

**Frederick County Consumer Cooperative
Board of Directors Meeting
January 28th, 2021
Page 1 of 3**

Board members present: Megan Schneebaum, Annie Marshall, Stephanie Walker, Evan Rosenberg, Bob Wolpert, Sibylle Mangum, John Beutler, John Clarke, Alecks Moss

Board members absent:

Staff members present: Román Diaz, Sarah Lebherz, Susan Schulman, Libby Nuss, Ashley Pilahome

Owners present for meeting: Wendy M., David C., Lara E.

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

“Food for Thought: A Speaker Series”

Román Diaz

Guests present for Speaker Series: David C., Lara E., Katie J., Wendy M., Juliana L., Karen S., Martha

Approval of Agenda

Agenda is approved.

Consent Agenda

Refunds are approved. Minutes are approved.

Owner Comment Period

Anne Beutler brought up some questions regarding recycling in store. She is curious to know how often it is being used. Additionally, she wants to know about plastic bags and if we can start recycling them. Román says that John Clarke was at the last green committee meeting and that they have started conversations with another company about the ability to recycle plastic bags. Román will work on getting more informational signage about the recycling and how to use it effectively.

Expansion update

- Expansion finances/proforma monthly update
 - There are no changes right now; we are still currently waiting on the credits from the previous month.

Sales Update

We are continuing to see struggles with our customer count, but the basket size remains steady. We have made great strides with labor and have been meeting our labor goals. We are continuing to add focus to our value image with the community, in addition, we are working on some new owner only sales for February. Sarah mentions that store management is doing a good job with adjusting labor. John B. has been looking at the weekly reports and says its good that we are not losing a substantial amount of money and mentions that he believes we are in good shape. John B. also ask where does the PPP loan end up? Sarah answers that she recorded it as debt forgiveness in the second quarter. Stephanie asks where are we at with our ownership growth? Currently, we have 7,556 owners with averaging 150 per quarter. Our goal this year is 8,000 owners.

Produce Product Guidelines

The owner survey is prepared and will be hitting emails soon! Before that, we wanted to reach out to all the employees and to see how they felt about changing our operations. In addition, Román has talked to NCG and said that it was the right approach to involve the owners and the employees. We are actively gathering information on local farms and new vendors in case we do go in that direction, so we do not have to start from scratch.

GM Monitoring

- B3 – Financial Condition
 - Everything complies, besides, Labor Expense and Gross Profit Margin. The first quarter was rather high because of free fills, which will raise margin. This quarter, with the lack of sales in cafe and wellness (two of the highest margin departments), there have been some challenges and opportunities to look at. We notice that the inventory turns can be improved on and starting to look at that. The net income went up because of the PPP loan and a City of Frederick loan we received for the prepared foods department. Sales growth is at 31%, while this looks like a good number, we are continuing to strive for 45%. It takes time to adjust labor to sales when opening a new store and adjusting the labor of a previous store. To help with the labor cuts, we are not replacing any labor that we lose, but instead offering those hours to our current employees. We have started to price ourselves out of the market and we need to take a step back and look at our value image. The PPP loan was not applied for the EBITDAP calculation because if you put the PPP loan there you would not see the reality of the number. Sarah adds that if she assumed the debt forgiveness, that the number would be extremely high. Inventory turns have dropped and now we need to bring it back up to 17-18. John B asks if out of stock would hurt the inventory turn number. Sarah answers that this would make it higher and that this number is because we have too much product on hand. The auditor's report showed full compliance with this year's audit. In terms of marketing, we have stopped the contract that we have with the newspaper and are channeling the money into other areas that we see will offer more benefits. Since this report does not show full compliance, there will be no vote to accept. We will look at B3 again in April.
- B4 – Asset Protection
 - Reporting compliance for both stores; we received a B on our financial reporting assessment. Annie moves to accept, John B. seconds and all are in favor.
- Discuss change to calendar for March monitoring.
 - We are moving B1, Staff Relations to September –John B moves to accept, John C seconds and all are in favor.

Board Strategic Plan 2021

- What we accomplished in 2020: we followed through on our action steps and we did open a new store! We have made huge strides in our DEI work and we need to continue to work on the election process. We did look at the audit from 2019 and there are a couple items that we need to continue to look at. We also hired a new GM in 2020 which was a big undertaking. It should be noted that the work that we have done this was a major undertaking that required many months of hard work and taking some steps back from the strategic work. At the end of 2020, our goals for 2021 were to engage ownership to prepare for the 1-year anniversary, review the issues with the wording in articles of incorporation, and continue to have post expansion oversight. Megan's suggestion is to give ourselves the perspective that our goal for 2021 is to try to maintain our holding as a two-

Frederick County Consumer Cooperative

Board of Directors Meeting

January 28th, 2021

Page 3 of 3

store business and that alone is some pretty serious work. Megan is going to proceed with that and present it for approval next month.

Board Monitoring

- C3 – Delegation to GM – all reports of compliance with no comments.
- D6 – BOD Committee Principles – all reports of compliance with no comments.

DEI Update

- Co-op Conversations: A Discussion Group – *Farming While Black*.
- Upcoming Food for Thought speakers – February and March –
 - February – Adam Wieser, Common Market Employee in the Deaf Community.
 - March – we have a possibility of a Construction Co-op speaking.

Odds and ends

- Green Committee
 - John C. met with Harrison, Grace and Román about the committee. The big topic was the recycling and in March they will start working with a local elementary school for a garden.
- Lunch with Leadership - postponed
- Good of the Order
 - John B. received an email from an owner asking if we want to support the plastic bag banning bill (banning the plastic bags would be better than recycling them). John B. will complete the form to support this decision.
- Follow up work/next steps

The meeting was adjourned at 8:30pm.