

Onion River Co-op/City Market

Board of Directors Meeting

November 27, 2017

Board Attendance:

Sarah Alexander, Board Member
Charles Baldrige, Board Member
Eric Boehm, Board Member
Faye Conte, Board Member, Vice President
Julia Curry, Board Member, President
Jennifer Kennelly, Board Member, Secretary
Ali Kenney, Board Member, via conference call
Allison Searson, Board Member, Treasurer
Wayne Warnken, Board Member

Absent:

None.

Also in attendance:

John Tashiro, General Manager
Michael Healy, Board Facilitator
Garth Allen, Senior Audit Manager, Gallagher, Flynn & Company
Steve Austin, Audit Partner, Gallagher, Flynn & Company
Liz Jarvis, Membership Manager
Tim George, Director of Finance
Kiersten Hallquist, Member and Board Minutes-Taker
Jim Rudolph, Member and Future Board Member
Serrill Flash, Member
Pete Evan Smith, Member

A quorum was established and the meeting started at 6:01 PM.

Preliminaries

Review Agenda

The Agenda was accepted with the following changes: B3 monitoring moved into executive session and CBLD Contract Discussion was added to future planning.

Review Minutes

The October 23, 2017 minutes were accepted with the following changes: Allison S. is already a Board member, so under Board Elections Results the following change was made “~~will begin in January 2018 and are invited to attend the November and December meetings as guests~~” is now “will begin in January 2018. Joanna and Jim are invited”. Under Global Executive session: “The Board ~~shared~~ asked clarifying questions.”

Review Action Items

The Action Items list was reviewed and accepted with three items removed.

Open Member Time

Members were invited to comment. The Board introduced themselves to Members in attendance.

Peter Evan Smith, a Member, inquired about how much of the proceeds of the COTS Tree Sale go to COTS. John addressed the question: all profits from the tree sale are donated to COTS (removed cost of the trees, as they are not donated to the sale, but are purchased). Liz Jarvis also shared the numbers from the sale are published on the City Market website.

GM Reporting

Monthly GM Update

John presented his report to the Board. Highlights included but were not limited to hitting another new record for the Rally for Change Campaign, a new record number of reserved local turkeys (934), new staff hiring programs, and successful opening of the new South End Store.

The Board shared congratulations and personal observations, and they asked clarifying questions.

B3: Asset Protection

This discussion was moved to executive session.

Discussion of GM Interpretation of B4.6, indebtedness

John presented his report to the Board.

The Board asked clarifying questions, shared observations, and discussed the data.

The Board discussed incorporating explicit language into the report; for example, “The GM is authorized to make changes to loan terms only when those changes would not lead to or exacerbate noncompliance”, or “... shall not incur or change the terms of debt” without Board authorization.

The Board discussed the varying monitoring levels of different boards. Julia shared, “This is one of the areas where we [the Board] are most directly representing our members.” However, the Board also discussed with John and Tim how much changing the policy to capture more Board monitoring might negatively impact John and Tim’s ability to do their job; they discussed the careful balance between representing the Membership and not interfering with operations or getting too much into the details. The Board discussed what might be the ranges they would consider Board consultation or approval would be necessary, in regards to loan terms.

The Board decided to table the discussion until the December meeting.

Co-op Café

Faye shared her experience at the Co-op Café. Theme of the event was “cooperative impacts.” Highlights included but were not limited to an incredible turnout from other cooperatives and shared universal experiences with other cooperatives (Board perpetuation research, diversity, engaging members beyond a patronage refund).

Board Monitoring

C1: Delegation to the GM

Wayne presented C1 to the Board and reported the Board is in compliance.

The Board discussed language and shared observations.

D7: Trusteeship & Relationship to Members

Eric presented D7 to the Board and reported the Board is in compliance.

The Board discussed language specifics and shared observations, including language regarding how the Board obtains its authority and the primary relationship between the Board and Members.

