



**Rutland Area Food Co-op Board Meeting
December 21, 2017**

Present:

Board: Chris Littler, Hannah Abrams, Laura Daubenspeck, Steve Peters, Tyler Richardson, Kate Thomas, Mckenna Hayes, Matt Poli, Dave Tibbs,

Missing: Irene Gold, Julian Fenn, Molly Nitka, Julie Zaloudek

Staff: Zach Stevens, Jamee Sherwin

Guests:

Meeting brought to order: 6:32 p.m.

Approval of Minutes: Tabling minutes from November. Will review in January.

Committee Reports:

• **Finance Report – Chris L**

- ✧ Good news! An invoice was entered twice in October. The mistake was caught before it was double paid, and once it was deleted our **\$100 October loss** became a **\$400 profit!**
- ✧ However, November sales were down \$1,600 (.9%). There was also a loss of \$1,100, down from a profit of \$3,700 last year.
- ✧ There was an extra week of payroll in November and the Co-op also paid \$3,000 for the pro-forma review.
- ✧ Holiday bonus checks were also paid to the staff, which added to payroll expense.
- ✧ Maintenance was up due to cooler repairs.
- ✧ There was only a \$.30 increase in interest this month. I guess we could buy one of those chocolates by the counter with that.

• **Year to Date**

- ✧ The Year to date sales and profits are still good. Sales are up 1.1% and we have a profit of nearly \$46,000.
- ✧ Office supplies are way down this year because the new printer does not require expensive toner cartridges.
- ✧ Employee expenses were down due to no longer having the farm share.

• **Looking to the Future**

- ✧ While working on the Pro-forma, questions have been raised about our common and preferred stock and if they are categorized correctly. This is being investigated.
- ✧ Sales are currently down \$2,500.
- ✧ Weather is hurting our sales and there has not been a Christmas rush.

- ✧ Co-op fund of New England had a committee meeting where our increase in our Line of Credit was discussed. Zach will follow up on this later in the meeting.
- ✧ We need a new freezer. Turner Piping has a line on a used freezer that they will get back to us. It may be a big job. The old one will likely need to be cut-up to get it out of the store. We have concerns as to what the floor and wall will look like once that freezer is removed.
- ✧ There will be money spent on our upcoming patronage push.
- ✧ The Co-op will be closed on Christmas and Boxing Day.
- ✧ We received a warning from the IRS that we were late on a payment, however it was confirmed that these letters were sent in an accidental batch from the IRS. We were not late on anything.

◆ **Patronage Committee Update – Steve Peters**

- ◇ The meeting was canceled due to snow. As such, there is no update for today's meeting.
- ◇ Steve will reach out to committee to schedule the next meeting.

❖ **Store Expansion Update – Zach and Hannah**

- Everyone should have reviewed the outlined contract from Jeff Glassberg.
- As a reminder, Jeff has worked on the recent Middlebury Coop expansion and remodel; everyone who has worked with him has raved about how thorough he is, and how much money he has saved them.
- Consensus from the Board is that we are excited to have someone who will be focused on our success.
- His outline mentions work the week of 12/4, a question was posed about whether we would be accepting the contract as written (with the date of 12/4) or if his contract is more open ended. If the understanding is that Jeff will begin working as soon as his contract is accepted, and not determined by a set date schedule.
- Should Jeff's proposal be accepted, Hannah will reach out to him to inform him we would like to move forward and request a formal service contract. Zach informed the board that Jeff is ready to get to work and meet with Mark asap.
- Further, Jeff will bill as he goes; we will only pay him for the hours he is working on the Co-op.
- Reminder, this is an estimate based on the work Jeff anticipates is required, and what his hourly rate is.
- Dave proposes that the Co-op monitor invoices, payments, and work for Jeff and review at each finance committee meeting.
- Hannah motions to secure Jeff Glassberg's proposal including scope of services, pending service agreement, and billing schedule. Unanimously accepted.
- Proforma Update –
 - The way things are set up currently, we would be ok until year 4. The expansion plans we have currently would not work for us.
 - The proforma is not complete, it will take another 4 to 6 weeks.
 - The price per square foot for the proforma is about half what it would cost to move the store.
- Nicole, the store designer, provided an outline proposal. Hannah will upload proposal to Dropbox.

