

**Onion River Cooperative - Board of Directors Meeting**  
**Remote Meeting via Microsoft Teams\***  
**Monday, April 26, 2021**

\*Please email [caubry@citymarket.coop](mailto:caubry@citymarket.coop) to receive the meeting link

<b>Time</b>	<b>Topic</b>	<b>Action/Result</b>	<b>Presenter</b>
5:45-6:00	Gather: eat and chat	Eat, connect, enjoy	All
6:00-6:10	<b>Preliminaries:</b> Review agenda Review minutes (1) Review action items (1)	Decide (a)	Eric
6:10-6:15	Open member time	Members bring topics to the board's attention	Members
6:15-6:45	Progress update on Board Perpetuation proposal (2)	Learn, discuss, maybe decide (b)	Joanna & Eric
6:45-7:20	<b>GM reporting</b> Monthly GM update (3) B4: Financial Condition (4) Update on People & Culture Search	Learn, monitor, decide (c)	John & Madelyn
7:20-7:30	<b>Board self-monitoring</b> D8: Cost of Governance	Monitor, decide (d)	Faye
7:30-7:40	Half-time stretch	Rejuvenation	All
7:40-8:05	Update on NCG CX (Customer Experience) Initiative	Learn	Mae
8:05-8:20	Brief Outline of Spring Retreat (5) and Initial Ideas for Summer Outdoor Gathering	Discuss (e)	Eric & John
8:20-8:25	Open Board Time	Board members bring topics to the Board's attention	All
8:25-8:35	<b>Future planning</b> Open member time follow-up, if any Review calendar CCMA Planning	Decide	Eric
8:35-8:40	<b>Wrap up</b> Action items, meeting evaluation Transition to executive session	Assess	All
8:40-8:50	<b>Executive Session</b> Review B4 Financial Statements (6)	Learn, discuss (f)	John & Madelyn
8:50	Adjourn		

Attachments

1. Draft of last month's minutes and action items
2. Board Perpetuation Proposal
3. GM Monthly Update
4. B4: Financial Condition (*Note - delayed, John to send by 4/22 via separate email*)

5. Virtual Spring Retreat Agenda
6. B4 Financial Statements (*Note - delayed & confidential, John to send by 4/22 via separate email*)

#### Meeting preparation

- a) Read the minutes and note any questions/corrections.
- b) Read the Draft Pilot Perpetuation Committee Charter and come ready to discuss.
- c) Read the monthly GM update, note comments and questions, and come ready to discuss.
- d) Read the D8 Report, note comments and questions, come ready to monitor.
- e) Read the Spring Retreat Agenda and come ready to discuss
- f) Review the B4 Financial Statements, note comments and questions

#### **President's Note:**

Hello Fellow Board Members,

I hope everyone has been enjoying the nice weather that Spring has brought us. This meeting will stretch close to a 9pm adjournment as we have a few larger items we will be discussing including the Pilot Board Perpetuation Committee Charter, the Virtual Spring Retreat outline, the NCG CX (customer experience) Initiative, as well as our monthly monitoring reports.

We will lead the meeting with a discussion on the draft Pilot Board Perpetuation Committee Charter. Joanna and I took the feedback we heard of our charter outline in March and drafted a full-length committee charter for your review this month. As we are a board that rarely uses committees and this work has been discussed for many years now, the charter deserves allotting as much time as is needed for the Board to ask questions and feel comfortable with our direction forward. Therefore, although we may be able to vote on the charter this month, it is completely fine and welcomed to push off the vote another month if further iterations are needed. Please come to the meeting having read the draft charter and be ready to discuss.

Additionally, I want to highlight that this month we will be reviewing the Virtual Spring Retreat Agenda, scheduled for May 8<sup>th</sup>, which focuses on the topic of support of staff as this was identified as our leading topic by board members back in our February Board meeting. Michael, Joanna, John, and I have worked over the last month to provide focused time on this topic while fitting the discussion into a four-hour morning retreat and we welcome your feedback at Monday's meeting.

Recognizing that this retreat is cut shorter than prior years due to Zoom fatigue, and therefore losing some of the retreat time that we have had in the past to gather socially, we are looking for alternative ways to connect safely. In that spirit, John and I will be sharing some initial ideas of a no-work summer outdoor social gathering of the board where we can relax and talk to each other safely and socially distanced.

I look forward to seeing you all Monday night and thank you again for your service to the Co-op.

Thank you,

Eric

## **Onion River Co-op/City Market**

Board of Directors Meeting

Remote Teams Conference\*

March 22, 2020

### **Board Attendance:**

Eric Boehm (he/him), Board Member, President

Joanna Grossman (she/her), Board Member, Vice President

Caroline Keller (she/her), Board Member, Treasurer

Rubin Jennings (he/him), Board Member, Secretary

Jody Landon (she/her), Board Member

Kristina Sweet (she/her), Board Member

Meaghan Diffenderfer (she/her), Board Member

### **Absent:**

Faye Mack (she/her), Board Member

### **Also in attendance:**

Michael Healy (he/him), Board Facilitator

Kiersten Hallquist (she/her), Member & Board Minutes-Taker

John Tashiro (he/him), General Manager

Madelyn Cataford (she/her), Director of Finance & IT

Mae Quilty (she/her), Assistant Director of Community Engagement

Claire Ross, Assistant Director of Operations - Purchasing

Caroline Aubry (she/her), Membership Manager

Serrill Flash, Member

A quorum was established, and the meeting started at 6:08pm.

### **Preliminaries**

#### Review Agenda

The agenda was accepted as written.

#### Review Minutes

The February 15<sup>th</sup> minutes were accepted as written.

#### Review Action Items

The Board reviewed the Action Items list, and the one action item was removed.

### **Open Member Time**

Serrill shared a Happy Spring with the Board.

### **Progress Update on Board Perpetuation Proposal**

Joanna and Eric presented an update regarding the next steps of the Board Perpetuation work and the committee plan under development. Joanna and Eric gathered feedback from the Board to verify alignment on a handful of topics in preparation for development of a full drafted charter.

The Board asked clarifying questions and provided feedback on the reviewed Pilot Perpetuation Charter Outline document.

### **National Cooperative Grocers Association (NCG) Member Agreement Review**

John presented the NCG Agreement signed in 2020 for the Board's review. John also provided a brief overview of the relationship with NCG and the important support it provides to City Market ORC and the broader the cooperative network.

### **GM Reporting**

#### Monthly GM Update

John presented the GM Monthly Update report to the Board.

The Board shared personal observations and asked clarifying questions. John and the Board reflected on the unique impact the pandemic has had on numbers over the past year.

#### Financial Planning Status

John and Madelyn shared information on the Co-op's financial planning status.

Madelyn provided an update on the annual audit process and the plans for the current tax year, with plans to continue work with Gallagher and Flynn this year.

John provided a brief update on the PPE Loan application, with the hope to apply in early-April, depending on what is required in the application process.

John provided an update on the past year's budget forecasts and FY22 budget planning process; in light of the pandemic's unique impact on the budget projections, John requested the Board provide an extension to September 2021 for the multi-year budget presentation to allow John and his team more time to better develop the FY22 base budget to better inform a multi-year forecast.

The Board shared personal observations and asked clarifying questions.

#### COVID-19 Updates

John provided a brief update regarding the positive COVID-19 case reported yesterday, March 21, in the South End Store. There was a lot of timely work completed to support timely and accurate communication to the staff and public community, and to ensure sufficient staff coverage as close contacts were identified.

John proposed the Board meetings remain virtual for the duration of 2021 in an abundance of caution. The Downtown store conference room is currently converted to additional office space to support physical distancing for staff, and the community room in the South End has been converted to a larger staff break room to support better physical distancing as well. John did, however, propose a physically distanced informal in-person Board social later in the year to support Board Member's social connections. Eric Boehm shared support for a gathering later in the year, while continuing to plan conservatively for the time-being.

*- Half-time Stretch -*

### **Board Self-Monitoring**

#### D9: Board Terms of Office Policy

Jody presented analysis on the D:9 - Board Terms of Office policy. Jody found the Board in compliance with the policy.

### **Report Out from Recent Trainings**

Eric invited the Board to share personal observations and take-aways from recent trainings with NFCA, NOFA, and Columinate's CBLD training.

