



**Rutland Area Food Co-op Board Meeting
May 25, 2017**

Present:

Board: Chris Littler, Rhonda Bates, Laura Daubenspeck, Hannah Abrams, Matt Poli, Diana Hayes, Dave Tibbs, Irene Gold, Matt Karczmarczyk

Missing: Seth Carvill

Staff: Zach Stevens, Jamee Sherwin,

Guests: McKenna Hayes and Julian Fenn – prospective board members

Meeting brought to order: 6:30 PM

Approval of Minutes: minor adjustments. Irene moved, Hannah second.

Committee Reports:

- **Finance Report – Chris L**
 - **April Review**
 - ◇ Sales were up about \$700 in April, which is good considering we lost a day due to Easter (which was in March in 2016.)
 - ◇ The month ended with a \$5,490 profit, up \$13,900 from last year.
 - ◇ Profits were up in part due to dropping Wild Apricot, fewer pay weeks, and insurance bills falling earlier last year.
 - ◇ Inventory expense is up due to increased inventory and therefore increased inventory expense.
 - ◇ Made \$11.75 in interest in the bank account!
 - ◇ A few late bills went into FY 2016. It shouldn't be much of a change.
 - **Looking to the Future**
 - ◇ No update from the accountant yet; Zach reached out to them and they informed us they would contact us when they have an update for us.
 - ◇ The store did lose power during the storm, but it was back on very quickly (the store is on the same line as the police station, so it was a priority).
 - ◇ There was a small cooler issue. Turner came in and made a small repair. We may get a bill, we may not.
 - ◇ Sales are even with last May. However, we lost a day for the power outage, and the next day was slow as well since most people didn't have power.
 - ◇ There has been some money spent on recruitment for the cooler position.
 - ◇ The Co-op has extra money and was able to use that to invest in new products (cards.)

◇ We worked on the budget and had some questions for Zach. There is an outline for the year, and he is going to break it out with more detail by month.

- **Lease Committee Update – Dave T**

- Looking into options with Mark regarding the future of the Co-op.
- There was a very preliminary Co-op retail space blueprint presented at an architect meeting.
 - ◇ Great sign that Mark is dedicated to keeping the Co-op around and giving us the tools needed to be successful.
 - ◇ There is still a lot of negotiation and communication required before a solidified plan is presented.
- Talked about new form of heat for Co-op which would be a vast improvement as the current boiler tends to go out during the winter.
- Talk of window and ventilation for kitchen!

- **Annual Meeting Committee – Hannah and Zach**

- Larry Gold is booked as MC – which frees up Dave so he can socialize
- Sent directed announcement of Co-op Annual meeting to select business and key people regardless of membership status
- We have several higher value baskets ready to be raffled off including dog training, massage, car care, and physical health establishments
 - ◇ Steve Peters will be creating marketing piece around specific baskets
- Setup- Rhonda, Irene, Matt P, Diana, Matt K, Chris
- Clear up – Matt P, Laura, Dave, Chris, Hannah
- Vote Counting – Steve Peters, Zach, Laura D
- RSVP Update
 - ◇ 110 to 120 – we're excited! But cannot handle any more than that
 1. 57 – website
 2. 27 – facebook
 3. Rest through staff
- Rain location cancelled on us
 - ◇ Anyone have a connection to Grace Church? Or have any other ideas?
 1. Rhonda and Irene to look into it
- Reminder that all board and staff to park at Price Chopper so members can use street parking
- New Co-op canvas bags to be given to each membership that attends the annual meeting!
- We have enough to sell in store for \$10.00 a piece
 - ◇ All staff receive one free
- Vendors have sent treats to pack our membership gift bags
- Will also have vendors on site offering samples of their products

PG Reports

- **C3 – Agenda Planning – Irene Gold**
- **We will follow an annual agenda that focuses our attention upward and outward.**

