

Board of Directors Meeting
Monday, March 15 6-8pm via Zoom
Facilitator: Rebecca Reynolds Minutes: Madi Kay

Directors: Victoria Birkbeck, Peter Frank, Mike Strode, Teresa Meza, Whytnee Bush, Troy Martin, Brock Auerbach-Lynn. Absent: Robert Montoya. **Owners:** l'Talia McCarthy, Nancy McClelland, Madi Kay, Rebecca Reynolds, Max Burstein

6:00 Opening, Check-in

- M. Strode: Peaks and valleys since last meeting:
- V. Birkbeck: I started a new job, and took public transit! I found tamales near my office, but I also got snow in my boot.
- P. Frank: Peak: I got my room set up to grow microgreens. Valley: I'm not great at growing them yet.
- M. Strode: Peak: I'm making a pitch to connect cooperative work with tech work, valley- it's terrifying! I've been in tech for a long time!
- W. Bush: Peak: An org that I started in Vermont has made a lot of movement in me being able to step away more. Valley- Bureaucracy makes things move very slowly.
- T. Meza- Peak: We had a trash fashion show and raised 7k! Valley: Stress management in the past month has been a struggle.
- B. Auerbach-Lynn: Peak: Jeff and I made homemade fig newtons. Valley: I just finished a book I didn't enjoy, I found it lacking and unfortunate and I'm glad it's over
- T. Martin: Peak: my foot is healing! I can walk to the other room, kitchen! Valley- I can't drive yet!

6:09 Meeting Agenda

- W. Bush: We have some policy bits to go over, and it may take long... TBD. I propose that we add a bit of time to talk about Policy- starting with 5 minutes, and revisit if we need more time; all in favor.
- V. Birkbeck: Michelle Shry talked to us on Friday- she will not be joining us today for discussion of B1 and B2. We also need to approve the IEDL loan- I emailed it out to everyone.
- B. Auerbach-Lynn: I have some quick follow up questions from our check-in from last week.
- I. McCarthy: I have some updates re: succession- it can be added to the operations report portion.
- R. Reynolds motions to approve agenda, all in favor.

6:13 Owner Comments

- There are no owner comments.

6:15 Operations Report and Q&A

- R. Reynolds: Did everyone read the operations report? [Yes] Any questions?
- B. Auerbach-Lynn: I know we discussed moving the succession plan to another month, but during this meeting at least having a few folks listed as a general plan. Can you also provide an update about the upcoming potential staff survey?
- I. McCarthy: M. Kay will send y'all the most recent B6 survey, that's all I'm aware of. Paylocity does provide a survey but we want to come from a third party- I will look into quotes. I talked to Britney from Columinate about our succession plan- she recommends that we hire an external Interim GM through Columinate because so many of our managers are so green. M. Kay and I will draw up these names and contact information for everyone- M. Kay (Admin matters), Emilie Karl (Finance matters), Sharif Terry (HR matters), and Rob Curtis (Facilities matters). Those would be the go-to's to help guide the Interim GM.
- B. Auerbach-Lynn: In the Prepared Foods section of the Operations Report, what's the status with the \$5 meals? Why was it canceled?

- I. McCarthy: The \$5 meals were more of a community gathering opportunity- with COVID and labor issues, it is not feasible for our budget right now. The program makes no money and sucks up all of our labor for the day- so we had to do away with it for now (in agreement with our NCG consultant). We hope to still have \$5 items available on the shelf.
- B. Auerbach-Lynn: Where are we with the Chow Now project?
- I. McCarthy: In consultation with Meredith from NCG, she said we were nowhere near ready to include this in our operations- plus online sales are going down as COVID comes to an end.
- B. Auerbach-Lynn: I'm excited about our backup internet. I saw the initiative for banner ads on websites, which is exciting.
- T. Meza/I. McCarthy: David would have more information, but the Banner banner ads will not be only about Mercado. We believe the ads are split up into 5 sections.
- B. Auerbach-Lynn: We should mention Top Grocer in the banner! Also, did we submit to the FedEx grant?
- N. McClelland: Yes. The submission was lackluster, it's very important to vote every day especially because it's not a very stand-out entry.
- R. Reynolds: Are we okay to add 3 minutes for T. Martin to ask his question? All in favor.
- T. Martin: Does the "equity purchased" section include new owners as well as any owners who have invested more?
- I. McCarthy: It includes ALL equity- anyone that has signed up at the registers, anyone increasing equity, and any payment plans.
- T. Martin: Thank you everyone for your hard work with this campaign! I also noticed that we are up on equity in comparison to last month... Do you think that's because people want to support the store without coming into the store?
- I. McCarthy: I think it's on trend with what's happening. I think we'll see more flattened out sales, which is what I budgeted for, and these numbers will be more normal in comparison to last year because of the crazy spike this time last year.
- I. McCarthy: Just so you know, we are announcing that we will be eliminating the store capacity and extending the store hours starting April 1st. We are announcing it first to staff (this week) and soon after to the community.
- B. Auerbach-Lynn: Is it possible to get a breakdown of equity?
- I. McCarthy: I will ask Josh to do that.
- R. Reynolds: Do we approve equity and repurchases/operations reports? All in favor.

