

**Willimantic Food Co-op
Annual Meeting
April 22, 2018**

Board Attending: Kirk Begg, Linda Brock, Kathleen Krider, Matthew Kyer, Charlotte Ross, Joanne Todd, Alice Rubin, Johnnie Walker, Wendy Jakoboski

Absent: none

Members and staff attending: 69

Quorum was met

Call to Order: 6:02 pm

Welcome; State of the Board (Kathleen Krider, President)

- Introduced current Board members;
- Noted ongoing progress toward use of 87 Church Street, including recent demolition of unusable buildings;
- Members can find the Ends report on 2017 activity both in the store and on the WFC web site;
- Summarized the role that Policy Governance plays in WFC's process (defines how the Board governs and establishes the division of responsibility between Board and Management);
- Noted that the Board Secretary role is developing and being clarified under the current Secretary;
- Encouraged members to consider joining the Board, mentioning that directors are supported by valuable training opportunities from several professional organizations.

Financial Overview (Joanne Todd, Treasurer)

Joanne Todd presented a report of the Co-op's financial status for the fiscal year ending December 31, 2017.

- Income statement:
 - 3.4% sales growth in 2017 compared to 2016; 37% sales growth compared to 2010. The largest sales growth in 2017 vs. 2016 was in Supplements and Personal Care.
 - In 2017 incurred additional expenses (listed under "Other Expenses") associated with the purchase of the 87 Church St. property.
 - Despite the additional expenses, total net income for 2017 is \$83,503, only 2.74% lower than in 2016.
- Balance sheet: the Co-op is in a strong position, ending the year with \$1,548,203 in total owners' equity and \$1,955,771 in total assets.
- Statement of Financial Condition:
 - 2017 cash assets are lower than in 2016 because of the expenses associated with the purchase of 87 Church St.

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- 2017 owners' equity is roughly double that of 2010.
- Question from the audience: how many members does the WFC have?
 - Answer: about 7000 active members.

Willimantic Food Co-op continues to experience expanding sales and have a strong financial position.

Board Director Vote (Matthew Kyer, Director)

Matthew introduced the Board-endorsed slate of candidates:

- Kirk Begg (current Vice-President)
- Raluca Mocanu
- Charlotte Ross (appointed to fill the seat previously held by Bryan O'Hara)

Having received no petition for further candidates, members were asked to vote on the endorsed slate.

Motion to accept the proposed slate of candidates for Director (moved: Linda Brock; second: Loretta Wrobel).

Linda Brock (Secretary) recorded the votes on behalf of the membership for the proposed slate:

- “In absentia” votes (cast prior to the meeting):
 - 78 votes in favor of the slate of candidates;
 - 1 vote opposed to the slate of candidates.
- Total votes (including both votes cast “in absentia” and votes cast by members present at the meeting):
 - 145 votes in favor of the slate of candidates;
 - 3 votes opposed to the slate of candidates.

The motion to approve the slate of candidates was approved: Kirk Begg, Raluca Mocanu and Charlotte Ross were elected to the Board of Directors.

Bylaws Revision Vote (Linda Brock, Secretary)

The proposed changes to the Bylaws were published in the newsletter (vol 40, #1, “Spring 2018”). The following is an excerpt from the newsletter summarizing the intent of the changes:

“Changes are proposed to the bylaws primarily to ensure members will legally be able to vote “in absentia” (versus being required to attend a meeting in person) on issues, and to make clearer the steps required for members to request a Special Meeting or to add an issue to the agenda for a member vote at a general meeting.

Additional changes are to align with State law the rights of the members to elect and remove Directors; to make the by-laws consistent with the Co-op’s “policy governance” model of

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oversight; and to update the by-laws by removing paper- and postal-service-based requirements for documentation and communication.”

Motion to accept the proposed bylaws revisions (moved: Larry Goodheart; second: Kathleen Krider)

Discussion:

Q: Why are the bylaws being revised?

A: To address several issues:

- To make small corrections in wording.
- To clarify the process for members to propose issues for member vote (i.e. through member petition): the bylaws were confusing and/or contradictory, with the information split between different sections. The revised bylaws pull all the information under one heading.
- To clarify the process for voting “in absentia” and to ensure that it meets legal standards. Members must be represented at the meeting in order to vote. If they cannot be physically present, their vote is made through “directed proxy”: the member submits a written “proxy authorization” stating what their vote is on each issue. One person serves as the representative at the meeting (the proxy) for all members voting in absentia, but the proxy does not have the power to choose or to change the member’s vote. The proxy simply represents the member by being present and turning in the vote on the member’s behalf. Typically, the Board Secretary or another officer would serve as the proxy.
The bylaws revisions allow the Coop the flexibility to collect proxy authorizations multiple ways, including by mail, in-store submission, online voting, email, or other ways which may become useful in the future.
- To align the Bylaws with WFC’s “Policy Governance” model of governance.

