

**Frederick County Consumer Cooperative
Board of Directors Meeting
August 26th, 2021
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Board members present: Megan Schneebaum, Annie Marshall, Stephanie Walker, Bob Wolpert, John Clarke, Zoe Brittain, Alecks Moss, John Beutler

Board members absent: Evan Rosenberg

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

Owners present for meeting: Mary McKelvie, Lynn Brantley

LSWG Auditors: Jinnell Luckenbaugh, Barbara Roman

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

“Food for Thought: A Speaker Series”

Sara Varga from Phoenix Recovery Academy!

Approval of Agenda

Agenda was approved.

Consent Agenda

Refund requests were approved. The July monthly Board meeting minutes were approved.

Owner Comment Period

No comments.

LSWG Auditors Annual Report to the BOD

There is a large adjustment in process that has not yet been factored into these statements but everything else has been included in this draft report. Currently there is \$15 million in assets as opposed to \$14.3 million in the previous fiscal year. The cash and inventory categories were the two areas with the largest swing: inventory increased due to opening the second location and a decrease in cash from opening the second store. Property and equipment values showed a net increase of \$1.1 million, having to do with the expansion. The total liabilities are currently \$9.6 million compared to \$8.7 million last year; the two line items that are the main reason are the long-term liability/notes payable that increased and the decrease in the liabilities. Sales increased about 18% and the cost of sales increased 20%. Miscellaneous Income is where the forgiveness of the PPE loan is being recorded. The auditor’s reported that they did not note any internal weaknesses in the system. Stephanie asked about the patronage rebate and how carrying back the state or federal tax could affect this, and Sarah replied that the rebate is based on tax net income and didn’t think it would be affected if we carry it back. Barbara said that variations in the report from last year can be reasonably explained because of the second store opening. Sarah added that they should have the final report completed before the Annual Meeting so the final numbers could be reported to Owners.

Monthly Financials

Sarah reported that the combined store totals from last week were really close to budget. There was a little over \$500k in sales with \$210k at the Route 85 store, which is under budget by about 6% but higher than the previous week. The 7th Street store continued to grow from \$292k to \$302k, or 3% over budget. With Labor, we are struggling with filling positions and lower than we would like to see it. The monthly reporting for July, the Route 85 store is running under budget in labor and occupancy is a little over budget. If sales were in line with the budget, then these figures wouldn’t seem out of place. Route 85’s earnings are low, but we should see that come back with an inventory adjustment so additional gross profit will be seen. The 7th street store was closer in gross profit and personnel expenses just a little

over budget. July's loss is a little more than what was projected however we should see some of this come back with the inventory adjustments. Alecks asked about what is being done to address hiring and Román responded that we are competing against a significant hiring market right now and the Co-op is trying to be competitive in approach and marketing.

GM Monitoring

- B2 – Financial Planning – finalize approval from July:
 - Sarah added that there was a little information about the ERC that might impact fiscal year 2022 but it will not modify anything poorly and should potentially make the fiscal year we just finished look better. The Board decided to move to accept the report as they have already heard Román's intention to move towards the non-compliant areas becoming compliant. Stephanie moved to accept, Bob seconded and all were in favor.
- B7 – Customer Service & Value
 - Román reported compliance on the report. Román discussed cross-training programs, reviewing customer questions, and reevaluating the mystery shopper program. The average daily transaction count is in compliance, and average basket size has increased, but a little below last year's average. Customer count has also increased, along with the total number of Owners. Román reported that Yelp and Google reviews have maintained a 4.5 rating or higher. The Co-op's safety program is effective with training and audits to ensure safety is being maintained. Annie moved to accept the report, John B. seconded and all Board members were in favor.
- B9 – Expansion
 - Román reported non-compliance with this report. The Common Market is continuing to foster local partnerships and promote our values within the community. A lot of value programs have been added in the stores. We are looking at having the bakery open by the end of the year and when the pandemic allows to start hosting more events. We are prioritizing promoting from within and utilizing cross training in the stores. John B moved to accept, Bob seconded and all Board members were in favor.
 - Change: the B1 report will be presented to the Board in October instead of September, 2021 – Megan approved this change.
 - John C. asked if the October GM report would be moved to September to accommodate the B1 change? – Román replied that he will report on all End's Policies at the September Board meeting.

Board Elections

- Election Administration Update
 - Annie reported that Lynn Brantley is the only candidate running and it will be a low-key election. There will be no electronic election this year and people can vote in person or via email.

Annual Meeting/OwnerFest Discussion

Susan conducted a survey to see if owners would attend an OwnerFest and/or a virtual Annual Meeting. Román's concerns were that in addition to the COVID-19 risk, there would be a lot of effort and expenses put into OwnerFest and

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that the attendance would not be enough to justify the work and cost. Román proposed cancelling the 2021 OwnerFest. Susan discussed safety concerns. The Board agreed that OwnerFest should be cancelled. Megan said that she believes that the Annual Meeting will be held on the day that OwnerFest was originally scheduled since notice was already given. The Annual Meeting will be at 4pm on Saturday, September 18th.

Board Monitoring

- D1 – Governing Style
 - What are we doing well with this policy? John B. said that he thinks the Board of Directors have done a good job at focusing ahead and being strategic about what to push ahead on; Megan added that they have excelled at distinguishing the lines between Board responsibilities and GM responsibilities and that they have a great GM to help distinguish those lines.
 - What can we do better with this policy? Getting to meetings - It has been a chronic habit for everyone. Megan is questioned the wording of “staff initiatives” and John B. said that he believes the wording is okay because the Board can initiate things with staff, for example the Board initiated the expansion which was not something the staff came up with; he added that although the Board has responded to this policy well it has been a little more reactive then pro-active. Annie said she gets bogged down in section 1.6, in wanting to get more detail about how the store runs and understanding the Co-op’s administration, which are not part of the Board’s role; she felt that Román is very good at giving the Board the information that is necessary and shouldn’t ask too many details. Zoe brought up that she felt she has less of a voice because as a Board member and that she feels the Board has taken too far of a step away from operations. Megan said that in the past perhaps there was too much of a separation, and that the shift has been slow, however she thinks that that Board is getting better at it. Annie said that she agrees but the discipline of policy governance is very important.

DEI Update

- The DEI Committee’s next meeting is September 27th @ 12:30pm
- Upcoming Food for Thought Speakers – October & November

Odds and end:

- The Green Committee: Oyster Shell recycling will be starting soon and the Co-op is planning to host some composting classes. The team will begin collecting ink carts/electronics at the Route 85 store and are looking to potentially participate in a Fall clean up event. The next meeting will be on September 17th.
- Lunch with Leadership - Román is changing the format to Coffee with Leadership - sitting in the break room during a certain time period for an “open door” chat with interested employees.
- The 7th Street store’s One Year Anniversary - September 16th cake serving from 11am-1pm and 4pm-6pm!
- Lovettsville Groundbreaking event will be on 10/9!
- Spoonful
- Good of the Order
- Follow up work/next steps.
 - Coop Impact Conference in October
 - Discuss Retreat
 - Annual Meeting with be on September 18th at 4pm

The meeting was adjourned at 9:30pm.