

Minutes from June 23, 2021 Leverett Village Co-op Board of Directors Meeting

In attendance: Danielle Barshak, Jean Bergstrom, Sam Black, Lise Coppinger, Lori Lynn Hoffer, MaryJo Johnson, Martin Pittman, Jono Neiger, Kari Ridge, GM John Calhoun

Guests: Ellen Edge, Suzette Snow Cobb

Meeting called to order at 7:03 p.m. Board unanimously approved Minutes from May 26, 2021 Board Meeting.

President's Report (Sam Black):

The Leverett Select Board met and approved our application for a beer and wine license and now Sam is re-filing papers with the State for a Pour License. We received our taxes from the accountant and he made some suggestions. We have the guidelines for spending the EIDL loan.

Treasurer's Report & Financial Presentation (Martin Pittman and John Calhoun, GM):

Martin said that he, John, Jono and Cory have been meeting to discuss the Co-op's finances. Martin and John led the presentation. They said this presentation will focus on four key areas:

1. Snapshot of the current status...balance sheet, bank accounts, inventory and the like
2. John's evolving budget plan...initial projections and refinements based on figures drafted by Paul, Patty, Jono, and Cory
3. Debt servicing...we are not ready to move on it, but to share thoughts
4. Executive limitations and financial reporting...seeing this as an on-going process of finding the right, and the right amount of, information to share

Key points/outcomes/next steps:

—we recognize the value of a small group (ie Finance Committee) to help develop the structure for future reporting and to serve as a bridge between John and the full Board
—we are researching options for 'summary calculations' that might be particularly useful to LVC, and acknowledge the perspective of wanting to be sure the Board has info that will enable it to influence the bottom line (ie, in supporting and expanding memberships)
—we will continue to refine a budget, though recognizing the seasonal and unpredictable nature of our business; it needs to include loan repayment, capital

expenses and anticipated improvements

—we are not planning to try to wipe out our debt (nor necessarily pay things off early), but do want to be open to restructuring and/or consolidating debt in order to lessen our interest rates. There is still research to do before we are in a position to make recommendations for Board discussion

—we still see the value of linking plans for financial reporting to our efforts to develop executive limitations (within the Policy Governance approach), and want to continue to move towards that

John mentioned the P&L sheets he has shared from March, April and May 2021 and added that we will have P&L sheets each quarter, but that this may take a while because of several factors that include the fact that it has been a couple years since the store has had a complete inventory and that some of the sales in 2021 are for products purchased in 2020.

Martin said that the P&L sheets, the balance sheets, etc. each give us one snapshot that is useful and asked John how these documents are produced. John said Amanda, the bookkeeper, is using Quickbooks now, after switching from the old Sage system, and there is still a lot of data to sort through and some information must be re-entered. John said he is looking forward to eventually doing a full inventory.

Lise asked about repayment of loans. She added that the Co-op is going to have to pay back the loans from people in the community and asked if that has been factored in to the Cash Flow Sheets. John said loans are not yet factored in and he recommends paying back loans to save the Co-op interest in the long run. John said that he sees the Co-op's future as a sustainable and potentially profitable business.

Jono thanked John and Martin for the information they shared and said it is important to get a loan repayment schedule onto the books. Jono added that it is not atypical for the Co-op to lose money for a month or so in the winter. He asked if financial information will be provided monthly or quarterly? Martin said reviews will be done on a quarterly basis to compare projections with actual numbers, so we can see, month by month, how the Co-op is doing. John said this will be a lot of work, but he plans to be able to provide these figures in the next couple months. Jono said it is critical to the Board's role of oversight that it be able to compare actuals with projections.

John said the new coolers are in and electrical work has been done. After the Co-op installs the new Point of Sale system and the patio construction, he said he's looking forward to only needing maintenance-type things going forward.

MaryJo asked if membership is increasing, if members are paying up their memberships, and if there is a partnership between the GM and Board to ensure the Board is aware if the Co-op doesn't meet sales projections? John said the new computer system will allow for better tracking of things like that. MaryJo said she looks for the Board to be an asset and perhaps we could work together so that sales don't go down in the wintertime.

GM Report (John):

John said it has been a busy time for the store with a lot of things breaking and being repaired by plumbers and electricians. In two weeks, the new POS system will be installed, with a new counter and a new wall being built to accommodate a second register. He said sales aren't quite what he was hoping for in the summer season. He said he has been thinking a lot about what types of products to offer and is meeting with co-op grocery wholesaler AGNE (Associated Grocers of New England) to see if they might have products that would serve our community better than what UNFI offers.

