

Co-op Board Minutes
December 20, 2016
6:00 pm at the Community Center

Present: Bob Fancher, Gail Falk, Joseph Gainza, Giordano Checchi, Sarah Phillips, Jean Hamilton

Absent: None

Links, Management Collective: Nancy Ellen, Chloe Budnick

Check-in

Giordano continues to work on a tool to use to assess and track sustainability. This is offered to the MC to use to support tracking and reporting on End 3.

Bob raised the issue that Erica Campbell's article in the last newsletter misstated that co-ops provide higher or livable wages in comparison to mainstream grocers. He reached out directly to Erica to learn more on where this information has come from. Erica agreed that she made a far-reaching statement with basis only in anecdote, not facts, and that in fact livable wages are not universal in Co-ops. The Board supports the MC in continuing to strive towards livable wages, but recognizes the financial challenges that prevent this. Bob will forward the correspondence to the newsletter folks, and they will consider what/if any follow up they want to provide in the newsletter.

Board Monitoring

D – Global Board-Management Connection

We are in compliance.

D.1 – Unity of Control

We are in compliance. We agreed that there should be a minor technical correction to the policy, as we do not always use "officially passed motions". There was a suggestion to change this to "official decisions".

NEXT STEP: Affirm any technical correction at the January Board Meeting.

D.2 – Accountability of the MC's Link

We are in compliance with the spirit of this policy. It needs some technical changes to reflect the link team model. The Board is supportive of the MC's shift to a team model. It was proposed that #2 be changed to read:

The board and MC will jointly establish and conduct Link performance evaluations annually. ~~no later than the anniversary of the Link's start date as Link as well as a 6 month evaluation of a new Link.~~

NEXT STEP: Affirm any technical corrections at the January Board Meeting.

C8 – Governance Investment

There was some discussion of “applying training liberally”, but agreed that the balance between expense and training needs is important. We are a month late in approving the budget, but understand that it has not interfered with the MC’s ability to complete the budget, and the Board would have approved a budget by email if it was urgent.

DECIDED: We revise this policy, section 3, to reflect the board budget to be approved at or before the November Board meeting. Revisions:

3. We will develop the Board’s annual budget in a timely way so as to not interfere with the development of the Cooperative’s annual budget. In no case will we complete this work later than **the November 4th board meeting.**

The Board discussed ways to improve orientation for new board members, no matter the time of year that they join the board. We agreed that a meeting with an MC member would be a good expectation of board orientation.

NEXT STEP: Each Board member will collect their thoughts on content/info that might be shared in orientation based on their own past experience/what was helpful/what could have been helpful. Jean will take the lead on collecting these thoughts and creating an orientation checklist of sorts.

Link Report

There have been a lot of changes in the MC, as reflected in the MC minutes. It’s anticipated that internal staff may be able to fill some of the gaps, and that there may be some shifting of some roles and responsibilities within the MC.

The board had requested that the MC revise its interpretation of End 1, Affordability, to include targets to consider in its work to maintain or increase its distribution of healthy and affordable foods. Nancy brought revised language.

NEXT STEP: Due to meeting time constraints, Nancy will email the language to the Board after the meeting.

Verbal update on B1, part 2 (Financial Condition) – Due to staffing changes, the MC was not able to provide a written updated compliance report on B1, part 2 to outline actions the MC will take to improve financial conditions. Update & Discussion follow below.

The Finance committee is now Karen, Jeannine and Matt. The Links invited Bob, as Treasurer, to communicate directly with the Finance Committee. The MC is considering down-sizing the Link Team, but will maintain 2 people at each Board meeting. The MC is looking closely at

wages, which were \$4,000 over budget YTD as of the end of October. The personnel committee is reviewing where departments or employees are over in wages. There was some discussion of possible ways that the MC might consider to improve oversight and clarity of hours for each staff, not just departments. Bob is going to follow up with the Finance Committee on the question of why the building survey is not expensed to capital reserves. We are under budget \$28k in sales, which is now the greatest concern.

Discussion: The Board has some questions about the MC's plan to increase sales. The Board also wonders if the MC needs some outside support to focus on strategies to increase revenue. The Board wants to understand better who on the MC is focusing effort on the plans to increase revenue. Karen is the lead on supporting marketing. The Communications Committee is available to help implement marketing strategies.

Next Step: Jean volunteered to work with the MC to help develop a plan to respond to B1, part 2 compliance. Jean has skills as a consultant in the area of sales and food markets. Her work with the MC would not be as a Board Member, and she would not be directing any member of the MC, but instead acting as a working-member owner acting as a consultant. Links will bring the offer to the MC and get back to Jean on this offer.