Q: Are we eliminating in-store paper ballots or mail-in ballots? The wording in the revised bylaws seems to imply that ballots will now only be collected at the meeting.

A: No, we are not. Under Connecticut law, when a meeting is held for members to vote on an issue, the member must be represented at the meeting for the member’s vote to count.

- Section 33-1072 of the Non-stock Corporation Act (which applies to WFC) allows organizations to state in their bylaws whether members may be represented by another person - a proxy.
- If the bylaws do not allow proxies of any kind, members *must* attend the meeting in order to vote. Our bylaws stated that proxies were not allowed.
- If the bylaws allow proxies without using more specific terms, the law assumes the person representing the member is permitted to choose on behalf of the member what vote to submit. (The term for this is "general proxy"). WFC does not want to allow that.

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- To ensure that it is the *member's* choice that is represented in the vote, organizations can allow a "directed proxy". The member provides a written "proxy authorization" [as described previously]; the proxy does not have the power to choose.
- The wording of the revised bylaws was provided by legal counsel to comply with legal standards, but it does need to be clarified so that it is easier to for everyone to understand.

Q: Who is the proxy?

A: For this meeting, the proxy is the Board Secretary. In the future, the ballot will specifically state who the proxy will be (typically the Board Secretary or another officer).

Q: Will we revisit the wording of the bylaws?

A: Yes. So far, the revision work has been focused on ensuring our bylaws comply with legal standards. Further work is needed and is planned to clarify the wording using every-day language.

Q: If further work on the bylaws requires legal guidance from another attorney, is the attorney selection the Board's responsibility?

A: That decision will probably be deemed an "operational" one and therefore would be handled by Management.

Q: Why is the word "proxy" used in the revised bylaws? It is confusing.

A: The word "proxy" is a legal term. For a member to be able to vote, he/she needs to be represented, but he/she does not necessarily need to be present at the meeting where the voting takes place. The member can use a "proxy authorization" to vote in absentia. The "proxy" is the designated person who submits the vote, as cast by the member, at the meeting. The proxy does NOT get to decide what the vote is; the member is solely responsible for deciding his/her vote, the proxy only submits the vote at the meeting.

Q: In what way is the member being represented by the proxy?

A: The proxy is a representative, who physically stands in for the member who cast the vote. During the meeting, the proxy will formally submit the vote counts for the votes cast in absentia.

Q: I would suggest that a notation be added to the bylaws document, to clarify the legal terms by explaining their meaning in plain, easier-to-understand language.

A: The Bylaws revision subcommittee will continue to rework the bylaws document to clarify and simplify the wording. The clarifications will be added to the bylaws document (as opposed to having two separate documents, one using legal terms, and one using plain language). The subcommittee welcomes members who would like to contribute to this effort.

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Q: Why was the clarification to the bylaws not provided to all members prior to the vote at the annual meeting?

A: Due to time constraints.

Q: The members who voted in absentia prior to the meeting, do not have the opportunity to listen to the comments, questions, and discussion during the meeting, prior to casting their vote. Thus, those members do not get a chance to change their mind as a result of what they learned during the discussion.

A: We make every effort to enable members to vote, even if they can't attend the meeting. Voting in absentia is an option, however being physically present at the meeting ensures full participation. One option we can explore is keeping the vote open until after the minutes have been published (similar to what is being done at Fiddleheads Co-op).

Q: What if a member votes in absentia prior to the meeting, and also chooses to attend the meeting? If said member changes his/her mind as a result of the discussion during the meeting, is he/she able to retrieve his/her ballot and change his/her vote?

A: Yes.

Q: In section 2.2, why was the membership right to vote on "major policy issues" removed?

A: It was removed because it was deemed inconsistent with Policy Governance, the governance model adopted by the members in 2001.

Q: But Policy Governance is a means for the Board to run itself. How does it relate to the members' right to make decisions on "major policy issues"?

A: The revised section 2.2 states that "All issues involving the fundamental purpose and structure of the Coop and financial rights and interests of members must be approved by members." Members control the central purpose of the Co-op as they always have, while electing directors to the Board to do the in-depth work to understand the needs and issues to represent member interests. Members still have ways to give input and to bring up issues for vote.

Q: The changes to members' rights and membership voting were not well presented or summarized in the newsletter. As a result, members do not have a clear understanding of exactly what they are voting on. Due to the failure to provide members with clear information prior to the voting, the vote should be delayed.

Motion: table the motion to approve the proposed bylaws revisions and postpone the vote until next year's annual meeting. (moved: Bryan O'Hara, second: Michael Culbertson)

- 26 votes in favor of postponing the vote
- 31 votes opposed to postponing the vote

The motion to approve the proposed bylaws revisions stands; the vote will proceed as planned.

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Linda Brock (Secretary) recorded the votes on behalf of the membership for the proposed bylaws revisions:

- “In absentia” votes (cast prior to the meeting):
 - 79 votes in favor
 - 0 votes opposed
- total votes (includes “in absentia” votes cast prior to the meeting, and the votes cast by members present at the meeting)
 - 135 votes in favor
 - 13 votes opposed

The motion to approve the proposed bylaws revisions carries: the proposed bylaws revisions are adopted.

