

**Plainfield Co-op Board Meeting Minutes - Draft**  
**January 22, 2018, 6:15 pm at the Community Center**

Attendees: Bob Fancher, Sarah Phillips, Jean Hamilton, Chris Jackson, Alicia White, Giordano Checchi  
Guest: Buzz Ferber  
Link: Karen

The meeting convened at 6:15pm. We took a board group photo!  
The meeting continued with a check-in of appreciation for the Co-op; comments included...passion and dedication, sense of community, positive shoppers and staff, strong coffee, coming together in times of struggle, and more.

Happy birthday, Buzz! Tonight is Bob's last meeting as a Board member (will attend future meeting as financial coordinator to present B1). Attendees shared gratitude and thanks for Bob's tremendous contribution to the Co-op and board. Bob's pleasant, thoughtful, hardworking spirit will be a loss for our Board, and we are thankful he will continue as a working member to support financial management and website operation.

**Consent Agenda**

Decision: The Board passed the consent agenda which included:

- 11/27/17 November Board Meeting Minutes
- 12/20/17 Special Meeting Minutes
- 1/3/18 December Board Meeting
- 1/16/18 Special Meeting

Action: Sarah will send minutes to Bob for posting. (and continue to do so)

**Line of Credit**

The Board discussed the loan documents for a line of credit from the Cooperative Fund of New England, as circulated in the board packet.

Alicia suggested that we look to a local credit union – as procuring local services and supporting the local economy is in line with our goals. Sarah suggested NCFCU, in addition to VSECU, as both are local and we bank at NCFCU. There was agreement that banking locally was a good goal. Given that there is no harm in using the approved credit line through Cooperative Fund of New England, it was decided looking locally can happen at a later time.

Alicia reviewed the loan documents and found that they were appropriate and fair based on her experience as an underwriter. It was discussed that an initial draw of \$10,000 eliminates some fees.

Decision: The Board authorized a draw of up to \$10,000 on the line of credit.

Action: Jean will coordinate with Naomi (bookkeeper), Alicia (in coming Treasurer), and Bob (financial controller) to determine the best use of funds and the appropriate amount for a draw. This will include a review of any fees associated with the draw.

**Management Report**

Karen shared that Management Collective has not met recently; the focus has been on training staff in new roles. Karen shared personnel transitions (note: new buyers and office coordinator have not joined the MC, per Board direction). There will be a staff meeting soon; there was a buyers meeting recently.

Buzz did not have updates to his reports as shared as part of last Tuesday's special meeting.

Sarah asked about some shortages that she has experienced on some essential items as well as smaller items. Other Board members shared a similar experience and some concern. There was recognition that staff turnover and training is linked to this challenge, as well as the desire to lower losses due to spoilage. There was an agreement that getting past the learning curve would change inventory. There was also a recognition that the financial statements showed a lower end of year inventory.

Action: The Board asks the MC to review, identify reasons for and address inventory shortages.

The Board discussed and recognized that this directive to management from the Board is a departure from existing policies, but agreed that it was appropriate given circumstances.

### **Management Transition Planning/MRG Committee Update**

Sarah provided an update on recommendations emerging from the MRG. At Sunday's meeting the MRG made a few key group decisions regarding its recommendations (look for minutes posted on basecamp later this week). The direction of the MRG includes three levels of staffing, with a long-term goal of shared management, such as co-directors. The MRG will meet next Sunday (1/28), then host an open staff/board meeting on Sunday, February 4, 10am – Noon to seek feedback on the group's recommendations. After incorporating feedback, the MRG will ask the Board to schedule a special meeting for a vote (likely after 2/7).

### **Management Transition Plan & Discussion of Board members**

Giordano expressed frustration that the staff inventory lacked detail to identify which staff have strengths to participate the future management. Giordano recommended a more detailed understanding of work areas – e.g., breakdown finance into financial management, controlling and accounting. All agreed that clear job descriptions with greater detail will be important. Sarah expressed that the MRG's intention for the survey was information gathering to understand the strengths and weaknesses of the current staff and management structure, rather than identify individuals to take specific positions. Additional information is needed from staff to hire into specific positions (which are yet undetermined).

There was also agreement about the importance of the Co-op to develop leadership from within. The MRG has discussed creating a structure which also supports leadership development. There was discussion about the general idea of hiring from inside and/or outside the existing Co-op staff.

Action: Sarah will take the specific suggestion on segregation of financial duties to the MRG.

There was discussion about how to engage membership in supporting management during a transition or post-transition.

