

**Frederick County Consumer Cooperative
Board of Directors Meeting
September 10th, 2020
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Board members present: Megan Schneebaum, Annie Marshall, Stephanie Walker, Evan Rosenberg, Bob Wolpert, Sibylle Mangum, Melanie Ahern, John Beutler

Board members absent: John Clarke

Staff members present: Román Diaz, Sarah Lebherz, Ashley Pilahome

Owners present: Karen Caffrey

The meeting was called to order at 6:05pm by Megan Schneebaum via Zoom.

Approval of Agenda

Agenda is approved.

Consent Agenda

Minutes and refunds are approved.

Owner Comment Period

Karen Caffrey present.

Audit

LSWG Firm and Tax Professional Jon Holmes were present to review the audit. Barbara started by thanking Sarah and her colleague Janelle on their hard work to complete the audit in a timely manner during this time. Despite COVID-19, we did have a positive sales growth! There were some additional costs that there were incurred because of the store opening. Its important to note that the PPP loan is not on this audit due to the date that it was approved. The audit was presented and accepted by the board. Jon Holmes helped present information on the new tax laws that provided more information to support an informed decision regarding the patronage rebate.

Expansion update

- Expansion finances/proforma monthly update:
 - Sarah presents the budget update: there is not a ton activity on paper since last time however we are plugging away with construction and some final bills. We have officially received our health inspection certificate and should have the occupancy permit in hand tomorrow! We have tons of inventory with wellness and grocery; we have 120-day terms and a lot of deals with UNFI. We have paid a little more to NCG development cost with the 3rd payment just made and final payment due 90 days after opening. A lot of equipment has been prepaid, and we are just waiting on some final pieces. Stephanie ask about the accounts payable; Sarah says that the invoices are paid monthly but not until we receive the final contract amount. Stephanie mentions that usually open contracts are booked towards accounts payable and the retainage is money that is being held back but should be placed in accounts payable. Sarah says that she can send it back to LSWG for review.
- Capital Campaign update and investor event: the invite was sent out and it should be hitting mailboxes between today and tomorrow. We broke it into three groups to maintain social distance. They will receive a tour of the store with some goodie-bags.

- Grand Opening Plans: Soft opening with a ribbon cutting at 8am: The Mayor and a couple of other officials have been invited! The larger opening event will be in mid-October.
- C-share Investor Inquiry: There is an owner's daughter – who contacted us requesting to repurchase a c-share that her mom had purchased. Sarah contacted the attorney to see how this would work and he said that our document allowed us the discretion to do this and it is the board decision on how to move forward. Annie moves to approve the request, Bob seconds, and all are in favor.

Patronage Rebate Proposal

Sarah worked with Jon Holmes to make the proposal and she is presenting that we should be conservative because we are in a time of expansion. John B said that it looks like a good proposal and Stephanie really likes the proposal. At first, we know the plan was not to give any out due to the PPP loan and in the time of expansion but now with Jon analysis, she believes that we should offer a patronage rebate.

Stephanie moves to allocate 100% and distribute 25% to owners. Evan seconds this and all are in favor.

Megan asked should we include a note about why we included the distribution this year? Sarah says that typically the treasure's report from the annual meeting includes the information and that is what is sent with the rebate.

Changes to Check Signers

Sarah requested to move this to next month.

GM Monitoring

- B7 – Ends Policy – Román is going to focus on growing locally! We have been consistent with local vendors with a little over 121 local vendors. Both local vendors that we lost last year were due to them going out of business. A large part of our local sales has always been what we offer in café, due to COVID-19, if you compare to last year, we have sold less. The meat department has picked up a lot of local vendors. This was extremely helpful during the beginning of COVID-19; a lot of grocery stores were running out of meat; however, we were able to keep the meat in stock because of our local farmers. We are now ordering more products from the farms and able to make new products with it, such as our new made in-house sausages. Román would like to increase the number of local vendors in the store by 10%. We have seen a decrease of 13% in customer count during 2020 however our average basket size went up 22%. This is because people are shopping less frequently than before, and people are shopping for multiple households. We have lost the hot bar customers which makes our yearly increase of .5% compared to the budgeted 3%. Román believes it has to do with the new reality that we are facing. Owner equity went up by 17%, dues to other coops went up by 6%, equity in other coops have remained the same. The only item that was not in compliance was the sales growth; all other key indicators in Policy B3 were met. There is a new reality and despite the lack luster sales in Café and Wellness, the highest margin departments in the store, we were still able to meet gross profit margin. John asked if we will be using Lancaster more since Tuscarora is out, Román mentioned we picked up a new farm, District Farms, and their products are doing extremely well for us and that is the direction that we would like to move. Hopefully in the spring we can coordinate a local market in our parking lot! Frozen items are really moving these days! Megan asked about the dues in other coops and Sarah said that dues are done on total sales so if sales go up then the dues will go up. There will be no vote on this tonight since it is not completed yet. The remainder of the report will be presented next month.

Diversity, Equity, & Inclusion

- DEI Committee Charter: Sybille would like to present the draft charter to the board. Sybille says that they have settled on owners being able to be in the committee group. Michael Healy put input into this since this is a board committee so any decisions can still rely on board decisions. Sybille would consider this more of an educational committee and that this group could take numerous routes. Bob votes to approve, Annie seconds, and all are in favor.
- Common Market Speaker Series: we are reaching out into the community and we are asking individuals from different organizations to speak to the board members who are a part of the speak series. Many are asking for a donation that would be around the \$150. The committee is asking for a \$200 month stipend to spend on this. A different speaker would be asked to speak for 20 minutes and we would invite owners to come to the speaker. Stephanie believe that this would be alright, but it would need to be built into the budget for next year and look at cutting something back. Megan asked about how we should go about voting; John B. suggest take it through the end of the fiscal year. Annie moves to vote for it for the rest of the fiscal year, Stephanie seconds and all are in favor.

BOD Monitoring: D9 – Advocacy on Public Issues

Evan presented the report – there was 100% group participate and all votes in compliance.

BOD Election Update

- Electronic Voting update – final night is tonight! Winning candidates will be announced later this month so they can start in the October board meeting.

Retreat Planning

Holding half day events on the 7th and the 8th works best. On the 7th there would be the annual meeting also. Everything will be webinar style. We do need to have 50 owners in attendance. Times, topics, and agenda to be planned. Our general idea was to not jump into anything really in depth but rather do some celebrating and coming right out of opening the store.

Odds and ends

- Thank you/good-bye to Melanie!
- Lunch with Leadership September report – Annie (October – John C?)
- Good of the Order
- Follow up work/next steps

The meeting was adjourned at 8:13pm.