

Coop Board of Directors
October 4, 2012

Members present: Matthew, Kathleen, Bryan, Alice, Kirk, Stephanie, Joanne, Bruce, John Clark, Johnnie Walker

Call to order 7:17 pm

Members speak out – no members spoke at this point

Approve July 5th meeting minutes: Matthew made motion to approve, Joanne seconded the motion, everyone voted in favor, motion passed

Approve Retreat minutes: Joanne made motion to approve, Stephanie seconded the motion, everyone voted in favor, motion passed

Old Business

- Going forward, Roxana is responsible for mailing out the To-Do list within a week of the Board meeting. In addition, Roxana will mail out the Draft copy of the meeting minutes no later than 2 weeks before the next meeting. The Draft minutes will be reviewed and approved at the following meeting. Once approved, Roxana will send the minutes to Stephanie, who will then post them on the bulleting board at the Coop.
- Going forward, Stephanie will take over responsibility for electronically posting the latest meeting minutes on the Coop website. Stephanie will also update the list of Board Members on the website.
- Matthew will add “Updating the Coop website” to the November meeting agenda under the topic “Old Business” so we can assess the current status
- Bryan asked if we should review the comments written in the Board Book at each Board Meeting, under the Members Speak-out section. John proposed that the comments can be reviewed on an item-by-item basis. John will xerox the comments before coming to the meeting and bring them along for discussion.
- According to the Board regulations, the previous 12 months' meeting minutes must be available for viewing at the Coop. The minutes for the last 3 months will be posted on the bulletin board. John will file the remaining (older) minutes in a notebook which will be kept in the front (cafe) area at the COOP.
- Building Task Force Update: Kirk said there is nothing new to report.
- Kirk wrote an article on behalf of the Board, which appears in the current Coop Newsletter.
- Next newsletter will be published around Thanksgiving. Bryan will write an article on behalf of the Board.
- Several of the Board members mentioned that visitors have been pleasantly impressed with the

Willimantic Coop relative to other Coops. Some of the reasons for the positive feedback are: the Coop setup provides the feeling of open space, the size of the Coop is just right - not too big, not too small, and the Coop sells lots of local products.

- Kathleen brought up the example of a Coop in Maine which, much like the Willimantic COOP, sells lots of local products. She was impressed by the large posters showing pictures of local farmers and producers, and suggested the Willimantic Coop could benefit from a similar display.
- Kathleen also said she would like to see more interviews with farmers and local producers printed in the newsletter, similar to the interview Kristin conducted with Joanne Todd.
- Alice spoke to Roxanne Pandolfi about conducting interviews with and taking pictures of local farmers. This effort is in progress.

Retreat Review

- Stephanie will resend the To-Do list from the last retreat
- Kathleen will speak to Thane on October 5th
- Joanne provided an update on her research on patronage rebates. Patronage rebates provide the Coop with a vehicle for lowering tax liability by distributing earnings to members. Joanne found lots of detailed info on patronage rebates on the Wheatsville Coop Q & A page. This info provides an example of how one Coop chose to implement patronage rebates. The Willimantic Coop could chose to adopt a similar model. The Coop would issue vouchers for rebates (as opposed to issuing checks) based on the amount of money each member is spending at the Coop. The vouchers would be available in the store, and would need to be redeemed by the members before a certain date. The vouchers would not be considered as taxable income for the recipients. In the case of the Wheatsville Coop, 20% of the earnings were allocated as patronage rebates to fully invested owners in good standing, and 80% of the earnings were retained by the Coop.
- Johnnie expressed concern about issuing patronage rebates. He suggested the Coop may benefit from becoming a 501C entity, which would allow the Coop to operate on a tax-exempt basis, and also allow the Coop to secure grants. Johnnie will continue to research the topic of how the Coop would benefit from obtaining 501C status, as well as the process for obtaining 501C status, and report findings at the next Board meeting.
- Kirk also expressed concern with the possibility of the Coop offering patronage rebates. His concern is that the way patronage rebates are implemented, they fail to benefit those members who need them the most – i.e. who are on a low income and have trouble affording the food at the Coop. Kirk suggested a better way to dispose of the extra income would be to lower prices. Matthew and Bryan are heading a committee to discuss whether patronage rebates fit in with the Willimantic Food Coop's principles – they encouraged Kirk to participate in the discussion.
- Bryan brought up a legal question for Joanne. He asked what are the tax implications of a flat-rate vs. a progressive-rate (based on the amount of the purchase) rebate. Is the flat-rate rebate

considered a dividend and thus taxable to the recipients?

- Kathleen proposed we continue the discussion on patronage rebates at the next meeting.

