

Minutes of the Springfield Food Co-op Board of Directors

Thursday, March 28, 2013

Board Members Present: Christine Speidel, Aram Polster, Steve Greene, Brooke Decker, Ron Hoffman, Dan O'Donnell

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

Member Audience: Josie Hingston, Jane Sandelman

Call to Order: 6:10 PM

Minutes of 2/28/13: Brooke made a motion, seconded by Christine to approve the minutes of 2/28/13 as presented. The motion passed unanimously, with one abstention.

Executive Limitations Monitoring

B3: Asset Protection – The General Manager shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The GM will not:

- 1. Allow equipment, facilities, and monetary assets to be inadequately insured or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.* The GM has reviewed all insurance coverage with insurance agent Peggy DeAngelis of the Richards Group. All appear adequate for the Co-op. The GM reports compliance.
- 2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.* The Co-op has written policies regarding harassment, equal opportunity, progressive discipline and safety. In addition, insurance coverage for business liability insurance and Directors' and Officers' Liability is deemed sufficient by the Co-op's Insurance Agent. The GM reports compliance.
- 3. Allow inadequate security of premises and property.* In this reporting period there were no 'breaches of security and no losses above \$1,000 (considered to be material per the policy), however all security procedures lack documentation at the present time. The GM reports non-compliance and plans to work with Peg Nolan of the NCGA to create written plans for the security of the premises and property; including fixed assets – cash and payroll. The plan is to be in compliance within six (6) months.
- 4. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.* Sensitive documents are securely locked. Point of Sale information is stored on the server and backed up daily. All accounting software and financial information is backed up daily and to a secondary source on a weekly basis. Sensitive Co-op information is restricted by job description. Only Human Resources staff has access to confidential employee records. There have been no reported instances of employee files being left unprotected. The GM reports compliance.

Minutes of the Springfield Food Co-op Board of Directors

Thursday, March 28, 2013

5. *Allow improper usage of members' and customers' personal information.* There were no complaints (valid or otherwise) received during this reporting period from any customer or member. However, the GM reports non-compliance as there is no operations manual in place that addresses this. The plan is to work on creating and distributing one over the next year, with help from our NCGA partners and other Co-ops.

6. *Allow purchasing that is uncontrolled.* All department heads have a verbal set of guidelines for purchasing, including paying attention to current trends and margins. The GM reports non-compliance, however, due to the lack of a written policy defining purchasing procedures. An operations manual will be created over the next year.

7. *Allow lack of due diligence in contracts.* The GM cannot and has not entered into any real estate contracts and therefore reports compliance.

8. *Allow damage to the cooperative's public image.* There is no evidence of any damage to the Co-op's public image. Membership has increased. Customer count continues to rise. There have been no negative news stories regarding the Co-op. The GM reports compliance.

Ron made a motion, seconded by Christine to accept the report as presented, with acknowledgement of three reported areas of non-compliance and with the understanding that the Board will revisit B3 - Asset Protection in October, 2013. The motion passed unanimously.

B2: Business Planning and Financial Budgeting – The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

At this time, the Co-op does not have a business plan, therefore the GM reports non-compliance with this policy. The GM has set this as the top priority in working with Peg Nolan of NCGA.

The GM will not cause or allow plans that:

1. *Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."* It is reasonable to expect the current ratio to remain well above the financial condition of 1.25, as it has for some time now, given the improbability of liabilities and assets changing dramatically. It is expected that long term liabilities will decrease as the loan payment schedule is maintained. In addition equity will increase as member equity and net income also rise. It is important to note, that if any additional debt is accumulated due to the planned expansion, liabilities will increase again. It is reasonable to expect the current ratio to remain above 1.25 and debt-to-equity to shrink slightly. The GM reports compliance. The financial trends of the Co-op are positive and any financial decisions made during FY14 will aim to keep debt-to-equity heading toward an acceptable limit.

Minutes of the Springfield Food Co-op Board of Directors

Thursday, March 28, 2013

2. *Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.* Historical data is utilized, as well as that from other comparable stores in determining projection of sales, expenses and member equity. There is a clear picture of cash flow with an understanding of annual ups and downs. The NCGA is consulted frequently on all matters related to business planning and budgeting. However, the GM reports non-compliance based on the fact that separate operating and capital budgets have not been created. The Springfield Food Co-op does not have a history of separating these two budgets, however, the General Manager along with the assistance of the management team is working on a plan to remedy this situation.

3. *Plan expenditures in any fiscal year that would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.* Neither of the existing loan agreements place any financial requirements on the Co-op and all payments are current. It is anticipated that the current ratio will remain well above 1.25 based on historical trends. However, the GM reports non-compliance due to long term liabilities and the debt-to-equity ratio that will surely remain out of compliance for FY14, which could be compounded by any debt incurred due to the planned expansion.

4. *Have not been tested for feasibility.* There is no data to report at this time. It is unknown whether the expansion project will require substantial debt. If so, appropriate steps will be taken to analyze feasibility. The GM reports compliance.