PG Reports

B7 – Communication to the Board – Zach

The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.

The GM will not

- 1.) Submit monitoring reports that are untimely, inaccurate or hard to understand.
- 2.) Report any actual or anticipated noncompliance with any policy of the Board in an untimely manner.
- 3.) Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal or external changes which may affect board policy.
- 4.) Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
- 5.) Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.
- 6.) Fail to supply for the Board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.

Data:

- 1.) As GM I have made every attempt to submit all reports in a timely manner. Each report is submitted with supporting documents if necessary and are sent by email and are added to drop-box. The reports are reviewed for accuracy and understanding and any questions that arise are welcomed and answered in an appropriate timeframe.
- 2.) The Board has been made aware of any actual or anticipated noncompliance in a timely manner. Each time an issue has arisen, or an area has become non-compliant, an accompanying plan and timeframe to reach compliancy has been supplied.
- 3.) The Board is made aware of trends, events, or changes that may affect the board policy to the best of the GM's knowledge and capability.
- 4.) As GM I share my opinions about Board compliance and our working relationship when appropriate.
- 5.) All Board members are treated equally by the GM. I appreciate the strong support the board provides and am pleased with our working relationship.
- 6.) All items required by law, regulation, or contract are submitted to the board with accompanying documents for approval.

Conclusion: In-compliance

Laura moves to accept as in-compliance. Dave seconds.

B8 – Board Logistical Support – Zach

The General Manager will not allow the board to have inadequate logistical support.

The GM will not:

- 1.)** Provide the Board with insufficient staff administration to support governance activities and Board communication.
- 2.)** Allow the board to be without a workable mechanism for official board, officer, or committee communications.
- 3.)** Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.
- 4.)** Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

Data:

- 1.) The Co-op has a board recorder (Paid position) that helps support Board communications. Board minutes are shared in drop-box and are emailed and printed for review. We have a specified board email address that is available for communication with the members.
- 2.) Dropbox, emails and regular meetings are used for communicating and to provide access to documents.
- 3.) All Board members receive a copy of the Policy Register and Bylaws as part of their board binder. We have a master copy available in the board room for reference or replacement.
- 4.) Members receive monthly e-newsletters designed to keep them engaged and to keep them in the loop of current happenings at the co-op. Board meeting dates, board minutes, and special events are shared with members in-store and online.

Conclusion: Last year it was noted that the minutes had been missing from the website and the plan was to get them updated by the end of January 2017. I am happy to report that we have updated all the missing minutes and have crafted a procedure for maintaining them going forward.

We are in-compliance.

Laura moves to accept as in compliance. Chris seconds.

- **D3 – Delegation to the GM – McKenna Hayes and David Tibbs**
Board meetings are for the task of getting the Board’s job done.

The Board delegates authority to the GM through written Ends and Executive Limitations policies.

- 1. As long as the GM uses any reasonable interpretation of the Board’s Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices, and plans for the cooperative.**

2. The Board will respect and support the GM's choices as long as these choices are based on reasonable interpretations of Board policies.

3. If we change an Ends or Executive Limitations policy, the change only applies in the future.

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1. Is this policy clear: (Yes/ No/Comments)
Yes.
 2. How have we been IN compliance?
The Board of Directors supports the GM's interpretations of the Ends and Executive Limitations policies and the decisions he has made based on those policies.
 3. How have we been OUT of compliance?
We have not.
 4. Overall, have we been in compliance?
Yes.
 5. Is this the policy we want? (Yes/No)
Yes.