Eric, Joanna, Rubin, Kristina, Jody, Meaghan, and Caroline all participated in sessions, and shared lessons learned at their sessions. Sessions included but were not limited to:

- Ladonna Sanders Redman's "Diversity: Why We Can't Wait"
- A leadership mixer networking event with other fellow Cooperative Officers
- Cornelius Landing's presentation on land access in the South as part of NFCA
- NOFA-VT Winter Conference Sessions Attended:
  - o "Advancing BIPOC Land Access in N'Dakinna"
    - (Northeast Farmers of Color Land Trust; Every Town Project; Vermont Land Trust; NOFA-VT, Vital Communities)
  - o "Stronger Together- Cooperative and Alternative Models for Farms and Food Businesses"
    - (Agrarian Commons; Brush Brook Community Farm; Land in Common; Humble Hands Harvest; Diggers' Mirth Collective Farm)
  - o "Organizing to Win: Building Community Power for Systems Change"
    - (Community Action Works and Energy and Climate Upper Valley)
  - o "Soil Health Policy in Vermont: Changemaking from the Ground Up"
    - (VT Soils Coalition, Grow more, Waste Less, Rural Vermont, NOFA-VT)
  - o "The Fermentista's Garden: Hands-on Fermentation Demonstration"
    - (Nomadic root Kitchen)

### **Future Planning**

#### Open Board Time

Meaghan asked about balancing the Board's role representing the community and supporting the General Manager. Eric shared appreciation for the discussion topic and wanted to make more space for this discussion at a future Board meeting and/or retreat. John also highlighted the historical and current value of receiving and responding to community input, as an ongoing practice.

John also updated the Board on a recent national trend regarding an "Anti-Facemask Flash Mob," and a New Hampshire cooperative recently experienced one of these flash mobs. This past Saturday, the senior team identified one of the mobs was planned to occur in Burlington; John and the senior team planned for a possible incident; however, the group remained on Church Street, and the safety and security team was not required.

#### Member Comment

No comments necessitating response, at this evening's meeting.

#### Review Board Calendar

The Board did not have any calendar updates.

#### Confirm Spring Board Retreat Date

Eric shared two dates revealed potential conflicts, and Eric plans to follow-up with the individuals directly to finalize the date; however, Eric asked the Board to hold May 8<sup>th</sup> and May 15<sup>th</sup>.

#### **Wrap Up/Meeting Evaluation**

None.

#### **Executive Session**

The Board moved into Executive Session at 8:04 PM to discuss Personnel and Union Matters. Meaghan recused herself from Executive session due to a Conflict of Interest. The Board came out of Executive Session at 8:53 PM.

#### **Adjourn**

The Board adjourned at 8:53 PM.

#### **Action Items**

##### March 2021

**The Board** will hold May 8<sup>th</sup> and May 15<sup>th</sup> for the Spring Retreat.

**Eric** will set up one-on-one check-ins with each member of the Board as part of his on-boarding in his new leadership position as Board President.

##### January 2021

**Joanna** will draft a Board Perpetuation Committee charter to bring to the Board for review at a future Board meeting (to revisit each meeting until project close).

**Policy Type: Committee Charter**

**Policy Title: Pilot Board Perpetuation Committee Charter**

Start Date: TDB

Board Mid-term Evaluation and Adjustments: after 1 year

End Date: Two years after initially chartered

**Purpose:**

1. Create a process to recruit qualified candidates for future board elections and Board appointments.
2. Update and further the work of the policy D11 – Board Perpetuation section 3 (The Board will seek candidates according to the following qualifications).
3. Increase involvement of Members either seeking a lesser commitment than the Board or a way to gauge interest in a future run for the Board

**Committee Composition:** 4-5 Members with 2-3 Board Members and 2 non-Board members

1. Decision Making: The committee is not charged with formal decision making rather identifying qualified candidates for Board consideration therefore committee recommendations should be made under a consensus decision making framework.
2. Member Selection: Co-op Members from the community will be nominated and self-nominated and selected by the Board using its existing selection process used for the Don Schramm Award.
3. Term: Members are expected to serve 2 years but can depart the committee for any reason including Board Members being up for re-election, or community Members deciding to run for the Board themselves

**Committee Responsibilities:**

1. Identify and recruit well-qualified Board Members according to Board policy D11—Board Perpetuation.
2. Meet with prospective candidates as part of the orientation/application process.
3. Research the benefits and drawbacks of having the Board endorse (or nominate) candidates. Present findings at the pilot committee's one year mark and if changes are recommended to present a proposal (including alternative approaches, and the pros and cons of each approach) to the Board at the end of the 2 year pilot period.
4. Maintain a list of qualified candidates, along with their qualifications, to inform any future Board appointments or future endorsement type process
5. Regularly review the application and orientation materials and process, focusing specifically on anything that might exclude qualified members.
6. Review election voting materials and identify ways to better inform voters
7. As directed by the Board President, provide status reports to the Board at least semi-annually.
8. Present status reports to the Board semi-annually

**Next Steps:**

1. Board: Approve Charter
2. Board: Review and update policy D11 – Board Perpetuation’s stated desired qualifications of a Board member to inform the committee’s work
3. Board: Choose the Board Members who will serve on the committee. Nominate and select Co-op members from the community using the Don Schramm Award process
4. Committee: Begin work
  - a. Determine frequency of meeting
  - b. Review D11 and Global Ends
  - c. Connect with BNEC on learnings from fellow Co-op calls
  - d. Determine criteria to objectively identify quality candidates



## General Manager's Monthly Report (in Support of the B-5 Policy)

April 26, 2021

In Policy B5.1, the Board asks that the GM “make the Board aware of relevant trends, public events of the organization, actual or potential actions and decisions related to public policy, or internal and external changes which affect the assumptions upon which Board policy has previously been submitted.”

### **What's Happening**

*We have now completed our ninth month of FY21 and it is hard to believe our financial year is coming to a close in less than three months. The challenges with the pandemic are on-going as the total positive case count in Vermont reaches close to 22,000 and with 242 deaths. However, with the accelerated distribution of vaccinations in combination with people continuing to follow best practices, the State is making good progress with what appears to be a decline in the positivity rate and hospitalization trends. Case counts in Chittenden County remain high and we are closely monitoring the State's plans including the Governor's Phased Re-opening and Vermont Forward Plans as well as the updated guidelines from the CDC and DoH. We are incorporating these Plans and updates into our existing protocols in a way that is consistent with our precautionary approach and continues to prioritize the safety of our staff and customers. On a national scale, total positive cases are now more than 31 million with over 570,000 deaths.*

- Our employee count at the end of March 2021 was 330 compared to 321 for the same period in 2020. It is worth noting that hiring was effectively paused during March and April of 2020.
- March 2021 sales were \$4.5M and 3.5% above budget. YTD Revenue is \$40.7M, which is 1.58% above the YTD FY21 budget, but 1.3% below FY20 YTD revenue.
- March's Wellness Adventure was focused on stretching – our bodies and our minds! Physically, we tried taking 10 minutes a day to stretch our bodies and explored meditation to expand our minds. We also offered employees the opportunity to meet with Rhonda Chesney from VSAC to brush up their resumes.
- With People & Culture staffing to four people again, we've begun to look at support improvements including streamlining forms and enhancing management's training opportunities to develop leadership abilities.
- Governor Scott's introduction of the Vermont Forward Plan, outlining the State's reopening timeline, has prompted renewed focus and work to evaluate how and when we adjust our numerous Covid protocols and practices.
- We've purchased some additional portable washing stations, as well as shored up our planning and signage, in the event of a Boil Water Notice from the City. This will allow us to continue to operate our stores and remain open whereas we've been forced to close down in the past.
- In March, we celebrated our 2020 Seedling Grantees with a virtual [10-minute video](#) celebration! We also announced the opening of our 2021 Seedling Grant cycle and announced \$35,000 in funding for this year's projects.
- We signed on as a Food Security Sponsor with [The Farm at VYCC](#) in March. This sponsorship will help support Health Care Shares for the 2021 season from March-December, 2021. We're excited to partner with VYCC once the share pick-ups begin to share information about our Food for All program.
- In March, we reached 15,000 followers on [Instagram](#) and celebrated with a 15k giveaway! We gave away fifteen \$15 gift cards through this contest that received 461 entries! Instagram continues to be our fastest growing social media platform and a great way to engage with our community.

- We ran a virtual Cheese Bracket on Instagram in March in lieu of in-store demos with great success! We received 3,992 votes over 7 rounds with Lake's Edge by Blue Ledge Farm winning the title. This was a great collaboration among our Prepared Foods and Community Engagement teams, and offered a unique way to highlight our local producers!

Finance and Information Technology projects are as follows:

- FY22 Budget development is in full swing.
- PPP loan forgiveness application is still in process.
- Active IT projects scheduled to be completed before fiscal year end include replacing both stores' Wi-Fi configurations, install new high-volume printers across both locations and a partial hardware refresh for the DT Front End.
- Many outdated workstations are in the process of being replaced.
- Development team continues to upgrade/improve systems as well as prioritize longer term projects.
- We are continuing to support the final implementation of the NCG CX (Customer Experience) program, which is planned for rolled out in May.

