



**Rutland Area Food Co-op Board Meeting
January 25, 2018**

Present:

Board: Chris Littler, Hannah Abrams, Laura Daubenspeck, Steve Peters, Tyler Richardson, Mckenna Hayes, Matt Poli, Dave Tibbs, Irene Gold, Molly Nitka,

Missing: Kate Thomas,

Staff: Zach Stevens, Jamee Sherwin, Julie Zaloudek

Guests: Jeff Glassberg

Meeting brought to order: 6:34 p.m.

Minutes:

- Review CDS Field Guide to taking minutes.
 - Noted that currently we do not take notes during executive sessions. This is an item that can be improved upon. Will review in February meeting.
- Meeting prep time guidelines.
- Minutes from November and December meetings shall be brought up for review and a vote.
- Minutes should be made available, if needed.

Chris moves to accept the November and December minutes with minor corrections. Dave seconds.

Committee Reports:

- **Finance Report – Chris L**
 - ✧ There was one change to November. A late bill came in, making our **loss \$2,042** for the month.
 - ✧ December sales were **down \$10,805.45 or 5.6%**
 - ✧ Staff was kept informed of the poor sales, so they cut back on purchasing, keeping the Cost of Goods down. This allowed us to show a profit just over \$15,000, up nearly \$7,000 from last year (93%)
 - ✧ Poor sales were attributed to many factors. Poor weather hurt shopping, there was a lower than expected Christmas rush, and UNFI missed deliveries 3 times.
 - ✧ The missed deliveries were due to weather issues twice and once due to a manager not loading our pallets on a full truck. The goods from that missed shipment were brought to us later by UNFI.
 - ✧ Donations are down because we gave \$500 in gift cards to the Syrian refugees' gift baskets last year.
 - ✧ Utilities were up this month because we are paying for our own gas now.
 - ✧ Rent is up due to an increase in our lease.
 - ✧ We earned \$24.92 in interest this month.

- **Q3**

- ✧ Q3 sales were **down \$14,768 (2.6%)** and profits were **down \$21,430.06 (59.7%)**.
- ✧ For the year, sales are up \$4,153 (.4%) but profits are up to 59k compared to 22k this time last year.

- **Looking to the Future**

- ✧ We do have some upcoming expenses. \$3,000 more will need to be paid for our Pro-forma and we will also owe \$7,000 for Jeffrey Glassberg.
- ✧ Zach will be purchasing a heat gun to defrost the coolers. He has been using his own hair dryer, which sadly burned out.
- ✧ 3 space heaters were purchased because the new heaters are not doing enough. Mark has been made aware, but there may be nothing we can do until the expansion.
- ✧ Mark is going to get us a read on how much fuel we have actually been using this winter. At this point, we are paying a monthly budget based on our estimated fuel consumption for the year.
- ✧ The first bill arrived from Fabian's for our snow removal. It was lower than expected and well worth it. Customers have commented that we have the only clear sidewalks in the city.
- ✧ Some pipes burst due to the cold this month. They have been fixed by Mark. There has been no bill yet, and Zach is hopeful there will not be one since this is a building issue, not a Co-op issue.
- ✧ We got a \$172 check as part of a class action settlement from a card processor that we used to use.
- ✧ Inventory adjustments were done this month, and they will help our profits (unlike last time.)
- ✧ Staff dinner at Roots on 1/30. It will cost \$1,000 and the Co-op will close an hour early that day. It is a good way to thank the staff for all their hard work during our busy season and was very appreciated last year.
- ✧ We will be starting patronage events in February, which will add to our costs.
- ✧ We hired a new part time cashier and are interviewing a marketing manager.

- ◆ **Patronage Committee Update – Steve Peters**

- ◆ The committee has drafted two marketing items that explain what patronage is. One item is going to be posted to our website and be sent through email. The second is a small pamphlet that can be handed out in the store that explains the same information.
- ◆ Please review both items and provide any feedback to Steve.
- ◆ Steve and Matt will be in the Co-op in early Feb to kick off the patronage education.
- ◆ Looking to provide one out-reach educational day each month.