Guest Speakers (Jim Bellano, Director of Economic Development; Tom DeVivo, Town Council Chair and Business Owner)

Changes in your Neighborhood (dynamic changes around the location for the WFC, which will affect the entire block):

- Lots of new business development and economic growth in Willimantic.
- The old movie theater has been sold and is currently being redeveloped into a senior center and community center, which will include a gymnasium and a pool. It is expected to be completed within 2 years.
- A new road is being planned connecting Main St and Valley St.
- Jillson Square:
 - fencing has been installed
 - bandshell construction (including sound system) is expected to be complete by July 15; events are scheduled to start in August. The Town council is looking for ideas and input from the community on operating the bandshell. Windham Town Council meetings are held on Monday nights and are open to the public.
- The town is aware that parking is sometimes an issue and is looking into building a parking garage by the police station, which will accommodate 240-250 parking spaces.

Questions from the audience:

Q: Will the town development committee work together with the WFC during the renovation of 87 Church St?

A: Yes.

Q: Will the new community center have a kitchen and/or snack bar?

A: Yes, there will be a kitchen for the “Meals on Wheels” program.

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Co-op Expansion Presentation & Discussion (Alice Rubin, General Manager, and Kirk Begg, Vice-President)

Annual sales have nearly doubled for 2017 compared to 2006, when the Valley St store first opened. Yet the size of the store has remained unchanged. Space is tight, and assuming that sales continue to grow, we will need extra space in the future.

87 Church St. property was purchased (closing date was January 20, 2017) and is currently being evaluated.

The Vision map (originally presented at the 2017 Annual meeting) highlights an incremental growth approach, starting with the immediate needs, and then moving onto a 5-year plan, and 10-year and beyond plan.

Meeting the immediate needs:

- 87 Church St plan:
 - office area & meeting rooms
 - staff break room
 - storage space
 - kitchen
- Store reset for 91 Valley St:
 - moving the office space over to 87 Church St allows for expanded work space and storage
 - adding a 4th register to the Checkout area
 - expanding the Grab & Go case
 - adding a Wellness Counter
 - Member service desk

5-year plan:

- 91 Valley St:
 - immediate needs are met
 - store continues to thrive
- 87 Church St:
 - space available for Buying Club
 - Community Room
 - Gardening and Farming supplies
 - Cold Storage to lease to farms

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- Grain mill, coffee roaster
- Lease space to enhance quality of life in Willimantic

10-year plan:

- Once we have outgrown our current store, we can consider:
 - buying our building if Elm Package store is ready to sell
 - building a new store at 87 Church St
 - opening a satellite store in another town

Next steps:

- New construction project (87 Church St):
 - working with NCG (National Co-op Grocers) on the prepared foods program: defining the scope and business plan
 - working with CDS (Cooperative Development Services) on the kitchen design: facilities, equipment, layout
 - collaborating with the Sustainable Energy Institute at ECSU and other experts on using energy efficient building practices and net-zero energy approach to design and build.
 - Create the pro-forma document to capture the business impact and project financial planning.
 - Coop Management to synthesize all inputs into the RFP (Request for Proposal) and review with lawyer, accountant, co-op professional organizations, etc, prior to sending it out for bids.
- 91 Valley St Store reset project
 - Coop Management to create the design layout and develop the business plan (revenues, expenditures, labor, etc).
 - Create the pro-forma document to capture the business impact and project financial planning.

Overall Expansion Project: includes both the new construction (87 Church St) and the Store reset (91 Valley St)

- Create the “master” pro-forma for the combined projects.
- final decisions on the total budget and scope of features and new facilities.

Discussion:

Q: How will the new kitchen for prepared foods impact other local businesses and vendors, such as Click, Not Only Juice, etc?

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A: WFC will continue to carry prepared foods from other vendors. The plan is to expand the grab-and-go case, because at present, we cannot keep up with demand. We will continue to support local vendors, in keeping with cooperative principles.

Q: Has the WFC looked at a possible scenario of moving the whole operation either to the 87 Church St space or to an entirely new location, and would that be beneficial?

A: Yes, we've looked at relocating the store to a larger property, but decided for the time being, it would be in our best interest to keep the store at its current location, where we are paying about 5000\$ in monthly rent.

Q: Will there be a "hot bar" to serve the prepared food?

A: For the time being, the food will be cooked/prepared and packaged in our new kitchen at 87 Church St, then it will be transported across the street to be served as "grab and go" in our current store. Thus, the retail will all stay under one roof, at 91 Valley St. The food will be cooked at 87 Church St, but it will be served and sold at 91 Valley St.

At some point in the future, we may need additional retail space, and possibly a hot bar and/or a cafe.

Meeting adjourned at 7:49 pm.

Supper was catered by *Not Only Juice*.