



**Rutland Area Food Co-op Board Meeting  
December 20, 2018**

**Present:**

Board: Erin Anderson, Irene Gold, Chris Littler, Matt Poli, Hannah Abrams, Kate Thomas, Dave Tibbs, Chris Etori, Molly Nitka

Missing: Tyler Richardson, Steve Peters,

Staff: Zach Stevens, Jamee Sherwin

Guests: Jess Novak, Sarah Cosgrove

Notes:

Meeting brought to order: 6:36 p.m. Hannah calls names to verify members are present.

**Minutes:**

Irene motions to approve November minutes. Chris Seconds. Approved unanimously, with two abstaining.

**FINANCE COMMITTEE –Chris L.**

**November Review**

- Sales were down \$3,313.35 or 1.8%
- Co-op was closed for 1 day and 3 hours due to work on the water lines. The co-op did \$6,500 in sales during those times in 2017. The Co-op would have likely had an increase in sales if not for the closing.
- There was a loss of \$13,308 in November. There was a loss of \$2,429 last year.
- November is traditionally a losing month. The lost sales and the month ending on a Friday (a big delivery day) lead to the increase in loss.
- Cost of Goods were up \$8,688 for the month

**Year to Date**

- Sales are down \$6,076 (.4%) from 2017.
- Cost of Goods are down \$4,581 (.3%)
- Showing a profit of \$10,000, down from \$44,000 last year
- The lower profits were expected as payroll, professional fees, taxes, rent, and utilities are all up.
- Bank accounts are down to \$93,000, but that is because Bills were paid early!

**Looking Forward**

- December sales are up \$2,000
- Still waiting for a utility bill from MFK properties
- No bill from Jeff for his November work as of finance committee meeting
- No bill from Fabian yet for snowplowing
- Bills often come in slow around the holidays, and Fabian often sends out plowing bills late
- Nicole sent her bill and it was for \$792
- The “Co-op Parking Only” signs have been installed for \$240.
- It looks like we will come in over Budget on Professional fees, but overall we are on course for a profit higher than what we budgeted for.

## OWNERSHIP COMMITTEE – Kate

- Have not meet as a committee in a while, however there has been quite a lot of work been completed on the Ownership Policy (previously the Membership Policy)
- Policy was emailed last month with the intention of having a vote this meeting.
- Steve Peters, being absent, notified Zach that his vote is to approve the new policy.
- Please New Ownership Policy in the Appendix
- Motion to accept the B4 Ownership Policy, Dave makes the motion, Kate seconds. Unanimously approved.
- **Membership Data Crunch Nights**
  - **Wednesday, January 9<sup>th</sup> 4:30-7:30**
  - **Wednesday, January 23<sup>rd</sup> 4:30-7:30**
  - **Wednesday, January 30<sup>th</sup> 4:30-7:30**

## PG REPORTS

### D3 –Delegation to the GM– Molly N

**Policy Name & Number:** D.3 – Delegation to the GM  
**Policy Type:** Policy Governance - Management Relationship  
**Last Revisited:** December 2018

**Director:** Molly Nitka  
**Submitted On:** December 20, 2018

#### **The Board delegates the 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 or 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)  
Somewhat. I think the policy should state where Ends and Executive Limitations Policy can be found for reference purposes.
  2. How have we been IN compliance?  
The board of directors supports the GM's interpretations of the Ends and Executive Limitations policies, and any decisions made in the past year have been determined to be 'reasonable by the board.' No changes have been made that I am aware of.
  3. How have we been OUT of compliance?  
I don't believe we have been out of compliance.
  4. Overall, have we been in compliance?  
Yes

5. Is this the policy we want?  
I believe so.

Recommended changes:  
None

Submitted by:

Molly Nitka

- Matt suggests that we add the Ends and Executive Limitations to the policy, he will bring a new proposed D3 with suggested changes for review next meeting.

#### **D4 –Monitoring GM Compliance– Hannah A.**

**Policy Name & Number:** D-4 Monitoring GM Compliance

**Policy Type:** Board Policy

**Last Revisited:** December 2017

**Director:** Hannah Abrams

**Submitted On:** December 19,2018

**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.**

**2. The Board will acquire monitoring information 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 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.**

**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 outlined 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, will be completed by the end of February. The Board will make its decisions concerning the evaluation and employment contract no later than the end of February.**

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

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1. Is this policy clear: (Yes/ No/Comments)

Yes it is, now that I have been on the Board for 5 years I have come to understand this policy much better than during my first year or two.

2. How have we been IN compliance?

We monitor the GM monthly with his reports and have provided a written review annually since Zach Stevens came to the Coop as GM in 2015. Also, we have a system for noting the GM's compliance on a monthly basis. We utilize a blown-up version of the Board Calendar on the wall of the Board room and have sections to update each month's compliance/out of compliance

3. How have we been OUT of compliance?

We have not been utilizing the Board calendar on a monthly basis and now must go back retroactively to look up each month's compliance/out of compliance since last February.

4. Overall, have we been in compliance?

Yes. Overall, we are receiving and reviewing all of the GM's reports according to schedule and following the decision tree. We just need to make sure we notate the result each month so that we can easily provide the GM's review on schedule in February.

5. Is this the policy we want?

Absolutely.

Recommended changes:

Keep the Board room Board calendar updated on a monthly basis

Submitted by:

Hannah Abrams

**B7- Communication to the Board**

Prepared by: Zach Stevens, General Manager

**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 appropriate supporting documents and are added to drop-box for review. Some committee reports and information may also be received via email. 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 timeline 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

*Irene motioned to accept as in-compliance. Matt seconded. Unanimously approved.*

**Policy B8- Board Logistical Support**

Prepared by: Zach Stevens, General Manager

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, are emailed, and hard copies are printed for review. We have a specified board email address that is available for communication with the members.

