

**Northampton Community Cooperative Market, Inc.
Board of Directors Meeting Minutes**

**Wednesday June 14, 2017, 6:35-9:30PM
River Valley Co-op, Northampton**

Board Members Present: President Dorian Gregory, Vice-President Andrea Stanley, Treasurer Jade Barker, Lynn DiTullio, Steve Bruner, Eric Friedland-Kays, Christine Dutton and General Manager Rochelle Prunty.

Absent: Clerk Alex Risley Schroeder

Others: Duke Bouchard- Finance Manager, thirty-five Co-op Owners: Kent Alexander (5149), Zack Andringa (1931), Jennifer Atlee (6822), Steven Bandarra (2209), Rosemary Bienz (7804), John Bienz (7804), Erik Brown (6969), Debora Chandler (57), Laura Currran (4719), Evan Delano (8668), Kathleen Drummond (7789), Edward Drummond (7789), David Elvin (1485), Renee Fall (1469), Barbara Fingold (25), Amy Finlay (1426), Brian Fitzpatrick (8863), Jacquie Fraser (6251), Randall Furash-Stewart (2938), Henry Geddes (5181), Connor Grogan (7783), Dane Kuttler (7141), Laura MacKay (992), Brian Mulvehill (814), Sarah Mulvehill (814), Rowan Parker (7141), Chris Parrish (1710), Andrew Quient (570), Elizabeth Caretti Ramirez (8708), Gary Schaefer (2547), Jeanne Schubmehl (171), Noah Spady (8591), Andrew Stolarik (7306), Desmond Whalen (4145), Allen B. Wheeler (2357).

Notetaker: Liesel de Boor, Store Manager

Presiding: President Dorian Gregory

Meeting convened 6:30 @ PM

I. 6:35 PM Member-Owner Comment Time

Co-op owner guests made comments and asked questions, which were responded to in writing following the Board Meeting and emailed to attendees as well as posted on our website. Board response attached. Comments and questions made by co-op owners at the meeting included: Expressions of support for employees requesting compensation for shuttle commute time, as well as some expressions of understanding for why commute time is not compensated time.

There were comments of general appreciation for the Board's great work guiding the co-op and comments that the Board was not doing a good job. Questions included:

-Why not pay staff for shuttle time?

-Why bring up parking or wage issues during term of current employee ratified union contract instead of just addressing it in next collective bargaining agreement?

-Why are managers allowed to park onsite?

-Have we explored the feasibility of a parking garage?

- There was a concern about the Daily Hampshire Gazette Article about decision to expand and question of whether the Board had considered sufficient input?

- Could we use our money to pay employees more instead of building a second store?

- There were questions about whether our manager's salaries were equitable in comparison to our staff wages and details about management wage increases.

-There was a request for information about the general manager's salary.

- There were several questions about compensation levels for our hourly staff related to the fight for \$15 and livable wage standards.
- Can the Board Create a Forum for Co-op Owners on our Website?
- In response to capacity limitations of the room, someone suggested that the meeting did not appear designed for co-op owner participation.
- One co-op owner read a prepared statement at the end of the co-op owner comment period announcing the launch of her website designed to oppose the current leadership of the Board of Directors.

II. 7:05 PM Agenda Review and Approval of Minutes

Review of May 10, 2017 Meeting Minutes: Lynn moved to accept the minutes. Steve seconded. The minutes were approved by a vote of seven in the affirmative.

III. 6:49 PM Action Items

Andrea reviewed the action items from last meeting.

ACTION: Alex, Steve, and Eric will review Onion River info provided for new board members to begin developing improved new member board orientation- in process and there will be an update in September.

ACTION: Real estate update to be included in e-newsletter **Done.**

ACTION: Lynn will draft response to verbal owner comments from May meeting. Executive committee will finalize response to owner comments and determine response to written requests. **Done (posted on website)**

ACTION: Continuing updates from management on chip reader issue. Should be implemented in the fall. Ongoing.

IV. 7:12 PM Policy review B8-Board Logistical Support

Dorian makes a motion to (1) change language in item 4 which currently reads: Provide inadequate information and notice to members concerning Board actions, meetings, activities, and events.” to now include after “inadequate” the phrase “or insufficiently accessible” and (2) to accept the internal report as a demonstration of acting within board-established boundaries of executive limitations, Steve seconded. Approved by a vote of seven in the affirmative.

V. 7:20 PM River Valley Market LLC operations board resolutions and RVC Properties LLC board resolutions

There were no resolutions.

