

**Springfield Food Co-op
Board of Directors Meeting
August 22, 2019**

Directors present: Lindsay Post, Brooke Decker, Sarah Bolaski, Marianne Chapin, John Vorder Bruegge, Jane Sandelman, Caitlin Christiana, Aylsia Wolf

Ex-officio: Neomi Lauritsen, General Manager and Larry Kraft, Project Manager

Guest: Lane Fury, Cooperative Fund of New England

Call to order: 5:59 p.m.

Co-op stories: Introductions all around. *Brooke moves to appoint Aylsia to the board; Sarah seconds; motion passes unanimously.*

Approving the minutes from July 25th

Minutes do not contain adjournment. Lindsay moves to adjourn meeting, Brooke seconded, unanimous. *Jane moves to accept the minutes as amended; Post seconds; motion passes unanimously.*

GM Monitoring

B6 Staff

Neomi reports compliance. Board asks how staff is updated on expansion news: fact cards/sheets, floor plans have been shared with managers, daily morning huddles.

Last staff survey was in 2018. Parts of survey results that indicated non-compliance were around compensation and benefits - staff felt they were not fairly compensated. Plan for compliance from 2018 is not discussed.

Board mentions that the strength of our staff bodes well for expansion despite consultant warning that expansion can result in high staff turnover.

Lindsay moves to accept B6 as submitted; Sarah seconds; motion passes unanimously.

Global Restraint

227 new members during the 12 months of this report.

Jane moves to accept B Global Restraint; Lindsay seconds; motion passes unanimously.

FYI

A couple years ago, the board asked Neomi to start reporting on produce and bulk sales growth because those departments were struggling. Now bulk, produce, and bakery are all over 10% growth. Supplements is having good growth as well.

Facebook posts are doing well. Marilyn Scholl and SBA advisor Debra Boudrieau mentioned that our messaging indicated that the move is a done deal, so we've been tweaking our ads.

Ron celebrated 3 year anniversary. He was a great hire. Managers are talking about what happened when sales growth started skyrocketing - factors included better staff treatment, Ron hiring, the beginning of CBD sales.

Board self-monitoring

C4: Agenda planning

Lindsay reads aloud.

Board self-rating: 4.5/5

C5: Board meetings

Lindsay reads aloud.

Board self-rating: 4.7/5

Expansion discussion

6 Main LLC - Jane

History on structure of expansion. Building is separate entity from the project. Raising funds via shares, donations, grants for the project, without the building. 6 Main is an LLC, a separate corporation, designed to purchase real estate and partly fund the renovation (\$300k in landlord contributions). Board has not figured out the mechanics of this yet but the objective is to have a few large investors who will purchase this real estate through investing with self-directed IRA's. Investors with \$50, \$100k. This LLC is set up. We have 3 investors and potentially a fourth, so we are looking at about \$400k toward the LLC now. The LLC will own the building, lease to the co-op, the co-op will have option to purchase building after 10 years. Co-op will collect rent from the bank and pay that to corp.

In those 10 years, 6 Main LLC will have its own governance made up of investors. Investors will get a small return, maybe 3%. Liberal policy in terms of rent paid by co-op, forgiveness in first 2 years based on cash flow. Bulk of rent is being paid by bank. This arrangement is intended to be transparent to the community. Still encouraging high net worth individuals to invest in preferred shares and LLC investors are encouraged in particular. Also, LLC investors are informed that the purpose of this corp is NOT to profit.

The different arrangements allow members who live out of state to participate - self-directed IRA or tax-deductible donation.

Expansion Committee

Jane has been working with GBA Architects on the floor plan. Board reviews these plans. Latest change is that bank is giving us slightly more space. Steve will take the plans out to bid to get quotes for demolition, installation.

Larry: parking lot space is favorably received when people imagine being able to walk from lot to street, increase green space especially with bakery building going. Studies show that there's a lot of parking in the vicinity. We have to coach people on the concept of walking to the co-op and that's a healthy thing for people and the community. If the downtown looks beautiful, too, people will be receptive to it.

Lane: how many parking spaces? Larry: 62, some of it will be managed by town, we will not make it a completely private parking lot in exchange for snow removal (current arrangement). Question of staff parking - couple of municipal lots available and time-limited parking. 2-way traffic flow might alleviate some parking issues. Board discusses future of building behind 6 Main St.

Pro forma Lucy explains latest changes (mostly operational - labor and margin), consulting with Marilyn Scholl and Don Moffitt. NCG eastern corridor steering committee will take a look at it soon to evaluate and make decisions around joint liability fund. JLF explained to Alysia. We plan to split donations out from grants.

Preferred shares goal is \$870k. Commitments as of 8/20/19 \$132,200. Donations in the bank at \$11,100.

Grants applied for - we think \$300k is a reasonable number - \$91k in already, applications out for \$25k and \$85k.

Fall back is debt service - if we can't reach our goals. Looking to fund LLC with self-directed IRA's.

Question of who should reach out to out-of-state members.

Calling is going slowly because we don't have a lot of callers and some of the callers have small children and that makes it difficult.

If you know anyone who is comfortable talking about money, loves the co-op, has time weekday evenings, please send them to Lindsay.

Progress tracker: Ezra has primed and will be painting. Volunteer hours for compensation.

Overall updates (Neomi and Larry): Larry's got big letters for grants going out. Neomi is sending out packets to banks and CFNE with letter, annual report and business plan to inform where we're at.

Neomi asks Lane about using equipment as collateral. Lane: CFNE collateralizes equipment though they don't love to. Plenty of co-ops are renting, not owning. No bank will be able to value inventory. Occasionally CFNE asks for other co-ops to say whether they would purchase inventory or not.

CFNE is willing to work with other lenders in order to minimize risk (in cases of collateral-light loans). CFNE is supportive of self-funding.

Question on current building - no updates.

One myth: done deal, financing in place.

Other myth: we're calling people for donations.

Some members haven't received letters yet.

Retreat dates with Marilyn Board prefers Sat, 11/9. Topics to be covered will be discussed in September Board meeting.

Next board meetings: 9/26, 10/24, December meeting to be discussed.

Alysia says thank you to everyone welcoming her onto the board.

Jane moves to adjourn at 7:38 pm; Alysia seconds; motion passes unanimously.