

Onion River Co-op/City Market

Board of Directors Meeting

November 26, 2018

Board Attendance:

Sarah Alexander, Board Member, Secretary
Charles Baldrige, Board Member, Treasurer
Eric Boehm, Board Member, Vice President
Faye Mack, Board Member, President
Allison Searson, Board Member
Julia Curry, Board Member
Ali Kenney, Board Member
Joanna Grossman, Board Member
Jim Rudolph, Board Member

Absent:

Also in attendance:

Michael Healy, Board Facilitator
John Tashiro, General Manager
Tim George, Director of Finance
Liz Jarvis, Membership Manager
Serrill Flash, Member
Garth Allen, Gallagher, Flynn & Company
Steve Austin, Gallagher, Flynn & Company
Madelyn Cataford, Member
Leah Soderquist, Member, future Board Member
Jennifer Kennelly, Member
Kim Nolan, Head of People & Culture

A quorum was established and the meeting started at 6:02 PM.

Preliminaries

Review Agenda

The Agenda was accepted as written.

Review Minutes

The October 22, 2018 minutes were accepted with the following changes: Pg 3 Member Meeting Reflections: "~~Allison H. shared they individually videotape candidate speeches,~~" "Allison H shared an idea for individually videotaping candidate speeches at future Member Meetings".

Review Action Items

The Action Items list was reviewed and accepted with 1 item removed.

Open Member Time

Members and Board Members introduced themselves.

Serrill Flash expressed sadness at the failure of the Harvest Co-op and explained his interest in its success.

Madelyn Cataford and Leah Soderquist expressed that they just came to observe.

Auditor's Presentation

Garth Allen and Steve Austin from Gallagher, Flynn & Company presented their Annual Audit Review to the Board. They offered their congratulations on the opening of the South End store. They identified their primary role as reviewing and evaluating financial statements and verifying accuracy and holding management to certain standards. Management creates the financial information. The auditors ensure that it is being fairly presented. They are not here to detect fraud, but major material misstatements, but would report fraud directly to the Board if it were detected during their audit.

They presented their overview of their audit process and reports. They covered their Report to the Board, followed by the Financial Statements. The auditors did not find any significant deficiencies in the management's reporting.

The Report to the Board highlights the adjustments that the auditors had, including a tax adjustment that needed a different accounting treatment. Two other issues that came up included assisting management with recording for some deferred financing costs involving capitalized interests as well as the impairment of approximately \$94,000 related to the parcel of land recorded as an asset to sell. Either of these adjustments could have been delayed until next year but was included in this year's report at management's request.

The three significant transactions presented in the Financial Statements were the construction of the South End store, the impairment of the land held for sale, and the renegotiation of the NCB note (amounts paid in September to phase NCB out of the agreement which is now paid to CFNE – the new payment stream being what is being reflected in the Financial Statements). The biggest impact on financials continued to be the construction of the new store.

The auditors pointed out that this balance sheet demonstrates a healthy way to grow. The current ratio is still above 1.5, which is a positive metric, and the debt to equity has increased but was planned and is not a highly leveraged number. Overall, the Co-op has a strong balance sheet. The auditors stressed that a focus on raising Member spending will contribute to the success of the Co-op, and that controlling operating costs will play a huge role in the Co-op's financial future.

The Board asked clarifying questions.

Executive Session

The Board moved into a brief Executive Session at 7:00 PM to hear a check-in from the auditors. The Board moved out of Executive Session at 7:25 PM and resumed the meeting at 7:35 PM.

GM Reporting

Monthly GM Update

John presented his report to the Board. Highlights included but were not limited to the completion of the Co-op's permitting process, falling short of the ambitious sales target for last quarter, work around how to best make up the remaining targeted sales for the year, the success around Thanksgiving sales, and next steps for further developing an e-commerce plan.

The Board asked clarifying questions.

Faye asked to hear more next meeting about work currently being done around meeting sales goals for the remainder of the year. Faye also expressed interest in hearing more in the future about how we will be promoting our Food For All program and the changes to the program out in the community.

