**Springfield Food Co-op**

**Board of Directors Meeting**

**August 31, 2017 6 p.m.**

**Members present:** Brooke Decker, Jane Sandelman, Lyndsie Perkins, Carrol Veltrop, Kelen Beardsley, Lindsay Post

**Guest:** Two Board members from the Rutland Food Co-op: Hannah Abrams and Laura Dobbins-Beck, Earl Finch, SFC member

**Ex-officio:** Neomi Lauritsen

**Recording officer**: Lucy Georgeff

Meeting called to order: 6:10 p.m.

**Welcome and agenda review:** Introductions made. Changes to agenda: Debbie Suassuna is out of town and can’t join this meeting on the phone, but Neomi has an email from her with some answers to questions. Neomi also has an updated B: Global Constraint report for this meeting, held over from July’s meeting.

**Approving minutes of July 27th:**  Carroll moves to approve minutes of July 27th, Post seconds. Motion passes with 5 yays, 1 abstention.

**Market study update**

Board reviews the conversation from last month, in which we discussed demographics, retail synergy, and location. Brooke asks us to think about what it all means to us. Neomi passes around Debbie’s answers to questions:

#1. Page 6: How did you arrive at the 4,250 retail sq. ft. for new store?

Was it based on the buildings available? (Park Street & PVC both have 2 floors @ 5,000 sq.ft? *It was based on a couple of things:****1.****The size of the buildings available…as you would have the sales floor on one level, and you would need some backroom space on the same level (a store designer would able to more definitely determine what size sales floor will be possible, so I am guestimating based on my experience with other co-ops) and* ***2.****You would need to have a minimum of 4,000 to 4,500 sf of sales area to have sufficient space to provide for a full-line grocery store that would offer the “critical mass” of food departments necessary to better-attract prospective shoppers and allow them to make most/all of their weekly grocery purchases*

#2. I noticed our sales per square foot are so much smaller than the co-op average database. The Board speculates as to why. They note the report points to a lack of retail synergy. Perhaps it’s also due to our small size. The Board questions if this number includes data from larger stores? *It’s really a combination of factors that are contributing to your low sales performance and as such, low sales per square foot performance….including the small size of your store which essentially prevents customers from making their weekly grocery purchases; the weak demographic composition of your co-op’s trade area; the lack of any significant/beneficial retail synergy in your co-op’s immediate vicinity, thus there is no one else (in terms of other retailers) helping to draw customers to your co-op’s vicinity; and the lack of adequate parking capacity in your parking lot during peak shopping times (also difficulty getting out of your parking lot during peak traffic times) which may discourage prospective shoppers from visiting your store during these times.*

#3. Why are predicted sales per square foot for Park Street so much lower than current? *So, in order to make an apples-to-apples comparison….if the Park Street site were open today and operating at mature sales levels, its sales per square foot would be $820 which is slightly lower than your existing store’s sales per square foot performance of $856.  The Park Street site still encounters the same issue as your existing store with regard to the weak demographic composition of the trade area, as well as a poor parking configuration (it is assumed that the majority of co-op customers will need to park across the street and food store shoppers generally don’t like to push a shopping cart across the street….translating in lower basket sizes/transaction amounts as customers are more likely to purchase only what they can carry).*

 *In addition, the store will be hidden (not visible) to prospective co-op shoppers driving along Main Street which hampers its sales performance (and as such its sales per square foot performance).  The sales forecast summaries for each location (at the end of report) are for the first year, not for matured sales. The Board discusses that expanding delis and fresh departments result in fewer sales per square foot. In this region, we might have a lower sales per square foot because our cost per square foot is lower.*

**Next steps**

Neomi: Town Manager Tom Yennerell may want to hire David White of White & Burke, an economic development firm. The Board discusses other possible customer draws for the Park St. location. The state building has no place to eat, and there may be a project developing at the Park Street building.