Recommended changes:
None

Note on the policy review from last year – may want to discuss this time around:

It has been suggested in previous reports that the word “any” reasonable interpretation (Section 1. Above) be replaced with “a”. When looking at the minutes from the meeting it states: We believe the wording of the policy would need to be changed at the annual meeting and voted on by the members.

1. Did this happen and do we want to vote on it this year?

No

2. Do we want this to happen?

After discussion, we would like to add this change to ongoing list of proposed changes.

Submitted by:
McKenna Hayes and David Tibbs

- **D2 – Monitoring GM Compliance – Kate Thomas**

The Board will systematically and rigorously monitor and evaluate the GM's job performance.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information may not be used for monitoring.

2. The Board will acquire monitoring information to monitor the GM by one or more of three methods: (a) by internal report, in which the GM discloses interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) by direct Board inspection, in which a designated director or committee assesses compliance with the policy criteria.

3. In every case, the standard for compliance will be an a reasonable GM interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The

Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole. **Add Kate’s footnote regarding the example of a “reasonable person” test.**

4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.

5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method but will ordinarily follow the schedule outlines in the Board Annual Calendar.

6. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received from ~~January through December~~ **May through April**, will be completed by the end of ~~February~~ **June**. The Board will make its decisions concerning the evaluation and employment contract no later than the end of ~~February~~ **June**.

7. The Board will complete the GM compensation process no later than the end of ~~February~~ **June**.

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1. Is this policy clear: (Yes/ No/Comments)
Some parts are very clear, and others are not.

In Part 1: I do not understand the phrase “monitoring information.” Does this refer to what the Board is/is not supposed to stick their noses into? I suspect so. Why not also define “monitoring information?” This is easily accomplished with a syllogism.

I suggest: “Monitoring” is how the Board determines the degree to which the GM is following Board policies. “Monitoring information” is what the foregoing Policies empower the Board to gather through Ends or Executive Limitations policies. Therefore, information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.

In Part 3: I would add a “reasonable person test” as an example. “A reasonable person is a hypothetical person in society who exercises average care, skill, and judgment in conduct and who serves as a comparative standard for determining liability.”

In Part 5: I would just note that we’re hiding the ball a little bit here...a “reasonable board member” may very well use the Policies to very closely monitor the GM if the Board suspects that the GM is not being realistic, telling the truth, or has an unreasonable interpretation of a situation at the Co-op. If we fail to do so at times when we suspect the GM is not doing his/her job well, we may be negligent in carrying out our fiduciary duty to the Co-op. Bottom line: don’t overstep, but don’t under step either.

In Part 6: It’s clear enough; I just think we should keep in mind that this is set up so that if we don’t do a good job monitoring through the year, our summary of the reports will not be a good reflection of what is going on with the GM, which would frustrate attempts to correct problems at the annual evaluation. Keep it real.

2. How have we been IN compliance?
We do not critique or direct the GM outside of the policies that allow us to do so. This ensures we do not end-up inadvertently “micromanaging” the GM. We do not, to my knowledge, have a problem with the GM not doing a good job. We are real in the reports so that the annual evaluation, whatever the outcome, is based on actual observations and reasonable interpretations of

information available to us. I would like to know if other members feel we are acquiring enough information through “direct board inspection” through our committees.

3. How have we been OUT of compliance?
I am not aware of times in my tenure on the Board when we have acquired monitoring information through external report.
4. Overall, have we been in compliance?
Yes.
5. Is this the policy we want? (Yes/No)
Yes.

Recommended changes:

Consider tightening up the definition of “monitoring information” whether as suggested above or otherwise.

Suggested changes to wording are highlighted and in red font.

