

Minutes of the Springfield Food Co-op Board of Directors

Thursday, January 31, 2013

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

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

Member Audience: No Attendees

Call to Order: 6:04 PM

Minutes of 11/29/12: Christine made a motion, seconded by Dan to approve the minutes of 11/29/12 as presented, with one minor correction for a typo. The motion passed unanimously, with 2 abstentions.

Board Training - Ron and Christine attended a recent board training seminar in Brattleboro. We are the smallest Co-op in the NCGA and fortunate to be part of the program.

Members agreed that there should be a field trip to other Co-ops at some point.

The next training opportunity is on March 16th at the Putney School – General Managers, Board Members and Co-op Staff may attend. The topic will be *Strategic Growth for Co-ops*.

Executive Limitations Monitoring

A: Ends – Marilyn Scholl will be visiting the Co-op in two weeks. She and Neomi will discuss Ends. A year's worth of information must be gathered to put this together. It was suggested that this be moved to the Annual Meeting. Ends are always evolving and have a much larger scope than time has allowed for.

Aram made a motion, seconded by Christine to postpone discussion of Ends indefinitely, but no later than September 2013. The motion passed unanimously.

B1: Q3 Results –

The GM will not:

1. Allow sales to decline or be stagnant. – Sales Growth needs to be above 3%. Compliance is reported with Sales Growth of 16.8%.

2. Allow operations to generate an inadequate net income. – Net Income must be above 0.5%. Compliance is reported with Net Income of 3.15%.

3. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient. – Current Ratio needs to be 1.25. Compliance is reported with a Current Ratio of 2.86.

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4. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient. – Debt to Equity (total Liabilities divided by Total Equity) ratio needs to be above 3.0. Non-compliance is reported as the Debt to Equity ratio is 5.47 as a result of the additional space the Co-op purchased.

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

6. Acquire, encumber or dispose of real estate. – Compliance is reported. The Board authorized the Co-op purchase of unit 1A.

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, including property, sales, meals and personnel taxes.

8. Allow late payment of contracts, payroll, loans or other financial obligations. – Compliance is reported. There have been no late payments of payroll or any other financial obligations; all Accounts Payable is 100% current.

9. Use restricted funds for any purpose other than that required by the restriction. – Compliance is reported. The one restricted account (Reserve account for USDA Mortgage) remains intact.

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

11. Operate without an adequate system of financial control. – Compliance is reported. We continue to operate in accordance with the flow charts approved by the Board in 2010, and per the direction of Peg Nolan (Development Director of the Eastern Corridor of the NCGA). The persons responsible for the tasks may change as staffing changes, however the controls remain adequate. 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 in value. Splitting orders to avoid this requirement is not allowed. – Compliance is reported.

Steve made a motion, seconded by Ron to approve the B1 report as presented. The GM is in compliance, except for #4. The motion passed unanimously.

B7: Board Communication – The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work. Report is for the 12 month period ending 12/31/12.

The GM will not:

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1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy. – As the GM is still relatively new, not all monitoring reports have been submitted according to the Annual Calendar; however efforts are being made to integrate this reporting into the GM's regular workload. All B1 monitoring reports have been submitted on time.

2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance. – There have been no serious non-compliance issues. Current Debt to Equity ratio is in non-compliance; however, it is the result of the purchase of new space at the Co-op at the direction of the Board.

3. Allow the Board to be unaware of relevant trends, public events of the Cooperative, unusual or unexpected financial events or significant internal and external changes. – The GM does provide monthly updates to the Board including: relevant financial information, ownership level issues to assist the Board in seeing 'the big picture', public events that may affect the perception of the Co-op, and internal and external changes to the normal pattern of business. In addition, confidential matters will be brought to the Board's attention in Executive Session and urgent matters will be brought to the Board President by the GM.

4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM. – The GM has seen no action on the part of the Board or Board Members individually to indicate the Board is not acting in accordance with policy.

5. Deal with the Board in a way that favors or privileges certain Board Members over others except when responding to officers or committees duly charged by the Board. – No out of compliance situations to report.

6. Allow the Board to be uninformed if the GM believes any of its policies should be clarified, amended, deleted, or made more specific. – No out of compliance situations to report.

7. Allow the Board to be without contact information and access to the Co-op's connections in national and regional organizations. – Compliance is reported. Names and contact information for all appropriate organizations have been provided.

Brooke made a motion, seconded by Steve to accept B7 as presented. The motion passed unanimously.

B8: Board Support – Report is for the 12 month period ending 12/31/12.

The General Manager will not allow the Board to have inadequate logistical support.

The GM will not:

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1. Provide the Board with insufficient staff administration to support governance activities and Board communication. – Compliance is reported. Co-op employee, Angela Farrar currently acts as meeting secretary. The Board President and Secretary are encouraged to affirm that administrative support is sufficient.

