

YELM COOPERATIVE
 August 18, 2016
 Meeting Minutes
 Rosemont Retirement Center

SPECIAL NOTE: Next meeting is MONDAY, September 26 @ 6:00 pm at Rosemont Retirement Center

Directors present: Bill Wyman, president; Diane D'Acuti, vice president; Tom Dewell, treasurer; Marilyn Reardon, secretary; Jeevan Anandasakaran, director; Heidi Smith, director; Terry Kaminski, director; Carl Zambuto, director

Program managers present: Barnaby Rintz, YFC general manager

Excused: Debbie Lusk, director; Suzanne Santos, YFM manager

Meeting was called to order at 6:01 pm. by Bill Wyman.

Open Session

No guests present

Meeting Minutes

July meeting minutes were approved.

July closed session minutes were approved.

YFC General Manager Report – Barnaby

July YFC financials were reviewed.

- Total monthly sales = \$ 96,296
- Average basket size = \$24.77 up 2.63%
- YTD total sales = \$ 685,485
- # of in store working members = 12
- # of out of store working members = 19
- Capital expense = \$323 – new laptop
- Extraordinary maintenance cost = none
- Other extraordinary costs = none
- Retained earnings/(loss) = 16,812
- YTD retained earnings/(loss) = \$10,249 (inventory conducted on 7/31 so numbers are fully accurate)
- Net margin = 1.5%

Financials

Note for the spreadsheet: The 'purchases/COGS' line item on the P&L statement is split based upon the report. The report for July equals purchases minus the difference in our inventory levels from April 1st until July 31st. Since the inventory is larger now than it was in January, it adds to the gross profit and net profit figures in an inaccurate way. The year to date report has 'bookended' inventories (Jan 1st and July 31st) so the figure in the 'purchases/COGS' line item is indeed Cost of Goods, and therefore, the figures for year to date should be fully accurate with a slight discrepancy possible. This puts YFC back in the net profit of 2% territory which is actually far greater than what was budgeted for. Cutting costs and improving margins have paid off! The strict profit and loss figures are now very rosy, since staff conducted the last inventory on July 31st

What needs attention is inventory, which has become overinflated. Although the growth of the wine department is partially predicated on what we carry, wine inventory now accounts for 22% of our stock, whereas the department is responsible for roughly 12% of sales. Anne is out of the store until later in August, but word has already reached her that the store has too much wine. The store has a little too much of some other items, but most of it will be relatively easy to liquidate. Cash flow is pinched due to the large inventory, but if staff can reduce purchases and sell off what the store has, the store will not feel many ill effects of the pinch short of a brief interest payment on the new freezer which should be paid in full by the end of this month.

Working Members

Unchanged numbers but we have had some swaps with in store working members that have balanced our current total at 12. Out of store rolls are unchanged.

Operations

Sales are below store budgeted figures, and they are teetering near last year's numbers in the combined departments other than wine. Of course, wine sales are growing impressively. Staff still have work to do with developing training materials and developing staff initiative and levels. However, overall operations are functioning well right now with the exception of an air conditioner. The focus now is to promote products that were purchased at substantial discount. These sale items tend to help keep sales up during the slow September and October months.

Projects

The older, new, replacement freezer is the model made by Kelvinator. It appears to need at least a new gasket in order to get the interior frosting out. The company that we bought it from knows this, and next week Barn will try to get it fixed for good.

The air conditioner situation is a mess. Please keep in mind that the downside to our A/Cs is that it turns out that nobody in the area has any real experience with them. Also, they do not have their parts listings right. The compressor that was replaced requires a 45/20 capacitor, but the part that is listed by Friederich is a 40/20. The tech thinks that when a 40/20 replacement capacitor was installed with the exterior fan motor that failed last year, it did not provide enough juice for the capacitor during startup which caused the compressor to 'ground down'. Barn has ordered a 45/20, but it is on backorder. In addition, the control board in the unit seems to keep blowing fuses, which implies a fail on the control board. Barnaby hasn't yet gotten to picking the control board apart in order to verify this scenario. So, the air conditioner may need a control board as well. The YFC should get full compensation for most all of these parts, but the parts are needed to make it happen. A 45/20 (A/C) capacitor seems almost impossible to get.

Kegeerator: Once again, the Thurston County Health Department is requiring the store to do things that no other company in WA has had to do thus far with getting a Brew Dr. kegeerator approved for use. Barn has completed almost all of their requirements, but he is going to talk with Sammi at the department in order to determine why our store keeps having to jump through ridiculous hoops when other stores do not have to when it comes to industry standard equipment.

