

Minutes of the Springfield Food Co-op Board of Directors

Wednesday, October 30, 2013

Board Members Present: Brooke Decker, Christine Speidel, Aram Polster, Dan O'Donnell, Josie Hingston, Jane Sandelman, Cherie Harris

Ex-Officio: Neomi Lauritsen (General Manager)

Member Audience: No Members Present

Call to Order: 6:07 PM

Minutes of 10/3/13: Jane made a motion, seconded by Dan to approve the minutes of 10/3/13 with two minor changes. The motion passed unanimously with one abstention.

Executive Monitoring Limitations

B1: Financial Condition –

The GM will not:

- 1. Allow sales to decline or be stagnant.* Sales growth must be above 3% for compliance. The GM reports compliance with Sales Growth of 14.9% over the same quarter of previous year.
- 2. Allow operations to generate an inadequate net income.* The CoCoFiSt benchmark for jeopardy is 0.5%. The GM reports compliance with a Net Income of 3.4%.
- 3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.* The actual Current Ratio should be above 1.25 for compliance. The GM reports compliance with a Current Ratio of 3.15.
- 4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.* The Debt to Equity ratio must be between 0 and 3.0. The GM reports non-compliance with a Debt to Equity Ratio of 3.5. Though not in compliance, Debt to Equity is shrinking slowly as expected, with net income rising since a slight loss in Q2FY13. With our new acquisitions last fiscal year, it may take the Co-op a while to reach a ratio below 3.0. However, if we continue to adhere to financial goals as set forth in the budget, as well as build member equity, we will achieve compliance. Debt to Equity shrank from Q4FY13 to Q2FY14 by 0.98.
- 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. No new debt was incurred.
- 6. Acquire, encumber or dispose of real estate.* The GM reports compliance.

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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 payment of contracts, payroll, loans or other financial obligations.* The GM reports compliance. There were no late payments of payroll or any financial obligations.

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

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

11. *Operate without an adequate system of financial control.* The GM reports compliance. Continue to operate by the flow charts approved by the Board in 2010. The persons responsible for tasks may change with staffing changes, however the controls remain 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.

Dan made a motion, seconded by Cherie to accept the B1 monitoring report as presented with acknowledgement of non-compliance for #4. The motion passed unanimously.

Q2 Results – Cash flow is about \$10,000 lower than previous quarter, which was driven by the reset. While we spent money on the reset, we are still in a great position financially.

Average basket has not changed over the years; therefore growth has been the result of new customers. Will the reset affect this? It would be beneficial to look at ways of driving the basket up.

It looks like labor as a percentage of sales is up some, but is also due to the reset.

Management FYI Report

Lucy is out on maternity leave for a couple months, with two people covering her.

Oliver went to Albany, NY to the Honest Weight Co-op who just moved to a brand new location. The team reset the whole produce department together. James is covering while Oliver is out on paternity leave.

There were 15 new members for the month.

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The Cooperative Fund of New England loan was approved without issue. It will be a cushion, use of the loan is still open for discussion; a second walk-in and a 'front porch' are possibilities. Nothing will be done without Board discussion first.

Tom Snyder (merchandiser from National Co-op) has been here for 2-1/2 days assisting with putting in the new shelving. The store is coming together. Discussions are taking place with Trade Fixtures. A 4' section of bulk bins is roughly \$4,000. Will be able to use existing shelving with click-in system of new bins. They will design a layout based on space and what we have and what we want to add.

Disposal of construction debris was not in the budget. Neomi was able to 'free-cycle' a lot of it. The total to dispose was only \$500.

Green Mountain Fire will be in to replace all batteries in exit signs and there will be a working fire extinguisher by every door.

Q2 Budget Update – We were able to beat the budget.

Self-Monitoring

D3: Delegation to the GM – There are no issues with this policy.

D4: Monitoring GM Performance – will be reviewed again at next month's meeting for further discussion.

May be necessary to reword D4 with some help from Marilyn. The discussion will be tabled for the next meeting. May also be worthwhile to change the compensation plan to multi-year instead of annually.

Reset Update

The GM addressed this in the FYI report.

Bylaw Implementation Committee Update

Reviewed the pamphlet that Dan designed.

Other Business:

CBLD renewal – NCGA is happy to help out financially again this year, but would like the Co-op to try to contribute more than we have in the past.

Christine made a motion, seconded by Cherie that we participate in CBLD for \$500 a quarter. The motion passed unanimously.

Member Refund – Jane made a motion, seconded by Josie to grant a member requested refund. The motion passed unanimously.

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Retreat – The Board retreat will be held December 8th.

Open Session: No members spoke.

Next Meeting: The next meeting will be Thursday, December 5, 2013 at 6:00 PM in the Community Room of the Co-op.

Brooke made a motion, seconded by Jane to adjourn the meeting at 7:27 PM and enter Executive Session. The motion passed unanimously.

During Executive Session, a motion was made by Jane and seconded by Christine to adopt the GM Compensation Plan as presented in Executive Session. The motion passed unanimously.

Angela Farrar
Recording Secretary