South End (SE)

- While we have seen a general reduction in the number of applicants for open positions across the Co-op, it has been keenly impacting departments in SE. We are in the beginning stages of looking at contingencies regarding how we may need to modify operations to accommodate a (hopefully) temporary condition of short staffing in certain areas.

Downtown (DT)

- DT store operations were significantly impacted due to positive Covid cases resulting in a number of staff identified as close contact and following the required quarantine & testing protocols.
- Planning continues among our Purch & Merch team around the scheduled center store reset, which will impact many of our dry good categories. Based on some unique scheduling challenges with other work being done in DT, we're tentatively looking to move this reset date from May to June.

## Finance

March	DT	SE	Total	YTD FY21
Monthly Sales FY21 Actual	\$2,293,083	\$2,229,522	\$4,522,604	\$40,695,775
Monthly Sales FY21 Budget	\$2,287,075	\$2,081,483	\$4,368,557	\$40,061,633
Variance from Budget	\$6,008	\$148,039	\$154,047	\$634,142
% Var from Budget	0.26%	7.11%	3.53%	1.58%
Monthly Sales FY20	\$2,662,243	\$2,349,282	\$5,011,525	\$41,240,022
Variance from FY20	(\$369,160)	(\$119,760)	(\$488,921)	(\$544,247)
% Var from FY20	-13.87%	-5.10%	-9.76%	-1.32%
<b>Avg. Daily Sales</b>				
FY21	\$73,970	\$71,920	\$145,890	
FY20	\$85,858	\$75,676	\$161,534	
% Var from FY20	-13.8%	-5.0%	-9.68%	
<b>Avg. Basket Size</b>				
Member FY21	\$37.93	\$57.63		
Member FY20	\$41.01	\$61.97		
% Var from FY20	-7.51%	-7.00%		
Non-Member FY21	\$24.60	\$35.55		
Non-Member FY20	\$24.37	\$36.08		
% Var from FY20	0.94%	-1.47%		
<b>Avg. Daily Register Transactions</b>				
FY21	2,442	1,449		
FY20	2,636	1,428		
% Var from FY20	-7.4%	1.5%		

## Rally for Change

March		Total
Total Donations		\$18,418
10% Partner	Flynn Center for Performing Arts	\$1,842
40% Partner	Burlington School Food Project	\$7,367
50% Partner	Feeding Chittenden	\$9,209

In addition, Feeding Chittenden (FC) received \$27 in cash, \$3,210 in product donations. Total with Rally is \$12,446.

### Local Food

March	DT	SE	Total
Local Food Sales FY21	\$860,228	\$794,029	\$1,654,257
Local Food Sales FY20	\$868,826	\$709,366	\$1,578,192
% Var from FY20 *	-0.99%	11.94%	4.82%
% of Local Sales vs. Total Sales FY21	37.5%	35.6%	36.6%
% of Local Sales vs. Total Sales FY20	32.6%	30.2%	31.5%

\* decrease due to hot bar being closed

### Organic and Fairly Traded Products

March	DT	SE	Total
Organic Produce Sales FY21	\$246,618	\$317,636	\$564,254
Organic Produce Sales FY20	\$282,602	\$301,410	\$584,012
% Var from FY20	-14.59%	5.11%	-3.50%
# of Fair-Trade Products for Sale in FY21	313	340	378
# of Fair-Trade Products for Sale in FY20	315	330	377
% Var from FY20	-0.64%	2.94%	0.26%

### Co-op Membership

March	DT	SE	Total
Member Sales FY21	\$1,225,572	\$1,652,287	\$2,877,859
Member Sales FY20	\$1,652,545	\$1,798,004	\$3,450,549
% of Store Sales in FY21	53.4%	74.1%	63.6%
% of Store Sales in FY20	62.1%	76.5%	68.9%
New Members	44	50	94
March	FY21	FY20	% Difference
Membership	11,687	12,150	-3.8%
Partially Capitalized	8,062	8,827	-8.7%
Fully Capitalized	2,750	2,426	13.4%
Non-share Holding	875	897	-2.5%
Member Worker Hours	655	486	34.8%
% of Member Worker Hours in Community	98.57%	95.81%	2.9%

### Food for All

March	FY21	FY20	% Difference
FFA Sales	\$195,935	\$199,606	-1.8%
FFA Membership	1051	1057	-0.6%

3Squares/WIC

March	FY21	FY20	% Difference
3SquaresVT	\$96,046	\$64,511	48.9%

**Online and External (Out of Store) Services**

The team is continuing to assess and monitor the situation recognizing the majority of orders still lean heavily towards delivery compared to curbside. Delivery services continue to prioritize customers who are homebound. Curbside services also remain limited to the Downtown store and for those customers who are unable to visit and/or enter the store.

General Manager's Monitoring Report  
Prepared by: John Tashiro  
April 26, 2021

Policy Type: Executive Limitations  
Policy Title: B4 - Financial Conditions and Activities  
Adopted: December 18, 2017

I certify that the information contained in this report and attachments is true.

Signed John Tashiro  
General Manager

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The GM reports compliance with all parts of this policy, with the exception B4.5 and B4.10.

The reporting period for this report covers the past 3 months, January 1, 2021 through March 31, 2021, the third quarter of the 2021 fiscal year, with the exception of B4.11 which covers the 2020 fiscal year. Please note that all figures for the current quarter are estimates subject to future revision, as the books for the quarter have not officially been closed.

Attachments: FY21 Qtr3 Combined Balance Sheet and Income Statement (Note. Attachments are confidential and for Board Members reference only)

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**B.4** With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, allow key operational indicators to be below average for the industry or material deviation of actual expenditures from Board priorities established in Ends policies.

**Interpretation**

In order to be prepared for future opportunities, the Co-op must not only avoid fiscal jeopardy; we must also set and achieve financial goals in our annual budgets that are realistic and sustainable. Following the opening of our South End store, we will accomplish both by achieving the goals set forth in our expansion pro forma projections. Though this policy specifies that key indicators must not be "below average for the industry," it is actually more important for the first few years after opening our South End store that we meet or exceed our budgetary and pro forma goals. After we reach the milestone of achieving positive net income, we will re-evaluate which key indicators most matter and what the appropriate benchmarks should be.

The Board has defined many key operational indicators in the sub-policies below. Data for these indicators will be provided in this global section of the report. For most indicators, our targets are our internal budget and pro forma; for others, we have defined the criteria for success in our business plan. For historical context, some benchmarks prior to the opening of the South End store were based on working with NCG DC and the NCG guidelines.

All of our financial activities happen within the context of our ongoing planning process, which uses the Board-stated Ends policies as targets for organizational accomplishment.

**Operational Definition:**

- The Board will accept the Ends report and the B2 – Budgeting and Financial Planning report as demonstrating compliance with those policies. Any condition or activity that materially deviates from this process will be included in this report as cause for non-compliance.

**Data:**

1. Please look below for my definitions and data for each of the sub-policies. Note that all results from the current quarter are preliminary and subject to change.
2. The Board accepted the Ends report on October 26, 2020, and the B2 – Budgeting and Financial Planning report on September 28, 2020. Our actual expenditures for this reporting period have been consistent with the Board priorities established in Ends policies.

The GM will not:

