

APPROVED



Council Meeting Minutes

June 5, 2017

Time: 5:30 - 8:58

Facilitator: Alex Brown

Note Taker: Michael Dougherty

ATTENDEES

Council: Alex Brown, Scott Hess, Steven Farnham, Carl Etnier, Mark Simakaski, Bertil Agell (dep. 7:58), Rita Ricketson, Marci Young (by phone for portions)

Staff: Kari Bradley, Michael Levine (dep. 7:05), Tim Wingate

Guests: Peter Turmelle

5:30 Welcome, agenda review- Alex noted two changes to the agenda.

5:32 Consent agenda- Kari noted six requests for \$525. Bertil and Steven noted two typos in the May minutes. Alex noted the new key on the agenda indicating the goal of each section of the meeting.

Scott moved to accept the consent agenda. Rita seconded. Motion passed.

5:35 Visiting other co-ops- Carl posed the question of how best to share information about other co-ops council members visit. The group discussed sending a short email after each relevant visit and elaborating in person at the next council meeting.

5:38 Discount update- Michael asked the council to provide feedback on each committee recommendation about changing discounts. The council suggested the language be clearer about the one-time reduction from 6% to 5%, and the senior discount ending.

Peter asked whether it is appropriate to reduce member discounts while taking on expenses such as the solar parking canopy. Scott believes the senior discount should be fully phased out over the next 3-4 years. A discount program should be needs- or income-based. Carl suggested a "re-opt-in" program for those who choose to participate.

Bertil suggested 10% was not enough of a discount to entice people to join Co-op Cares. Michael said there are other income-eligibility programs the Co-op could use to screen members for the program and broaden its base. The group discussed the budgeting process for discounts.

On the Co-op asking for birthdates, Carl said asking for birth year would give similar information without the privacy concerns. Scott added that this data doesn't seem relevant if the program is phased out.

APPROVED

6:15 Financials update- Tim provided an overview of the key financial ratios the Co-op tracks. Sales, gross margin, and labor are the three key amounts on financial reports. Margin minus labor shows the remaining percent of revenue available to pay all other expenses. EBITDA reflects core earnings of the business. Current ratio (currently 1.9) should be above 1.0. Working capital amount shows liquidity in dollars. Debt/equity ratio shows ratio between funds provided by creditors and capital invested by owners. Debt coverage and times interest earned metrics are often of interest to banks.

6:30 Q3 financial report- Sales were under plan by about \$101k. Gross margin came in above plan. Personnel expenses were roughly on budget. Operating expense came in below. Management budgeted a loss for this quarter, but net income was above plan. The Co-op has already passed its net income target for FY17.

Steven noted that we were able to make up for low sales growth in other areas. Kari said the high gross margin led to a profitable quarter, but it's unclear whether that margin amount would be sustainable in the long term - increasing sales growth is still key. Steven asked to clarify the "other investments" listed on the report - these are treasury bonds. Alex asked whether it would be possible to show cumulative actual-plus-estimated amounts for the full year on each report.

6:49 Governance budget- Scott reported on the finance committee's meeting. Three Council members will be budgeted to go to CCMA next year. The committee is recommending the same Council president stipend for next year.

Mark moved to accept the committee's recommendations. Rita seconded.

Steven suggested increasing the stipend for the president. Alex noted that the stipends were not meant to be compensation - more like an honorarium.

Steven moved to amend the motion and increase the president's stipend to \$1100. Mark seconded. Scott commented that as a \$24M organization, the increase would be justified. Marci asked to clarify how much time the president spends on services. Alex estimated 1.5-5 hours per day in June on council business (not necessarily specific to her role as president).

Amendment: three aye, two nay, two abstentions. Motion approved.

Vote to approve the committee's recommendations as amended: approved by voice vote.

7:05 BREAK

7:15 Monitoring report- Mark asked for an update on PCI compliance. Kari said they're expecting a software update in June but don't have an update on full compliance. Steven asked whether there should be an affirmation that we are attempting to resolve any past-due payments. Rita asked about the financial jeopardy benchmark. Steven asked to clarify the insurance amounts on p.12. Alex pointed out two changes to L7.9.