2. Allow the Board to be without a workable mechanism for official board, officer or committee communications. – Compliance up to 12/31/12 is reported. Current non-compliance is acknowledged as the Co-op website was temporarily down, therefore access by the Board to update Meeting Minutes was not possible.

3. Allow Board Members to be without an updated copy of the Policy Register and the Bylaws. – Compliance is reported. Policy Register and Bylaws have been provided to new Board Members. Copies of revised policies are provided to the Board at the next meeting following approval of revisions. Most current Policy Register and Bylaws will be posted on the Co-op Website.

4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events. – Compliance is reported.

Steve made a motion, seconded by Aram, to request an updated report at the next board meeting, due to current non-compliance with #2 because of website issues. The motion passed unanimously. Some board members questioned whether the website issues started before 12/31/12.

GM FYI Report

Website – The new website is live! It was suggested that it could be a good idea to go with a more local web host. Support local business and receive more immediate access. Neomi will discuss with Ben. Within one week, logins and passwords will be provided to Board Members. A virtual tour of the store will be going up on Google. The Facebook page is doing well, currently at 283 “likes”. The newsletter now reaches 385 members and 19 non-members. Inventory was a great success. TPR (member only deals) sales are a work in progress.

Josie has accepted another job and is leaving the Co-op. A replacement wellness manager has been hired from within staff. There were 2 applicants. Julie Jones got the job, which leaves an opening for a Front End Manager.

The staff handbook has been updated with two policies concerning breaks and staff IOUs.

Sales have been steady & strong. There were 10 new members in December and 8 in January.

Reset – Tom Snyder will be in the store in early February to assist with a store reset. A Statement of Interest was submitted to NCGA for the Development Advisory Team. There is no cost for this program; it could assist with Store layout, financing, deals on necessary equipment. A time frame has not yet been determined for the reset.

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Newsbank in Chester is holding their Health Fair on March 20th and the Co-op has been invited to participate again this year. Neomi asked for volunteers to staff the co-op booth. Brooke and Sherie did a great job last year. They will check their schedules.

Board Self-Evaluation

C7: Officers' Roles – Steve made a motion, seconded by Dan to change the wording of #5 to: “The treasurer will ensure that the Board’s annual budget is developed. In addition, the treasurer will facilitate the Board’s understanding of the financial condition of the Cooperative.” The motion passed unanimously.

The Board agreed that they are in compliance with C7.

C8: Board Committee Principles – The Board agreed that they are in compliance.

Board Calendar – Christine made a motion, seconded by Ron to move the Board Budget from January to March to be at the same time as the GM’s budget. The motion passed unanimously.

NCGA Survey

The board reviewed the survey that NCGA sent out. Neomi answered many of these same questions in her recent request for NCGA support of a reset. The board agreed that Christine and Neomi should draft a response to the survey and email it to the board before the next meeting. The survey is due 2/28.

Next Steps – Long Term Vision / Capitalization – Topics discussed included patronage dividends vs. the current discount at register. How do we raise money for an expansion? Peg Nolan would be a good resource / wealth of knowledge. Ron and Steve are willing to research this further and summarize to the Board. Is our USDA loan an obstacle to member loans? Steve has Andrea at USDA’s contact information and will ask her about this.

Committee Reports / Updates

Bylaws – The board received a redlined copy of the bylaws with the committee’s current thoughts on changes. Aram and Christine went through all of the bylaws and got feedback from several sources. They also looked at model bylaws, and the actual bylaws of some other co-ops. Past comments from Susan Dunning were also taken into account. An attorney’s direction is necessary to determine what laws apply to the Co-op from the Vermont Statutes. That is the next step.

The board discussed one of the main proposals of the committee, changing the co-op’s membership structure. The current structure of a “member household” with one voting share and multiple preferred shares is cumbersome and confusing. Brattleboro and Putney both have a “one member, one vote” system. This seems to make more sense. There is no good reason for each member to buy preferred shares along with a common share. Required preferred shares do not accrue any interest or dividends. Also, if membership were no longer by “household”, the co-op

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would no longer need to deal with who gets the membership when a household breaks up. This is a common occurrence and a headache for the co-op. Courtesy cards could be issued for people living with a member, so a member's household would continue to receive the 2% discount. This particularly makes sense in a patronage dividend system, because there are huge tax benefits to sales generated by members.

The board will continue to discuss this and the other proposals of the bylaws committee at the next board meeting.

Condo - The sign is ready to be ordered. Steve is working with Efficiency Vermont and Rockingham Electric to make sure the sign meets the standards for rebate. The Common Space is now owned by the Co-op.

Open Session: No members were present to speak.

Next Meeting: The next meeting will be Thursday, February 28, 2013 at 6:00 PM in the Co-op Community Room.

Steve made a motion, seconded by Christine to adjourn the meeting at 8:17 PM. The motion passed unanimously.

Angela Farrar
Recording Secretary