**B4.1** Allow operations to generate an inadequate net income.

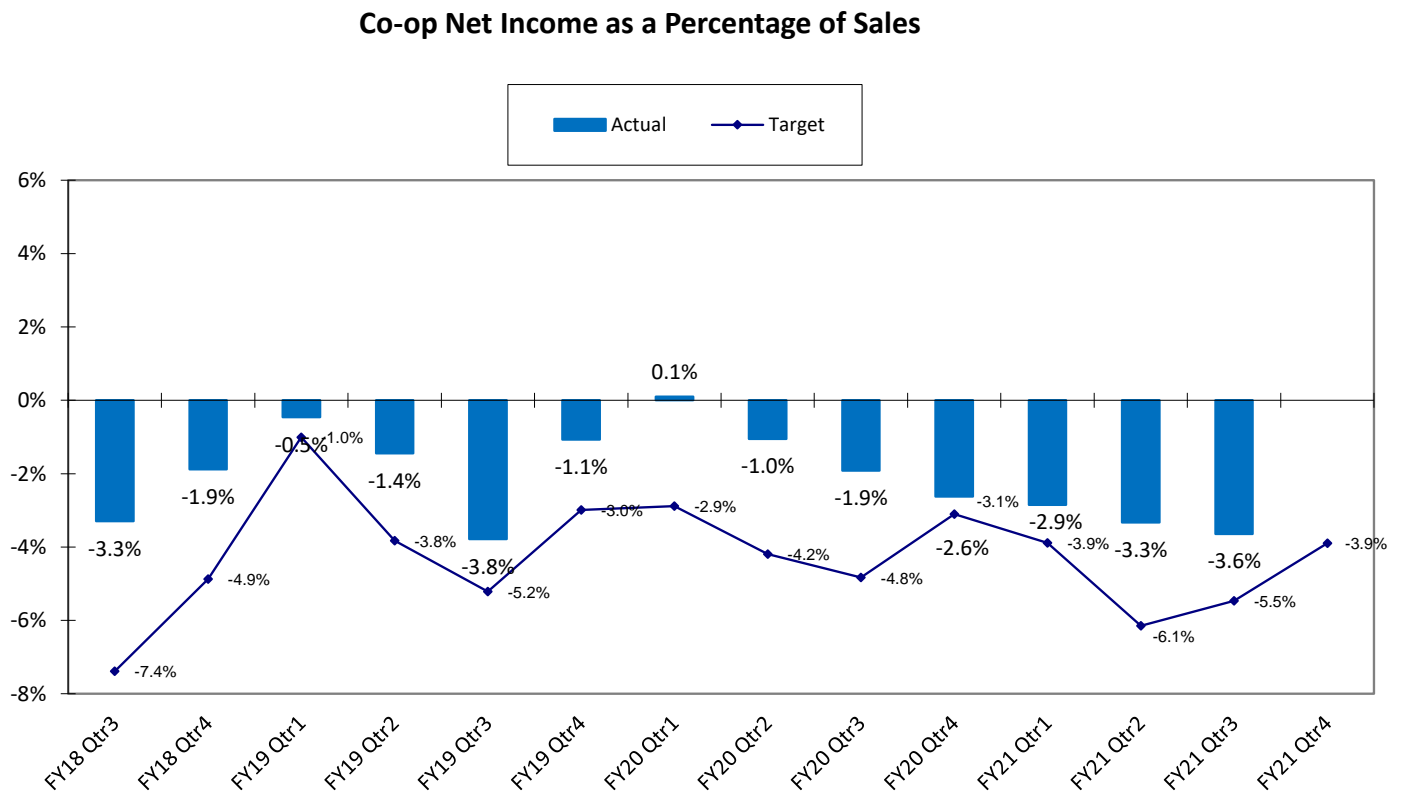
Interpretation:

The long run sustainability of the Co-op requires the generation of adequate net income. Further, each store should either contribute to our business profitability, or have a plan that demonstrates a future return to profitability. At the store level, we will use both net income and EBITDA (earnings before income, taxes, depreciation, and amortization) as a gauge of operational profitability. The pro forma projection initially indicated that after a period of expected losses following the opening of the South End store, the Co-op would be able to achieve a positive net income by FY23. Due to a variety of factors including the significant impact of the COVID-19 pandemic, this projection will be revisited and replaced with a financial reforecast currently planned to be conducted within FY21.

Operational Definition:

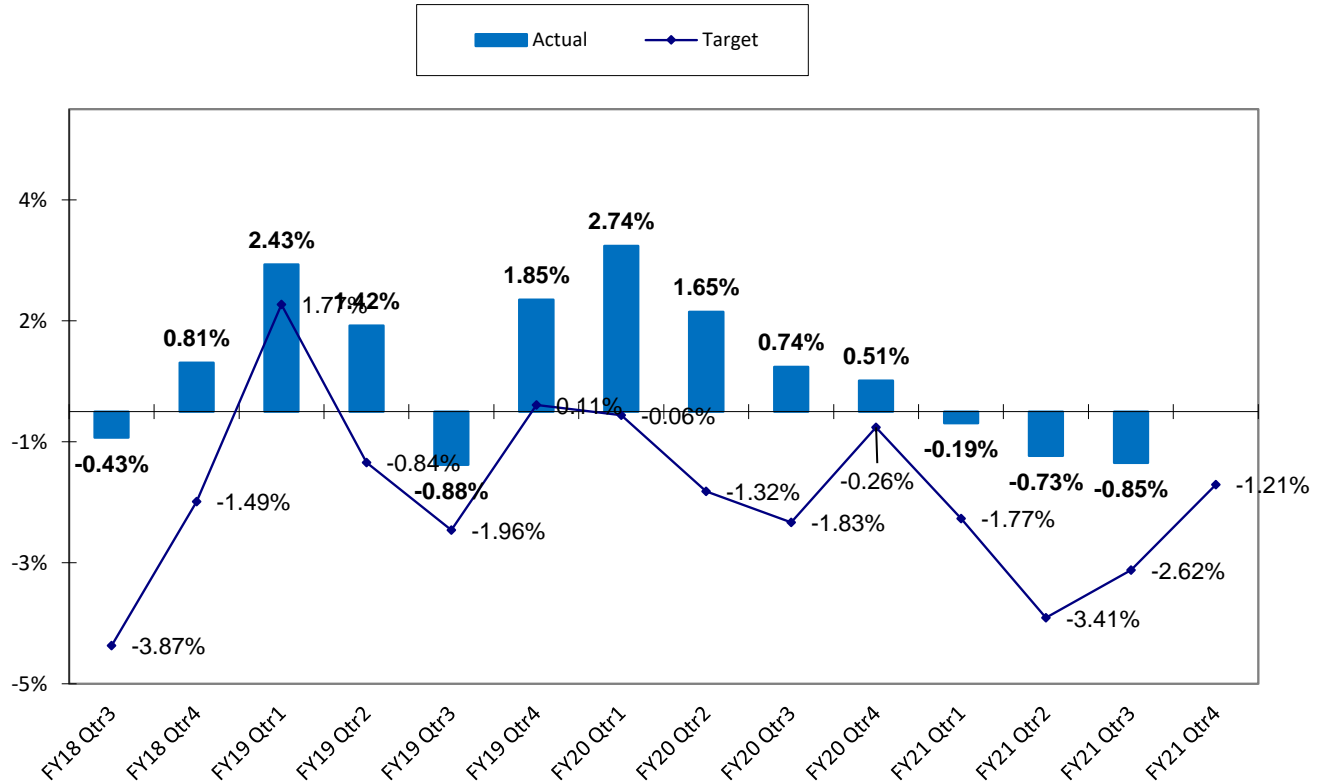
- Total Net Income for the Co-op for each reporting period will meet or exceed the budget.
- EBITDA for the Co-op for each reporting period will meet or exceed the budget.

Data:



Net Income (Loss) FY21 Q3 = -3.6%

### Co-op EBITDA as a Percentage of Sales



EBITDA FY21 Q3 = -0.85%

Data used is Gross Sales and Net Income (Loss) from Operations from the attached income statement. Compliance is based only on data for the most recent quarter. Data from previous quarters is included on an FYI basis only.

*GM Note: The following chart pertaining to store-level net income and EBITDA is presented for informational purposes. It should be kept in mind that the Co-op bears many expenses which are not directly attributable to the performance of a specific store, and accordingly, it is important to remember that the combined profitability of the two stores individually will not equal the total profitability of the Co-op.*

	Actual FY21 Q3	Budget FY21 Q3	Variance
<b>Net Income (Loss) Percentage</b>			
Downtown	2.87%	3.29%	-0.42%
South End	7.17%	4.99%	2.19%
<b>EBITDA Percentage</b>			
Downtown	4.46%	4.84%	-0.38%
South End	9.67%	7.67%	2.0%



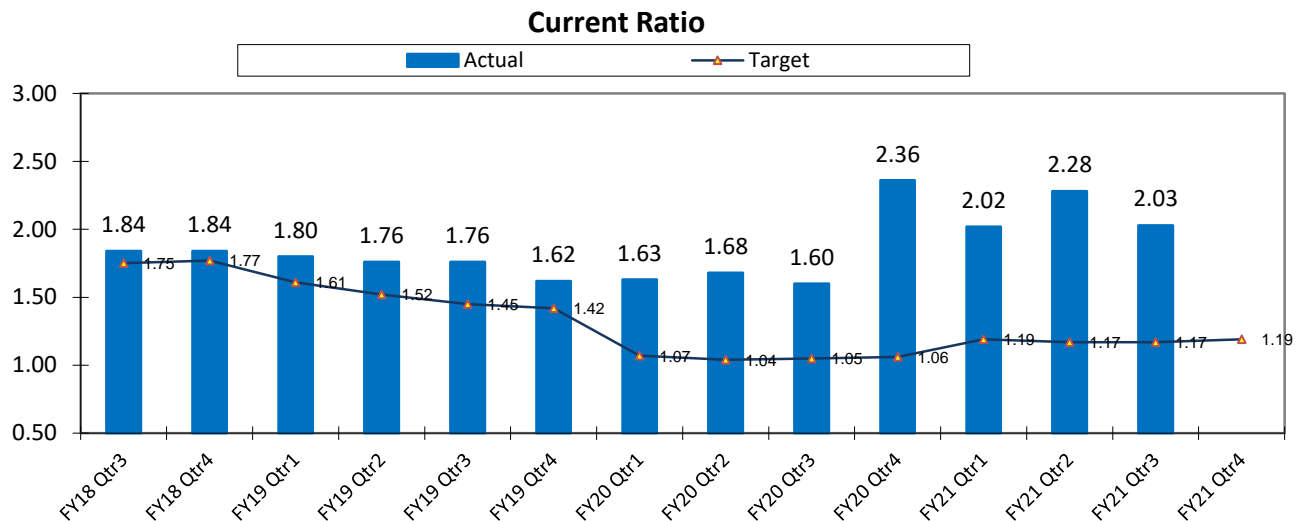
**B4.2** Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.

