

**Minutes of the Springfield Food Co-Op Board of Directors
Thursday, August 1st, 2013**

Board members present: Christine Speidel, Aram Polster, Jane Sandelman, Ron Hoffman, Brooke Decker, Steven Greene, Josie Hingston, Dan O'Donnell

Ex-officio: Neomi Lauritsen (General Manager), Lucy Georgeff (Finance Manager)

Member audience: No members present.

Call to order: 6:00 PM

Elect officers:

Christine made a motion, seconded by Steve to elect Brooke as President, Christine as Vice President, Aram as Secretary, and Steve as Treasurer. The motion passed unanimously.

Minutes of 5/23/2013:

Ron made a motion, seconded by Jane to accept the minutes of 5/23/2013 as presented. The motion passed unanimously.

Fall Retreat:

The Fall Retreat was set for September 29, 2013 from 10am-4pm. The topic will focus on building on the goals of last year's retreat.

Executive Limitations Monitoring:

B: Global Executive Constraint:

The General Manager shall not cause or allow any practice, activity, decision or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.

The GM will ensure that all operational functions, carried out by anyone in the organization, will conform to the expectations set out in this policy and its sub-policies. The GM is not responsible for governance functions other than advising the board if I am aware of non-compliance with its own policies as called for in B7.

Co-op Principle (bold) with ICA definition	Operational Definition/interpretation	Data
<p>1st Principle: Voluntary and Open Membership</p> <p>Co-operatives are voluntary organizations, open to all persons able to use their services and willing to</p>	<p>Articles of incorporation and bylaws provide legal structure consistent with the cooperative principle.</p> <p>Our common practice is consistent with the</p>	<p>Our articles of incorporation and bylaws call for open and voluntary membership of a cooperative.</p> <p>Membership requirements are set by the members in the bylaws.</p>

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<p>accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.</p>	<p>cooperative principle.</p>	<p>130 members have joined and 1 member has withdrawn during the past year with no claims other than these acts being voluntary.</p>
<p>2nd Principle: Democratic Member Control</p> <p>Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.</p>	<p>Bylaws authorize members to exercise their one member-one vote rights to elect a Board of Directors to represent them, to make bylaw revisions, and provide for various other member controls.</p> <p>Elected representatives are held accountable by the members to further organize themselves, to provide leadership necessary for the organization to produce the desired results and avoid unacceptable conditions and activities, and to check to ensure that those expectations are being met.</p>	<p>An election was held, concluding on June 19, 2013 in which the members elected representatives to the Board.</p> <p>Bylaw revisions were also voted on by the members.</p> <p>In both cases, each member had one vote.</p> <p>The board has developed a comprehensive set of policies that include expectations about how the board is organized, its relationship with the GM, the desired results of the organization, unacceptable conditions and activities, and it maintains a schedule for monitoring all of these policies.</p> <p>Board and Management account to our members through the Annual Report and Annual Meeting.</p>
<p>3rd Principle: Member Economic Participation</p> <p>Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-</p>	<p>The board, on behalf of the members, sets and controls the member equity requirement</p> <p>In addition, members may provide vital capital</p>	<p>See the most recent B4—Membership Rights and Responsibilities monitoring report for data about equity payments and patronage refunds.</p> <p>The balance sheet provided with the most recent B1—Financial Conditions monitoring report shows that our</p>

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<p>operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.</p>	<p>to the co-op by loaning money to the co-op. These loans do not influence voting rights of members.</p>	<p>members have loaned their co-op \$93,774.29 As noted in the data for the 2nd Principle, all members still have only one vote each.</p>
<p>4th Principle: Autonomy and Independence</p> <p>Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.</p>	<p>From Anne Hoyt's Cooperative Grocer article: "In the thirty years since the passage of the 1966 Cooperative Principles, numerous third world countries have used cooperatives as an intentional part of their social and economic development strategies. ... Unfortunately, many of the governments, especially in centrally planned economies, were unable to withdraw from the cooperatives. Instead, cooperatives, closely controlled by government</p>	<p>Our co-op was formed by and is controlled by its members.</p>

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	<p>functionaries, became inefficient and poorly managed, a haven for government bureaucrats. Independence and autonomy was often never realized.</p> <p>The new principles emphasize that cooperatives must be free of intervention from governments or other sources, so that the members are able to control their own destiny.”</p>	
<p>5th Principle: Education, Training and Information</p> <p>Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.</p>	<p>We hope to provide more regular educational initiatives so that members, elected Co-op leaders, managers and employees, and community members are encouraged to continually engage their minds. As our coop grows these educational opportunities will grow.</p>	<p>Staff & GM regularly takes part in workshops & seminars to help them do a better job at the coop.</p> <p>The Ends monitoring report in September will have data about education available to members throughout the year.</p>
<p>6th Principle: Co-operation among Co-operatives</p> <p>Co-operatives serve their members most effectively and strengthen the co-operative movement by</p>	<p>The Co-op is a visible part of the larger cooperative movement; we have membership in other cooperatives; the Co-op contributes money and leadership to other</p>	<p>Our co-op actively participates as a member of National Cooperative Grocers Association. NCGA helps unify natural food co-ops in order to optimize operational and marketing resources, strengthen purchasing power, and ultimately offer more value to natural</p>

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<p>working together through local, national, regional and international structures.</p>	<p>cooperatives.</p>	<p>food co-op owners and shoppers everywhere.</p> <p>We participate in educational activities with other cooperatives as indicated above as part of the 5th Principle. (Attendance to Neighboring Food Coop Association & CDS Consulting workshops)</p>
<p>7th Principle: Concern for Community</p> <p>Co-operatives work for the sustainable development of their communities through policies approved by their members.</p>	<p>The Ends policies bring to life our owners' concern for community</p>	<p>The Ends Monitoring Report due in September will demonstrate the many ways our Co-op has benefited our community.</p>

- * There were no fines assessed during this reporting period.
- * There were no lawsuits initiated during this reporting period.
- * The GM is aware of no illegal activity.