6:35 **B1: Financial Condition**

- R. Reynolds: Did everyone read the report? [Yes they did.]
- B. Auerbach-Lynn: I think there were comments from I. McCarthy saying that some of these metrics don't make sense given the current financial situation, correct?
- I. McCarthy: I think we were mainly referring to B2.
- R. Reynolds: Any questions about B1? All in favor to approve. And now B2?
- T. Martin: I have a question about the interpretation of Grocery Income?
- N. McClelland: Net Operating Income section is all controllable by the GM. Then below that is Non-Operating Income; these costs are results of past decisions that were made that cannot be changed, like loan interest expense, depreciation/amortization--so we have no control over this, and it doesn't affect cash, yet it affects the bottom line.
- R. Reynolds: Any questions about any of the sub-policies here? I see no changes. Do we all approve? All in favor.

6:40 **B2: Business Planning**

- W. Bush: Do we have any goals for how many owners or loans we're hoping to get?
- I. McCarthy: It's under Budget Assumptions. I don't plan to increase capital in owner loans right now- we don't think it's appropriate to ask for more money given that we can't pay our current loans back.
- P. Frank: About the B2 report- we moved from doing these once a year to once a quarter, but it seems like financial overkill. We are giving you 10 pages a month and full reports each quarter. Maybe we do the first 2 pages quarterly-

Budget Assumptions + P & L Balance Sheet. I think we should do a full B2 Report once a year and first 2 pages quarterly.

- N. McClelland: It doesn't seem like the full B2 Report is useful each quarter.
- V. Birkbeck: In terms of plans, we have dates on some things and not on others. In future reports it would be nice to have as many concrete timelines as possible. I will try to find a specific example of what I mean.

6:47 **Discussion: Implications and Trends**

- P. Frank: I will reflect on B1 and B2 and implications- what are we seeing/what are we missing? I think this is a very important quarter to be looking closely at- last quarter we had flattened sales, poor cash position. This quarter we seem to be doing better but we don't have numbers to back that up quite yet. B2 gives us an idea of what the upcoming quarter will look like, and upcoming inventory will help. It's interesting to look at this day to day in terms of cash, but to look at it quarterly also. I would use the phrase "Going Concern" - we are trying to stay afloat. "Going concern is an accounting term for a company that has the resources needed to continue operating indefinitely until it provides evidence to the contrary."
- B. Auerbach-Lynn: One thing I want to note is being so focused in the moment- I look back at the last quarter and see that it's barely useful anymore as we're so in the day-to-day... I know it's complicated here because what we have access to is January data, as February is not accessible yet.
- N. McClelland: Sales in theory should be no problem, but it's inaccurate right now because Mercado is not yet incorporated. We've made huge strides but we're still in the midst of trying to figure out this project. We'll be able to report sales on a daily basis as soon as we have it figured it out, but as of right now it doesn't make sense to report incomplete numbers (sales without Mercado included).
- P. Frank: When we're not in a crisis, we will not be looking at sales so intensely every day... I think we're just in a unique situation and we should remind ourselves of that.
- N. McClelland: The Board has fiduciary responsibility, so it's not unusual for them to be involved right now- I think it's absolutely reasonable because they have a fiduciary responsibility to the co-op owners. Right now the income comes in as uncategorized.... T. Meza and I are meeting next week to go over the steps towards making this project happen. We can't give you a due date unfortunately but I agree we need to see this data and it's hard for I. McCarthy to do her job without it. Emilie and Edwin attending the Finance meeting was valuable because they were able to see why it's so important to get this info as soon as possible.
- V. Birkbeck: Shared Capital has said that if we hire a turnaround specialist they could potentially defer our loan. I. McCarthy has met with a specialist- Brittany. I wanted to make sure the Board is aware of this potential situation.
- B. Auerbach-Lynn: It's a big investment and we want to weigh the pros and cons of investing in this.
- I. McCarthy: Brittany has a lot of experience- I can reach out for references. NCG has worked with her, and P. Frank knows her well.
- P. Frank: She has been in a lot of familiar messes and I think we can learn a lot from them. I think she can really help us right now.
- I. McCarthy: We had a very frank convo about what's going on, and she has said that "not even the most experienced GM's could handle this store in the way I've been handed it".
- T. Martin: Would we bring her in as a pseudo strategist in accounting and reporting?
- I. McCarthy: She would be working more around operational processes, and helping me develop plans to help execute break even strategy that I have mapped out with Brad and Nancy.
- N. McClelland: We have a break even strategy- we have accounting, finance, and operations. We have all of these different factors that we're working with, and a turnaround consultant shows us how we can work with these factors in order to reach our goals. Their area of specialty is places like the Dill Pickle, they know how to make things happen.
- I. McCarthy: We need someone who knows how to do this quickly.
- N. McClelland: We didn't add this to the Budget Assumptions, by the way.
- I. McCarthy: I will be applying for financial aid from a few different sources, in order to help with costs.
- B. Auerbach-Lynn: Once you get the proposal, can you send it over to us and we can figure out a path for it?

