

Littleton Consumer Cooperative Society
Board of Directors
Meeting Minutes: Regular Board Meeting, September 19, 2016

Meeting convened at the AHEAD Conference Room @ 4:00 pm.

Members Present: Patricia O'Brien, Marni Hoyle, Charlie Wolcott, Mark Hollenbach, Luther Kinney, Tim Wennrich, Tom Southworth, and Charise Baker.

Staff Present: Ed King, Chris Whiton, Rodney Mitton, Melody Fenwick, Kristina Zontini and Julie Wiles-Felch.

Agenda Items

1. Housekeeping & Governance:

- a. Charise motioned and Mark seconded to accept the August minutes as presented. The August minutes were accepted with a unanimous vote.

2. General Manager's Report:

- a. August sales were down \$8k from budget and \$15k from last year. The annual lobster sale was in July this year whereas it was in August of 2015. This contributed to the large variance between years.
- b. Net income was \$22k above budget. Contributing factors include the dating of end of month expenses and the fact that we have yet to take on the new loan debt. September numbers will be offset by these factors.
- c. The final closing date for the expansion financing has been set for September 29th.
- d. Vermont Materials and REI Services will be responsible for conducting inspections throughout the construction period.
- e. Several aspects of the project will be postponed until April 2017 due to the later construction start date. These aspects include the installation of the solar panels, paving and landscaping.
- f. There has been a small delay in moving the propane. With the Fire Chief on vacation, the State Inspector will supervise the relocation. There will be a brief period of time that the store will be without propane.
- g. Construction has begun in the receiving area. All receiving is coming through the front doors. Major vendors are coming earlier in the day to minimize the impact on customers. Once the new foundation is completed, receiving can take place while the rest of the area is still under construction, with receiving hours ending at noon.
- h. Exterior colors were distributed and feedback was mostly positive. It is hoped that at a future date, the existing structure can be painted to match the new structure.
- i. Steel deliveries are expected this week.
- j. Ed and Chris will be traveling to St. Paul, leaving Rodney in charge of the store. Since Minnie is also on vacation, Luther will be the second signer on larger accounts payable checks.
- k. Ed will continue to send the construction meeting minutes.

2017 Budget Update:

- l. The budget process is still in progress. It is a difficult budget due to so many variables because of the expansion. Quarterly adjustments may occur during the course of the year, to reflect the facts as they emerge.
- m. Sales are projected to be flat to slightly down for the first two months of 2017. The certificate of occupancy of the new area is anticipated for the end of

February and the moving of all products into the area will impact sales. The remainder of the year will show a 10-14% increase. This brings the total year to a 10% growth rate, slightly above the pro forma.

- n. Payroll costs are projected to stay flat on a percentage basis. As sales growth allows, staff will be added. Projections show a possible addition of three full time and six part time positions.
- o. The debt service will be fixed for seven years and manageable, at least until the first Member Loan payments become due.
- p. The marketing budget will be substantial for the months from March-August. The expanded Co-op will be promoted, targeting specific areas and demographics. Advertising will include the first television commercial. The budget may be adjusted as needed during this time frame, or expanded if needed.
- q. The formula found in the by-laws will be used to determine the educational budget. Intentions are to have an aggressive and full calendar.
- r. Health care costs are expected to increase by less than 5%.
- s. Energy expenses have been to increase by 18% over 2016, but drop significantly per square foot.
- t. Margins are budgeted to be flat but cost of goods should drop with volume discounts and new item placement deals. This allows for more aggressive pricing and advertised specials.
- u. The Board's portion of the budget is due 12/01. Minnie will send out details from the last quarter for reference.

3. Board Issues:

- a. The Board received a call from Craig Miskovich concerning the final phase of the NMTC. Annual audits will be completed to ensure compliance of the NMTC agreement.
- b. The Board reviewed the finalized copy of the Written Consent of the Board of Directors of Littleton Consumer Cooperative Society, Inc. Charlie motioned, Marni seconded and the board voted unanimously to accept as presented. All board members must sign the document prior to the closing on 9/29/16.
- c. The Board reviewed the finalized copy of the Written Consent of the Manager of Littleton Food Market, LLC. Tom motioned, Charlie seconded and the board voted unanimously to accept the document as presented. Trish, as board President, must sign the document prior to the closing date of 9/29/16.
- d. Marni motioned, Tom seconded and the board voted unanimously to create a Secretary Certificate for the NMTC closing documents. This certificate allows the Secretary to approve, and sign for the board, any minor changes to those documents.
- e. Most of the transaction documents pertaining to the written consent documents are available to board members via the board email.
- f. The By-Law Committee updated the Board. Mark and Charlie stated that they are making good progress. They are working with the CDS-CC template and anticipate being finished in time for the February deadline.
- g. The Board was made aware of a current 'take back our Co-op' movement. This situation was brought to the Co-op's attention by Micheal Healy. Additional information will be made available to board members via email and the situation will be monitored.
- h. The Board has once again renewed its CDS-CC membership for 2017.
- i. The Board reviewed section C-8 of the Governance Policy as part of their educational calendar.
- j. New business included discussion on Co-ops becoming micro-grid power producers and creating a program similar to Blue Apron.

4. Marketing:

- a. The fall edition of The Radish dropped September first. This edition is available in print or online. Incentives worth \$75 dollars are included. Five hundred issues were ordered and they are about half gone. Requests for the use of recycled paper was researched and determined to be too costly at this time. All feedback would be appreciated.
- b. Member Appreciation weekend is scheduled for September 24-25.
- c. The Harvest Sale will be smaller this year and held indoors due to the construction. This event is scheduled for October 7-9.
- d. Senior Discount Day will be October 5th and Member Appreciation Day will be October 29th.
- e. October is a big 'cause' month, to include National Coop Month, Fair Trade Month, and Non-GMO Month. In store sampling, online education and store signage will be used to support all three causes for the month.
- f. The Big Bad Basket Giveaway will be all month long in October and promoted via social media. Co+op Basic items will be featured in the giveaway.
- g. The Co+op Basics Program features many items at fixed low prices. These items will be promoted through print and online media. In store signage will mark the Co+op Basic items.
- h. A two week member drive will take place during the Holiday season.
- i. Kristina will let everyone know when the next Marketing meeting will be held.

5. Upcoming Dates:

- a. Future dates include:
 1. October Board Meeting is 10/24
 2. Nov/Dec Board Meeting is 12/05
 3. Member Appreciation Weekend 9/24-9/25
 4. Harvest Sale 10/7-10/9
 5. Senior Discount Day 10/5
 6. Member Appreciation Day 10/29

Marni motioned, Luther seconded and the Board voted unanimously to adjourn the meeting. The meeting adjourned at 6:28 pm.

The next scheduled meeting is October 24th at the AHEAD conference room to begin at 4:00 pm.

Respectfully submitted by:
Charise Baker, Secretary