VI. 7:20 Opportunity PV Grows: Racial Equity Co-Learning Community

Co-op is interested in building partnerships across the valley about food systems and in particular racial and economic justice in the food system. Discussed and agreed that 1-2 board members will participate as individuals and as River Valley Co-op Board members. .

VII. 7:30 Consumer Cooperative Manager Association Conference

Steve, Dorian, Jade, Rochelle and Eric shared highlights of the conference. Topics noted by attendees included a presentation of co-ops working with unions, owner communication, use of technology and key notes on increasing diversity on-line grocery buying and the impact on co-ops.

VII. 7:40 PM Board Budget

Jade made a motion to accept the fiscal 2018 board budget which included \$50K for capital campaign. Seconded by Lynn. Approved by a vote of seven in the affirmative.

X. 7:50 Annual Meeting

Need to decide date for the 2017 Co-op Owners Annual Meeting.

December, 1 and 8 fall on a Friday, the usual day for the meeting. Dec. 1 is the date for board elections. Still looking for a location and date.

Firm application deadline for Directors is Thursday August 31. Christine will join the election committee.

XI. Break 8:20 PM

XII. 8:30 PM Member Loans and Capital Campaign

Lynn, Rochelle and Duke met and summarized possible proposals for discussion.

Dorian moved to begin with a quiet campaign to see if some lenders will roll forward some of their loans- with a 2nd store we'll have to do a more public campaign. Seconded by Steve Approved by a vote of seven in the affirmative.

Andrea made a motion to increase our line of credit to \$1.25 Million with Cooperative Fund of New England. (CFNE). Dorian is a CFNE employee and so recused herself from the discussion. Seconded by Lynn. Approved by a vote of six in the affirmative, 1 abstention. .

XII. 8:37 PM Executive Session

Dorian proposed that the Board go into an executive session with Board members, Duke, Liesel, and Rochelle present. Andrea seconded. Alex to participate by phone, and joined the meeting at 8:37 p.m. Discussion of real estate issues and appointment of new board member to replace Roz who had resigned for personal reasons.

The Board came out of executive session at 9:27. Dorian motioned and Lynn seconded.

XII. Board Vacancy Replacement

Dorian made a motion to vote on the recommendation for a replacement for Roz on the Board that was made in executive session seconded by Lynn. All in favor 7 with 1 abstention. Alex left the meeting at 9:29 p.m.

XIII. 9:30PM Adjourn Meeting

Dorian made a motion to adjourn the meeting. Steve seconded. The meeting was adjourned at 9:30 PM.

Next Steps

Christine will do July Ice breaker

ACTION: Alex, Steve, and Eric will review Onion River info provided for new board members to begin developing improved new member board orientation, still in process and there will be an update in September.

ACTION: Continuing updates from management on chip reader issue. Should be implemented in the fall.

ACTION: Get an update and expectation of how many days after approval meeting minutes will be posted. Rochelle will report back.

ACTION: Need a revised copy of the policy book-Clerk directed to do so

ACTION: Policies posted on website

ACTION: Draft responses to member comments made at beginning of June meeting, and post to website within 2 weeks.

PARKING LOT:

Look at avenues for Board organized community participation around promoting local food.

Next Board Meeting: Wed. July 12, 2017, 6:30-9:00pm, River Valley Co-op

June 21, 2017

Dear Co-op Owners,

Thank you for your interest in River Valley Co-op governance and for taking the time to attend the June 14 meeting of the Board of Directors. Your participation is welcomed and appreciated. A number of questions were raised at that meeting, and below we respond to them.

Why not pay staff for shuttle time?

The co-op leases a location in Hatfield less than 1.5 miles from the co-op store which has about 55 parking spaces that are available for staff. Due to the distance and logistics for parking in the vicinity of the store we wanted to provide a safe and convenient option for our employees who drive to work. Our current solution is to provide a free shuttle service which runs on a regular schedule to and from the store to this parking lot. This issue was addressed and resolved in the collective bargaining process in 2015 and agreed to by staff vote for the contract term that extends through October 2018. We understand some staff have expressed dissatisfaction with this aspect of their contract:

“Parking:

The Union and the co-op agree that the following matters are placed into this letter of understanding and have been agreed to. Both the Union and the co-op had every opportunity to bargain over the matter of employee parking and have agreed that the employee parking policies and determining

where employees park is a reasonable work rule to be established by the co-op. The co-op will maintain free employee parking off site and absent a substantive and material change the matter is considered resolved. Both the co-op and the Union agree if the employee has an emergency situation and needs to get their vehicle, the MOD will act accordingly.”