The MC is requesting that we approve a drawdown of up to \$8k on our line of credit at Cooperative Fund of New England. We are at 27% current in accounts payable, and are falling behind to some to smaller, local vendors. The MC would like to become current on Accounts payable. The purpose of the loan would be to pay past due accounts.

Discussion: There was substantial concern expressed about the use of credit to manage a deficit as opposed to using credit to manage regular cash flow. The ongoing downward trend in net profit makes this type of borrowing unsustainable. This would be the second year in a row that the Co-op would be drawing on its line of credit. Last year, the Board authorized up to \$6,000, and instructed the MC to pay it off by the end of the year, which it has done successfully. The Board wishes to understand when and how often we have used the past line of credit. The Board understands it to be drawn on only once, but would like to review in detail.

DECIDED: The Board approves the MC to draw down up to \$8,000 in the line of credit, to be paid off by the end of 2017.

NEXT STEP: Board members requested the Treasurer forward financial statements monthly. Bob will send to Gail to go out with the board packet – including YTD actuals vs budget P&L.

NEXT STEP: The MC will report to the Board more specifically on when, how often, and at what amount it used the authorized \$6,000 line of credit in 2016.

The MC is requesting to put the Strategic Plan implementation on hold until after Q1 so that

they can focus on increasing sales. After Q1, the MC will re-assess strategic plan implementation.

Discussion: Gail reported that her discussion with MC members reflect an ongoing commitment to the strategic plan. The Board wants to see the MC continue to use the strategic plan to guide existing activities (e.g., membership and communication). Links confirmed that this is the intention of the MC. "On hold" is a request to place management and proactive advancement of strategic plan on hold until Q2, specifically the convening of new committees. However, the Board agreed that it was important to move forward to explore financing options. Four Board members (Jean, Bob, Gail, and Sarah) signed up for the new Building Finance Committee; they will convene in the first quarter to explore and research potential funding for the project. The committee would not make any decisions or take any actions. The Board proposes that the new Building Construction Committee also be convened to start to cost out items proposed in the strategic plan. The Links agreed that convening these committees in Q1 for these purposes would be fine. During Q1, these Committees will report to the Board and the Links will relay information on committee work to the MC. The Communications Committee has already convened and they will continue moving forward, with the strategic plan as a guide. Jean and Giordano both volunteered to draft a strategic plan project report template or Gantt-type chart. This is an offer of assistance to the MC, not a directive of the Board. This could help prepare for moving forward, when implementation proceeds. The Links agreed this could be helpful. There was discussion about the potential to lose momentum and communication about the plan. If the Board agrees with delayed implementation, the MC will still reach out to volunteers for new committees to let them know what parts of the plan are in motion, and to expect their respective committees to begin later in the year. In many ways, we are/soon will be implementing or beginning parts of the strategic plan, this will be a pause in the creation of an operational plan by the MC and the convening of some committees.

DECIDED: The Board approved the MC's request to delay their management and implementation of the Strategic Plan, as outlined in the discussion above.

Next Step: Jean and Giordano will work on drafting a progress/project management template.

Next Step: Gail and Bob will convene the Building Finance Committee, and Giordano will convene the Building Construction Committee (Ian, Joe John, Allen, and Giordano) after the first of the year.

B2 Report (*postponed to January*)

Consent Agenda:

November minutes

Board budget for 2017

Policy on membership of other cooperatives

There was a reminder on the legal reasons related to equity that necessitated this change.

Policy governance calendar for 2017

Switch the B1 from February to March. There was some discussion on the MC evaluation. The Board affirmed that the MC evaluation is a summation and analysis of compliance with the Ends and Board policies as evidenced in monitoring reports to the Board throughout the year.

DECIDED: Items on the consent agenda were approved, with the change noted to the Policy Governance calendar.

Committee Updates

Building – ??????

Policy Governance – We have postponed convening of this ad hoc committee, as its work is not considered urgent. Members have been identified from the Board and MC.

Communication – Minutes were sent to the Board and Links.

Co-op position on political signs and materials

The Board discussed a letter of complaint from Jay Moore and reviewed our existing policy, which states that the Co-op does not support or endorse any candidates for political office.

Next Step: Gail will send a written response to Jay on behalf of the Board to clarify the Co-op's policy.

Winter/spring events

Schedule annual meeting: Sunday, April 2, 2016

Staff/board get-together: Will schedule later.

Next meeting: January 17, 2017