Barnaby's vacation to Madison, WI gave him the chance to see his old store (Regent Market) in the same location after they took over the liquor store next door. The total cost of the project was about \$500,000 for the buildout and \$300,000 for the property. Willy Street Grocery Coop (WSGC) is opening a store this Monday that is larger than both of their other stores combined. They think that they can pull \$40M/year out of that one location alone in about four years.

This is important because Regent Market (RMC) raised \$300,000 in member bonds to pay for their remodel. WSGC raised \$1.5M with their bond drive, which accounted for about 60% of their expansion budget. Barnaby knows that Yelm has the wealth capacity to help fund plans for the store's expansion. Barn has contacted Becca Schill from the Finance Department at WSGC, because they are experts, having raised bond money three times for expansion. They helped RMC with their bond drive as well.

Patronage refunds

Final total should be on the Excel report, but it was \$3244 disbursed with \$1846 going to fund store development (57% of the total patronage disbursed). If the YFC adjusts its membership back to an equity structure, and thereby give YFC members exclusive status again, Barn would establish much tougher criteria for patronage refunds, since the store greatly needs the capital in order to make our operation perpetually sustainable.

Farmers Market Manager Report - SuzanneFinancials

- YTD total market earned income: \$9447.76
- YC loan outstanding: \$1,000
- Current month sponsorships: \$800.00
- Current month donations/grants: \$126.00
- YTD sponsorships/donations/grants: \$10,164.12
- Current month income: \$3,114.85
- Current month expense: \$3147.79
- YTD total income: \$15,571.03

- YTD total expense: \$21,699.37
- YTD net revenue: (\$6,128.34)

Market

The Market continues in August with Farmers Market Month, incorporating easy activities that are fun! E.g. craft making, photo contests with tattoos, daisy chains, library booth – any suggestions are welcomed. September is Discovery Month; October is Harvest Month – the Board should keep these in mind.

Community building/funding

Suzanne conducted a POP Dollars into PoP Facebook push one week in August and raised about \$100 in cash donations at the market as a result. The latest calculation is to raise \$1,000 to complete by season's end (if only \$125 is distributed each remaining week, on average). She dropped off a donation packet for Kathy May at Yelm Family Medicine on August 11 to fund \$500 'bridge' dollars in addition to the \$500 they already gave as a sponsorship. Heidi reached out to the La Gitana owner in Olympia and they don't do cash donations.

The Community Foundation of South Puget Sound deadline is August 26. They asked for some Yelm Cooperative organization supporting documents. Suzanne will do something similar to the FMPP, but with more emphasis on staff for market operations, presentation of educational activities at market and in off-season, and volunteer coordination. It will be the same for the Nisqually Tribe Charitable Funds application, which was due last year by September 30 (no date as of yet for 2016). Suzanne also will be looking into the PSE Foundation.

The establishment of a fundraising committee of the Board will be delayed until later.

Volunteers

Suzanne keeps seeking volunteers at the Market and at the Co-op. She oriented our first volunteer that came through Volunteer Match. She will work the morning session of the Info booth every other week. Her name is Kait Lin Boren.

Operations

Remember to say hello to the two new market crew members, Connor Spencer (Bethel H.S. Senior '18, Roy) and Todd Lopata (Army recruiter, former operations cook in Middle East ops, Yelm) if you happen to see them on a trip to the Market. Connor is actually staying at the market between his shifts as a volunteer, so he helps out tremendously with the Information Booth loss of volunteers.

Recruitment - vendors and business/ nonprofit booths

Suzanne is still adding more vendors – a fiber artist, a furniture maker, and possibly a massage therapist. This would bring the total vendors to 40 signed up to date, including 14 farmers. There will be flowers in August from Onedja Farm, through a process where Susan of Paradise Farm will be the reseller, since Yelm is too far to come for this busy family.

Outreach/Communications

Suzanne has a space to write an op ed /guest column about the PoP program and ask for donations to help it continue. She presented the farmers market merchandising section of a Farmers Market Vendor workshop organized by the STEDI arm of the Thurston Economic Development Council. The workshop was free, and held August 11 at the Prairie Hotel. 14+ people attended from Yelm Farmers Market and about 4 from Olympia FM, 2 from Tenino and Ortig, 1 from West Olympia FM. It was a full room!

She skipped the Ankle and Foot Health Fair. Registration was already past due.

PoP

If \$1000 is not raised soon, the entire children's program will need to be shut down early. If the money is received, then there will be no more new children in the club but the current club members will be able to shop until the end of the market season.

Heidi will email YC members to raise donations. Jeevan will create a thermometer for the store to track donations. There is also a donation portal on the YFM website.