Proposed Revision of D3

Jennifer presented her proposed revisions of D3 to the Board, incorporating language recommendations made at the October meeting, primarily a change to the Treasurer's role to include a primary function to serve as a liaison between the Board and the auditors and uniformly applied gender neutral language.

The Board accepted the proposal as written and adopted the policy as revised.

Auditor's Presentation

Garth Allen and Steve Austin from Gallagher, Flynn & Company presented their Annual Audit Review to the Board. The auditing team highlighted that the audit closed this past June (financial period/statements as of June 30, 2017), so some data will be somewhat outdated. Their primary role is to review financial statements and verify accuracy and holding management to certain standards.

The auditors concluded "they found nothing that requires them to report a deficiency in management's reporting activities." The auditors work for the Board, not management. The auditors did commend the Tim George, the City Market Director of Finance, for his work over the past year and in management's support in pulling together the necessary items for the audit.

The biggest impact on financials was the building costs for the South End Store. The debt-to-equity ratio has remained quite low/relatively unchanged. Gross profit margin has remained relatively steady the past 6 years; however, the operating margin has gone down primarily because of an increased investment operating expenses and personnel costs.

The Board asked clarifying questions.

Future Planning

CBLD Contract

Julia presented the CBLD Contract. The Board shared support for extending CDS's services for another year.

Open Member Time Response

The Board did not have Member commentary to address. The one question was directly addressed during open Member commentary.

New Member Onion Skin Article

Julia and Faye shared their wish to submit another article to the Onion Skin after the positive experience with Ali Kenney's article on the Member Loan Campaign. The next Onion Skin goes out December 7th. Faye and John will partner on a reflection on the South End Store.

Retreat Schedule

Julia presented on potential May and September dates for 2018 Board Retreats. Julia will send the Board members a Doodle Poll to finalize the date.

Review Board Calendar

The Board reviewed the calendar and approved with the following update: Joanna will be added to monitoring in January and Sarah and Jennifer will be removed from the calendar. Julia might be unable to attend the December board meeting, and Allison S. may not be able to attend the January meeting.

Wrap Up

The Board shared their appreciation to the auditing team.

Executive Session

The Board moved into Executive Session at 8:29 PM to check in with auditors.

The auditors left the executive session at 9:05PM. Allison Searson left the meeting at 9:05PM.

Staff and Board Facilitator joined the Board in executive session to monitor the B3, review the scorecard, and hear an update on the status of the RFP for the sale of Briggs Street.

The Board discussed some concerns around the accuracy of the data shared in B3. John suggested that he make the appropriate changes and resubmit the report for the Board monitoring at the December meeting. The Board accepted John's suggestion.

The Board authorized John to prepare a Letter of Understanding between the Co-op and a potential buyer for Briggs Street based on the criteria shared in executive session. The Board will review and approve the Letter of Understanding at the December Board meeting.

The Board came out of Executive Session at 9:48 PM.

Adjourn

The Board adjourned at 9:48 PM.

Action Items

Faye will research possible growth and improvements to the Board Perpetuation process.

The Board will submit their personal resumes to Alison Hope and Liz as soon as possible.

Julia is working to finalize a GM contract, which the Board will review at a later date.

Julia and Faye will discuss the D4.2b language in depth and develop a proposal for change to be presented at the January 2018 meeting, where the Board will officially vote on all three language changes to D4, which were captured in the October meeting minutes.

Four Board Officers will draft an outline/guide document on their role, how they serve in it, and what it entails; documents to be presented at the December meeting.

Alison Hope will provide the Board with a template for Front Porch Forum posts and issue “thank you notes” to members with some suggestions for text.

Julia will add the continued discussion of B4.6 to the December agenda and will develop a plan for a productive discussion.

John will follow-up with Pete Evan Smith with additional details regarding the COTS Tree Sale fundraiser.

John and Faye will partner on a reflective article on the South End Store for the December 7th Onion Skin.

Julia will send the Board a Doodle Poll to finalize dates of May and September Board retreat dates.