Carl moved to accept the monitoring report. Scott seconded. Motion approved.

APPROVED

7:30 GM report- The truckload sale this weekend went well, leading to a 10% increase in sales during those days. Lydia Busler will be the new staff rep but couldn't attend today's meeting. HR Manager Phoebe Townshend will be leaving the Co-op in mid-July.

Bertil asked for more info on the injury numbers and recommended following OSHA guidelines. Bertil also asked whether price reduction could help relieve declining sales growth. Kari said they plan to continue improving pricing through promotions rather than making across-the-board reductions.

7:36 Proposed bylaw changes- Kari said Stephani and Krystal suggested the change from "member" to "owner" language in the bylaws, but the Co-op's attorney suggested making any language used in marketing consistent with language used in the bylaws. Steven suggested "share owner" as a potential alternative. Scott and Carl support using "owner."

Carl moved to accept the recommendation to change the bylaw language to "owner." Rita seconded. Motion approved.

Carl suggested adopting the voting table as a housekeeping matter and resolving the contradiction about voting methods. Kari said the intent of the members that made these changes in 2003 was for expansion votes to happen by mail. Carl suggested using the table, but also posing the question of how to resolve the contradiction to members at the annual meeting. Alex said this issue may not be substantive enough to engage an annual meeting audience. Steven said the council should select a voting method, put it in a proposal, and allow members to vote on it.

Alex said mailed ballots are mentioned first. The idea of voting at a special meeting appears in a secondary section. Peter suggested hiring an outside legal consultant to untangle the issues in this document. Rita suggested the more cautious approach of consulting the members before creating a proposal. Kari said he believes it's a reasonable leadership decision for the council to make a proposal. Kari will circulate documentation before the next council meeting.

8:10 Communications committee

Rita moved to accept the charter. Mark seconded. Motion approved.

8:12 Annual Meeting committee report- Scott presented the group's recommendations: holding a Thursday night meeting, serving beer and wine, and showing a portion of a film. There has been discussion of whether to hold a fun, social event or more of a business meeting. The group also discussed whether the raffle should be open to employees attending or just members - the general consensus is that the raffle should be open to everyone. Alex will not be attending the annual meeting.

8:17 Community fund- Kari said the committee requested to update the council on its membership. The group met last week.

8:20 Triple bottom line reporting- Marci suggested adding reporting benchmarks towards net-zero or carbon-neutral goals. Coefficient software may be a useful tool. She suggested reviewing Co-op policies and looking for opportunities to enhance environmental goals. Kari has asked other staff to think about social and environmental

APPROVED

metrics they could report on quarterly. The monthly monitoring reports relating to the annual plan, as well as the ends report, will also have more data on these goals.

8:31 GM evaluation follow-up- Mark suggested adding language to L2 to state that the GM address systemic concerns of staff regarding workplace culture to develop an open and honest work environment. Steven suggested Mark draft language for the council to vote on at the next meeting.

Steven suggested the council fill out responses at the end of each monitoring report, which could then be aggregated at the time the GM is evaluated. Alex said individual council members should have discretion to organize their thoughts on each report in their own way. Kari said he agreed with all the points raised and added that the evaluation this year was very thorough and thoughtful.

8:47 Wrap-up

Alex listed action items (below). Scott suggested that the council president's stipend be discretionary. Steven suggested making the higher amount (\$1100) retroactive so that Alex would receive it for this year. The group agreed to bring this up at the next meeting.

8:55 Rita moved to adjourn. Mark seconded.

8:55 Steven said Granite City Grocery has not provided an update on finding a new building. The board has four vacancies. Lack of members is the main stumbling block moving forward. Steven suggested a way Hunger Mountain could help is to encourage HMC members to also join GCG.

8:58 Meeting adjourned.

Action Items:

- Kari will respond to Alex's request to show cumulative actual-plus-estimated amounts for the full year on each financial report.
- Kari will circulate documentation before the next council meeting.
- Executive committee will bring voting bylaw changes back for discussion.
- Kari and Marci are going to look for more opportunities to report on social and environmental goals.
- Annual meeting committee will continue to work on annual meeting planning.
- Council and management will look for ways to fuse GM evaluation and staff satisfaction surveys.