- ❖ **Store Expansion Update – Zach, Hannah, and Jeff Glassberg**

- Jeff has reviewed the lease agreement and drafted a plan with multiple 'check-in' points in which the committee reviews what has been accomplished, the direction, and alignment to goals.
- After the initial review, Jeff noted that the Co-op's approach was a little out of sequence, and that there are gaps in the lease agreement with regards to missing information and concepts.

- Jeff suggested that we meet with Mark as soon as possible to review this interest items in the lease. The meeting was held about two weeks ago, and the consensus was that it was a very productive meeting.
- Items of interest in the Lease:
 - Term – the way the lease was written, the re-up was written in favor of the landlord.
 - Improvement items – with regards to the improvements to the retail space, items such as who is responsible for payment, décor choices, and sequence of events was unclear.
- Jeff believes that Mark was receptive to our message and was eager to engage with the Co-op to help find smaller financing options. There will be a second meeting with Mark in early February.
- Looking to create a merchandising plan, in which we detail all costs of merchandise items, like electronics in the kitchen, shelving, etc... in which we will need to supply once the renovations have been completed.
- Nicole Klimek, the branding and internal retail expert, has a lot of wonderful ideas and is extremely knowledgeable with creating a uniform and identifiable brand for the Co-op.
- Nicole Klimek is also an expert in the psychology of shopping and will be able to stage out space in the most effective layout possible.
- Nicole Klimek’s expertise is specialized for food co-ops, and has worked with many other local co-ops, and therefore we should move forward with Nicole as apposed to looking for someone local with the same expertise.
- Hannah motions to approve Nicole Klimek’s contract as it was presented. The motion passes by the majority.

LEASE COMMITTEE – Dave and Chris

- ◆ Reviewed meeting between Jeff and Mark.
- ◆ Decided that a lawyer will be obtained to review our current lease.
- ◆ Need an updated version of the Lease Committee Charter.
- ◆ Will be meeting again next quarter.

NOMINATION COMMITTEE – Hannah

- Would like to start a Nominating Committee. There is an outline that details the 8-month timeline for nominating new Board members.
- Last year the Annual Meeting Committee took on these duties, however, there needs to be a separate committee.
- In theory, this should be a continual committee that meets once a month.
- Volunteers for the committee: Laura and Dave.

ANNUAL MEETING – Hannah

- Steve offers to chair the committee.
- Volunteers: Molly, Irene
- Looking to have it catered this year.
- Meeting schedule will be adjusted as needed. Likely will start out as once a month, until it is needed to increase to once every two weeks.
- First meeting date TBD

STRATEGIC PALNNING – Hannah and Zach

- Postponed until February’s meeting.

PG Reports

Reminder: The Sunday before the Board Meeting, please email PG Reports to the whole Board and Zach as well as place it in the Drop Box.

B – Global Constraint – Zach

Prepared by: Zach Stevens, General Manager, January 2018

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstances that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, or in violation of the Cooperative Principles.

Cooperative Principles:

1.) Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2.) Democratic Member Control

Cooperatives are democratic organizations controlled by their members-those who buy the goods or use the services of the cooperative- who actively participate in setting policies and making decisions.

3.) Members' Economic Participation

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

4.) Autonomy and Independence

Cooperative are autonomous- self-help organization controlled by their members. If the Co-op enters into agreement with other organizations or raises capital from external sources, it is done so based on terms that endure democratic control by the members and maintains the cooperative's autonomy.

5.) Education, Training and Information

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and the benefits of cooperatives.

6.) Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7.) Concern for the Community

While focusing on member needs, cooperative work the sustainable development of communities through policies and programs accepted by the members.

Data:

- 1.) Everyone is welcome at the Co-Op! We do not discriminate for any reason!
- 2.) We are a democratically run business controlled by our members. The members vote to elect the board of directors whom govern and oversee the work of the GM and of the Co-op. Changes to the by-laws, or policies that require it, are presented to the members to be voted on annually. Member feedback helps us make informed decisions. All members are welcome to attend monthly board meetings to stay-up-to-date and to help drive business decisions.
- 3.) We make every attempt to share with our members the status of the business. We welcome any inquiries and follow-up in a timely manner. When capital is received or available the members will be consulted and updated on the uses and plans.
- 4.) If the Co-op enters into an agreement or contract with other organizations or raises capital from external sources, it is done so based on terms that endure democratic control by the members and maintains the cooperative's autonomy.
- 5.) When possible, we provide education opportunities for staff, members, the board of directors, and for the community. We have hosted events both in-store and off-site to raise education and awareness about our Co-op, All Co-op's and the "Food for Change" movement. We look forward to expanding these offerings in the future.
- 6.) We work hard to maintain relationships and open lines of communication between us and all Co-op's both locally and nationally. We currently are part of NOFA, NFCA, Rural Vermont, CoMetrics, Heritage Family Credit Union, CFNE, VRGA, and a few others. The management team attends quarterly tri-state human resource meetings in Springfield to stay up-to-date and share resources. We attend and participate in many group events throughout the year and supply data to national databases, so all Co-ops can share in each other's wealth of knowledge. We will continue to honor and foster these relationships.
- 7.) The Co-op makes every attempt to help support the community in which we live. We try to focus on what our members need and want (local, healthy, and affordable foods and goods). We welcome diversity and have offered our support to Rutland Welcomes and the Vermont Refugee Resettlement program. We work with the community cupboard and BROCC to help make healthy food more available to everyone in our area. We strive to make the Co-op a friendly, comfortable, welcoming community space for all patrons.

Conclusion: In-Compliance

Laura moves to accept as in compliance. Hannah seconds.

C – Global Governance Committee – Chris

Acting on behalf of our owners, the Board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

1. Is this policy clear: (Yes/ No/Comments)
Yes. This policy makes clear the most basic function of our board that all other policies are based off.
2. How have we been IN compliance?
We conduct monthly meeting to represent out ownership while monitoring and evaluating our GM. We have been holding our GM to the established guidelines that have been set out by our founding members and updates by subsequent boards. We have also spent the last few years working diligently to clean up our policies and make sure that they are clearly worded and what our membership wants. We have also began reevaluating all out actions and making sure that we act in a manner that is best for the future of the Co-op, even if it means doing things differently from how they were always done in the past.
3. How have we been OUT of compliance?
At this time, I am unaware of any violations of this policy.
4. Overall, have we been in compliance?
We have been in compliance with the above policy.
5. Is this the policy we want? (Yes/No)
Yes.

Recommended changes:
None at this time.

D – Global Board-Management – Matt P.

The Board’s sole official connection to the operations of the cooperative will be through the General Manager.

6. Is this policy clear: (Yes/ No/Comments)
Yes.
7. How have we been IN compliance?
The Board has no official connection to operations other than through the GM.
8. How have we been OUT of compliance?
I don’t believe we have been out of compliance.
9. Overall, have we been in compliance?
Yes.
10. Is this the policy we want? (Yes/No)
Yes.

Recommended changes:
None

GM Report

- **Last Month**
 - As Chris mentioned December was a rough month for sales but was good for profits.
- **This Month**
 - Since our last meeting we have had to hand defrost the freezer on the floor twice.
 - We had pipes freeze and burst in the utility closet in the very beginning of the month. No hot water for a day and a half. Mark's team came and made the repairs.
 - The large freezer in the warehouse compressor burnt out, I caught the issue so no loss of product. Replacement and repair is done received bill today \$2500.00.
 - Inventory was switched last minutes due to the weather, it ended up being Monday the 15th, everything was successful. I am still working on counts and adjustments.
 - We've had some struggles with our largest distributor UNFI- they cancelled an entire delivery due to weather on the 5th, they then forgot the entire cooler and freezer orders the following Tuesday and then forgot all the herbs, haba, and half the grocery order last Tuesday. We have reached out to them for each issue, without receiving much resolution except the last issue was resolved by the GM of the warehouse driving us the missing items.
 - We have planned the staff dinner at Roots for this coming Tuesday the 30th, The Co-op will be closing one hour early at 6 pm. Again, Approx. costs between \$1000.00 and \$1500.00.
 - We have hired a part-time cashier, long-time member Elizabeth Cooper from Middletown Springs, she has started training as of yesterday.
 - We have hired marketing manager candidate Justin Jankus. He will be starting around the end of February (current Job requires a 4-week notice). We are excited to have him joining our team.
 - Mark gave us a read on our propane usage as we were worried about the estimated amounts it turns out we are only \$150.00 short of what we have used. Marks team came in yesterday and moved the front heat vents back a little to get more heat in the store.
- **Future**
 - Just a friendly reminder, February is the worst month for the co-op so please shop a little more if you can!
 - Hannah and I are touring Middlebury and meeting with Glenn, the Middlebury Co-op GM, on Tuesday the 20th.
 - The NFCA annual event is coming up March 17th in Greenfield Mass, Mark your calendars!
 - Julie has given her notice. Her last day is Monday, February 15th. A job posting will be out next week for Assistant Manager and Health and Beauty Manager.