In our collective bargaining sessions, some folks wanted us to not only provide a benefit that is safe, convenient, and free—but also to pay employees who chose to use it. Management suggested that money would be more fairly distributed in higher wages for everyone for hours worked and the union agreed that was a higher priority. We all agreed upon the language excerpted above and the union members ratified the contract.

Although the union raised this issue some time ago after the current labor contract was signed and there is no requirement to re-open the contract, the co-op had requested use of the agreed upon conflict resolution procedures to resolve this issue. We are happy to report that the union has agreed to our request to meet to review and address this issue in mediation. We stand by all our agreements with the union including use of our agreed upon conflict resolution process. We believe that the union is good for employees and good for the co-op. That is why we encourage our employees to resolve differences through the process agreed to by both the union and the co-op.

There was a question about why managers are allowed to park onsite.

The short answer is they are not, with one exception. As outlined in the union contract, we require the manager on duty to keep a car onsite for in the case of potential emergency for an employee to get a ride to their car outside of the regular shuttle schedule. Other than the manager on duty, all store employees, whether managers or union members are required to park offsite and both have the option of using the shuttle. We don't have quite enough parking in the Hatfield location for all the employees that would like to have parking spaces. We also lease 15-20 spaces at the nearby Northampton Transmission, which is another free parking option for our staff (available to all staff on first come, first serve basis).

We also lease an offsite office for additional workspace for both union and non-union employees and there is parking at that office for the employees who work there. They do not report to work at the store, they report to work at the offsite office. The union requested these offsite staff be allowed to drive to the store when needed for meetings in the store and we agreed. This means there are also occasionally some very short term parking exceptions for offsite staff visiting the store.

There was a question about whether we had explored the feasibility of a parking garage.

This was an idea we looked into but the site conditions would make what is already a costly structure to build even more out of reach. And a parking garage would not address any of the other facility capacity shortcomings

There was a question about the Daily Hampshire Gazette Article about opening a second store while we have labor issues.

We were surprised to see the Gazette Article imply a second store was opening soon, that is not the case. And we agree that we need to resolve problems satisfactorily so that our employees can move forward together in undertaking all the internal development work and actual business planning and fundraising for the project of opening our second location.

Opening a second store is a big project and we've been discussing it for over two years in our co-op owner newsletters and annual reports. A second store was included in our 2015 co-op owner survey which showed strong support for a 2nd store, and it has been a topic of discussion in various co-op owner events. We have not yet secured a location, which we just reported in our recent e-newsletter in an article that includes an update on the site search for a second store. We anticipate that upon securing a site (with an agreement including contingencies before making a final decision), the timeline to opening, if the decision is a yes, would be close to 1.5 to 2 years. We certainly expect to resolve our current issues long before that.

There was a related question about whether we could use our money to pay employees more instead of building a second store.

We have yet to raise the considerable funds for investing in opening a second store. The revenues from the expanded business would be what would in turn generate the capital to repay new store development loans as well as to hire and pay additional staff. Increasing our sales is the clearest pathway for us to build our business strength for making future wage increases sustainable. A second location would also open up a lot more opportunities for career advancement for our current staff while also adding more good retail union jobs overall. A successful second store will start to build our economies of scale that we will need to be able to meet the ongoing challenges of increasing wages and decreasing prices for groceries.

Our current facility simply doesn't have the capacity to serve our growing business comfortably for either staff or customers. We are seeking a location that will take some pressure off our current store and better serve our current customers. We also seek a location that will expand our reach to additional customers committed to local food and the economic sustainability of our food system. A successful second location will increase our purchases from local businesses and local farmers and expand cooperative ownership and community control of our food supply as well as create more good jobs and fund increases in wages.

There were questions about whether our manager's salaries were equitable in comparison to our staff wages.

We've all heard about how the ratio of top CEO salaries to the lowest paid employees in corporate America averages approximately 340:1. We agree this is very inequitable, unfair and is one of the biggest challenges faced by working families.

Our managers' salaries are very equitable and fair in comparison to our non-management staff salaries. The Domestic Fair Trade certification standard for an equitable and fair ratio of highest to lowest paid employees is a ratio of 12:1. At River Valley Co-op, the ratio is even lower than that, far below 10:1. This shows we go beyond meeting the fair trade standard for an equitable spread between the highest and lowest paid employees at the co-op. This brings our lowest and highest paid staff much closer together than most businesses.

There was a request for information about the general manager's salary.

