



Natural Harvest Food Co-op
November 19, 2015 — 5:00 PM
Virginia High School — Conference Room Room T102
Enter Door #6

Board Members Present: Chris Ismil, Debbie Pettinelli, Troy Caddy, Britta Bloomquist, Sarah Packa, Zach Yurczyk, Samantha Krage, Jacob Rosandich, Leah Briski
Staff Present: Anja Parenteau

1. Call the meeting to order

Troy called the meeting to order at 5:15 PM

2. Welcome Board

3. Agenda Review - Add/Delete

4. Approve Minutes

Debbie makes a motion to approve the minutes, Jacob seconded. Passed unanimously.

5. Treasurers Report

A. Debbie read through Treasurer's Report. To date the board has spent \$14,518.03. The board should have around a \$9,000 balance remaining at the end of the year.

B. Shirts for employees

Troy reports that Anja and Patty would design shirts that the board would purchase and give a gift to all the employees as a holiday gift. Sarah mentioned to have to say STAFF on back to identify staff.

Sarah makes a motion to purchase shirts for employees not to exceed \$700. Britta seconded. Passed unanimously.

C. Discussion on 2015 Budget

Troy mentioned we had forgotten to add our Board insurance on 2015 budget but that we still came in under budget. We will discuss 2016 budget at December meeting.

6. Committee Reports

Troy recommends that each committee puts together binders throughout the year, so we can hand it off to the next committee the year after (by September). Each committee chair should call a meeting to order by the December 17 meeting.

GM Evaluation Committee Chris, Jacob, and Zach — Chris will have the contract for the GM emailed out to all board members.

Education Committee Sam, Leah, Britta — Should we have the meeting the same day as Iron Range Earth Fest again? Should we have Jim Riddle back or not? We will be

discussing the expansion? We need to talk about Bylaws to possibly pass with the members? Anja thinks it should Friday night before Iron Range Earth Fest
Perpetuation Committee Sarah, Troy, Deb — Britta to send new perpetuation committee information and board brochure info.

7. Expansion

A. Development Team

Where are we with the Proforma? Anja has a preliminary list from PJ at almost \$700,000 for equipment and fixtures. Development Team, Anja, and LHB are meeting on December 1. We should have the Proforma by December 15.

Troy went to the City of Virginia and picked up the Right of Refusal for the lot, which is for 12 months. Chris sent Benchmark Engineering the Right of Refusal from the City of Virginia.

Chris met with Bill Hennis, John Tourville, and Tom Butorac and we will go with 15 feet setbacks with the trails by the lake. Chris met with Councilor Carl Baranzelli today, and he was very supportive of this project. Chris will email the geotechnical information about the site to the board.

B. PR

Chris recommends we have information and sketches in store for customers to see.

Troy said in newsletter there will be a URL for comments about the expansion. Troy also wants the board to meet with the employees. Troy also wants the NHFC website to have a tab for the expansion. Troy recommends we have meetings in January to members.

C. Financing

Troy provided the Board with a sample brochure from the Kalamazoo People's Food Co-op for owner loan program financing for the expansion.

8. Monitor Reports

A. C2 The Board's Job

Sam read the policy. Leah asked how to we make a more meaningful member-owner relationship. Troy believes we need a better way for members/owners to contact us with questions/comments. Chris and Britta to meet with lawyer about policies and bylaws to have ready for members in spring. Troy requests we get a digital version of the audit to put in the Dropbox. Sam reports we are in compliance.

B. D1 Unity of Control

Britta read the policy. Chris believes it would not be in the best practices for the Board to vote on everything. If a board member goes to the GM, the GM has the right to refuse. Anja wonders if requests could be sent to chair and then sent as a task list? Chris recommends to GM if something

isn't working, to let the Board know or have a discussion. Britta reports we are in compliance.

C. B1 Financial Condition and Activities

Anja recommends that at some point we change owner equity to \$100. Anja reports we are in compliance

D. B2 Business Planning and Financial Budgeting

Anja is working on an IRA for employees with a 3% match. Anja will make business plan for when presenting to banks. Anja reports we are in compliance.

9. Store Reports

A. Sales Growth Report

Sales were up 6.23% for the month of October. Anja brought an info sheet about Financial Statements. 37.43% is what the store's gross margin is at. The goal is around 37%. We are getting lesser margins due to products that cost less and are marked down less. Anja believes there is still room for us to lower prices. We are spending ~\$15,000 a week and have moved up into another threshold. Next threshold is at \$20,000/week. UNFI nows has a warehouse in Wisconsin, so mileage has brought down savings 1%.

