

**Minutes of the Springfield Food Co-op Board of Directors
Thursday, October 25, 2012**

Board Members Present: Christine Speidel, Steve Greene, Brooke Decker, Ron Hoffman, Cherie Harris

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

Member Audience: No Attendees

Call to Order: 6:05 PM

Minutes of 9/27/12: Christine made a motion, seconded by Cherie to approve the minutes of 9/27/12 with three minor changes as discussed. The motion passed unanimously, with one abstention.

Board/GM Retreat The Board Retreat is to be held November 4th from 10:00 AM – 4:00 PM at Steve Greene’s house, with a potluck lunch. Marilyn will send needed materials ahead of time.

CBLD – NCGA has notified Neomi that subsidy could be available for the Springfield Food Co-op’s future participation. The full price is over \$1,500 per quarter and NCGA would need to know what the Co-op could afford.

Christine made a motion, seconded by Steve to enroll in CBLD 2013 if possible to do so with NCGA support and paying \$350 per quarter or less. The motion passed unanimously.

Executive Limitations Monitoring

B6: Staff – Compliance is reported with all parts of the policy.

The GM will not:

1. Operate without written personnel policies that:
 - a. Clarify rules for staff
 - b. Provide for fair and thorough handling of grievances
 - c. Are accessible to all employees
 - d. Inform staff that employment is neither permanent nor guaranteed.

There is a Personnel Manual in place, it is however a work in progress; future updates include details of maternity leave, as well as children in the workplace. The HR Manager (Lucy Georgeff) has a copy of the Personnel Policy Manual on file and it is available for Board review upon request. Also in the works is a complete Orientation Packet, including an acknowledgment form to be signed by all employees and kept in their personnel files.

2. Cause or allow personnel polices to be inconsistently applied.

Minutes of the Springfield Food Co-op Board of Directors
Thursday, October 25, 2012

This item will be addressed by the end of FY13 as plans are put into place and a management team is established. Staff will receive a survey regarding workplace polices during that time.

3. Provide for inadequate documentation, security and retention of personnel records and all personnel related decisions.

All records remain locked and there have been no instances of missing or compromised records. State and Federal record keeping guidelines are being followed. There have been no unauthorized uses of personnel records.

4. Establish compensation and benefits that are internally or externally inequitable.

Job descriptions are being written for each employee, which will remain on file. Once this objective is achieved, the CGIN Co-op Livable Wage Model will be utilized to ensure that the median wage and wage scale are appropriate. No grievances have been filed.

5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

The HR Manager has provided the Board with a signed memo detailing the GM's compensation and benefits.

Ron made a motion, seconded by Steve to accept the presented B6 report as compliant. The motion passed unanimously.

A: Ends – The Board agreed to move this report to the next meeting.

B1: Financial Condition, Q2 Results

The GM will not:

1. Allow sales to decline or be stagnant. - Sales growth must be above 3% for compliance. The GM reports compliance. Sales growth was 19.1% over the same quarter last year.
2. Allow operations to generate an inadequate net income. – Net income from the most recent quarter must be above 0.5%. Non-compliance is reported as Net income was - 0.5%. Net income was lower than expected, due to a few contributing factors. We budgeted for the financial review (\$3,800) for Quarter 1. The review took longer than anticipated, so the expense fell in Q2. Q2 is a tough quarter as it combines paid time off for staff vacations and resulting overtime, also lower sales and higher contracted purchases. Personnel and Operating were over budget by 1.9 and 0.8 percentage points respectively. Gross Profit was under budget by 2%. We are on target to make a profit for

Minutes of the Springfield Food Co-op Board of Directors
Thursday, October 25, 2012

the year, as the first quarter profit exceeds the second quarter loss. We expect to stick closer to the budget in future quarters.

3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient. – Current ratio should be above 1.25 and current ratio is 2.78.

Compliance is reported.

4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient. – The CoCoFist benchmark is a Debt to Equity Ratio above 3.0. The current Debt to Equity is 6.63. Non-compliance is reported. Liabilities rose significantly in Q2 due to the purchase of Units 2, 3, 4 and 5. Debt to Equity will shrink as net income rises. Neomi agreed to review the target ratio. If we are happy with the amount of debt we have, perhaps the target ratio should be temporarily raised. Neomi has discretion to interpret “insufficiency” and she can change the target ratio if she believes a different number is reasonable at this time.

5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business. – Compliance is reported.