[Board@rutlandcoop.com](mailto:Board@rutlandcoop.com)

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. The Bylaws have not been updated to reflect the patronage changes.

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: Out-of-compliance.

Plan and Timeline: I will reach out to the patronage committee chair and we will work together to update the bylaws with the approved changes from the member meeting held in June 2018. I will provide an updated copy of the bylaws to BOD members in January 2019 and will make sure the master in drop-box is updated and reflects current changes and information.

- *Matt questioned why the GM would be responsible for ensuring board members have the bylaws and policy governance when that is written as duty for the board clerk.*

*Matt motioned move this for further discussion next month as it is non-compliant. Irene seconded. One 'Nay', and Kate proposal for amendment, Matt seconds. One 'Nay'.*

- *It was proposed that the meeting following a change in policy, the clerk or GM reports back that the change has been implemented in on Dropbox/where policies are stored.*
- *It was proposed an Ad Hoc committee be formed to discuss this issue further. Katie, Matt, Erin, Irene, and Chris L., shared interest in this. The Ad Hoc will report back in the January Meeting*  
*Matt moves to table discussion of B8 to next month, or the month after. Kate seconds. One "nay".*

## **GM Report**

### **December Update**

- Sales for December as of Monday 12/17 are up \$6,000 or 6%.
- We ended up with 10 Holiday Turkey orders.
- We have still not had any communication with or from Mark about the utilities nor the need for us to close two full days in January.
- We are having a holiday Wine Tasting with Vermont Wine Merchants tomorrow night from 4-7. Please stop by.
- Caitlin M has accepted a position at Middlebury Co-op and will step-down from Full-Time in the beginning of January, she is staying on staff one day a week to assist as well as to help train a replacement. We will be posting the grocery manager position in the next week or so. She has been with our co-op for around 17 years.
- We will be closing at 4 pm on Christmas Eve, The Co-op is closed Christmas and Boxing day
- We close early at 4 on New Year's Eve and are closed New Year's Day

### **January**

- Inventory coming up on 1/7. We will not need BOD assistance.
- We will again work on planning and scheduling the staff Holiday Dinner for the end of the month.

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### **Unfinished Business**

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### **New Business**

- Erin asks that we all come prepared with SSN, address, and additional information to be provided to the liquor board. Erin will send out a listing of what information is required.

### **Announcements**

### **Review of Board Calendar**

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### **Tabled Items**

- Ad Hoc Committee regarding B8

### **Next Month**

- Ownership Committee Meeting: Tuesdays 5:30-8:30pm
- Finance Committee Meeting: Wednesday, January 16<sup>th</sup> at 6 pm
- Lease Committee Meeting: Wednesday, January 9<sup>th</sup> at 12:00pm
- Board Meeting: Thursday January 24<sup>th</sup> at 6:30 pm
- Strategic Committee meeting: TBD
- **Membership Nights**

- **Wednesday, January 9<sup>th</sup> 4:30-7:30**
  - **Wednesday, January 23<sup>rd</sup> 4:30-7:30**
  - **Wednesday, January 30<sup>th</sup> 4:30-7:30**
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- C – Global Governance– Matt
  - D – Global BOD Management – Chris L.
  - B – Global Constraint – Zach

**Meeting closed:**

Executive Session: Move to executive session regarding the future of the co-op at 8:14pm



## APPENDIX

Policy Type: Executive Limitations

Policy Title: B4 – Ownership

Adopted:

Last Adopted

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In order to maintain and promote an Ownership program that cultivates an active community of Owners, the General Manager shall:

1. Allow Owners to be accurately informed of their rights and responsibilities.
2. Maintain accurate and current Owner records, including name, contact information, promissory note payments, and eligibility for benefits and voting. See Rutland Area Food Co-op Article II, Section 2.3 – Responsibilities.
  - a. Allow only authorized use of the Ownership and Board Member information.
3. Implement an Ownership capital stock program, following all applicable laws, bylaws, and cooperative principles, such that:
  - a. The full capital stock share price is \$200, as determined by the Board. See Board action setting share price at \$200, recorded in meeting minutes dated August 23, 2018. See also Rutland Area Food Co-op Bylaws, Article II, Section 2.1.
  - b. Owners may pay for their share in installments, provided they sign a promissory note. See Rutland Area Food Co-op Bylaws at Article VIII, Section 8.2.
  - c. An Owner may authorize up to three (3) authorized individuals to shop using the Owner's ownership number, understanding that only the Owner will be issued a patronage refund when applicable.
  - d. Individuals authorized to shop using the Owner's ownership number are not Owners, and are therefore not granted the rights and responsibilities of Ownership as detailed in the Bylaws, including but not limited to voting rights at the Annual Meeting.
  - e. Owners are informed that capital stock investments are a risk. While they are generally refundable, the Co-op's Bylaws prohibit the Board from redeeming shares if doing so would impair the ability of the Co-op to meet its other obligations as they become due. See Rutland Area Food Co-Op By-laws, Article VIII, Section 8.4.
4. Implement a patronage refund system, following all applicable laws, bylaws, and Cooperative Principles, such that:
  - a. The Board can make a timely determination each year concerning how much, if any, of the Cooperative's net profit will be distributed to Owners pursuant to the Bylaws.
  - b. Owners will receive the refund due to them in a timely manner.

5. Engage Owners in the Cooperative.
6. Ensure regular recruitment of new Owners to increase Ownership.
7. Establish a benefits program for Owners and those current on their Promissory Note payments towards their Ownership share that adds value to their Ownership Interest, while maintaining fiscal health of the Co-op.