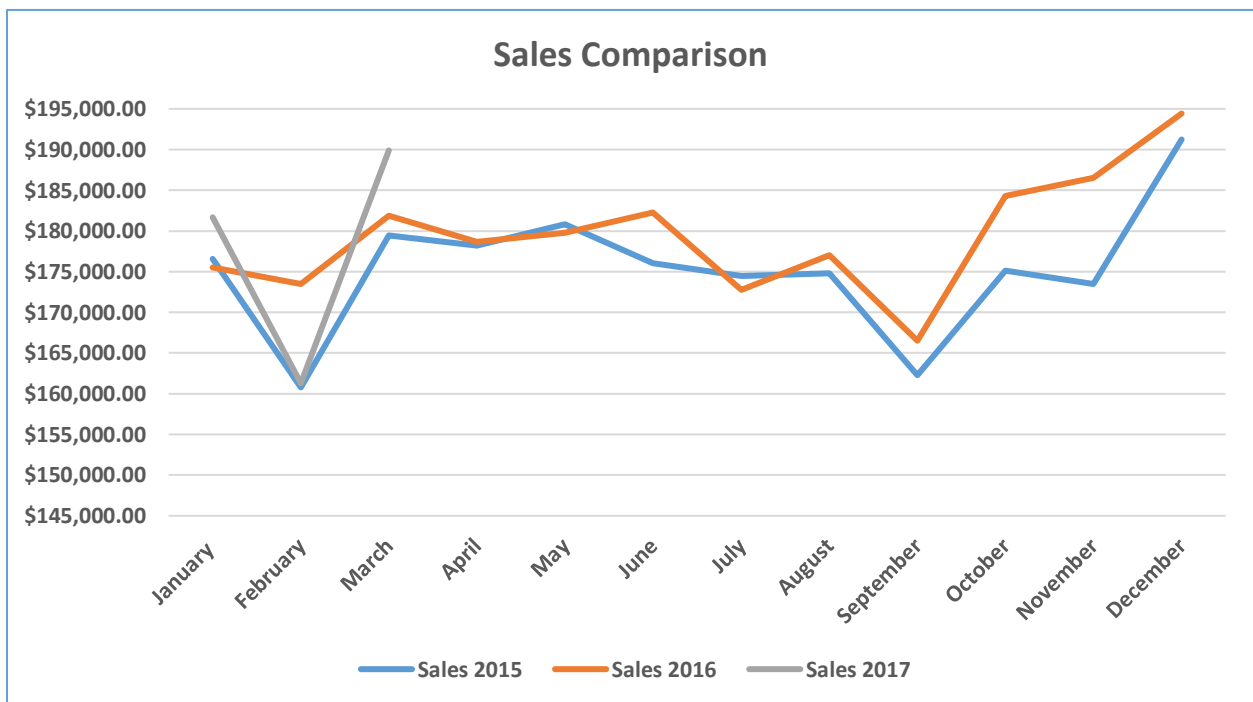
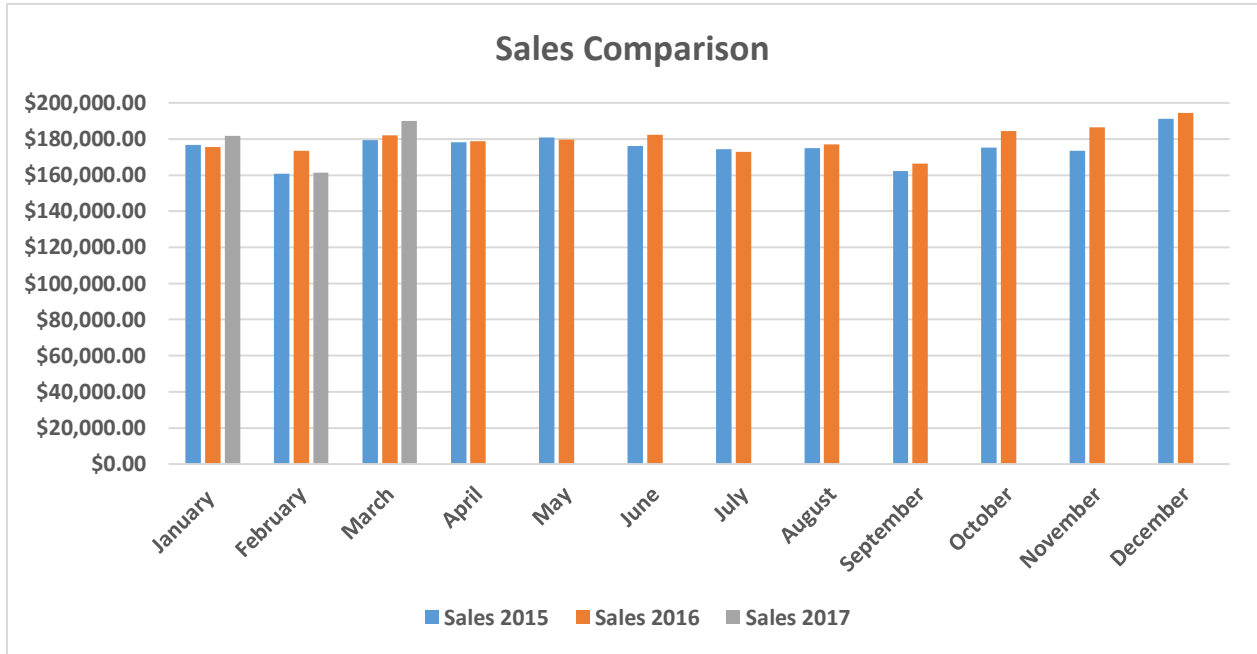
1. **Our annual governance cycle will run from January to December.**
 2. **We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.**
 3. **Throughout the year, we will attend to consent agenda items as expeditiously as possible**
 4. **We will limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review**
1. Is this policy clear: (Yes/ No/Comments)
 - Yes, it addresses the annual planning process so important for the Co-ops future.
 2. How have we been IN compliance?
 - There is an annual Calendar posted in the Board Room that shows upcoming events, reports and a timeline for the years' activities. In addition, the newly developed Strategic Plan allows the Board to see the big picture as we define our needs and goals for the future.
 - Meetings are run much more efficiently than in the past. Directors are encouraged to prepare for each board meeting by reviewing the Policy, Board or GM reports prepared for that meeting. Directors that are presenting are asked to submit their report a week before the next Board meeting so that Directors have time to review and come prepared.
 3. How have we been OUT of compliance?
 - We have not
 4. Overall, have we been in compliance?
 - Yes, as the whole Co-op organization continue to grow, the Board of Directors need to grow along with it. The current board of Directors has been very active, not only pitching in their expertise but their time and participation in making the Co-op an even better place to work and shop.
 5. Is this the policy we want?
 - YES
- Recommended changes: Continue to strive to give reports early
 - **C4 – Board Meetings – Laura Daubenspeck**
 - **Board meeting are for the task of getting the Board's job done.**
 - **We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.**
 - **Meetings will be open to the membership except when executive session is officially called.**
 - **We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.**
 - **We will make decisions in accordance with consensus, as required by the by-laws. (see section 5.4)**