Board Facilitator Monthly Update

- NFCA's Annual meeting is approaching. Looking to have at least four board members to attend.
- There is a Co-op Café being held in New England, the price is \$60 per person. The Co-op will cover the entry charge. Looking for at least four board members to attend.
- Board email has been recovered and Hannah is monitoring it.
- Hannah and Andy connected regarding the vacant board position. He thanked reaching out, however at this time he does not have the availability to add a new commitment to his schedule.

- Hannah reached out to Chris Larson, Esq. to work with the Co-op. He is willing to work with us on a case by case basis.
- Hannah reached out to Middlebury Co-op Board to inquire as to their absence policy. Their policy is three absences. Hannah's recommendation is three absences within a year, or three consecutive, allowing for 24 hours to reach out to the facilitator or GM to explain the absence. Hannah will compose an absentee guideline for the board to review.
- We will be looking into using Skype, or conference call set-up so that traveling board members can attend meetings.
- McKenna attended the Cooperative Board Leadership 101 conference with Hannah. The conference provided a lot of information regarding coop structures and history. McKenna was able to network with co-ops from various states, in various stages, and experiencing different challenges.
 - CBLD 101 Recap:
 - Rochdale Equitable Pioneers Society, England Circa 1844
 - Key concepts of the board:
 - Fiduciary
 - Ordinary reasonable person
 - Conflict of interest
 - Duty
 - The 4 Pillars
 - Teaming
 - Democracy
 - Strategic Leadership
 - Accountable Power
 - Reviewed Board Roles & Responsibilities
 - Reviewed legal responsibilities of the Coop Board (incl. legal duties & legal protection)
 - Field guide to minute taking essentials-Good record of our decisions and it IS a LEGAL document
 - The Board can request occasional specific documentation (like seeing that taxes are paid)
 - Are we creating a sense of ownership in our coop?
 - Financial understanding of the Balance Sheet (using legos)
 - Limitations policies are written in the negative. The broadest language that will cover as many conditions as possible.
 - Unrequited love with members (we want to know more from them and they often couldn't be bothered)
 - Three things to remember:
 - GM helps the board to be it's best & vice versa
 - Command & Control constrains creativity
 - Everyone to be building each other up

New Business

- ◆ We still need a Secretary. Hannah and Zach will email out the duties. Molly is interested but would like to see the duties. This would be for the remainder of this year (until June's annual meeting).

- ◆ It has become apparent that the membership information is not well organized, nor digitally uploaded. Need to review all policies that have been used prior to. Need a comprehensive policy and run all memberships through the policy. Will need to send notification out to members. Legally, original life-time members are required to pay the same as current life-time members, as they cannot be grandfathered in at the prior lesser cost. It's likely this will be a committee, with very minimal Zach availability.
 - Looking for two to three people to come in to review old minutes.
 - Dave to reach out to AJ Ruben to see if he has any older records as well.

Review of Meeting & Agenda Setting

-

Next Month

- Lease Committee: Thursday February at 6 pm
- Finance Committee: Thursday February 18th at 6 pm
- Board Meeting: Thursday February 22th at 6:30 pm
- Strategic Planning: Monday, February 22nd at 1 pm
- Patronage Committee: Monday, February 12th at 6 pm
 - B1 – Financial Conditions - Zach
 - B9 – Succession - Zach
 - C1 – Governing Style - Irene

Executive Session: Yes - to discuss end of quarter.

Meeting closed: Hannah motions to move meeting to Executive Session, Laura seconds. 9:18 pm.