

**Littleton Consumer Cooperative Society
Board of Directors
Meeting Minutes: Regular Board Meeting, January 25, 2016**

Meeting convened at the Conference Room @ 4:03 pm.

Members Present: Patricia O'Brien, Mark Hollenbach, Tom Southworth, Chad Proulx, Marcie Hoyle, Luther Kinney, Marni Hoyle, and Charise Baker

Staff Present: Ed King, Minnie Cushing, Melissa Bridges, Katelyn White and Chris Whiton.

Guests Present: Melody Fenwick, Charlie Wolcott, Laura Walls, Laurie Brewer and Rodney Mitton

Agenda Items

1. Housekeeping & Governance:

- a. Chad motioned and Mark seconded to accept the December 2015 minutes as presented. The December minutes were accepted with a unanimous vote.
- b. Charise motioned and Luther seconded to accept the Littleton Coop Board Policy Register dated December 7, 2015 as our governance policy. This motion passed with a unanimous vote. Appendices will be adopted as needed in future meetings.
- c. Minnie presented 2015 fourth quarter financial reports for Trish to sign.

2. General Manager's Report:

a. 2015 Financial Condition Report:

1. 2015 sales were \$9,904,000, \$526k over 2014 and \$363k over budget. This results in a 5.6% increase vs. 2014, which was a 53 week year. . Sales growth was above peer averages and in compliance.
2. Net income for 2015 was \$329k, over budget by \$113k. Margins were strong at 33.56%, a full point over budget. Net income is above peer averages and in compliance.
3. Cash levels dropped in December, ending at \$292k, which was \$61k below budget. Contributing factors include higher holiday inventory levels, and construction project costs. An influx of Member Loan cash early in 2016 will boost reserves. A cash reserve account was opened with Mascoma Bank and the reserve account with WGSB was converted to a dedicated Member Loan account, per the prospectus. Cash on hand is in compliance.
4. Payroll percent continues to creep upward. Invested labor in pricing and competitive sourcing, which resulted in higher margins, helped to offset these increases. Payroll percent is below peer group averages and in compliance.
5. Long term debt fell in 2015 from \$3.25 million to \$2.93 million. Current debt and quick ratios are in compliance but long term debt is not in compliance. The current debt is compliant with all Lender debt ratio requirements.
6. Inventory levels increased in 2015 by 5.4%, more than 2% below sales increases. Days of cover hover at 24, and this figure is in compliance but above peer average.
7. Membership growth was strong in 2015, with a total of 5175 members. This number includes @1800 full voting members. Membership purchases totaled \$21,775, which was above budget by \$8,775.

There was much conversation during the presentation of the Financial Condition Report. One suggestion included developing a matrix for sales growth comparing members to non-members.

This could be a task for a summer intern. It was also suggested that a committee be formed for strategic long term planning. Charise motioned and Marcie seconded to accept the Financial Condition Report as presented. This motion passed with a unanimous vote.

- b. Global Constraints were reported as being in compliance.
- c. The New Market Tax Credit application has been completed. A meeting between the Board and Mascoma Bank is to be scheduled at or before the February Board meeting.
- d. The town now requires an access of 15 feet behind the new building, requiring the construction of a retaining wall. The issue of runoff will be addressed at the same time.
- e. Door efficiency has reduced peak draw by 70%.
- f. The new EAP Program will now include part time employees and professional development.
- g. Manchester Food Co-op will be taking over the Harvest Market in Bedford sometime this summer.
- h. Ed will be speaking in favor of GMO labeling in front of the Department of Agriculture
- i. An anticipated amount near \$12k will be deposited into the Community Fund from unused or donated Member rebates.
- j. Executive Limitations reported as compliant for 2015 include:
 - 1. Have not sold or purchased real estate.
 - 2. The Co-op is current on all state and federal taxes.
 - 3. All accounts payables are within terms (no more than 30 days)
 - 4. The Co-op is following GAAP per 2015 audit by Gallagher Flynn.
 - 5. There were no withdrawals from restricted funds.