- N. McClelland: Reason for not doing additional loan outreach: the finance committee discussed it and we don't find it appropriate to reach out for more loans while we are currently not paying them out- we are working on rolling over currently existing loans and trying to get additional equity.
- R. Reynolds: We are at time, we had one suggestion about frequency in reporting... We had one suggestion about the path to compliance timelines.
- P. Frank: I motion to move B2 to once a year, and include Budget Assumptions once a quarter with actual budget attached and included in B1 reporting every quarter (this doesn't need to be moved to Policy); all in favor.
- R. Reynolds: Were you able to find a suggestion for a path to compliance suggestion, V. Birkbeck?
- N. McClelland: If you could send me examples in the upcoming few months, V. Birkbeck, that would be helpful.
- V. Birkbeck: I will do that.
- P. Frank: I motion to send B 1.4 to the Finance Committee then to the Policy Committee; all in favor.
- I. McCarthy: If these reports seem clunky, our Finance Committee Meeting minutes are extremely detailed- our lenders are super amazed and y'all should check them out.

8:16 **C2, C3 The Board's Job/Agenda Planning**

- V. Birkbeck: Thane suggested we put these together and I feel like we've been moving quickly through them. Anyone want to call out anything we do well/not well?
- P. Frank: I think that the committee work that has emerged is really pointing to intentional strategies. We should pat ourselves on the back for that at this moment.
- B. Auerbach-Lynn: Having just joined recently, I think we do this well!
- M. Strobe: I like 4 and 6- how we are shifting how these executive positions work. I like how we have reinvigorated our board recruitment practices.
- V. Birkbeck: Do we hold N. McClelland accountable? Or another accountant? Or should we be?
- N. McClelland: This changed some years ago. I used to report to the GM, which was a disaster, then I reported to the board, then they changed it back to reporting to the GM. Should number 7 be deleted or changed to say specifically "the audit"? Retaining the Audit Form is still a board responsibility and that shouldn't be changed.
- P. Frank: We don't need to be responsible for hiring the people who do it, but we should be making sure it gets done.
- I. McCarthy: From what I've heard, it sounds like in the past the GM was not reporting to the Board what the Accountant was reporting to the GM. We need to make sure that there is some type of communication that is not reliant on the GM. Maybe this is something we bring to the Finance Committee?
- N. McClelland: Can we ask the Policy Committee to see if there is another version of this?
- M. Strobe: I did look up the 2018 minutes- the choice was made for the GM to oversee the Accountant.
- W. Bush: Do we agree on striking it, do we need to have further discussion? Or add something?
- T. Meza: Just to clarify- there was a policy that was supposed to be struck and it never happened: the GM is the only person who was getting the report from the accountant. Does this need to go to the Policy Committee?
- P. Frank: Similar to B2- we can put it on the Finance Committee, then go to the Policy Committee, and then it will come back here.
- M. Strobe: We will let it flow to Finance, then to Policy, and we will expect it in the April approvals Board Meeting.
- V. Birkbeck: I have an issue with when to send out an agenda: I'd like to change the one week after the meeting to two weeks after the meeting; all in favor.
- I. McCarthy: Shout out to M. Kay for sending out the board packet earlier than ever!
- M. Strobe: Is it still a priority for the Policy Committee to pick up 3.5 and review? It was flagged, but unsure when and why.
- R. Reynolds: It doesn't feel relevant or fresh.
- V. Birkbeck: I'm happy about the current agenda planning situation.
- R. Reynolds: Is everyone in approval of C1; all in favor.
- V. Birkbeck: C 3.6- Suggested change to policy- we will send out the agenda 2 weeks after the meeting instead of 1 week.
- T. Meza: We don't send out our agenda to owners until a few minutes before the meeting (not one week before). Should we change the text around this?

