music and taking advantage of what exists. Building a community independently doesn't make sense to her. She would be happy to volunteer, but doesn't want to lead the charge.
- Dave said that what excites him – starting to build out the community space with the coop. There is a disconnect between the people in this town and the businesses in this town that could serve food.
- Eric said he is excited about providing good jobs for people with benefits and good pay.
- Beth is excited about getting the administrative procedures right. She also thinks that there is lots of town activity that we could be a part of, such as the festivals in town. We could get members to volunteer.
- Susan says that she is excited to see the co-op survive, thrive, and grow.



A few themes that in what we're discussing:

- Food options
- Community space – our space
- Other spaces (engage in) – river arts
- Making sure we pay attention to the profitability

Discussion of next steps:

Jessica said that she will put together a plan of what we could reasonably look into and see if that makes sense. One way to engage members and gather information might be doing focus groups. Susan has talked to Lynda Brushett, retired consultant from Co-op Development Institute, who has worked with our co-op multiple times over our history and knows us well. Lynda would do some pro bono consulting with us. To build clarity and agreement, she could do a “co-op 101” review to get us all on the same page and would have us do a board self-assessment. We could have a longer board meeting on 2/15 and then in March she would come to our board meeting.

ACTION ITEM: Jessica and Susan will put together a proposed plan for the coming months and send it to the rest of the board for feedback.

11. Other business - None

12. Executive Session - None

Adjournment

Stepanie moved to adjourn. Dave seconded. All voted to adjourn.