John reported sales for the month of May were \$65,677 or \$2,696 below the projections for the month. This was about 98% of the 4 year average of 2016-2019 instead of the 102% projection. He believes we could have come closer to our projections if Memorial Day weekend wasn't so cold and rainy.

John said this is a more challenging job than he'd expected, but he's enjoying it. He looks forward to the slower winter season when the Co-op is fully staffed and the deli is ramped up. He said the café will be opening next week.

Sales on June 12, during the first Rattlesnake Gutter Second Saturday's Market, were \$4,300, and that was about \$1,500 over what he would expect on a Saturday. He said he's excited that people are coming to the Market and then shopping at the store.

MaryJo asked Suzette about the LVC's relationship with NFCA (the Neighboring Food Co-op Association). Suzette said the LVC is a founding member of NFCA and pays annual dues based on revenues and the size of the co-op. She added that Erbin is the NFCA's GM and that she is a NFCA employee. Suzette said she previously worked at the LVC and is now helping our Co-op with membership, through her role with NFCA. She added that it is possible NFCA could provide even more help.

Infrastructure Report (Lise)

1. Patio status and moving forward –

Lise said she has been speaking with a representative with the ABBC who confirmed that the placement of the patio must be directly off the café so plans are underway for a roped-off area by the existing garden with entrance and exit through the café. She has talked with a contractor to put in a new door and is talking with the building inspector about permits for the door. There was a brief discussion about other options for a patio and John said he wants to move forward with Plan A to install a door by the bay window and create a patio among the existing garden. Jono said he would like to see a drawing and cost associated with creating a patio and Lise said she would send out plans and an estimate so that the Board might vote via email on the patio plans.

2. Solar proposal from Eversource

Lise said the LVC has received an estimate to install solar for \$126,215. John said the pricetag is not within our reach. Jono said that the field where they are suggesting to place the solar panels is not an empty field, rather it holds the Co-op's septic system and is not a proper place for this.

3. Proposal for air to air heat exchange/fresh air mechanicals

Lise said we also received an estimate for an air to air heat exchange/ fresh air system from 475 High Performance Building Supply. The estimate is \$5609 for materials, and Lise said then an electrician and contractor would need to install the system. She added that it is code for every new building to have a fresh air system like this and that this is how a building breathes and keeps people healthy, regardless of COVID. There was a brief discussion about the importance of these types of exchange systems and whether the Co-op can afford this expense and Lise said she would send the numbers to the Finance Committee to discuss.

New Business

1. Policy Governance Updates

Danielle, MaryJo, Martin and Kari spoke briefly about their experiences with the 5-session Columinate Policy Governance seminars, and each shared their "Golden Nuggets" that they had learned...

From Danielle:

1. The purpose of policy governance is to have a system where the individual vagaries of the board members cannot cause a collapse of the Board. PG establishes guidelines that survive changes of personnel, and prevent the BOD from having to constantly reset, which means that it becomes more manageable and sustainable to be a member of the BOD.

2. The BOD does not have to bear the burden of figuring out how to run the store- that is the GM's job. Good clear divisions of responsibility between the BOD and GM relieves the BOD of trying to figure out things that it does not have the expertise to figure, and relieves the GM of the risk of constantly being challenged and second-guessed.

From Kari:

~ Meaningful member representation is an essential aspect of Co-op boards.

~ Co-ops should have a “toolbox” for times when crises arise that include:

1. Having an Executive Committee
2. Having a Crisis Management Plan
3. Being ready to go to members with information and to receive feedback

From MaryJo:

* Policies help boards respond quickly when faced with change and crisis because they provide a well-thought out and agreed upon basis for decision making.

* How does a board measure whether or not it's representing members effectively?

1. Membership and sales growth
2. Economic participation: Will members offer support in the form of member loans or equity shares?
3. Elections participation
4. Board diversity
5. Pay attention to who (members and broader community) is not participating

From Martin:

—Ends Policies are the north star which we are striving to be and to do, while Executive Limitations define the ‘guard rails’ to the path that the GM will lead us

—Saying “do this” can be too dogmatic, and it is easier to be specific about what we don’t want than it is to articulate exactly what we do want. Interpretation is good, allowing for flexibility and responsiveness, provided it is open and sincere.

New Business (Continued):

4. Jono said he is stepping off the Board after the July meeting. He said that, while he must work on other things, he remains supportive of the Board and will be available to help with questions or about using the LVC's Google documents. He said Gina, a local herbalist, is growing some of her herbs in the Co-op's forest garden.

5. July Board Meeting Plans

The Board discussed the possibility of meeting in-person at the Co-op for the July meeting since the Café space will be opening.

Meeting adjourned at 9:50 p.m.

Respectfully Submitted,

Kari Ridge, Clerk of LVC Board of Directors