Interpretation: The Current Ratio (Current Assets divided by Current Liabilities) is a common measure of liquidity.

Operational Definition:

- The Current Ratio at the end of each reporting period should be at or above the pro forma projection.

Data:



Current Ratio FY21 Q3= 2.03

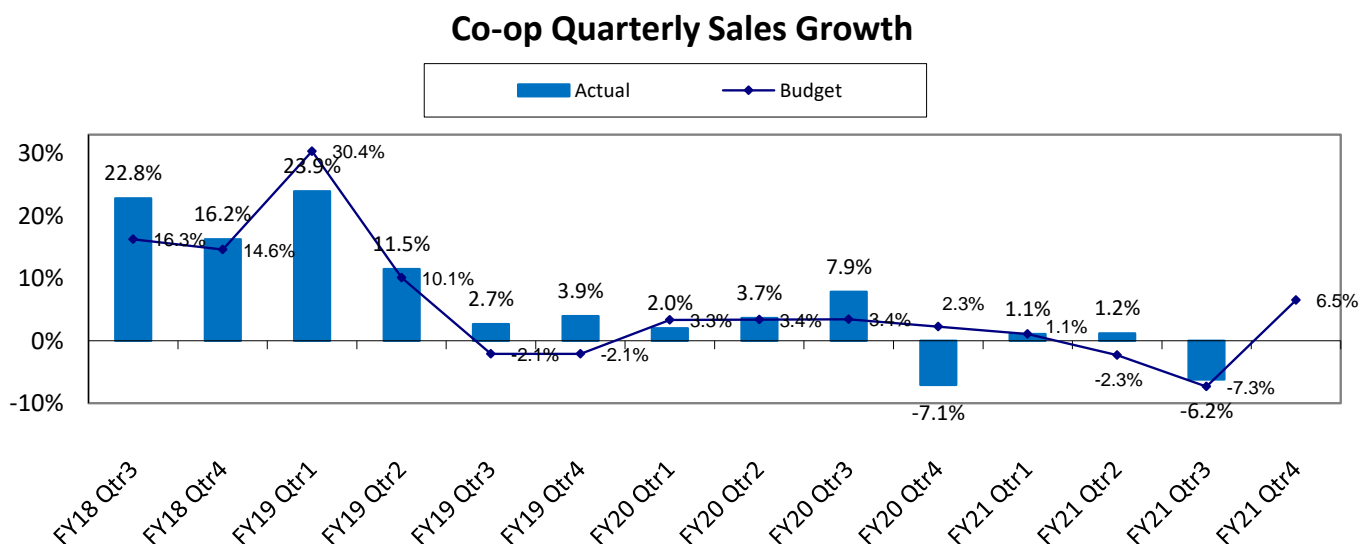
Data used is Current Assets and Current Liabilities from the attached balance sheet. Compliance is based only on data for the most recent quarter. Data from previous quarters is included on an FYI basis only.

**B4.3** Allow sales to be inadequate.

Interpretation: Sales will be adequate if Total Sales for the Co-op meets or exceeds our budget. Quarterly sales growth is reflected as percentage growth over the same quarter in the prior fiscal year

Operational Definition: Sales growth is to be at or above the budget set for the current quarter of the Fiscal Year.

Data:



	Actual FY21 Q3	Actual FY20 Q3	% Change	Budget FY21 Q3	% Change
<b>Co-op Revenue</b>	\$12,891,432	\$13,746,579	-6.2%	\$12,737,335	1.2%

Data used is Total Sales for quarter as shown on the attached income statement. Compliance is based only on data for the most recent quarter. Data from previous quarters is included on an FYI basis only.

*GM Note: The following chart pertaining to store-level revenue growth is presented for informational purposes.*

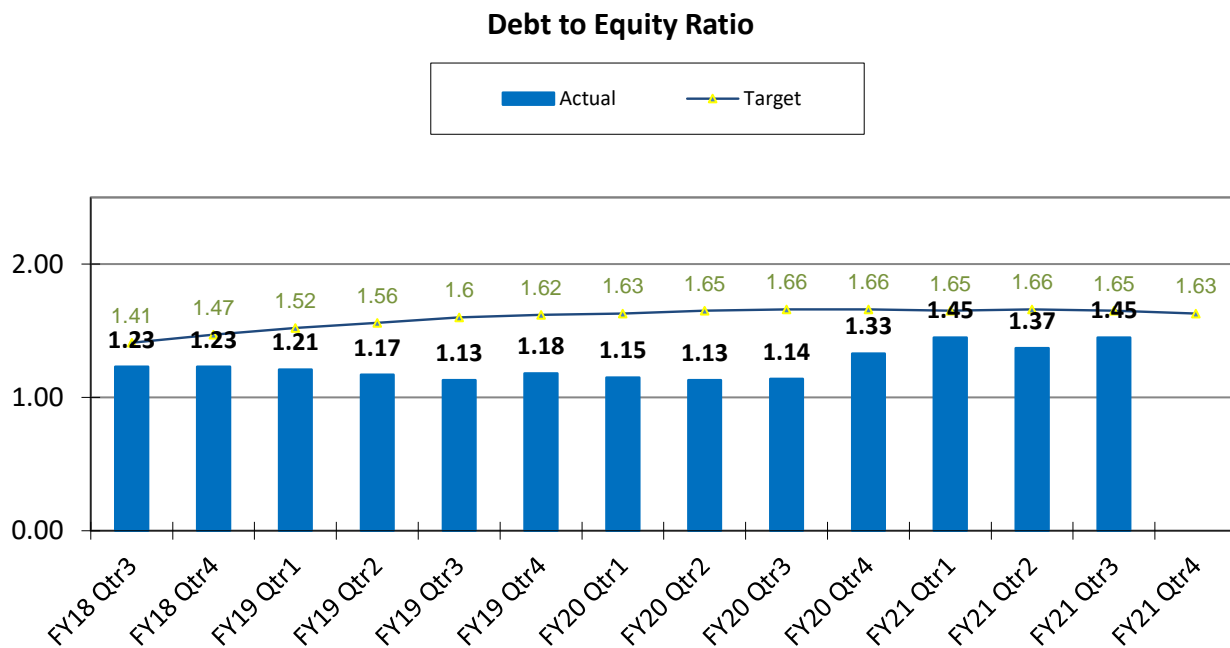
Store Revenue	Actual FY21 Q3	Actual FY20 Q3	% Change	Budget FY21 Q3	% Change
<b>Downtown</b>	\$6,416,384	\$8,005,221	-19.85%	\$6,668,388	-3.8%
<b>South End</b>	\$6,475,048	\$5,741,358	12.8%	\$6,068,948	6.7%

**B4.4** Allow solvency, or the relationship of debt to Member/Owners' equity, to be insufficient.

Interpretation: The Debt-to-Equity ratio (Total Liabilities divided by Total Equity) is a commonly used measure of solvency. The Debt-to-Equity ratio will be sufficient if it is no higher than what is projected in our budget.

Operational Definition: Our actual Debt to Equity ratio at the end of each reporting period will be below the pro forma projection.

Data:



Debt to Equity Ratio FY21 Q3 = 1.45

Data used is Total Liabilities and Total Equity from the attached balance sheet. Compliance is based only on data for most recent quarter. Data from previous quarters is included on an FYI basis only.