A motion was made by Ron to accept the Global Report as compliant. The motion was seconded by Aram. The vote was unanimous.

B1 - Financial Condition and Activities:

The GM will not:

1. *Allow sales to decline or be stagnant.* The GM reports compliance. Sales Growth must be above 3% for compliance and is currently at 14%.
2. *Allow operations to generate an inadequate net income.* The GM reports compliance. The CoCoFiST benchmark for jeopardy is 0.5%. Net Income is currently 2.8%.

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3. *Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.* The GM reports compliance. With a benchmark of 1.25, the Current Ratio is 2.87.

4. *Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.* The GM reports non-compliance. The Debt to Equity ratio must be between 0 and 3.0 for compliance. Current Debt to Equity is 4.07. Long term liabilities rose significantly in Quarter 2 of Fiscal Year '13 due to the purchase of units 2-5. Though not currently in compliance, Debt to Equity is shrinking slowly as expected with net income rising. It may take a while with these recent acquisitions to reach a favorable Debt to Equity, however continuing to adhere to financial goals set forth in the budget and building member equity will bring the Co-op into compliance. It is worth noting that from Quarter 4 Fiscal Year '13 to Quarter 4 Fiscal Year '14, our Debt to Equity Ratio shrank by .40.

5. *Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.* The GM reports compliance. Management did not incur any new debt.

6. *Acquire, encumber or dispose of real estate.* The GM reports compliance. Management did not acquire, encumber or dispose of any real estate.

7. *Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.* The GM reports compliance. All taxes were filed on time.

8. *Allow late payments of contracts, payroll, loans or other financial obligations.* The GM reports compliance. We achieved 100% current status with all vendors. There were no late payments of payroll or any other financial obligations.

9. *Use restricted funds for any purpose other than that required by the restriction.* The GM reports compliance. The one restricted account (the Reserve) remains in place.

10. *Allow financial record keeping systems to be inadequate or out of conformity with GAAP.* The GM reports compliance. We continued to use the Super Report to track sales, sales growth, labor costs and other key indicators of financial health.

11. *Operate without an adequate system of financial control.* The GM reports compliance. We operate in accordance with the flow charges approved by the Board in 2010, as well as per the suggestions of Peg Nolan, Development Director of the Eastern Corridor of the NCGA. The persons responsible for tasks may change with any staffing changes, but the control remains adequate.

12. *Engage in a capital expenditure, or sell a capital asset or enter into a lease exceeding \$10,000 in value. Splitting orders to avoid this requirement is not allowed.* The GM reports compliance.

Lucy informed the board that categorizations have changed, but all the numbers are from fixed assets. She also stated she foresees compliance by the end of 2013.

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Steve made a motion, seconded by Ron, to accept B1 as submitted, with an acknowledgement of non-compliance concerning item #4. The motion passed unanimously.

Management FYI Report:

Annual Meeting was a great success! A special thanks to the Board for all their work organizing, setting up, breaking down, food preparation and printing reports.

RGIS inventory service went well. The service started at 8:00 am, June 30th, and was finished by 10:00 am. The inventory total after our adjustments was within \$25.00 of our previous inventory. Staff counted produce and bulk. The service cost \$400.00.

In June, ten new Springfield Co-op members joined us. We are looking to do a membership drive in the coming months.

September 7th is Market Madness in downtown Springfield, which we are intending to participate in again.

Tax filing status:

All federal taxes have been filed on time.

Q2 Update:

We are now number 10 in NCGA co-op growth. \$10,000 is the next benchmark for ordering through UNFI.

We will be using the co-op metrics gap tool where we can compare all departments with stores our size. We will also be using this for evaluating the department heads. We are not tracking labor yet but are working on it.

Reset update:

The floor plan for the reset is still getting finalized. An engineer will be coming on board to help with taking down the walls. Reset is planned for August. There will be an update once Steve and Neomi have a chance to get together.

Plan for GM Performance and Compensation Review

A committee, consisting of Brooke, Steve and Ron, was decided upon to review Neomi. The performance review will happen in September.

Board Self-Monitoring:

C2- Governing Style: The Board reviewed the policy and feels no changes need to be made and that they are doing a good job.

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C6-Directors Code of Conduct: The Board reviewed the policy and agreed they are doing great.

Annual Meeting Recap; Implementing Bylaw Changes:

The Board formed four committees: 1. Bylaw implementation, 2. Member Engagement, and 3, a Board Development. 4. GM review committee

The Bylaw Implementation Committee is made up of: Christine, Aram, Jane, and Dan.

The Member Engagement Committee consists of Steve, Cherie, Brooke, and Dan.

The Board Development Committee includes Ron, Christine, Josie, and Aram.

GM Review Committee: Brooke, Ron, Steve

Condo Update:

There is no condo update. This section will be changing to Reset Update.

Open Session: No discussion.

Next Meeting: August 29, 2013 at 6:00pm, upstairs at the Coop. Financial training at 5pm and meeting at 6pm

A motion to adjourn was made by Josie, and seconded by Jane. The decision was unanimous.

Charlotte McIntyre
Recording Secretary

Revised per the Board - 9/19/2013
Angela Farrar
Recording Secretary