

Board of Directors Meeting
Monday, April 20, 2020
6:00pm open | 8:28pm adjourn
Held virtually via Zoom

Directors: Tatum Evans, Mike Strode (timekeeper), Peter Frank, Ally Young (facilitator), Celeste Levitz-Jones, Rebecca Williams. *Absent:* Brian Perea. *Resigned:* Sindy Soto, George Langford.

Owners: l'Talia McCarthy (GM), Marelyn Garcia (staff), Nancy McClelland (CPA), Gretchen Johnson (scribe), Tim Magner, Kevin Monahan, Kati Rooney, Bill Gee, Don Washington, Sharon Hoyer, Dave Glowacz.

6:05 Opening: Director intros + board skills assessment (Ally)

- Tatum: 15+ years in food systems, community work, knowledge of co-ops. (Owner Linkage)
- Mike: cooperative zealot, connections to many co-op projects, 10 years as strategic consultant, experience in action research, community mapping. (Owner Linkage)
- Peter: treasurer. Over a decade of working in co-ops, helped start different co-ops, works with cooperative consulting community. (Treasurer, Finance)
- Ally: institutional knowledge, governance training. (Secretary, Policy)
- Celeste: Acting president, 3rd year on the board, knowledge and passion from co-op world, business finance/management/HR. (Executive, GM Eval & Development)
- Rebecca: on board since 2017, fundraising, ownership organizing, communications experience, government aid work. (GM Eval & Development)

6:13 Meeting Agenda (Celeste)

- Proposed agenda adopted with the following changes:
 - CLJ will insert a vote on staff director participation; owner comments to begin at 6:15.
 - Operations report will be reduced to 10 minutes.
 - Meeting evaluation may be cut.

6:15 Owner Comments (Mike)

- Kevin Monahan, #121: Seeking clarity on process for proposed bylaw amendment. Response: if approved by board, slated for ownership vote at annual meeting.
- Kati Rooney, #353: Interested in strengthening relationships with local food producers in response to COVID-19.
- Marelyn Garcia, #3679: Looking for more communication from DPFC as an owner.
- Tim Magner, #2002: Expressed need for co-op to connect with local farms, distribute food that is not going to restaurants. Shared idea to flyer within radius of store to advertise.
- Nancy McClelland, #570: Suggests "safest place to shop in Chicago" message. Reports recent co-op related email from unknown contact.

6:28 Minutes Approval (Ally)

- Minutes approved with the following amendments and one abstention, RW:
 - Rebecca's attendance status was listed twice; confirm as absent.
- CLJ moves to file an additional statement with the meeting record for March/April:
 - *"In early conversations with our legal counsel and co-op consultants on sensitive labor-related matters, they advised that staff-board members recuse themselves entirely from discussions and decisions regarding specific employee issues and labor relations matters. Staff board members provide a valuable perspective for much of our work, but in these matters we must consider potential conflicts of interest, employee confidentiality, and the preservation of the integrity and legitimacy of the board's decision-making process. For the sake of expediency during the handling of these time-sensitive issues, the board moved forward with excluding staff members from these conversations. I'd like us to take a moment now to formalize a vote that staff-board members be recused from discussions and decisions regarding individual staff issues and union-related matters."*
 - TE and AY abstain, all others in favor of filing statement.
- Board accepts resignation letters from directors Sindy Soto and George Langford, formalizing two vacant seats.

6:32 Share Approvals (Peter)

- New owners approved, total \$4,470 from 33 new owners.
- Share repurchase requests approved with the following amendments:
 - Remove Katelyn Bergman, add Dan Conroy, \$540. New total \$790 from 3 requests.

6:34 Proposal: Equity Restructure (Ally)

- Overview of proposal given: seeks to amend Article II on Ownership, Section 2.1 on Admission to simplify share structure, lower buy-in to \$100 and increase cap to \$1,000.
- Proposal passes with all in favor. AY will submit to review by legal counsel prior to submitting to ownership vote. Currently slated for Annual Meeting in the fall, but possible to get this done sooner via special election if GM recommends.
- Nancy: Any reason we're not taking advantage of full \$10,000 buy in? AY: 10 shares is the max holding per IL co-op act; would need to change share value from \$100 each to \$1,000 each. Nancy would love to examine this more in the future, AY sees this as an intermediary step.

6:40 Officer Roles (Ally)

- President: CLJ has stepped up this month to fill President role as VP; all in favor of CLJ assuming President role for remainder of board cycle, with one abstention, CLJ.
- VP: Rebecca nominated to fill resulting VP vacancy. Noted that her job can be demanding and past attendance has been challenging, but she is available to meet this moment. All in favor with one abstention, RW.

6:44 Committee Updates (Celeste)

- Finance (Peter)
 - Summary of report: co-op has been experiencing financial hardship with low cash on hand, but also seeing positive trends: sales growing, inventory management, staff training. Commend l'Talia for managing through a difficult month, keeping shelves stocked. Huge sales growth during this time, lots of panic shopping, almost double weekly sales from previous year. Increase was offset from increases in staff pay, balancing out to have slightly better month but dust is still settling.
 - Able to negotiate some loan relief from lenders. Dealing with a lot of risk and uncertainty, not a lot of money to throw at problems. Applied for federal assistance programs, still waiting to hear back; also looking into emergency loan from one of our institutional lenders. Bill Gee will pass along connections for PPP applications.
 - Launching capital campaign to improve position, make improvements to store; on hold due to COVID-19 with plan to pick it back up in summer/fall. Pursuing a very targeted owner loan effort: \$30,000 in loan commitments secured with minimal outreach.
 - PF will chair virtual meeting in May.
- GMED (Celeste)
 - Focusing on 6 month GM review, postponing until the end of May.
- Policy (Ally)
 - AY will convene virtual meeting in May, looking for committee chair and new members.
 - Priority: policy flags considered with expediency to keep policy register updated for GM.
 - AY will work with owner linkage and GM on next steps for ownership vote on bylaw amendment proposal approved tonight.
- Owner Linkage (Tatum)
 - Met in January, chairperson has resigned from board. Need to regroup.
 - TE will reconnect with remaining active members and include BP.