**B4.5** Allow growth in ownership or owner paid-in equity to be insufficient.

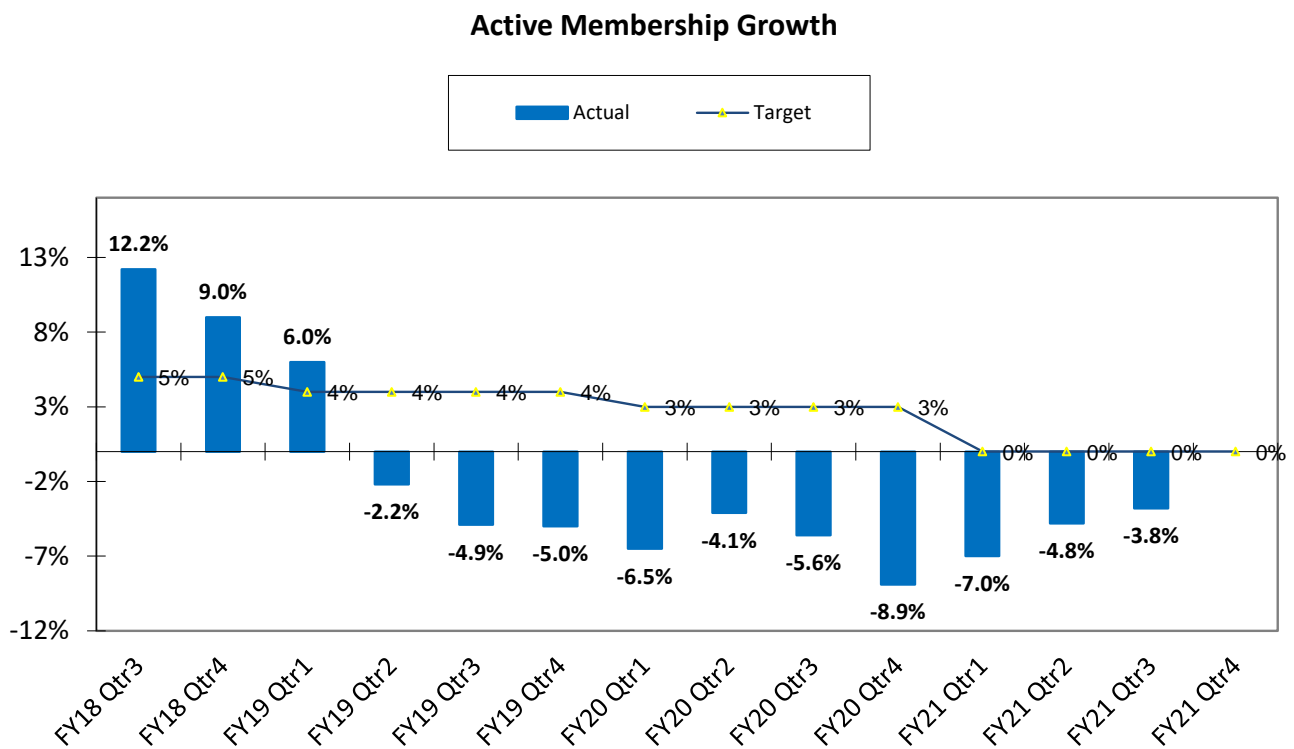
Interpretation:

Continued growth in Membership is vital to the Co-op's success and indicates a healthy business that is attracting and engaging Members. As people remain Members longer their continued equity payments will demonstrate their satisfaction with the Co-op.

Operational Definition:

An increase in Membership equal to planned growth indicated by the business plan and a comparable increase in Paid-In Member Share Equity will indicate compliance.

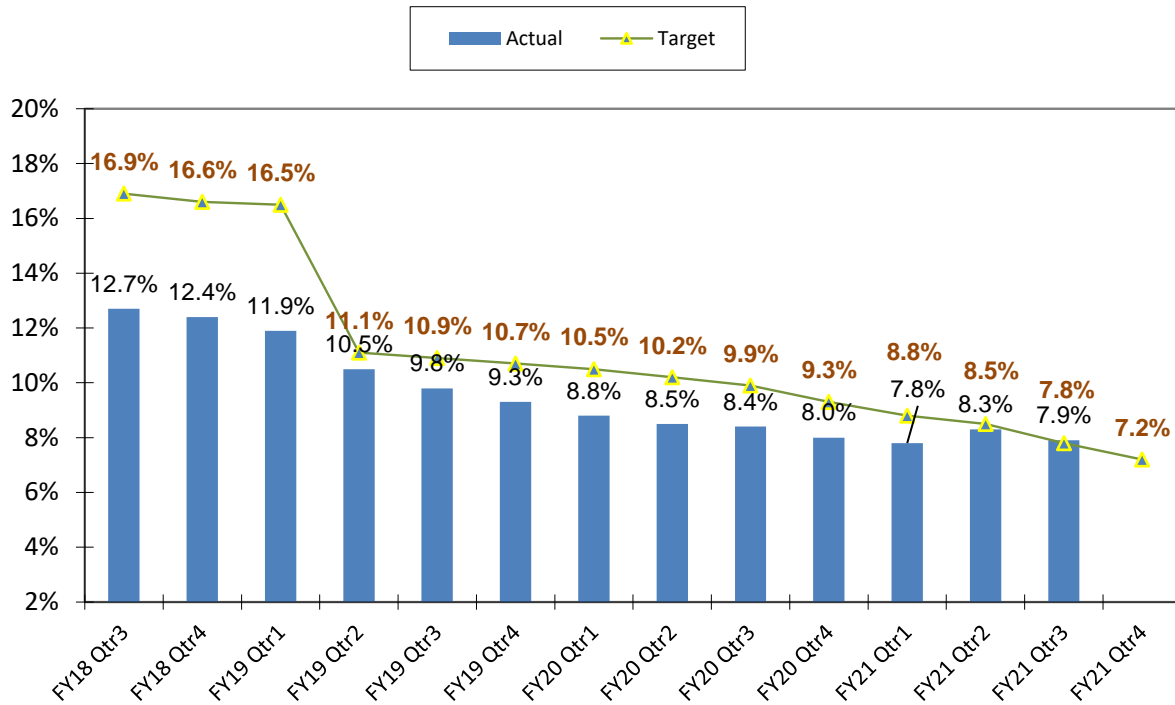
Data:



Membership Growth FY21 Q3 = -3.8%

Data used is Active Membership as of the end of the current quarter compared to the same date of the previous year. Compliance is based only on data for most recent quarter. Data from previous quarters is included on an FYI basis only.

## Paid-In Member Share Equity Growth



Paid-In Membership Share Equity Growth FY21 Q3 = 7.9%

Data used is Paid-In Member Share Equity value as of the end of the current quarter compared to the same date of the previous year. Compliance is based only on data for most recent quarter. Data from previous quarters is included on an FYI basis only.

**B4.6** Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

B4.6a The limitations on incurring debt also apply to changing the terms of existing debt.

Interpretation:

Compliance will be achieved if, since the last report, no new indebtedness is reflected on the Balance Sheet, and no changes to the terms of existing debt have been made, other than those previously approved by the Board.

Operational Definition:

Management may not incur new indebtedness and/or changing the terms of existing debt except as trade payables, ordinary credit lines, and leases for equipment necessary in the ordinary course of business.

Data for B4.6:

The following information is taken from the Long-Term Liabilities and Current Portion-Long Term Debt sections of the attached Balance Sheet. It shows no new liabilities which were not previously approved by the Board.

The Board approved the following liabilities, or potential liabilities, that are still active.

	Item	Date of Closing with prior Board Approval	Original Loan Amount	Loan Amount as of 3/31/21	Notes
1	CFNE Loan (former NCB)	6/29/12	\$1,900,000	\$301,341	
2	CFNE Loan	6/30/14	\$750,000	\$32,223	
3	Mascoma Loan	12/20/16	\$11,098,380	\$8,960,213	
4	Member Loan Campaign	8/28/18	\$861,000	\$861,000	
5	2nd Loan Campaign	3/31/19	\$148,000	\$148,000	
6	Mascoma Letter of Credit	7/25/18	\$43,200	\$43,200	Letter of credit for Briggs Street sidewalk, as required by the City of Burlington.
7	NCG – contingent liability	8/28/06	While it's not anticipated that an actual liability will be realized from our agreement with the NCG, the Board did approve the contingent liability that may arise from participation in the joint purchasing agreement.		
8	Ally Bank	09/20/19	\$24,597	\$18,516	Purchase of Delivery Van (formerly leased)
9	PPP Loan	05/01/20	\$2,669,400	\$2,669,400	

No terms of existing debt were changed during the period of time covered by this report, other than those previously approved by the Board.

**B4.7** Acquire, encumber or dispose of real estate.

Operational Definition/Interpretation: This policy limits the GM from purchasing or committing to purchase any real estate; only the Board has the authority to make any kind of real estate (land or buildings) deal.

Real estate is considered a fixed asset and is listed as such on our balance sheet. The building fixed assets on the current balance sheet should be the same as on the previous quarter's balance sheet, unless the Board has specifically authorized a purchase or sale.

Data:

No real estate was acquired, encumbered or disposed of during the time period covered.