We don't disclose any employee's salary for privacy reasons. We strive to pay competitive wages for appropriate skills so that we can attract good talent to manage the cooperative. We can tell you how our overall wages compare to our labor market. Our average management and supervisory positions pay between 44%-87% of the median for comparable positions in our labor market (MA Bureau of Labor Statistics) with most falling between 44%-65% of the median. In comparison, our non-supervisory positions are compensated slightly above the median for comparable positions, which reflects our values of supporting our entry level workers.

There were several questions about compensation levels for our hourly staff related to the fight for \$15 and livable wage standards.

We support the Fight for \$15 as an overall strategy for increasing the minimum wage, and we, like others in the retail industry are working to develop our business and systems in order to make increased entry-level wages economically feasible. We are working with the union to phase in increased entry level wages and have a wage increase scheduled for this fall. If you read our annual reports, you know we report average wages for our hourly, non-supervisory staff and the reports show a progression of increased compensation over time. The increases come from both increases in the wage scale and regular scheduled increases based on seniority for time in service, as well as promotions to higher level positions. To summarize information previously posted to the website, we have been steadily increasing the number of employees earning a living wage using the Living Wage Western MA calculations which are a moving target. According to that data, the current living wage for an employee living in Western Massachusetts is \$12.34/hr and for an employee living in Northampton the living wage is \$13.36/hr. With the upcoming scheduled wage scale increase in our union contract we project nearly 95% of our staff will be earning a Western Mass living wage or above and 76% will be at the higher Northampton living wage level or above. In addition to the hourly wages reported, staff receive compensation in the form of health insurance, disability insurance, paid vacation time, paid sick time, life insurance, discounts on purchases, and the potential for gain-share bonuses, as well as over 90% full-time employment. We know that the combination of wages and benefits that we offer puts us at economic disadvantage to some of our competitors in the marketplace. But we will not compromise on these real quality of life standards that our people need and deserve.

Can the Board Create a Forum for Co-op Owners on our Website?

Thank you for the suggestion. This is something the Board is looking into adding as a feature on our website and we are exploring the feasibility with the support of the co-op's marketing manager.

The Board Meeting doesn't seem Designed for Owner Participation.

The Board of Directors are the elected representatives of the co-op owners. The Board of Directors have fiduciary responsibility for the management of the cooperative. They are elected and empowered by the co-op's owners to carry out that function on their behalf. These meetings are not designed as open forum sessions. We do appreciate owner comments, so we try to make time to accommodate those comments as a regular part of our Board Meetings, but not as the primary function and purpose of the Board Meetings. Co-op owners who would like to bring something to the board to be considered for inclusion on the agenda, should do so in advance of the meeting, and should realize that not everything a Co-op owner wants to discuss will find its way onto the board's monthly agenda. The Board meetings are designed for carrying out the Board's work as a team to carry out their duties, which includes a few minutes for co-op owner comments at the beginning of each meeting.

We do seek owner participation in several ways outside of board meetings, including the annual meeting and co-op conversation events. As our young Co-op grows, we are continuing to identify better and more targeted owner engagement events. Indeed, if there are processes or procedures available in the store, (e.g. customer service desk, or employee grievances procedure), it's our policy to encourage use of those processes. Our purpose in doing so is to ensure that the most effective resources are directed to the right issues.

The Amazon purchase of Whole Foods. How does it affect us at River Valley Co-op?

Shortly after the board meeting, news of the Amazon purchase of Whole Foods started circulating. It has been asked by many what this means to our Co-op.

One thing we know is this is more consolidation of our food supply by the interests of large corporations. Time will tell what an Amazon-owned Whole Foods means for River Valley Co-op and the direction of the grocery industry as a whole. There is no question that Amazon acquiring Whole Foods is going to have an impact on the grocery industry nationally and locally. It is no secret what the outcome has been for the independent and locally owned businesses in the industries where Amazon has bought companies before.

From the beginning, we have operated our cooperative in an environment alongside powerful corporate competitors. Working together, we've met this challenge and we stand by our very different mission, values, and goals to support our community and we will continue to adapt.

Another thing we know is that the role of the co-op to protect and develop our local food system and support a sustainable local economy is more important than ever. We also know from experience as a cooperative community business that we are stronger together, (staff, board, management, owners, vendors, local shoppers, our cooperative partners), and we'll work to meet whatever new challenges emerge from this corporate power play by Amazon in the grocery arena with compassion and care for our community. River Valley Co-op is not for sale, we own it together for the common good!

Thank you for your questions and support!