Changes to the comprehensive city code

Comprehensive city codes are currently being updated. Consequently, Suzanne created a document with recommended changes to the code that would be on the books to make a potential future Market more viable in the city. Suzanne will take to Grant Beck and Tammy at the city and then to City Council. Board discussion ensued and the last paragraph will be omitted. The recommendations will not be submitted until Suzanne, Tom and Bill have a conversation with Glenn to

ensure that he knows we are committed to stay on the farm and the recommended code changes are to prepare for a future that brings city code more consistent with WSFMA guidelines.

Suzanne met with Tom & Terry for an organizing and exploratory meeting of the Farmers Market Working Group to discuss the feasibility of staying at the farm, and the feasibility of moving into the city. It was decided to: 1) Have Bill, Tom and Suzanne meet with Glenn to discuss the possibility of installing an ADA approved shopper crushed granite thoroughfare (13-feet wide) on the current grounds where the market is. There was something similar installed at a market Suzanne lead in Sunset Valley, Texas, on an open field. The city used their equipment to carve out a path to subsoil, put in road base, then topped it with crushed granite gravel. It was ADA approved. 2) Still working on drafting a suggested change to the city codes where it refers to farmers markets, as well as the other section on business licenses. Suzanne finished the draft of the proposal and sent to the working group for review 8/13/16. It was decided that the policy work should still continue, so that the city works on changing its codes to accommodate a farmers market, even if we don't move to the city at any time in the foreseeable future.

There are two scenarios to move forward in the future if we are to have any access to grants and to fulfill the mission of providing access to all people at the market.

- 1) Either Glenn and the YC agree that the market will stay on the farm and the parties work on the infrastructure to meet ADA requirements and work on better traffic control. We can also be receiving grants and donations to help with this.
- 2) The working group submits the code proposals and really works hard to canvass the city council members to put the code changes on the agenda. It may be an advantageous time to pursue this, as there are new Council members.
- 3) Do nothing to change the grounds on the farm and stay there, but don't submit any proposals for grants other than with the Nisqually Tribe. Continue to get sponsorship support. Continue the PoP program, but on an abbreviated scale.

Budget

The Board reviewed the FM budget with income/expense for Jan-July and comparison charts.

Yelm Cooperative

Treasurer Reports – Tom

Financial reports were reviewed.

Current month SOA (Summary of Activities)

- Month net revenue: \$
- YTD net revenue: \$11,911.00
- General fund bank balance as of 07/31: \$12,327.85
- Line of credit authorized total: \$50,000
- Line of credit owed: \$14,635.85
- Line of credit available: \$35,364.15
- YTD donation revenue: \$500
- Current month expenses: \$
- Total YTD expenses: \$

Membership

- Total members paid: 48
- Total # of memberships due this month: 51
- New members: 11
- Original members renewed: 12
- YC members renewed: 25
- Refunded: 0
- Fully paid: 24
- Total YC voting members: 414
- Total YFC members: 864
- Total inactive/late: 591
- Member payments received in the month: \$1147.50

- Potential due this month if paid in full: \$1030.00
- YTD total collected: \$10,323.50

Budget

Finance committee

The committee will look at all the YC financial reports currently sent to all Board members and create a simplified report(s) for the full Board to review each month.

The committee will meet on 8/26 with Altruist Partners to discuss how the YC can generate substantial funds without membership fees. This change in financial approach is needed due to the IRS changes. In addition, under the new regulations, the Farmers Market will need to generate all of its own funds. Since Altruist Partner fees can be substantial, there needs to be a clear view of what the ROI will be for this investment, including Jeevan calling previous Altruist clients.

Tom will send a summary of the meeting with the IRS to Marilyn to include in the minutes. Among other items, the YFC will be a wholly owned subsidiary of the YC, with the YC Board having oversight responsibility.

Treatment of membership funds is central to the new IRS requirements. There was extensive discussion regarding whether or not the funds should be treated as equity and whether or not membership should be again made a lifetime membership. There was a clear need to get more data about this issue. Barnaby will contact the major cooperative consulting agency ASAP and ask how cooperatives sustain themselves when there is a lifetime membership. In addition, Tom will consult with Dwight Littlefield re: tax implications.

Tom will request that the IRS grant an extension to the end of Q4, since there are a number of key issues to be decided and implemented, most importantly the membership issue. In addition, setting January 1, 2017 as the start date for new structures and processes for the organization will make the transition much less labor intensive re: taxes and bookkeeping. The original date was beginning of Q3.

Old Business

Compass – Jeevan
No updates.

Mural

Tom met with Sacreah Becerra and is setting up the process to track project money. She will raise \$30,000 for the mural by the summer of 2017.

New Business

Motion was made and seconded to make Bill Wyman a Board advisor after his term as president ends in September. Passed.

Motion to adjourn was made and passed. Adjourned at 7:33pm.

Submitted by Marilyn Reardon, secretary

Bill Wyman, president

Diane D'Acuti, vice president