The board discussed key functions that need additional support during transition:

- Payroll & Accounts Payable
  - The Board agreed that Management is encouraged to hire a staff to support financial management. There was some discussion about whether it was appropriate to hire for this role, even as the new management structure and positions are being defined. There was a shared understanding that the Co-op would benefit from more than one

staff with financial management abilities, and that hiring to support this workload in the interim does not hinder future unknown management changes.

- Board Monitoring Reports
  - We did not discuss solutions in this area.
- Staff Communications
  - There was discussion about whether Buzz, as management consultant, could do more to support this work, such as convene a staff meeting. Buzz felt this would be inappropriate at the current time. There was discussion about whether the Board should convene a staff meeting, and whether that would be helpful to support morale or internal communications. The MRG has proposed a meeting on 2/4 focused specifically on management structure change. Action: Jean is will host an informal staff meeting to print screen shirts this week, and invite other Board members to attend.
- Hiring and Training
  - There was discussion about whether this might an area for engaging members in the near future as it is time-limited and limited in scope. There was discussion about the capacity of board members to engage and recruit members in taking on an support role – i.e., sometimes its easier to do it yourself.
  - Sarah agreed to consider supporting a team of members and staff during a future hiring process, after the Board has approved a new organization/management structure.
  - In the short term, Jean, Bob and Buzz can provide some support to hiring and training.
- Policies and Procedures to support training and risk management
  - This may need to wait.

Buzz emphasized his thoughts that the transition plan should support continued management development over time, and also presents opportunity for the Board to support broader organizational development. There was general agreement and commitment to consider these opportunities.

### **Executive Session**

The Board entered executive session at 7:45pm to discuss personnel matters. The Board exited executive session at 8:08pm. No decisions were made.

### **MC Monitoring of B Policies and Ends - B2 Budget**

Bob reviewed the proposed budget. There is a proposed increase of 10% in sales, distributed across the board (without a specific sales growth plan at this time). The gross profit is based on a margin of ~34%, which has been sustained in recent years. There is a planned increase in marketing expenditures. The budget also includes some additional inflation on expenses. Wages is estimated to be 14% higher than the previous year. It was clarified that “wages” line includes wages (regular and OT), fringe, FICA, unemployment insurance. Interest expense is not yet in the budget, but Bob will add this based on board discussion. The proposed budget is NOT in compliance with the Board’s policy goal for a profit of 2% of sales.

There was discussion about the lack of equity dividend last year, the potential for no distribution this year (although not decided at this meeting), and a proposed budget that would not see a profit significant to forecast an equity dividend. There was some discussion on whether or not the membership would support this budget or another year without an equity dividend.

The financial review suggested that the Co-op adopt the standard chart of accounts for co-operatives. The costs associated with this are not included in the budget; this will need to be work of the future management.

There was discussion about whether the budget feels attainable, and discomfort with not meeting the budget policy of a 2% profit goal. There was general agreement that the sales growth goal needs a plan to be successful and a recognition by all that the budget, as presented, would result in a deficit unless the significant proposed sales growth was achieved. There was discussion about whether improved efficiency in purchasing would reduce COGS and whether there were other areas for reduced cost. There was also some discussion on current pricing strategies and expertise of staff.

Alicia and Giordanno expressed a strong discomfort with approving the budget as presented. There was discussion about whether a budget with lower wages was realistic – or increasing sales growth was realistic. Is the challenge about approving different goals around revenue, expense targets and/or higher profits? Sarah expressed support for a budget which combines increase in personnel expenditures, marketing expenditures, and reasonable margins to support a sales goal that is a stretch but necessary. There was agreement that personnel and marketing expenditures are necessary investments to make.

Bob pointed out that the sales goals are ambitious, but also increase in ambitiousness as the fiscal year progresses.

The Board discussed the possibility of not approving a budget, but agreed it was important to approve a working budget.

Decision: The Board approved the budget as presented (with a minor revision to include \$1k for interest payments). In its decision, the Board acknowledges that the budget is a “high risk” budget that may result in a deficit if sales goals are not achieved. The board agrees to revisit the budget in 6 months to review and approve mid-year adjustments.

### **Board recruitment strategy**

Action: Jean will begin to approach folks on the Board recruitment list  
Sarah /others add some additional suggestions and notes on the excel spreadsheet.

**Alicia was officially elected as the new Board Treasurer.**

### **Items tabled for future meeting:**

**Financial/Treasurer Report** – year-end financial statements were shared by email. There was a small year-end profit.

Approval of the [2018 Policy Governance Calendar](#):

- This was not discussed or approved at the meeting. Management will work from this draft calendar until further notices

### **Board Monitoring**

- C: Global Governance
- D: Global Bd-Mgmt
- B: Global Restraint
- C2 Board’s Job
- D3 Delegation to the MC

The meeting adjourned at 8:45pm.