- **The meeting agenda will be determined by the Board Facilitator, and may be modified at the meeting by consensus of the Board.**
1. Is this policy clear? (Yes/No/Comments)
 - Yes.
 2. How have been we IN compliance?
 - We work at each meeting to ensure that Board time is used effectively. Committees report to the board to keep it apprised of updates and/or to seek direction. We are conscious of avoiding operational matters & personal concerns. If a topic drifts too far from the agenda, conversation is reigned back in, generally by either the Facilitator or the GM. Relevant business not on the agenda may be tabled for the next meeting.
 - Meetings, with the exception of executive session, are always open to members and employees. Dates and time of meetings are posted in the store.
 - To this board member's knowledge, the board does make all decisions by consensus. If a consensus can't be reached and if no immediate decision is needed, the subject of discussion is tabled for a later meeting. In the past, we have used the by-laws to come to a resolution when there was no consensus.
 - The meeting agenda is determined by the board facilitator ahead of the meeting and there are items added to the agenda at the meeting when needed.
 3. How have we been OUT of compliance?
 - We have gotten out of the habit of stating the purpose for executive sessions when they are called ahead of time. For the sake of clarity, and to allow board members to fully prepare for the meeting, it is important that we include the general topic of discussion when we know that we need an executive session. For example: "GM evaluation", "GM compensation", "personnel discussion" "legal matter" or "discussion of letter to/from _____".
 4. Overall, have we been in compliance?
 - Yes.
 5. Is this the policy we want? (Yes/No)
 - Yes.

