

March Board Meeting: New Leaf Initiative, March 15, 2016

Board Present: Sara Carlson, Becky Clawson, Catie Rasmussen, Grace Emmerling, Michele Marchetti, Chris Rand

Staff Present: Stacey Budd, Jenn Landry, Melanie Rosenberger

Guests: Elena Moffet, Tyler Brain (marketing volunteers), Stephen Kenney, Elizabeth Kramer, Ross Pifer (PSU law school), Anna Grieco

From last time:

- Michele and Grace to talk about liability - YES
- Grace to talk with Emily about board participation – interested in coming on board as a volunteer
- Chris will draft a budget and ask for feedback for an April vote
- Benchmarking – what other co-ops are doing. Stacey, Chris, and Michele will research
- Grace will compile ideas for student membership to present at March meeting – tabled for now
- Outstanding member equity (Catie will follow up with Maria) – still waiting for follow-up, Stacey waiting for next installment of invoices
- Retreat: Jeremy is interested in facilitating

February Minutes Approved

- **Friends & Farmers video: presentation from producers Elena Moffet and Tyler Brain.**
 - Address challenges: showcase values of F&F (have something to rally around), how to navigate the OLM
 - Ran through storyboard, with quotes placed throughout, and reference videos
 - The team will consult with F&F folks for interviews
 - Next steps: start shooting footage mid-April
 - Costs: Track - \$300-400 (could we do local music?); stock photos - \$200-300; sound mix - \$600
- **Law school recap: presentation from Penn State Rural Economic Development Clinic, including students Elizabeth Kramer and Stephen Kenney and Professor (and frequent OLM shopper!) Ross Pifer**
 - There will be a written product by April 15.
 - Will sit down with the F&F team to discuss.
 - Re: liability of a member beyond \$300 if someone gets sick
 - Analogous to shareholder of a company like Coca-Cola (members are liable only up to the amount of investment, not beyond)
 - Directors may be held liable for “piercing the corporate veil” like comingling assets with org’s assets, giving deals to friends,

- not paying taxes, keeping undercapitalized, not following corporate formalities (record-keeping)
 - **Raw milk:** Byler & Clover Creek have the proper credentials via Dept of Ag (but they have a broad definition of “sale”) so F&F may need to get permitted as well. Still, bulk of responsibility is on producer. (It’s free.) Board agrees that it makes sense for us, to show we’ve done our research and covered ourselves.
 - Ross: people likely to pursue legal remedy would be those who are not educated about raw milk.
 - Disclaimer not required, but we could post one to put us in a better legal position.
 - Vendors may be required to include disclaimer on their product.
 - **Defective product or bacterial infection:** under PA law, any defective product while in the distribution chain holds the “seller” to a strict liability standard
 - Is F&F a “seller” or broker? distinction could influence liability
 - Could amend vendor agreement to collect money lost through legal action
 - Chris: but might this hurt vendor relationship? If not, this is an easy way to go.
 - We have insurance, check to make sure we’re covered
 - Sara: do we have a return policy? Stacey: when customers sign up, there are return policies on “wrong items.” Sara: other stores have a “no questions asked” policy that might benefit us and help gain consumer trust. Ross: who will bear that burden? Sara: our agreement does include non-reimbursement for faulty/no-show products
 - **USDA Organic Certification:** we would likely fall under exemption for being certified, considering structure as distributor and not processor.
 - We could require vendors to package organic goods in sealed packaging to prevent comingling or contamination.
 - Retail store: we could take steps to prevent comingling or contamination. Best practices are available for consultation.
 - F&F staff may discuss how we handle bulk/loose products and what we require of vendors.
 - Ross strongly recommends certification if we don’t have strict packaging rules. Will research repercussions. If consumers complain, their complaint will be with the USDA Organic Certification program.
- **Stacey’s outreach and conference recap**
 - Stacey took a course on insurance and lots about capital campaigns, board succession planning, volunteerism