Board discusses the People’s United Bank building, which David White suggested would be a good location for the co-op.

Jane suggests setting up two committees: real estate and finance. There have been a few board members working in these areas already, and now the board needs official committees to move forward. Member engagement committee will continue to remain engaged throughout the year and expansion process.

Neomi: A feasibility contract with the National Co+op Grocers’ (NCG’s) Development Cooperative (DC) would include a preliminary financial pro-forma and letter of intent for real estate. The timeline would be 2-4 months, cost $15,000. The DC aims to answer two questions, *Can we do this?* And *Should we do this?* The Co-op would hire an architect and general contractor. Neomi explains the fees and fee schedules, and provides a list of co-ops that have successfully expanded using the DC. Neomi will talk to Dave Blackburn of the DC again next week. Neomi prefers using the DC over CDS. The Co-op has benefitted from partnership with the NCG in the past.

Board discusses how to decide on the next phase. Should we look for a building first? Should we play with the sources and uses template? Should we do a member loan campaign for a feasibility study? The Profit and Loss is very tight right now. Do we want to plan for less profit than we already are?

Post and Kelen will help Neomi with any real estate investigation.

**Member Loan Campaign**

Post and Carroll present findings from their research on MLC’s. Phase 1 involves planning, Phase 2 involves implementation. *See attached notes.*

Key points include: out-of-state members would not be able to make a loan, but could invest equity in the co-op. Usually the timing involves launching an MLC once a store site is secured.

Post will send out an updated version of the MLC Toolbox.

Neomi will inquire about the town’s revolving loan fund. Kelen will help review the application.

Jane moves to authorize Neomi to apply for the revolving loan fund in Springfield, in order to pay for the NCG DC feasibility study. Brooke seconds, motion passes unanimously.

**Board self-monitoring**

**C4: Agenda Planning**

Self-rating: 4.5/5

**C5: Board meetings**

Self-rating: 4.75/5

**GM FYI Report –July**

Neomi mentions that she returned yesterday from a conference on GM-Board relations, and learned a lot about how to improve FYI reports, although she is reporting mostly in the recommended way.

Board asks if the produce specialist has driven the sales growth in produce. Neomi says that’s part of it, and also more local produce coming in has contributed.

Neomi received a quote on a new produce case: $20,000 through ARC Mechanical. Kelen has done business with Vermont Mechanical and will get a quote. The new compressor is doing well, but the co-op does need a new produce cooler.

**GM Monitoring**

**B6: Staff Treatment and Compensation**

The Board discusses implementation of safety and security manuals. The handbook was updated.

Jane moves to accept B6 as submitted, Brooke seconds, motion passes unanimously.

**B: Global Constraint**

Neomi mentions that she plans to revisit all the GM interpretations in the upcoming board reports.

Brooke moves to accept B as submitted, Jane seconds. Motion passes unanimously.

**Other business**

**Annual retreat**: Board decides to ask Marilyn to hold Saturday, December 2nd. Topics: Member loan campaigns, guest speakers from co-ops that have expanded. Marilyn has suggested Keene and Brattleboro (used a developer), and Putney, which has expanded and remodeled. By the time the retreat comes around, the co-op will be into the feasibility work. Board could talk about next steps for real estate and finance committees.

Jane moves to authorize Neomi to begin the feasibility study with the NCG DC, pending approval of a revolving loan. Post seconds, motion passes unanimously.

**Newsletter article:** Carroll will prepare for September.

**Board officer changes:** Brooke moves to appoint Post as Vice President, Jane seconds. Motion passes unanimously.

**Open Session**

Neomi: a member has requested a refund of her membership investment due to economic hardship. Post moves to refund equity to said member, Jane seconds. Motion passes unanimously.

Next meetings: September 28, October 26

Jane moves to adjourn at 7:42 p.m., Brooke seconds. Motion passes unanimously.

Respectfully submitted,

Lucy Georgeff