

Frederick County Consumer Cooperative

Board of Directors Meeting

January 17, 2019

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Board members present: Megan Schneebaum, Annie Marshall, Sasha Crum, Stephanie Walker, John Beutler, David Cloutier (via Skype), Sibylle Mangum, Lisa Williams

Board members absent: Evan Rosenberg

Staff members present: Bob Thompson, Sarah Lebherz

Professionals present: Greg Burgee

The meeting was called to order at 6:01pm by Megan Schneebaum, Board President. A quorum was present.

Consent Agenda

The Consent Agenda was approved. Additional ownership refund request from owner 8308 was presented. John moved to accept, Annie seconded, and it was unanimously approved.

Owner Comment Period

No owners were present.

Electronic Monitoring

Sasha presented the month's results. The majority of the 8 respondents reported 100% compliance. Annie moved to accept the electronic monitoring as presented, John seconded, and it was unanimously approved.

Expansion Update

Bob overviewed the latest update in potential solar power for the new store, including some approvals from the City. Meetings have continued with the architect, bank, contractor, etc. The bank's final offer will be presented at the next board meeting in anticipation of the board's vote regarding the property purchase. Equipment at the 7th St. site has been tested. The capital campaign is anticipating a March launch.

New Subsidiary LLC

Greg Burgee presented a proposal to form a new LLC as a subsidiary of FCCC, which would be the entity to purchase the new site and assume the accompanying liability; it would better protect both entities and also allow an opportunity to spread the burden of the loan for the purchase of the new property. FCCC would lease the property from the new LLC. Stephanie moved to create a subsidiary LLC named Frederick County Consumer Cooperative Properties, and to assign its manager as the acting board president. John seconded, and it was unanimously approved.

Liquor License

The Common Market has proposed an addendum to current liquor law that would create a new class of licenses for food co-ops in Frederick County whose products meet specific criteria. If the delegation is responsive, it would go to the full assembly.

Preferred Shares

Greg proposed the following preferred shares structuring, and it was discussed by the board at length:

By law, only FCCC owners who legally reside in Maryland would be eligible to purchase a preferred share. Once purchased, the share may be retained by those persons for whom those initial qualifiers may change. The price of each share is \$500, with a purchase minimum of 2 shares. Upon dissolution of FCCC, preferred shares would be paid out

before equity shares. The dividends would be provided at 4% for the first through fourth years; a floating rate of 2% above bank standard (within 4 – 8%) would be provided in the fifth year onwards. The dividends would be paid the first business day following December 1st annually. An investor may request an early payout, which may be approved or denied at the board's discretion.

Sasha moved to accept the proposed supplemental articles with the following adjustments: the return rate be made 4.5%; that at the fifth year, the rate reset to 1% above prime rate calculated annually; and that investors be provided the right to request payout of their investments after 10 years. Stephanie seconded, and it was unanimously approved.

John moved to resolve as outlined in the proposed minutes (attached), Lisa seconded, and it was unanimously approved.

GM Monitoring: B3 Financial Condition & B4 Asset Protection

Bob reported compliance in all areas of GM Monitoring report B3 except for net income and sales growth. Bob attributed the sales downtrend to overly aggressive price competitiveness. John moved to accept B3 as presented. Annie seconded, and it was unanimously approved.

Bob reported full compliance for GM Monitoring report B4. Sasha moved to accept B4 as presented. Annie seconded, and it was unanimously approved.

3-Year Strategic Plan

The initially-proposed mission statement alterations have been moved to 2021; fiduciary oversight tasks have been adjusted from Jan – Mar 2019 to Jan – June 2019. Megan will make the outlined changes and present the edited plan next meeting.

2019 Board Calendar Review

Sasha presented the proposed board calendar. Annie moved, John seconded, and it was unanimously approved.

Odds & Ends

- Stephanie is preparing the board budget.
- CCMA 2019 will be held in Durham.
- The Diversity Committee has been reactivated and will be placed on the agenda for next month.
- February's meetings are Feb. 13th and Feb. 28th, after which the annual board dinner will follow.

At 9:22pm, John motioned to adjourn.

Minutes were taken by Sasha Crum.