B. Store Happenings

Sales in October: \$209,740.32 (Sales growth: 6.23%) New members: 84 (new member total for the year: 272) Active members for the past 12 months: 1778

Equipment:

- Produce Mister was leaking, new hoses installed
- Drains were cleaned out as preventive maintenance
- Office window re-installed

Classes Promotions:

- 5K Run (VHS): table with water & snacks for the runners, coupon and granola for all participants
- Co-op Fest: lunch, music & crafts attracted about 300 families to the Co-op
- Owner Drive: 84 new owners were signed up by our awesome cashiers (the winner, Kristen received a Pepple Spa gift certificate for her efforts!, the runner-up, Adriana a gift certificate to Boomtown)
- Customer Survey was closed 10/3; 65 people participated
- Co-op Principles questions raffle, every week a gift basket was raffled off
- Bulk week: all bulk products were 20% off for a whole week (bulk sales were up 10% in October)
- Classes: 3 classes were cancelled due to not enough people signing-up Squeaky Cheese, Off-the Grid, Gut Health were held with great success
- Oct 30 we gave 5% of sales to Iron Rangers for GMO labeling, \$355.

Staff additions & trainings:

- Started an MOD schedule, 3 of our employees are designated MOD's. MOD's are responsible for the cash and counting tills, support for the cashiers with returns and difficult situations.
- Sarah DeBreto (Supplements Buyer) participated in a 2-day in-person training in Minneapolis. Retail Basics 101, this was preceded by 4 webinar training sessions.

Our History:

-1976 a few families formed a Buying Club to get healthy bulk foods otherwise not available in this area.

-1979 Natural Harvest Food Co-op gets incorporated and they open the doors to their business on Chestnut Street in Virginia. The Co-op has 93 members, the membership fee is \$50.

-After years of steady growth in membership and sales the Co-op needed to expand. In cooperation with the IRRRB and the City of Virginia the Co-op was able to move to their new location on Bailey's Lake late 1996. Moving to the newly constructed log building meant the Co- op quadrupled its inventory overnight! The Co-op now also has a 24 foot cooler with organic produce. Retail space grew to 3200 SF.

-By 1999 sales have grown from \$370,000 before the move to \$705,000, membership grew from 379 to 610, increased the number of employees from 5 (only 2 full-time) to 9 (6 of them work more than 30 hours per week and qualify for health insurance.)

-A Deli with seating for 27 was added in 1999, the space was also used to hold monthly classes.

-2004 was the year our sales reached \$1 million.

-2006 the Board of Directors switched to Policy Governance.

-Sales reached \$2 million at the end of 2013.

-In the spring of 2012 the Co-op installed our first POS system.

-In April of 2014 we became full members of NCG (National Co-op Grocers).

-The Board issued the first Patronage Rebate in 2015, daily discounts for owners were discontinued in favor of the Patronage Rebate system.

-By the end of 2015 sales will reach \$2.5 million. We now have 22 employees, 10 of which are full-time and eligible for benefits. We are busting out of our space and are in need of more office space, backroom storage, produce, freezer and refrigerated space. Parking is limited. The Board of Directors is working on an expansion of our store to double our retail, expand our Deli services and add a

classroom to our store. Our active membership has grown to 1778.

Anja reviewed the guest/member survey.

C. Member List

Britta made a motion to approve the member list. Chris seconded. Passed unanimously.

10. Old Business

A. Chris makes a motion to give a \$30 gift card each to Janet and Gina. And \$100 to Yvonne. Debbie seconded. Passed unanimously.

11. New Business

A. NCG Member Agreement

Chris makes a motion that the GM must come to Board for NCG contracts that require her signature for Board/member agreements. Britta seconded. Passed unanimously.

Chris makes motion to allow Anja to sign NCG Member Agreement. Zach seconded. Passed unanimously.

B. Signatures for checking account

Britta makes a motion to make Chris Ismil a signer on the Virginia Co-op Credit Union account. Samantha seconded. Passed unanimously.

12. Closing

A. Troy will share the agenda for the next meeting

13. Adjourn

Sarah made a motion adjourn meeting at 7:49 PM. Leah seconded. Passed unanimously.