B3: Asset Protection

John presented the B3 report to the Board. The Board asked clarifying questions and shared observations. The Board noted that the Co-op is not in compliance in regard to reported incidents of nonfatal occupational injuries and illnesses in comparison to industry averages in B3.4. John and Kim offered explanations around the non-compliance, including but not limited to a more rigorous reporting policy than the industry standard. The Board accepted the explanation of non-compliance.

The Board accepted the report as demonstrating compliance with the policy except where noted in B3.4 and accepted the report as written.

Board Monitoring

C1: Delegation to GM

Allison S presented C1 to the Board and reported the Board is in compliance.

D7: Trusteeship & Relationship to Members

Sarah presented C2 to the Board and reported the Board is in compliance.

Sarah noted a numbering error in the policy but will be doing a scrub of the policies for gender neutral language to be completed by the January meeting and will incorporate the correction of minor errors into that project.

The Board asked clarifying questions and shared personal observations.

Certify Board Election Results & Elections Process Reflection

Faye presented the results of the election, as not all affected parties were present at the October Meeting.

Faye Mack, Charles Baldrige, and Leah Soderquist were informed their terms will begin in January 2019 to end December 31, 2021. The Board unanimously accepted the election outcome.

The Board reflected on the past year's election process, including the absence of Board tabling to encourage voting this year and the introduction of one on one videotaping of Board candidate

statements at future Member Meetings. The Board noted more conversation in the general Membership around the union system of preparedness activities and asked about a different rating system that would allow for color blind Members to easily interpret this rating system, as well. The Board noted that the elections mailer looked great this year.

Sharing Reflections from Co-op Café and Diversity & Inclusion Training

Liz shared her experience at the Co-op Café. The theme of the event was “an expanding vision of we”. Highlights included but were not limited to ideas around engaging the community, a focus on the customer that goes beyond Membership, and increasing our impact as a vehicle for social change.

John shared some background around the Co-op’s interest in a focus around diversity and inclusivity and the path to the creation of the most recent Diversity & Inclusion Training. Jim, Charles, and Julia shared their experiences, as well. Highlights included but were not limited to discussions around individual biases and their meaning that came up during the training, the appreciation of the attendance of HR Directors at the training, and an appreciation that the Co-op is continuing to do work around this topic. Kim shared more about future work around this topic and next steps including train the trainer-type sessions and reinstating the Co-op’s Diversity Committee. Michael offered resources from his consulting team to help the Board continue moving this conversation forward.

Open Board Time

Eric shared his positive experience handing out cupcakes at the South End’s anniversary celebrations.

Joanna shared that she’s glad to be back and is proud of the work that the Board and the Co-op is doing.

Ali shared her experience at another Co-op where they offered a discount rather than a patronage refund as a benefit of Membership.

Sarah shared appreciation for a full house attendance-wise.

Future Planning

Open Member Time Response

The Board did not have Member commentary to address but shared appreciation for attending Members.

Scheduling Retreats

John gave the Board notice that he will share a doodle poll with the Board around Spring and Fall retreat dates.

Review Board Calendar

The Board reviewed the calendar. Allison will not be here in February, Julia will not be here in December, and Ali will likely not be here in December. John proposed possibly changing the date

of the February and April Meeting dates to work around school breaks and will send out another doodle poll to find the best dates for these meetings.

Wrap Up

The Board shared their appreciation for the good attendance at the meeting.

Executive Session

The Board moved into Executive Session at 8:45 PM to hear an organizational update as well as updates on both the South End financial analysis and the 75 Briggs St. P&S Agreement.

The Board approved a one-month extension for the 75 Briggs St. P&S Agreement.

The Board came out of Executive Session at 10:00 PM.

Adjourn

The Board adjourned at 10:05 PM.

Action Items

Eric, John, and Faye will draft a proposal for the Co-op's future engagement in policy to help support future Board discussion, to include a list of some sample scenarios.

Sarah will complete a clean-up of the policy register to incorporate gender neutral language and will include small corrections of minor errors into that project by the January Board Meeting.

The Board will complete the doodle poll for the holiday social.

John will send out a doodle poll to the Board to come up with Spring and Fall retreat timings.

John will provide the Board with a doodle poll to decide whether alternative February and April Board Meeting dates are necessary.