New Business

- News regarding landlord: Alice said that despite the death of the landlord, we have a good lease, and there are no concerns regarding our lease. It is unclear who will take over ownership of the building, but Barb (the daughter of the deceased landlord) indicated that no changes are needed to the current lease.
- Downtown Country Fair is scheduled for Sunday, October 7. It will take place rain or shine, unless it's pouring early on, during the set-up. Several members of the Board will be present at the Fair, wearing their Board buttons.
- Application for Membership in NCGA (National Cooperative Grocers Association): Alice indicated that the application has been filed and we are waiting to find out exactly what the benefits to the Coop will be for becoming a member of NCGA. In general terms, benefits will include lower pricing from United Naturals, and lower rates for credit card transactions, but those benefits will be somewhat offset by the yearly cost of membership (which is based on the sales volume). The Willi Food Coop first applied to join NCGA in 2005, but at that time the application was turned down without clear justification.
- Board Budget: The Board needs to provide Alice with a number for the budget allocated to the Board. This number will depend on whether the Board decides to continue being a member of CBLD. CBLD provides a support system and consulting services to Coops. Kathleen explained that CBLD provides assistance including legal, training, facilitating retreats, they also publish a newsletter and provide access to an online library. Our CDS consultant is Thane Joyal – Kathleen has been having monthly telephone conferences with her. Since Thane was unable to facilitate the last Board Retreat, the Board will be issued a reimbursement/credit for the unused time, which can be carried over to next year. Alice has indicated that the CBLD membership fee has increased for this year relative to last year. Bryan expressed concern that the yearly cost of CBLD membership might not be worth it, and that we haven't been getting very good support from Thane. Kathleen said she also struggles with the yearly cost of CBLD membership and its value. Alice suggested that maybe we haven't been getting much support because the Willi Coop hasn't had any major issues. It was suggested that one topic Thane may be able to help with is the question of patronage rebates vs. 501C – Johnnie will call Thane to get more info. Johnnie said he sees some value to the CBLD membership in the networking possibilities available at the CBLD meetings like the recent meeting in Brattleboro. Kirk agreed that the networking opportunities with other Coops are indeed valuable, and suggested that in the future, we might want to contact other CDS consultants (other than Thane). Kathleen indicated that the Willi Coop is NOT a member of CDS – our contract is with CBLD, and we are assigned a CDS consultant as part of our CBLD contract. Matthew will add the topic of “CBLD Membership” to the Next Board Meeting agenda under “New Business” so we can further discuss the benefits vs. the cost of CBLD membership. Kathleen will discuss our options with Thane regarding dealing with other CDS consultants and what the cost of CBLD membership would be without a CDS consultant. Matthew proposed a motion that the Board budget be set by adding 1000\$ to the CBLD membership fee. This is the same allocation as last year, adjusted for the increase in

the CBLD membership fee. Kirk seconded the motion. All in favor. Motion passed.

- Equity and possible changes to our bylaws: Alice explained that changes were made to the bylaws, some having to do with the Board, but they are not yet official, because the paperwork to approve those changes was not filed with the Secretary of the State. Alice will pursue this matter to ensure the bylaw changes are approved and become official.
- Monitoring Reports: Kathleen reviewed the D.4 report. John brought up a concern regarding the accessibility of the current location for the Board Meetings to the general public, and how many people can be accommodated at Kathleen's house. Several members commented that over the last several years, there have been very few people (other than Board members) attending the Board meeting, regardless of the location. In the future, Cafemantic will open a meeting room, which may be a possibility for future Board meetings. Matthew emphasized that anyone can add to the Board meeting agenda. Matthew proposed a motion that the Board is in compliance with policy D.4. Kirk seconded the motion. All in favor. Motion passed.
- Monitoring Reports: Kathleen reviewed the D.5 report, on ethics. Alice explained that part of the D.5 report deals with the topic of conflict of interest. For example, both Bryan and Johnnie have provided the Coop with goods and services and received payment. They have disclosed this to the Board, and will abstain from voting on any policies that impact their business. Joanne proposed that the conflict of interest disclosures need to be revisited once a year as a reminder and to inform new Board members. Matthew will add the conflict of interest disclosure to the Board meeting agenda once a year. Joanne proposed a motion that the Board is in compliance with policy D.5. Stephanie seconded the motion. All in favor. Motion passed.
- Monitoring Reports: Kathleen reviewed the D.6 report. Johnnie suggested the wording in item 1 needs to be clarified. Bryan suggested a change to paragraph 6d – leave out “12 months”. These changes as well as any others which may come up will be incorporated the next time the D.6 report is updated. Matthew proposed a motion that the Board is in compliance with policy D.6. Stephanie seconded the motion. All in favor. Motion passed.
- Financial Update: Alice indicated that equity billing will be completed soon (before the end of next year). Inventory was completed recently. Alice presented the sales growth figures: 7.9% in September, 13.4% to date. She suggested that the Coop would need to continue to show good profits for one full year before deciding to lower prices. In the meantime, a portion of the extra income will be donated to charities, such as Proposition 37 (labeling GMO food in California). Alice will call Susan to discuss options for investing the extra income. Joanne suggested making an investment in the Coop Fund of NE. However, this fund is NOT federally insured. Bryan suggested that the Board should come up with a plan for investing the extra capital through the acquisition of equipment or a possible expansion. Alice mentioned that we need to keep a significant amount of cash in the bank to avoid banking fees. Matthew will add the discussion of the Coop Fund of NE and other investment options to next meeting's agenda. Matthew proposed a motion that Alice is in compliance with all monitoring reports. *I neglected to write down who seconded the motion (hopefully someone can help refresh my memory)*. Alice abstained from the vote. Everyone else voted in favor. Motion passed.

Store Update:

- Shandra is leaving at the end of the year. Another staff member (Katsy) is also leaving, and

there are two staff members currently on medical leave of absence. Two new people were hired recently. The Coop is currently undergoing a restructuring of the management structure, which will create some job opportunities. Shandra's responsibilities include the newsletter and the website. Shandra will continue to be in charge of the newsletter, and Stephanie will take over the website. Patty Smith is putting together a new org chart.

Board Calendar Review:

- The WAIM walk for Warmth is scheduled for November. Last year's event was not very well attended, so Alice suggested the Coop can write out a check to WAIM instead of trying to raise money through the walk.

Adjourn: Joanne proposed a move to adjourn the meeting, Matthew seconded the move, and all were in favor. Meeting adjourned at 9:15 pm.