Recommended changes: Start stating the purpose for executive sessions

- **B1 – Financial Condition and Actives- Zach**
 - With respect to the actual, ongoing financial conditions and activates of the RAFC, the GM shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in End Policies.
 - Interpretation
 - The policy states the criteria that we base our financial practice and assessment on which is outlined below. We use the following to measure our financial performance and look at trends to make information decisions. If we fall out of compliance in any areas, it is the GM's responsibility to report on what may be factor and our working plan towards compliance.
 - Data:

- Allow sales to decline or be stagnant.
 - Interpretation:
 - Management strives for growth in sales in order to keep up with market inflation, operational increases and allow the business to expand its offerings. Sales growth should be above 3% to be in compliance.



- Data:
 - Sales for the last fiscal year increased overall by \$37,637.97 or 1.8%.

- Conclusion:
 - It is this manager’s conclusion that we are out of compliance. Sales increased last year, but, are short of the 3% required.
 - Plan:
 - We are still out of compliance; however, we are continuing to trend in the right direction. With our continued group efforts and close monitoring, we will continue to see the sales increase. We hope with our increased inventory and Summer planning/investing to get near or to the 3% by the end of the first quarter.
 - 2.) Allow operations to generate an inadequate net income.
 - Interpretation:
 - Management strives for a positive net number and uses operational strategies, planning and organization to meet this goal, Net income should be greater than 0 (Zero) to be in compliance.
 - Data:
 - Net income is \$46,774.13 for fiscal year 2016.2017 before the C.P.A. review. We do expect this number to decrease after CPA adjustments are received and entered but expect it to stay about **\$25,000**.
 - Conclusion:
 - We are still out of compliance in sales growth. While we are under the 3% increase requirement we are moving closer to the goal at a heightened pace. We are actively focused on sales growth and expect to see the positive changes continue.
 - Overall conclusion: Move to accept with knowledge of non-compliance – Laura. Dave seconds.
- **Report B5- Business Planning and Financial Budgeting - Zach**
 - The General Manger shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board’s Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.
 - The GM will not cause or allow plans that:
 - Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Conditions and Activities.”
 - Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and the disclosure of planning assumptions.
 - Plan expenditures in any fiscal year that would result in default under any of the Cooperative’s financing agreements or cause the insolvency of the Cooperative.
 - Have not been tested for feasibility.
 - Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.
 - Data:

- The GM works diligently to maintain the “Financial Conditions and Activities” as provided in Policy B1.
- The strategic planning committee has finished the plan for 2017.2018 and continue to meet quarterly to review and set new goals and to monitor KPI’s. (See attached plan)
- Reports and proposals are prepared as part of the planning process and are provided to all parties for review and approval.
- Plans for any Co-op expansion and growth are discussed as a group and are organized and documented appropriately.
- Spending measures have been set to assure appropriate Board involvement and decision making. The GM reports issues and financial discrepancies to the Board in the appropriate timeframes.
- Professional third-parties are hired to consult and advise in large project management.
- The budget has been recently updated and is projected to maintain financial health. The financial committee and the GM are working to consider areas that need more attention. (Please see the attached 2017/2018 budget projections, please be advised it is a work-in-progress). Please also notice the most recent statement of cash flow for year-end 3/31/2017.
- Conclusion: In compliance
- Overall conclusion: Laura moves to accept. Rhonda seconds.