**B4.8** Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

Operational Definition/Interpretation: Our only "government-ordered" payments are the various taxes we pay. These are considered "overdue or inaccurately filed" only if the Co-op receives notice from the government to this effect.

Data:

1. This quarter we received no other notice of overdue or inaccurate payment.

**B4.9** Allow late payment of contracts, payroll, loans or other financial obligations.

Operational Definition/Interpretation:

1. Contracts are agreements between the Co-op and another party. They include, for example, purchasing contracts and our contract with Columiate for CBLD Board development. Contracts are considered settled in a timely manner unless we receive notice that our payment is past due.
2. Payroll is the sum of wages and benefits paid to staff. It is considered settled in a timely manner if employees receive their wages and benefits as outlined in the Employee Handbook and the UE contract, and if no employee makes a valid grievance concerning untimely payment.
3. Loans are anything listed as "Notes Payable" on our Balance Sheet. They are considered settled in a timely manner if we receive no notice that our payment is past due.

Data:

1. We received no past due notices this reporting period which were not rectified in a timely manner.
2. Employees received their paychecks on time every pay period during this reporting period. No valid grievances concerning untimely payments were filed this reporting period.
3. We received no notices of late payment during this reporting period from any note holder.

**B4.10** Default on any terms that are part of the Cooperative's loans.

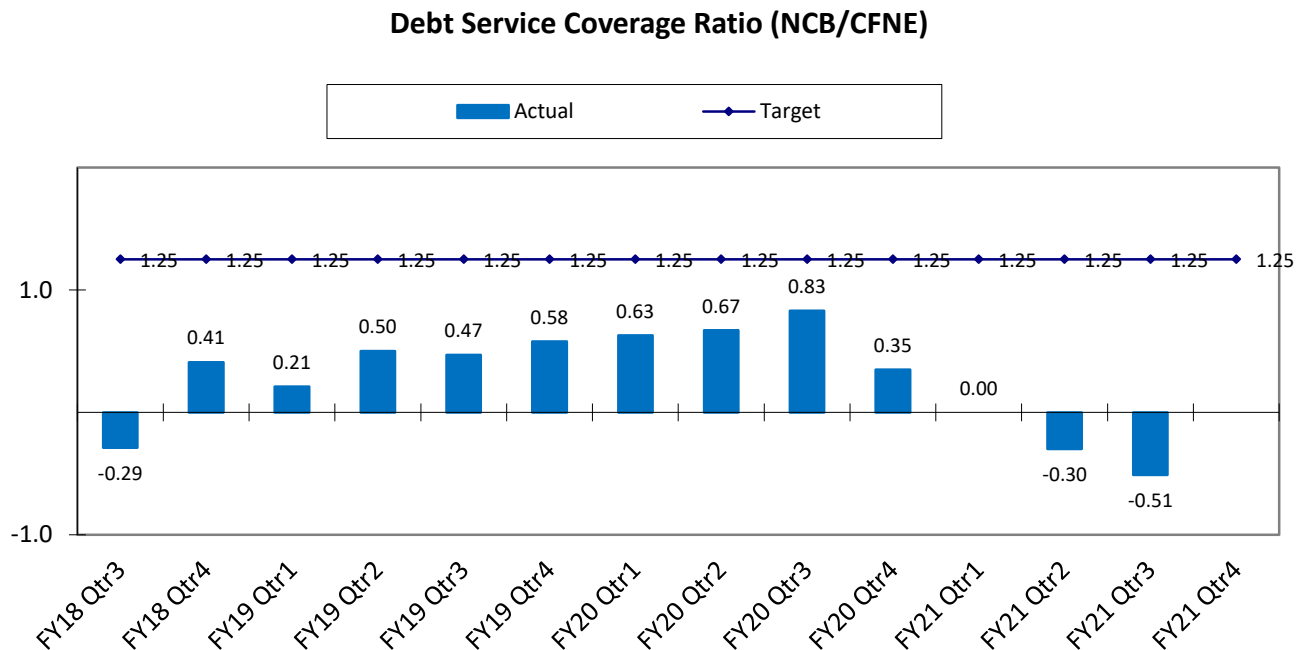
Interpretation: The Co-op will meet all conditions in our existing loan documents.

Operational Definition:

1. The Mascoma loan contains the following two financial covenants, which are tested only on an annual basis:
  - a. Debt Service Coverage Ratio based upon Required Patronage Dividends: The Co-op shall maintain a minimum Debt Service Covenant Ratio (DSCR) no less than 1.25 which shall be tested annually based upon borrower's audited financial statements. The DSCR will be defined at EBITDA less 20% of Required Patronage Dividends (the latter following the IRS guideline of distributing a minimum of 20% of the Co-op's profits to members), divided by all scheduled payments of all principal and interest then in effect on all indebtedness of the Co-op.
  - b. Debt Service Coverage Ratio based upon Actual Patronage Dividends: The Co-op shall maintain a minimum Debt Service Covenant Ratio (DSCR) no less than 1.00 which shall be tested annually based upon borrower's audited financial statements. The DSCR will be defined at EBITDA less Actual Patronage Dividends (the latter based on the distribution percentage approved by the Co-op's Board of Directors), divided by all scheduled payments of all principal and interest then in effect on all indebtedness of the Co-op. In the event that the DSCR calculated under this paragraph is less than 1.00, the borrower is required to have cash balances of \$1,000,000.
2. Quarterly and annual data is reported to all lending institutions in a timely manner.

Data:

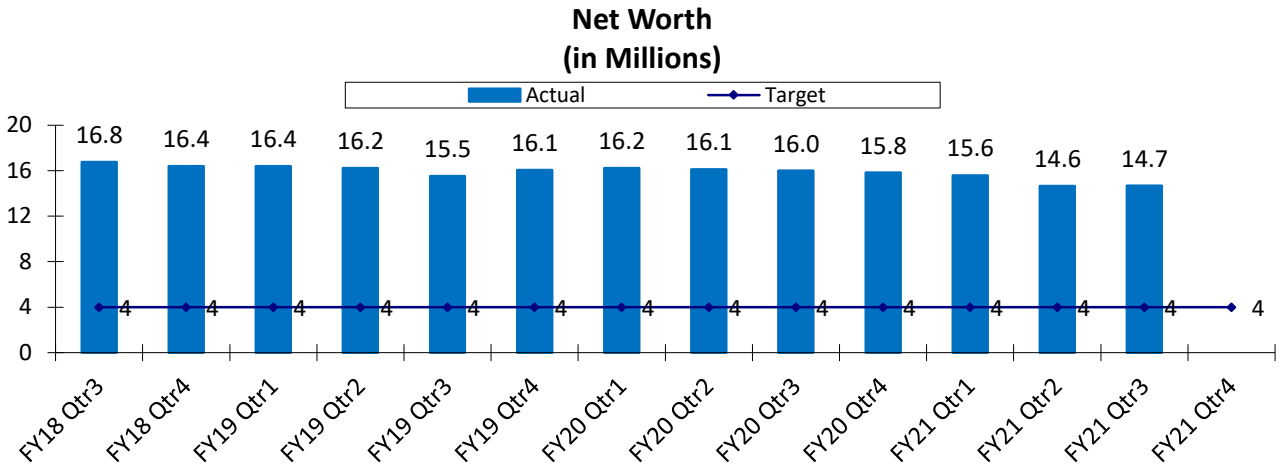
1. The loan covenants are reported on below:



Debt Service Coverage Ratio FY21 Q3 = -0.51

Data used is EBITDA and Interest Expense on a rolling four quarter basis, and the Current Portion of Long-Term Debt as of the measurement date. Compliance is based only on data for most recent quarter. Data from previous quarters is included on an FYI basis only.

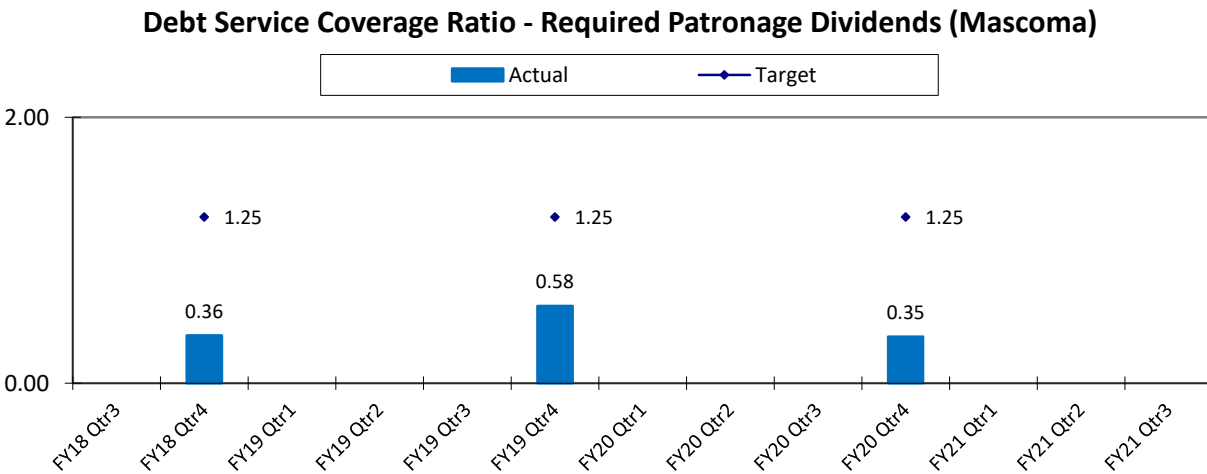
*GM note on debt service with Mascoma Bank is required to be tested annually. We have left the quarterly calculation of the debt service ratio for reference only.*



Net Worth FY21 Q3 = \$14.7 million

Data used is Total Assets and Notes Payable from the attached balance sheet. Compliance is based only on data for most recent quarter. Data from previous quarters is included on an FYI basis only.

