



Finance Committee Meeting Minutes  
March 2, 2015  
Ten Pin Conference Room

**Board Members:** Dave Feral, Kate Lancaster, Cheri Strong, Steve Suttell, and Jessica Unmack

**Staff:** Kelli Costa, Kelli Reese, and Bella Waters

**Members:** Jodie Ellis

Meeting started at 5:30pm by Kate Lancaster at the Ten Pin Conference Room

[Jeremy Cotton, Maureen Kane, and Terrence Dahlin entered 5:31pm]

Meeting reconvened at 5:33pm by Kate.

Jodie Ellis requested that the Finance Committee decide if members can view the entire finance committee packet materials, including the draft budget. Kate noted that none of the members present have signed a confidentiality agreement and the budget contains detail that could be harmful to the Co-op if shared. Bylaw section 8.02 does not directly address the budget, which is a forward looking document, and not considered historical books and records. Board would need to decide if the draft budget is available for members. Cheri favors complete transparency and would give the owner of Wildberries a packet if he attended a Finance Committee meeting, as he is a member of the Co-op. Maureen noted that she's concerned with secrecy, wants open doors for all to be on the same side and feels that the competitors can't compete with the Co-op because it's a Co-op. Kate said a motion would need to be presented to the Board allowing non confidential finance committee packet materials to be available to members ahead of the meeting.

**2014-2015 Third Quarter Presentation.** Kelli C provided an overview of the third quarter. Discussion included:

- FY15 Q3 Income Statement. Kelli C explained how Occupancy differs from General and Admin Expense. General and Admin Expense higher than budgeted due to a number of things – refrigeration, maintenance, 10 Pin actual costs, etc. Other income is from NCG dividend. Year to date net income is \$496,226, good for going into fourth quarter which is historically a challenge.
- Balance Sheet. Preferred stock balance should be \$2,872,718 and common should be \$332,890. NCC has 89% of its investments in NCG and discussed what services NCG provides. Long term debt and member debt will be paid off by January 2016. Discussed what is meant by current ratio.
- Rolling four quarters income statement. Expecting fourth quarter to be a challenging quarter. Already have unplanned expenses in the fourth quarter. Glad to be going into the quarter with the buffer of two percent net income. Expenses are personnel, maintenance, etc. C share withdrawals discussed as affecting cash flow. Do have a year to redeem C shares, but that could make members and vendors concerned about the financial stability of the Co-op. Have been restructuring C share redemption to be more conscientious of when paying requests and noting at least a two week wait. Have spread out some larger redemption requests.
- Rolling four quarters balance sheet. Trade accounts payables increase in Q3 due to AP clerk being out for six weeks. Took some time to catch up and then paid invoices using the given terms. Kelli C thanked all for extending the date of the Finance Committee meeting to accommodate the recent challenges in the department.
- Sales graph. Kelli C explained that each quarter is 13 weeks, so first month of each quarter has an extra week of sales, which is why there's a jump at the beginning of each quarter on the graph. Committee would like to see quarterly, as well as the monthly graph.

continued...

- Kelli C noted banking fees with Umpqua are increasing and she is considering a change to Redwood Capital. Have researched Coast Central, but they do not have a direct deposit payroll system, which is a necessity as 2/3 of the staff use direct deposit. Redwood Capitol could save Co-op \$24,000-\$28,000/year. It is an operational decision, but staff appreciated input on the change.

**FY16 Draft Budget.** Kelli C reviewed the draft FY16 budget. Discussion included:

- Very participatory process this year with department heads and management team.
- Budgeted to be down for part of the fiscal year with Eureka Natural Foods opening in McKinleyville. Planning to ride out the change with no staffing change. Added estimated taxes, using 50% of member sales for patronage and included \$50k for gain share.
- Plan for achieving Arcata margin includes further work with department heads on purchase budget tool, and more training. Deli improvements should help the overall margin.

[Dave Feral departed 6:45pm]

- Corporate Budget includes 32 hour accounting position and facilities manager. Accounting position will work on procedures manual, which has been an ongoing request from auditors. Facilities manager plans to bring some services in house. Anticipate a savings with facilities and maintenance positions. Bank delivery fee would go away with change of banks.
- Reviewed capital expenditures, which with the exception of the Polycom phones and Arcata window coverings, are all necessities at this point. Carry over projects are on hold until more information on the Quonset hut foundation is available. Discussed parking lot security system for carts, but have number of members who park on street or live nearby that would be affected by such a security system. Would be asking members to participate in financing Arcata project when more information is available. All encouraged to send Eureka sign comments to Marketing Department.

**MOTION:** Move to recommend that the Board approve the budget for FY16 as presented by staff.

Suttell/Unmack

**MOTION PASSES** 4/0/0/

**New Business:**

**FY16 1st Quarter C share dividend rate recommendation:**

**MOTION:** Move to recommend to the Board for approval of the C share dividend rate (whole shares) to continue current interest rate of 2.00% APR for quarter ending June 27, 2015

Strong/Suttell

**MOTION PASSES** 4/0/0/

**Member Input on Reports:**

- Maureen – great to see what’s going on and learned a lot.
- Jeremy – learned a lot as well and would like to know who is on the Finance committee.
- Jodie – who are the voting committee members and what’s the quorum? Responded that it’s all board members plus one at large committee member (Chris Copple) and working on charter which will establish the quorum and process to become a committee member.
- Terrance – thankful that members are here and different points of view are being expressed.

Next Meeting: May 27 at 5:30pm in the 10 Pin Conference Room.

Meeting Adjourned at 7:34pm

Minutes submitted by Bella Waters