- Scholarships are open for Consumer Cooperative Management Assoc, happening mid-June. Stacey encourages board members to attend.
 - Prairie Food Co-op, Greentop Co-op: good examples to look to
 - Wishes to focus on communication for the coming year, as an essential component of member recruitment
 - Chris and Stacey will team up to discuss communication and transition strategy
 - Refer to calendar of events in Stacey's report
 - Film screenings: we may be able to use community room at library or municipal building
- May develop a F&F brew as fundraiser (details to come)
 - **Fundraising recap from Chris, including meeting with Centre Foundation's Molly Kunkle**
 - Q: Could we someday be a 501c3? A: we could have an "arm" that is, but the store can not be.
 - Molly can do very little, if we're not a charitable org. They can help us manage an endowment.
 - Next year's Centre Inspires \$100k grant category is "health and human services" – potential partners: PASA, Mt. Nittany Health – board members should consider ideas that may be a good fit. Concerns arose about taking on a new project to get the money and then being able to keep it going
 - B-corps get certain types of exemptions for benefiting the community
 - COG could be a good resource
 - **Starting our member loan program (Stacey)**
 - We will need to raise more than \$1m. Proforma estimated \$1.4, which we should constantly be revisiting.
 - Should approach lenders with 40-50% owner capital. "We already have \$X secured."
 - Successful with the right team at the table, looking at legal documents; start looking now.
 - Many resources available via Purple Porches and Food Cooperative Initiative
 - Team members will dedicate several months of outreach, calling key stakeholders. Should go after larger investments first.
 - Team: callers, collectors, processors/others
 - Design repayment structure so we're not paying back all at once.
 - Must be a member-only loan.
 - Can businesses be members? (we think so)
 - Set a minimum. (Greentop min was \$1k; average donation was \$5.5k.)

- Telling the story will be essential in engaging the community, to make a financial sacrifice to fortify the co-op.
- Member milestone -> lease on a location -> capital campaign
- **Finance update**
 - Budget setting update (Chris) – TABLED – Chris can circulate a draft of his proposal
 - Financial docs – In Dropbox
- **OLM updates**
 - *Motion (Jim Eisenstein): increase OLM Manager’s hours by 5 hours a week (for duration of the grant) due to reallocation of funds from LFPP – to be reviewed after grant ends*
 - *Unanimously approved*
 - Jenn rearranged the grant budget, we have some savings to work with. Proposes to add Melanie to the grant.
 - OLM volunteers/board should do a better job at tracking “match” hours for grant. **Jenn will follow up with those folks.**
 - Why did we lose \$535.32 in Jan? Melanie: delayed payment to vendors due to Melanie’s leave.
 - Jim: so we didn’t lose money in Jan due to grant reimbursement? If we didn’t have the grant, we would be draining member equity. (it looks so, Michele will take a closer look)
 - This week, there were 24 pickups at Friends School – only probably 50% is from people switching locations from Meetinghouse
 - We had to get a license for each location (\$100/yr), and old licenser retired; but it’s all set now.
 - Insurance is updated with Friends School added – **Q: do we need to cover the food as inventory? (ask legal students)**
 - **Wednesday, Meetinghouse, 7-9pm: meeting to discuss vendor agreements, invitation will go out.**
 - Will update vendor agreement: vendor fees, quality standards (labeling, for instance)
 - Katherine Watt will help coordinate recycling through Shaver’s Creek and take photos of all products with solid descriptions (for vendors not currently providing) – Diana can also help with this.
- **WOLM**
 - Jenn is working on refrigeration cost quotes.
 - Office: computer is set up, monitor is coming, can connect to internet, need safe, filing cabinet and conference table
 - Meetings are ongoing with potential WOLM buyers, chefs
 - upcoming meeting with Zach Lorber
 - Michele: how’s timing with farmers? are we too late? Melanie: looking for more producers – Jade is on board, Tait conversation is pending, Bylers may be on board.

- Jennifer Sangrilli (Dante's) is interested in getting involved with OLM and WOLM.
 - Rothrock Coffee is interested in WOLM – will develop a F&F smoothie
 - We can investigate farmers selling seconds
 - Wholesale markup will be 15%
 - Will go to Tuesday delivery (not Tues and Thurs) – perhaps we could take things Tues, store them, deliver them Wednesday
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