Submitted by:
Kate Thomas

GM Report

- **This Month**
 - The second heating unit was successfully installed. We have 4 new vents on the sales floor and a second thermostat. The store has never been so warm. The office and the back area are still quite cold and still require the use of space heaters, but it is a step in the right direction. The missing ceiling tile is because it is an air intake and Robert advised he had to order a grate for it.
 - I heard back from CFNE about the loan increase. Their loan committee voted to increase our credit line from the current 100,000.00 to \$150,000.00. The Executive Committee is reviewing the documents. We do have to pay a fee on the increase amount costing \$500.00.
 - Abi (The new marketing manager) has decided to go back to college full-time. Her last day is Saturday Jan 6th but she has offered to stay on staff to assist with training her replacement. We have the position posted on Facebook, the website, and Indeed.com.
 - McKenna will forward Zach an email of some coop job websites for us to post on.
 - Sales for the month are currently down around **\$2500.00**. We are hoping to make this up tomorrow and Saturday.
 - We ended up with 10 turkey orders for Christmas. I do still have four extra birds if anyone is needing one. They are 3.99 a lb.
 - Large freezer in the warehouse was chattering today and sounded off, I reached out to the tech. There was a large ice chunk in the fans, the tech found that the seals had separated, and it is allowing moisture to build up. New seals have been ordered.
- **Future**
 - Inventory is scheduled for January 13th.
 - We are planning a large tea sale for January and are stocking up on cold and flu remedies.

- We are again planning a staff dinner at Roots for the staff in January. Preliminary date is Tuesday Jan 23rd. The store will close 1 hour early. Approx. costs \$1500.00.
- Julie and I have our quarterly HR event at Springfield Co-op on the 17th.
- Reminder we will be closing early at 4pm on Christmas eve and will be closed Christmas day the 25th and Boxing day the 26th. The following weekend we will be open 9am-4pm New Year's Eve (Sunday) and will be closed New Year's Day (same as previous years).

New Business

- Board absences and attendance policy for board members.
- As of this meeting, Julian has missed three board meetings. Two the Board received advanced notice of them, one there was no attempt at notice.
- Hannah reached out to Julian to discuss Board responsibilities, clerk duties, attendance, notifying board of absences. She followed up with an email summarizing their discussion. Hannah asked Julian to take two weeks to think over his responsibilities and ability to commit and provide a response to Hannah and the board by the December meeting. As of this meeting, there has been no response from Julian.
- Hannah feels, as we have reached out to Julian, the lack of his response, and as Julian has attended 2 of the 5 meetings held since joining the Board, we should move to do the following:
 - Resign him of his clerk duties;
 - Hannah moves to vote on resigning Julian from clerk duties. Unanimously accepted.
 - Hannah to reach out to Julian to ask if he would like to resign.
- Items to discuss – What constitutes an excused absence? What is a reasonable number of meetings to miss in a year? After how many missed (excused or unexcused) meetings before the board votes to resign the individual?
 - An excused v. non-excused absence is determined by the board.
 - Hannah to reach out to Middlebury Co-op, and other Co-ops, to ask how they manage absentee policies.
 - Chris proposes 3 consecutive meetings or 4 meetings a year.
- Will need to find a new Clerk for the Board.
- If Julian wishes to step down, would we want to fill his position? Who would be responsible for on-boarding a new member? Matt and Laura, with the understanding that they are not the Clerk, would be willing to on-board any new member to fill this potential position.
- Email entire board Clerk job description to review.
 - Review and determine if the Clerk Duties need to be split up amongst many Board Members.

Review of Meeting & Agenda Setting

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Next Month

- Lease Committee: Thursday January 11th at 6 pm
- Finance Committee: Thursday January 18th at 6 pm

- Board Meeting: Thursday January 25th at 6:30 pm
- Strategic Planning: Monday, January 22nd at 1 pm
- Patronage Committee: TBD
 - B – Global Constraints - Zach
 - C – Global Governance - Chris
 - D – Global BOD Management - Matt

Executive Session: No.

Meeting closed: Hannah motions to adjourn meeting, Laura seconds. 8:37 pm.