- M. Strobe: It is difficult because folks sign up for the meeting only minutes before. We can send it out another way?
- V. Birkbeck: M. Kay and I can touch base about this.
- T. Martin: I think that 24 hours is more than enough time for owners to check out the packet. It doesn't need to be thought too much about.
- R. Reynolds: Knowing that M. Kay and V. Birkbeck will offline this, do we all approve? All in favor.

Additional Policy Committee Conversation:

- W. Bush: We put in a ByLaw suggestion.. Did everyone see the suggestions? As far as the policy, is that something that can be adopted today?
- M. Strobe: If this is not objectionable to folks, I can create something to be approved this month? That's only if this language fits and everyone is okay with what's presented? All in favor.

8: 45 **Approvals** (Decision)

- R. Reynolds: Any questions about any of these items? NO!
- N. McClelland: Regarding the IEDL Application- it said that we already had a loan application that is in process. We're not positive on what's going on, but I want to make sure that this is still in here to get approved so we'll be able to move forward when we can. If we can approve up to \$150k, then I. McCarthy would be able to sign for if we got it. We're asking for approval of the loan here, we don't want to be held up if it does come through.
- T. Martin: What's going on with the 50k loan?
- I. McCarthy: We were rejected, they said they wanted to give us the money but couldn't.
- P. Frank: They wanted to see us talk to our landlord and raise as much on our own as possible. Additionally, Shared Capital didn't want to take it on ourselves.
- N. McClelland: This is all in the Finance Committee Meeting minutes, P. Frank has a write up on it.
- P. Frank: If we get rejected by IEDL, I think we should go back to them and try to have another conversation.
- W. Bush moves to approve all of the above; all in favor.

8:50 **Upcoming Items, Next Agenda**

- V. Birkbeck: I think we need to cut a couple of things. I suggest starting with moving I. McCarthy's review to May- any concern for you I. McCarthy or anyone?
- I. McCarthy: No.
- B. Auerbach-Lynn: Should we move up Product Selection?
- V. Birkbeck: April: B6, B8 and C4. Move I. McCarthy's review to May or October- this conversation is moving online. Move B10 and B11 to June, and take B2 out of June.
- I. McCarthy: Would it make sense to do an annual review in October? Since it's annual?
- V. Birkbeck: We did a review in May, and I was thinking that could be your annual review?
- I. McCarthy: I will send you my offer letter and leave it up for you to decide and let me know.
- V. Birkbeck: I will move forward with this.
- M. Strobe: We will be striking B2 from June.

8:58 **Meeting Assessment**

- T. Meza: Good productive meeting- I appreciate not popcorn-ing the intro. I'm excited to see as the policy committee is established, things flowing in that direction.
- V. Birkbeck: Good meeting, though unfocused at times. I'm getting better at agendas, and I think we are making good use of committees so things will move better.
- W. Bush: Super productive, a couple things that will move quickly- definitely overlap in some of these policies. I believe that we will get over this hump of weird inefficiencies
- T. Martin: Today's meeting went well- a lot of good takeaways and good efficient decisions. It went a little longer but we covered a lot more... We seem to be growing as a board, understanding the flow of information better. I thought it was a good one.

- B.Auerbach-Lynn:Where is Robert? Great meeting and lots of info- good stuff! Hands full with a lot of different things!
- M. Strobe: Great meeting! Still nudging over, but this one felt like a good little sprint!
- P. Frank:We're in a well oiled policy governance machine! My clients at work don't have this and desperately need structure! We're covering a lot of ground together!
- N. McClelland: I want to echo what has been a theme: when committees do the work they commit to doing, it makes these meetings a lot faster, and I feel like it's a relief to not have to scramble.
- M. Kay: Super productive and engaged! I would love to hear more about the Policy Governance discussion format.
- I. McCarthy: I've been having to report to not only y'all but other folks, and the theme with those other people is how supported I feel by my board!
- M. Burstein: Thanks for letting me be a fly on the wall!
- R. Reynolds: I've never worked with a board who utilizes their committees as much as we do!

9:08 **Adjourn** (Decision, XX)

- M. Strobe motions to adjourn the meeting; all in favor.