3. Board Issues:

- a. The Board will begin discussion of the Patronage rebate for 2016. It is recommended that the Co-op retain rebates this calendar year. It was suggested that this discussion continue after the audit by Gallagher Flynn.
- b. Trish received information on a Deferred Compensation Package for Ed. Trish has gathered information and hopes to have a presentation soon.
- c. A new evaluation form for the General Manager was created based on the Governance Policy limitations. This form was presented and will be used for all evaluations going forward. A compliance tracking form from the CDS library will be used in this task. Per the new governance policy, the GM will receive this evaluation by May 1st.
- d. The By-law Committee (Chad, Mark, Marcie) reported the discussion of three issues:
 - 1. Retained capital changed to 80/20 guidelines.
 - 2. A better definition of membership. Confusion abounds between the terms 'members' and 'full' members. Better education about the two and restrictions of current member benefits to only 'full' members are being considered.
 - 3. Threshold amount (\$5 or \$10) to be applied to member rebates. Many rebates were issued for minimal amounts.

The next committee meeting date will be sent via email. The committee will report again at the February Board meeting and all changes will be voted on at the March meeting. All changes must be presented to the membership 30 days prior to Annual Meeting.

- e. The Nominating Committee (Chad, Mark, Tom) reported. There are three 3 year terms up for election this year. Charise, Tom, and Luther have their terms expire this year and all three agreed to run for reelection. Chad does have an interested party. The guests introduced themselves at this point in the meeting. Board Member applications are available at the Service Desk and will be forwarded to

Chad as they become available. Chad will send an email about the next committee meeting.

- f. Minnie provided the Board with an update on the Member Loan Drive. \$371,000 has been pledged with \$293,000 in returned agreements in hand. There are six outstanding pledges without returned agreements. Minnie passed the list of names for any Board members to call if recognized. Those six members will be contacted this week, prior to the February 1st deadline. All lender agreements must be signed by Board members. Trish and Marcie scheduled a time to do this on Friday 01/29. Minnie will send out an updated report once it is completed.
- g. The audit by Gallagher Flynn will begin on February 22nd and will be presented to the board at the March 21st meeting. This meeting will begin at 3:00 pm to allow enough time for the presentation and normal business.
- h. A self evaluation form was distributed to all Board members present. This form was found on the CDS library. It was intended to use this form as a way to identify areas for the Board to work on in the coming year. All board members are to return the form at the February meeting.

4. Marketing Update and Upcoming Dates:

- a. Katelyn has created packets for new Healthy Food Access members. These packets include recipes, coupons, meal planners and membership information. All HFC entrants must be members to participate in the program.
- b. The website now includes a link to the E-News and increases have been noted with clicks to this link.
- c. WinterFest is scheduled for February 20th.
- d. Katelyn is working on POP and signage for Co-op sales. This will provide consistency throughout the store and match the Coop+ flyer.
- e. Work is under way on the new quarterly newsletter. A prototype was presented based loosely on the one from Hunger Mountain. The first issue will be distributed March 1st. The issues will be headed under Spring, Summer, Fall and Winter editions. Trish volunteered to write a 3-4 paragraph article about the expansion for the front page. All editions will feature a 'From the Board' section and Luther will work with Katelyn on this portion for the first edition, with a focus on Annual Meeting and By-Law changes. Katelyn soft deadline for these articles is February 1st.
- f. Future dates include:
 - 1. NFCA Annual meeting is 3/5/16 in Greenfield MA. This will be Ed's final meeting as a NFCA Board member.
 - 2. CDS Cooperative Café in Keene, NH on 03/12/16
 - 3. Annual Meeting is scheduled for April 27th.
 - 4. CCMA in Amherst, MA is June 9-11. Ed will be presenting at this event..

Marcie motioned and Luther seconded to adjourn the meeting at 6:26 pm. This passed unanimously.

The next scheduled meeting is February 15, 2016 at 4:00 pm.

Respectfully submitted by:
Charise Baker, Secretary