

**Springfield Food Co-op
Board of Directors Meeting
January 24, 2019 6 p.m.**

Members present: Lindsay Post, Brooke Decker, Steve Greene, Jane Sandelman, Caitlin Christiana, John Vorder Bruegge, Sarah Bolaski

Ex-Officio: Neomi Lauritsen

Recording secretary: Lucy Georgeff

Guest: Brian Post

Meeting called to order: 6:05 p.m.

Co-op stories and introductions: Jane has been sharing news of expansion with friends who are excited. Lindsay introduces her husband, Brian, a licensed architect who has been drawing up some possible ideas for truck deliveries at the new building. John went to CBLD 101 in Keene in early January, and thought it was great and insightful. Neomi, Jane, Steve, and Kelen recently went to the Springfield on the Move meeting and briefly announced co-op intent to purchase bank building and move. News was very well received. Steve thinks there may be a prospective buyer for our current building.

Approving the minutes of December 6th: *Brooke moves to accept the minutes of December 6, 2018; Lindsay seconds; motion passes unanimously.*

Board self-monitoring

Lindsay reads through policies aloud.

C7: Officers' Roles

Board self-rating: 4.75/5

C8: Board Committee Principles

No charters for current committees. Board could improve on this.

Board self-rating: 3.75/5

GM Monitoring

B1: Financial Condition

Positive net income. Includes approximately \$6,500 in miscellaneous credit from Worldpay (credit card processor) to cover chargebacks yet to come in from the fraudulent charges in October. Without that, net income would have been in the red by \$2,500 due to new location expenses. All in compliance.

Jane moves to accept B1 as submitted; Brooke seconds; motion passes unanimously.

GM FYI Report

December report.

It was an action-packed month. Neomi is still reporting on sales growth by the month. Bulk has been doing really well. Seth and Dylan are working hard on creative sales. The Board notes huge growth in the supplements department. Neomi recently asked her group of other GM's for advice on coordinating wellness receiving. The Local Loyalty program in December went really well. \$244,000 stayed in the community. Staff and the Chamber of Commerce worked hard to pull it off.

Budget Update

Lucy presents year-end projections for FY 2019. Projections include over 13% growth in sales for the year, and a positive net income despite projections for negative net income for the final quarter.

Expansion Discussion

Pro Forma Lucy and Steve explain the purpose of the pro forma to board members not familiar with it - a financial tool that uses our historical and current financial data, along with projected costs and sources of income for the expansion project, and provides a financial picture for at least 10 years post-expansion. Lucy, Steve, and Jane, go over some of the "sources and uses" with the Board and agree that we will provide the executive summary (quick snapshot including sources and uses) for the board at another time.

Press Release Has not been done yet, but Neomi has a template. Caitlin relays some urgency to releasing the news and trying to mitigate uninformed community conversations. Neomi and Lucy will get the press release out tomorrow.

Brian Post presentation

Steve introduces Brian and explains that the board agreed to pay Brian \$500 to look at potential loading sites and receiving areas where trucks would enter and exit. Brian presents his plans and a few models of how a big delivery truck could enter and back in. Board will give these plans to the town and check on what their plans are for entrances and roads. Next, Brian will provide a rendering of what the front of the building could look like. Brian will coordinate with 7 Roots.

Member Loans vs. Preferred Shares

Prior to a capital campaign, the Board must decide which of these two sources it wants to ask of the membership. Differences concern having to change the bylaws, and how loans vs. shares look on the balance sheet. Steve explains what preferred shares are, and the Board looks at page 7 of the Capital Campaign Workbook. Member loans may be a lower administrative burden. The Board discusses talking to potential lenders about how they would treat additional liabilities (member loans). The Board expects Marilyn Scholl to weigh in once she sees the pro forma, which can be modified to show preferred shares or member loans. Board will need to

start training on the capital campaign soon, to launch in the spring or fall. Board has been advised against a campaign in the summer. No motion needed, but the Board agrees to give the Expansion Committee the authority to make an informed decision and everyone will weigh in. This needs to happen before the February board meeting.

Committee Updates

Expansion Committee - Steve talked with Bob Flint, who is connected with diverse sources of funding. Flint had a creative idea about raising money from large donors - basically a tax gimmick that the feds are promoting for distressed downtowns: "Opportunity loans." Flint believes we'll be able to get grant money from the larger region as well as Springfield.

Steve just learned that the Phase 1 environmental study (\$1,850) is only good for six months - but the evaluator is willing to look at the site ahead of time to give an opinion.

Sprinkler system is fine.

Steve Ankuda will have a preliminary title to go over in the next few days, so we can check for any special covenants.

Lindsay and Brooke are going to work on charters for all the committees.

Capital Campaign Committee - Been in touch with the Secretary of State, Attorney Heather Wright, and Marilyn. Articles of Incorporation are not in sync with the bylaws. The Secretary of State does not care if we change the Articles of Incorporation. Board can vote on Article changes in the presence of a member. Article 8 requires the biggest change. The following changes were made:

Co-op will have the authority to raise 30,000 shares of common stock (up from 2,000) with a part value of \$85 (up from \$25) per share, and 500,000 shares of preferred stock (up from 50,000).

Lindsay moves to make the stated changes to the Articles of Incorporation; Steve seconds; motion passes unanimously.

Member Engagement Committee - Neomi has a template to share, with a timeline. Brooke shares Brattleboro's Gantt chart with John.

Board Budget Brainstorm

Board doesn't anticipate much higher costs for FY2020. Fundraising events will go into the New Location expenses. CBLD cost has gone up for the year. Annual meeting will have more printing costs due to bylaw changes - Lucy will look at 2017 meeting costs for comparison.

Capital Campaign Update

Once the Board decides which route to go (preferred shares or loans), the CCC will start training with Ben Sandel. *Jane moves to approve the expenditure for CCC training, not to exceed \$12,000; John seconds; motion passes unanimously.*

Steve moves to adjourn at 8:20 p.m., Jane seconds. Motion passes unanimously.

Respectfully submitted,
Lucy Georgeff