7:03 Operations Report (l'Talia)

- IM presented summary of report and key indicators, including filling in missing values: sales, basket size, new owners have all increased. Bank balance lower than last year, made headway on accounts payable.
- Overview of storewide COVID-19 response and updates from departments.
- Thanks to PF for help with finances, especially implementing 80 hours of paid sick leave, \$2/hour hazard pay, offering health insurance right away to everyone who joins staff-- none of this was budgeted for, and costs have doubled. Keeping very close eye on financials with CPA. Nancy notes that financials were closed faster than ever this month, with one correction: IM ran P&L early so it's a \$14,000 loss, not \$4,000. Some changes also made to books due to settlement.
- Embezzlement settled 2-3 days before COVID 19, not sure if it fully went through court system, but in process. Over \$170,000 in fraud booked to prior fiscal year. Took settlement, insurance, estimate of cash that police still have, booked it with allowance against it. Auditor said to plan on getting $\frac{1}{3}$ which is likely conservative. Amount in short term and amount in long term, along with allowance in case they don't pay. Lawyer was working on contingency, unsure about details, left it off balance sheet. Audit will be finalized very soon.

- Questions
 - TE: When might Mercato system launch, how much in sales do we expect to generate? IM is waiting on POS system for launch, estimates \$5-7K/week initially, likely future growth, plan to continue after stay at home order is lifted.
 - KR: better to use curbside or mercado? IM: curbside saves service fees.

7:32 COVID-19: Strategy Discussion (Ally)

- Immediate:
 - RW: Store has been nimble and innovative, prioritizing staff safety, showing strengths, bringing us into a moment of recognizing grocery store staff as essential workers.
 - TE: Need to rethink/reinvent what co-op community means and how we build it.
 - PF: Have engaged ownership (more faces, emails, gratitude in store); need to build on that and turn up the volume on the asks we're making.
 - KR: Forming relationships with farmers and producers will be invaluable, how we differentiate from other stores, show how small can work out better than big business.
 - IM: Seeing how staff are coming together to meet the moment, lucky to see an increase in numbers-- many co-ops are not seeing that and we should be proud.
- Mid-term
 - IM: Big recession predicted for October; thinking about how we are going to deal with life after COVID-19. Hopeful about connections and creative survival.
 - CLJ: Things we thought weren't possible are becoming necessary, like changes in insurance coverage, higher pay, and will be hard to walk back. How can we reframe some of our budgeting to maintain some of these practices?
 - MS: Interested to see what happens with owner linkage and annual meeting. Seeing momentum, importance of member-owned organization. Call to action among owners.
- Long-term
 - RR: Local culture shifts can become broader civic shifts. This is our moment.
 - TE: Should take this time and learn from everything we're experiencing to strengthen the future for all stakeholders.
 - PF: Shocked by how much our business model has changed, wondering if that will continue long term and what changes will happen in our store as a result.
 - IM: None of us have seen anything like this in our lifetimes. Want to commend everyone involved for the way we've come together. I am just so unbelievably proud of this store and the work we're doing to combat this crisis.
 - MS: We are creating a compass to navigate all manner of uncertain times in the future.

7:51 **GM Monitoring: B9, GM Succession** (Ally):

- Interpretation: accepted as reasonable.
- Data: accepted as adequate after discussion:
 - PF: Availability of IGMs through Columinate? IM/CLJ: 6 or so at any given time, typically a waiting period.
 - TE: intention behind training all managers when successors were already named? IM: in the absence of a store manager, it's necessary to familiarize all managers with basics of operations and governance.
 - TE: learning from past: implementation of background checks?
 - IM: board would need to write policy explicitly. CLJ: Overlaps with asset protection.
 - RW: notes that past failure was not of succession plan itself, but on the board's behalf, failure to follow succession plan, failure of oversight. NM: Board was also not getting information they should have.
 - AY: Two issues in play: 1) at operations level, standards/qualifications for upper management roles, especially with commitment to internal promotions, and 2) at governance level, adequacy of asset protection policy. Committee will review.
- Conclusion: accepted as demonstrating non-compliance. All in favor with one abstention, AY.
- Plan:
 - CLJ suggests requiring managers to attend board meetings beginning ASAP; no need to wait on full handbook revision.
 - IM will provide a follow-up report in June 2020.

8:11 **Board Calendar** (Ally)

- May:
 - IM will report on B6.
 - Board will review C4 with elements of C5 that relate to conflicts of interest. AY will ensure confidentiality agreements are filed. IM advised the board to be aware of use of executive sessions and what's privy to the public, as well as who is participating in meetings and what their goals are.
 - Committees will coordinate among themselves.
- June:
 - IM will report on B1 and B2, board will review C5.

8:23 **Meeting Evaluation**

- Reflections shared by directors and owners: overall positive assessment of first Zoom meeting.

8:28 Meeting adjourned.