5. *Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.* The FY14 budget contains a line item for Governance showing \$7,380.68, which includes all monthly meeting expenses, annual meeting expenses, board training/support as well as any potential professional attorney fees connected to a potential bylaw revision. The GM reports compliance.

Steve made a motion, seconded by Ron to accept the report as submitted with acknowledgement of the GM's concerns. The Board feels the GM is as compliant as she is capable of at this time, despite reporting non-compliance on much of the B2 report. The motion passed unanimously.

B5: Customers – Treatment of Consumers.

The GM will not:

1. *Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.* The Co-op has a suggestion box in the Meals Kitchen and we maintain a special order/request board at the register. All department heads respond to each request or special order in a timely manner. Customer count is up and has been each of the last three years. The GM reports compliance.

Minutes of the Springfield Food Co-op Board of Directors

Thursday, March 28, 2013

2. *Allow an unsafe shopping experience for our customers.* The Co-op received a score of 96 from the Vermont State Health Inspector on March 20, 2013. This is well above the requirement of 70. All recalls are handled immediately with product being disposed of as instructed by the manufacturer. A binder of all recalls is located in the employee work area. The GM reports compliance.

3. *Allow the store to be inaccessible to customers with disabilities.* Disabled customers have full access to the store; including, through the front door, in each aisle and to the restroom. Customers are aided by staff whenever needed. There have been no complaints filed or brought to the attention of the General Manager. The GM reports compliance.

Christine made a motion, seconded by Ron to accept the B5 report as presented. The motion passed unanimously.

GM FYI Report

Staff is working hard to respond to member and customer requests. There has been an increase in sales and many new customers in the store. Neomi hopes to hire a part time cashier in the next couple of weeks.

Neomi continues to meet monthly with a small team of General Managers; a resource used to gain support on many different topics and ideas. She has also been invited to join an audit team in Maine at the end of May – something she feels is another excellent learning opportunity, at no cost to the Co-op. Brooke and Neomi will attend Spring Meeting in St Paul Minnesota with other NCGA representatives on April 14. Neomi will stay through April 16th for the DR portion of the meeting.

Sales are steady, despite customer count being down slightly. Basket size remains at around \$22. The NCGA Trends Report recognizes the Springfield Food Co-op with 18.45% growth for February. There were 11 new members in March and 116 for FY13.

Inventory is scheduled for Monday, April 1 starting at 6:00 PM. Staff and 4 volunteers are signed up for the task. Neomi is speaking with different inventory agencies in an effort to reduce costs beginning in June. Inventory is hard on staff and it actually costs less to utilize an outside company.

Peg Nolan will be in the store April 1 & 2 to assist Neomi in outlining the items they will be working on together; including the Co-op's business plan. They will also be looking to improve systems & operations in an effort to be fully prepared for an expanded sales floor. This will provide a foundation for Neomi and Staff moving forward with shared goals and vision

A local home-school group has used the Community Room for a kids' book club meeting.

Minutes of the Springfield Food Co-op Board of Directors

Thursday, March 28, 2013

Co-op member Melody Reed organized a second Vegan Potluck that was held on March 27. Wellness Manager Julie Jones has organized a second Wellness Wednesday for April 10. The vendor spotlight will be on Urban Moonshine.

Board Self-Monitoring

D1: Unity of Control - The Board reviewed this policy and feel there are no issues with this policy. The General Manager agreed with the Board.

Bylaws Review

The Board at the direction of the Bylaws Committee has been reviewing all bylaws to bring them inline with what the Board and the Co-op is doing and to simplify them as much as possible. Necessary corrections and changes will be brought to the Membership at Annual Meeting.

To change the bylaws there has to be a member meeting with a 2/3rds vote.

Steve made a motion, seconded by Brooke to bring to the membership at annual meeting a change to *Bylaws Section 2.6: Issues Submitted by Members* amending '15 members' to '2% of members'. The motion passed unanimously.

Ron made a motion, seconded by Aram to present the bylaw review to the Membership at an informational meeting held on April 18th. The motion passed unanimously.

Committee Reports / Updates

Condo – There is nothing additional to report at this time.

Member Engagement Committee Report – The Newsbank Wellness Fair went very well. Brooke and Cherie staffed the Co-op's table providing fresh fruit, samples and Co-op information. All was well received. A membership survey is still in the plans.

Annual Meeting Planning – Deadline for the printer is May 3rd. Mailing deadline for Warning of Annual Meeting is May 31st. Board Member Dan O'Donnell will put together a postcard to send the Membership inviting them to Annual Meeting.

Open Session: Jane said "the place looks great!"

Next Meeting: The next meeting will be Tuesday, April 23, 2013 at 6:00 PM in the Co-op Community Room.

Christine made a motion, seconded by Brooke to adjourn the meeting at 8:24 PM. The motion passed unanimously.

Angela Farrar

Minutes of the Springfield Food Co-op Board of Directors
Thursday, March 28, 2013

Recording Secretary