GM Report

- **Last Month**
 - April was an average month.
 - As Chris already mentioned sales and profits were slightly up.
 - NCG email was a disappointment but we are not giving up and will resubmit at the end of the year.
- **This Month**
 - We did have to close early when we lost power but we had no loss of product
 - Register two crashed on Sunday, we had to replace it with our spare (3rd) register and had to have IT support from Scott, Stephen Waite, and TTSC. We will see some added expenses from this issue.
 - The large office copier, printer, scanner has quit working we will have to order a replacement in the next 7-10 days’ costs around \$1,000.00 We do have the money for it as we saw this would be an eventual need.
 - Sales for May as of yesterday are up 3K. We are expecting a slow weekend because of holiday weddings and other events going on this weekend but hope this cushion is enough to help offset that
 - We will be closed on Memorial Day
- **Future**
 - With the proposed changes to the warehouse and our retail space I think it is best if we wait to replace the floor until we decide how much flooring we may need.

- We are again fully staffed as we have hired a new cooler/freezer manager. Her name is Tina and she will be starting with us next Tuesday.
- Plant starters are doing well. We also have plenty of Vermont compost if anyone is interested
- We have made some new investments in lines of new products. Please check them out when you get a moment
 - -Good Paper handmade cards
 - -Pascha soaps
 - -Flower essences
 - -We also have around 15-20 new products in grocery and cooler/freezer
- We had an energy audit on May 12th. They have sent back a report that Zach will send to the whole BOD. We will reach back out to them after the annual meeting. Thanks again Matt Poli for scheduling and attending audit.
- We are still waiting to hear back from the C.P.A.
- We are coming into the Co-op slow season and are hoping we will see better numbers as we have made tremendous improvements in the store front and product inventory.
- **Patronage Update**
 - Zach will send a patronage report to all Board Members to review prior to next meeting.

New Business

- Welcome Letter for new board members
 - Laura has draft of welcome letter which was dispersed to Board.

Thank you for choosing to serve on the Rutland Area Food Co-op Board of Directors!

As you know, the Rutland Area Food Co-op is so much more than just a grocery store. We are an essential part of the community. RAFC provides an outstanding selection of local, natural, and organic foods and is committed to improving the quality of the life for people in the Rutland region. Our member-owned, democratically-controlled cooperative market is over 2000 members strong and growing! And we have wonderful, dedicated employees guided by our amazing management team.

The Board of Directors plays a critical role in ensuring the health and success of the Co-op. We operate under Policy Governance, a board operating system that emphasizes values, vision, and the empowerment of both board and staff. This means we primarily focused on overall financial stability and long-term vision of the Co-op. we do not run the store nor do we have direct control over its daily operations.

We welcome you and look forward to working with you in support of our ever-growing Co-op. please take the time to read through all of the introductory material and don't hesitate to ask questions or seek clarification at any point during your tenure on the board.

*Sincerely,
The currently RAFC Board*

- Matt P is interested in leading the Capital Fund Committee, possibly start it in July.

Review of Meeting & Agenda Setting

- A look at what was accomplished
- Who has responsibilities for next month
- A request for any new Agenda items
 - June meeting after new members elected, add a spot at the beginning of meeting for Open discussion and questions from new members

Next Month

- Lease Committee Meeting: at 6pm
- Finance Committee: at 6pm
- Board Meeting: June 22nd at 6:30pm
- Strategic Planning Meeting: at 12:30-2:30pm
- Annual Meeting Planning Committee: at 10am to 11am
 - AN - Zach
 - C5 – Code of Conduct – Matt P