Management did not incur any new debt. Accrued paid time off and payroll taxes show up on the balance sheet.

6. Acquire, encumber or dispose of real estate. – Compliance is reported. The Co-op did purchase building units 2-5 this quarter, but this was done by the Board. This change is seen in fixed assets and long-term liabilities on the balance sheet.

7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed. – Compliance is reported. All taxes were filed on time. The CPAs filed an extension for our 2011 income tax, this will be paid by the deadline of December 31st.

8. Allow late payment of contracts, payroll, loans or other financial obligations. – Compliance is reported. Accounts Payable is 100% current. There were no late payments of payroll or other financial obligations and all automatic payments continue to occur on time.

9. Use restricted funds for any purpose other than that required by the restriction. – Compliance is reported. All restricted funds are clearly identified on the balance sheet; the only such account is the Reserve Account stipulated by USDA Rural Development (mortgage holder). This remained in place.

10. Allow financial record keeping systems to be inadequate or out of conformity with GAAP. – Compliance is reported. The Super Report is continually utilized to track sales, sales growth, labor costs, and other key indicators of financial health. An official financial review was also completed by Wegner CPAs, which found the Co-op's accounting systems to be competent.

Minutes of the Springfield Food Co-op Board of Directors
Thursday, October 25, 2012

11. Operate without an adequate system of financial control. – Compliance is reported. We continue to operate substantially in accordance with the flow charts approved by the Board in 2010. While staff changes may take place, the controls remain in place and adequate. All coupons and milk bottles are logged and secure.

12. Engage in a capital expenditure, or sell a capital asset or enter into a lease exceeding \$10,000 value. Splitting orders to avoid this requirement is not allowed. – Compliance is reported.

Steve made a motion, seconded by Cherie to accept the B1 Monitoring Report as presented, with acknowledgment of noncompliance on items 2 and 4. The motion passed unanimously.

Management FYI Report & Discussion

Neomi and Lucy are currently working with the state of Vermont to receive compensation for a portion of one staff member's salary. This will help with Net Income.

The board congratulated Neomi on her completion of the CCMI course. Neomi was excited to tour Frontier Herbs while away on her trip. Neomi feels lucky to have attended, the timing was perfect. 13 people started the course and 6 graduated. She has some great resources to fall back on now.

CoPos would like to sell us a faster server. Neomi is discussing this with them. There is an anticipated cost of \$3,000, but it could prove to be a huge asset. It's been 5 years since the system was purchased. It will be faster, back up will happen automatically (no more disks), information can be converted easily to Excel documents, in addition to other benefits. Currently the CoPos server is backed up each night manually by zip drive.

Store Reset Status – A small reset could be done inexpensively and easily, but is contingent on gaining use of the Common Space which is still a work in progress.

Q3 Budget Update – The budget is still in line. May have budgeted a little low (on the safe side).

Website – Ben gave the board a demonstration of the new co-op website. It will be mobile-friendly. More content and photos are needed. Angela will send some photos to Ben.

Condo Report Lucy and Steve had a positive meeting with Joe Cerniglia regarding the Condominium Association. Coordinated advertising (Joe's Discount Beverage and the Co-op) will soon be taking place. The agreement to purchase the Common Space is still in the works, as we wait for Joe's attorney to write the necessary documents.

Board Self-Monitoring

**Minutes of the Springfield Food Co-op Board of Directors
Thursday, October 25, 2012**

D3: Delegation to the GM – Neomi feels the Board is in compliance. The board agrees. The Retreat will bring a new perspective to things.

D4: Monitoring GM Performance – The Board recognizes that the timing of evaluation for the current GM will be a little off this year versus next year due to the hire date. The policy is fine as it's written, no changes are necessary.

Steve made a motion, seconded by Brooke that the Board believes they are in compliance with D3 and D4. The motion passed unanimously.

Bylaws Committee No report. The committee will meet soon.

Member Engagement Committee Cherie would like to do a class on making laundry detergent. A monthly workshop would be a great idea. Brooke would like to get Board member pictures up in the Co-op.

Board Recruitment Check-in Still considering candidates. It seems as though most people are very busy with their personal lives and can't commit the time.

Open Session: No members were present to speak.

Next Meeting: The next meeting will be Thursday, November 29, 2012 at 6:00 PM in the Co-op Community Room.

Ron made a motion, seconded by Steve to adjourn the meeting at 8:00 PM. The motion passed unanimously.

Angela Eglintine
Recording Secretary