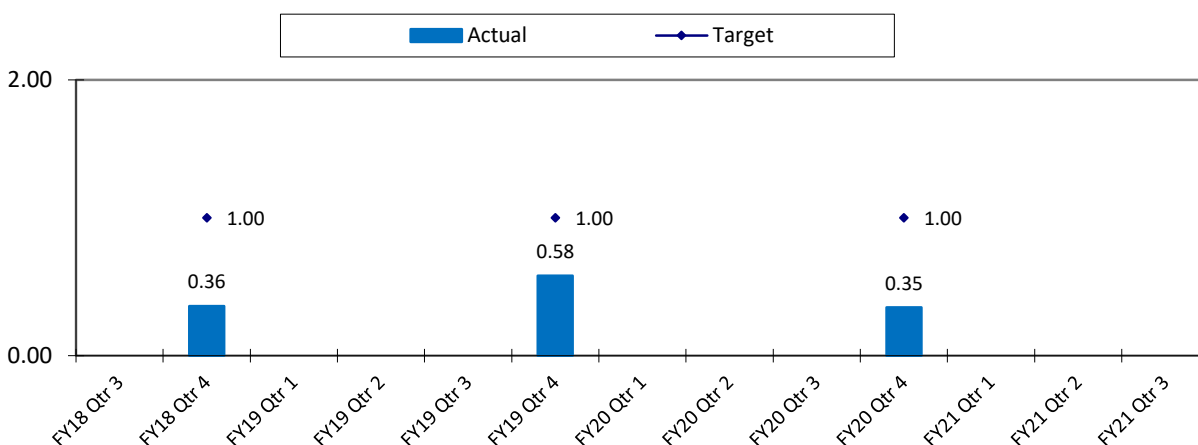
2. The debt covenants for Mascoma are reported on below. Since these covenants are only calculated at year-end, no quarterly targets will appear in the charts below. The annual targets for the three measures below will remain the same for the life of the mortgage.



Debt Service Coverage Ratio – Required Patronage Dividends FY20 Q4 = 0.35

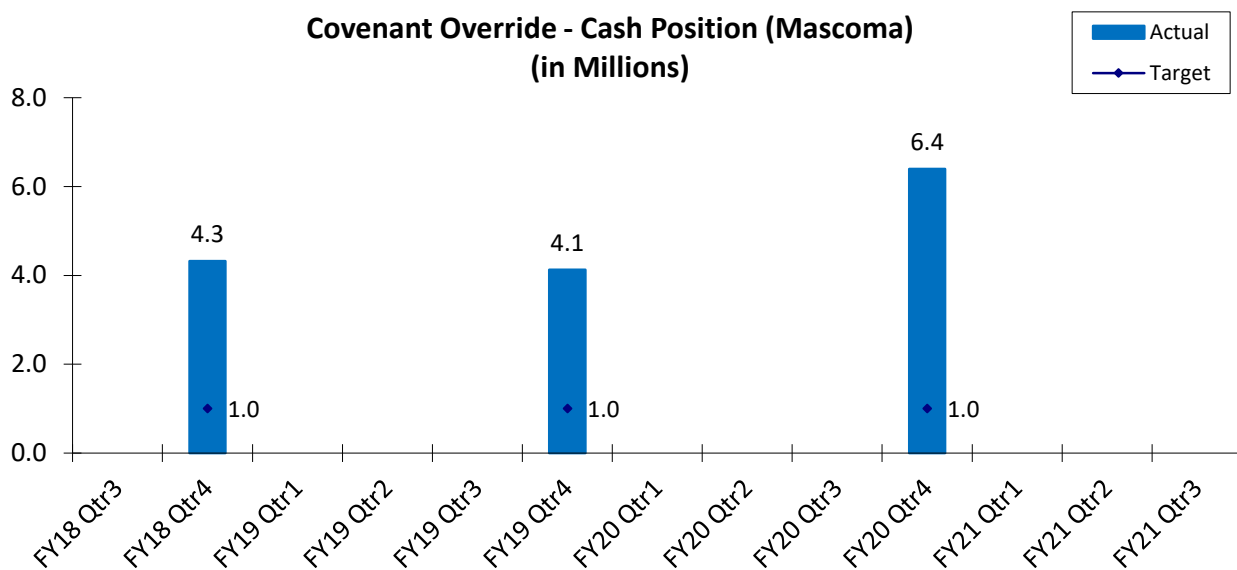


### Debt Service Coverage Ratio - Actual Patronage Dividends (Mascoma)



Debt Service Coverage Ratio – Actual Patronage Dividends FY20 Q4 = 0.35

### Covenant Override - Cash Position (Mascoma) (in Millions)



Cash Position FY20 Q4 = \$6.4 million

3. In accordance with terms and conditions of their respective loan documents, financial reporting for the previous quarter was submitted to lenders within their required timeframe. The current quarter's reporting will be submitted to lenders within their required timeframes.

**B4.11** Allow financial record keeping systems to be inadequate or out of conformity with GAAP.

Operational definition:

Onion River Co-op's financial record keeping systems will comply with Generally Accepted Accounting Principles (GAAP).

A qualified third party from outside the organization will review the Co-op's accounting systems on an annual basis to a level of depth necessary to provide an opinion regarding compliance with GAAP. The external auditor hired by the Board to perform the annual financial audit qualifies as this party.

Compliance will be achieved if the auditor provides limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity to GAAP.

Data:

In the June 30, 2020, "Independent Auditor's Report on the Financial Statements," Gallagher, Flynn and Company, LLP, states that "The financial statements present fairly, in all material respects, the financial position of Onion River Cooperative ...in conformity with accounting principles generally accepted in the United States of America".



# Columinate

Catalysts for Common Good

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## Onion River Co-op Board-Management Retreat, May 8, 2021

Agenda draft v2

### Goals

- ☆ Build a common understanding of
  - how the co-op currently supports employees
  - board and management roles and responsibilities related to supporting employees
- ☆ Share ideas for other ways the co-op (or board) could support employees, and consider the potential implications of these ideas
- ☆ Plan for the board's next steps
- ☆ Enjoy our *virtual* time together

### Agenda

- 8:25 Log into Zoom so we can start on time
- 8:30 Welcome and check in
- 8:45 Small groups: How do you feel/think about..., staff treatment, the Board's role, etc
- 9:00 Management presentation: what is the current state including compensation, staff wellness, communication, COVID-specific adjustments and others
- 9:30 Q&A
- 9:45 Small group: what did you hear?
- 10:00 BREAK
- 10:10 Board policy around delegation to Management – clarifying questions, conversation
- 10:30 New ideas...  
Generate, discuss and sort into Board or Management responsibilities (small & large group)
- 11:00 Management responsibilities... GM considerations and implications of potential new ideas
- 11:25 Board responsibilities... Board considerations and implications of potential new ideas
- 11:40 BREAK
- 11:50 Based on what we've heard, what are the next steps?
- 12:15 Wrap up and Evaluation
- 12:30 Return to our weekend lives!

See Notes on next page

**Notes:**

- Preparation. I would encourage us to keep the required preparation to a minimum just so we don't overload board members. Some possibly useful reading includes...
  - [Three Strategic Concepts for the Guidance of Cooperatives](#). (This is a good foundational article that I think all boards should read periodically. I last suggested it as part of the November 2019 retreat. For this retreat, Fairbairn's concept of "transparency" seems particularly relevant.)
  - If it's readily accessible, it might help to have in advance a concise summary of information about "current state" – wages, benefits, Covid-related (safety, PTO, etc) operational changes, etc.
- Participants. At this point, we're counting on all directors, John, Eric and Madelyn.