Executive Session: None

Meeting closed: 8:23 Dave moves, Laura seconds

APPENDIX

Rutland Area Food Co-op

	Budget RAFC 2017.2018	Annual Totals	Running Totals	April
Income				
4000 · Merchandise Sales	2,246,000.00	2,246,000.00	2,066,654.80	179,345.20
4100 · Classes/Events Sales	650.00	650.00	598.00	52.00
4105 · Overages/Shortages	<0>	0.00	35.26	-35.26
4110 · Advertising Income - Newsletter	0.00	0.00	0.00	0.00
4200 · Grant and Donation Income	0.00	0.00	0.00	0.00
4300 · Membership Income	17,000.00	17,000.00	15,700.00	1,300.00
4500 · Sales Discounts	-72,000.00	-72,000.00	-66,000.04	-5,999.96
4600 · Coupons	-1,700.00	-1,700.00	-1,718.43	18.43
4700 · Other Income/Bottle Return	0.00	0.00	-55.80	55.80
Total Projected Income	2,189,950.00	2,189,950.00		
COGS				
5000 · Cost of Goods Sold	1,385,000.00	1,385,000.00	1,267,952.90	117,047.10
5054 · Totes Charge from Vendor	0.00	0.00	0.00	0.00
5055 · Fuel Surcharge from Vendor	500.00	500.00	500.00	0.00
5100 · Loss/Waste	21,000.00	21,000.00	19,943.10	1,056.90
5400 · Customer Service	9,000.00	9,000.00	8,440.65	559.35
5600 · CC Merchant Fees	35,000.00	35,000.00	32,304.14	2,695.86
Total Cost of Goods	1,450,500.00	1,450,500.00		
Expenses				
5056 · Bottle Deposit	50.00	50.00	50.00	0
6000 · Store Supplies	10,000.00	10,000.00	9,200.28	799.72
6050 · Bank Service Charges	100.00	100.00	100.00	0.00
6100 · Advertising and Promotion	14,000.00	14,000.00	12,962.63	1,037.37
6150 · Business Licenses and Permits	1,000.00	1,000.00	855.00	145.00
6200 · Dues and Subscriptions	5,000.00	5,000.00	4,089.94	910.06
6250 · Depreciation Expense	16,000.00	16,000.00	14,780.42	1,219.58
6300 · Contributions & Gifts	5,000.00	5,000.00	4,762.47	237.53
6350 · Inventory Control	2,850.00	2,850.00	2,222.44	627.56
6400 · Repairs and Maintenance	12,000.00	12,000.00	11,790.00	210.00
6450 · Janitorial Expense	7,000.00	7,000.00	6,250.07	749.93
6500 · Store Security	800.00	800.00	740.31	59.69
6550 · Insurance Expense	16,000.00	16,000.00	16,000.00	0.00
6600 · Small Tools and Equipment	500.00	500.00	500.00	0.00
6650 · Utilities	30,000.00	30,000.00	27,707.20	2,292.80
6690 · *Reconciliation Discrepancies	0.00	0.00	0.00	0.00
6700 · Rent Expense	45,000.00	45,000.00	41,403.31	3,596.69
6750 · Office Supplies	10,000.00	10,000.00	9,560.67	439.33
6800 · Interest Expense	4,000.00	4,000.00	3,728.24	271.76
6850 · Professional Fees	6,000.00	6,000.00	6,000.00	0.00

6900 · Board Expenses	1,500.00	1,500.00	1,158.06	341.94
6950 · Member Expenses	3,000.00	3,000.00	1,158.87	1,841.13
6975 · Member Newsletter	0.00	0.00	0.00	0.00
7000 · Payroll Expenses	500,000.00	500,000.00	467,019.71	32,980.29
7050 · Employee Expenses	8,000.00	8,000.00	7,961.91	38.09
7100 · Tax Expense	3,500.00	3,500.00	3,500.00	0.00
7150 · Bad Debt Expense	0.00	0.00	0.00	0.00
7200 · Miscellaneous Expense	0.00	0.00	0.00	0.00
7300 · Community Outreach & Education	1,000.00	1,000.00	1,000.00	0.00
7400 · Contract Labor	5,000.00	5,000.00	4,700.00	300.00
Total Expenses	707,300.00	707,300.00		
Projected Profit for Year 2017.2018	32,150.00	32,150.00		
8000- Other Income				11.75