

Silver City Food Co-op — Board Meeting Agenda
Wednesday, August 26, 2020 — 5:30 P.M. to 7:30 P.M.
Meeting via Zoom*

Present: Shanti Ceane, Tuan Tran, Emma McKinley, Kristin Lundgren, Gwen
Lacy, Julianna Albershardt, Kevin Waters, Jo Lutz

- I. Welcome / Membership-board discussion (5:30-5:45, 15 minutes)**
 - A.** Board approves the agenda, moving MCC notes to the end of agenda section III to accommodate Kristin's anticipated later arrival
 - B.** Directors' Announcements
 - C.** Members' comments

- II. Old Business (5:45-6:00, 15 minutes)**
 - A.** Approve July Board meeting minutes – tabled, for review by email.
 - B.** Concern Coordinator Update - Gwen references email from Ja member. They were given updated board email and advised that the board would consider the submitted comments. A vendor had comments regarding the co-op and was advised to discuss with the GM. Shanti suggests having Concern Coordinator update as standing item, Gwen agrees.

- III. Committee Decisions and Announcements (6:00-6:30, 30 minutes)**
 - A.** Recruitment, Orientation and Development (ROD) meeting notes: no meeting because of retreat preparation.
Retreat details - Bear Mountain Lodge Friday session 4-7, informal with Martha and getting acquainted, dinners delivered separately. Saturday 9-4, refreshments and boxed lunch. All outdoors and social distance. Bring mask to go inside lodge for using bathroom. Shanti reminds everyone to bring their board books.
 - B.** Board and Management Evaluation (BME) No meeting.
 - C.** Finance Committee (FN) table FN notes for September meeting.
 - D.** Member Connect (MC) meeting notes, GG article calendar, and board table
Discussion: Farmers Market Booth proposal, Susan had idea for FM booth promoting the co-op with brochures and membership information. All needed materials are things the co-op has or can get for free. Susan adds that the booth would also be at other tabling events when they come back (Tamale Fest, July 4th, etc). Susan has extensive booth experience, thinks they are important for outreach. Vending has to be worked out (shirts, etc), Susan also needs key to Pope Street. Kristin thinks it would be exciting to have the booth come hand in hand with the official decision to go forward with Pope Street. Shanti agrees. Kristen suggests a content schedule for upcoming Garbanzos Gazette, starting with Roundup for October, Pope Street update for November, board recruitment for December. Asks to confirm and for other board members to suggest content, particularly for October. Scott is nominated to write about the retreat. Gwen thinks there might be a member recruitment article. Susan is hoping for members to also volunteer to

staff tables. Kristin suggests that for now it might be better with COVID to restrict tabling to one or two people. Shanti says that whether or not there is a final decision on Pope street by Oct. 10, she can write something up to communicate about it. Julianna agrees to write board recruitment article for December. For September wants to get the word out about Roundup. GMM is tentatively scheduled for May 16, 2021, COVID allowing.

IV. Monitoring Reports (6:30-7:15 pm, 45 minutes)

- A.** Acknowledge B1 (Financial Condition and Activities): Board acknowledges B1 by consensus. First half of 2020, sales up 10%. Flat for first couple of months, through the roof in March, maintaining around 10% up for April-July. Up 8.3% for July. Net income 2.5%. Significant sales lift, fixed costs stay the same, judicious about variable costs and spending. Also had the benefit on several large business disruptions that resulted in payments from UNFI. Patronage refunds through NCG were larger than in recent past. All these things together resulted in net income significantly higher than in the recent past. Cash increase based on sales spiking and \$181k PPP loan. Removing the loan, cash is still increased by 144k in first half of year. Solvency ratio .91, anything below 2 is considered healthy. PPP loan is included. Original terms were 60-turnaround from loan application to applying to forgiveness, program has since changed to include option to wait to apply for forgiveness in exchange for a greater forgivable amount. There is also a decline in member ownership due to COVID. January-February also saw decline in new membership renewals due to increase from \$10 to \$20. There is also a decline in visitors to Silver City who were often members even if they did not live here full time. Shanti asks if going to \$20 is too much. Kevin has not heard negative feedback, but can see from rapid decline in new members for whom \$10 was a no-brainer and \$20 is a bigger pause for new members. Susan thinks potential members need to be told it is still a good value proposition. Kevin says because of COVID we can't really draw conclusions about the impact of the membership cost raise. Kevin thinks the time is now to do a raffle to attract new members. The Board discusses using posters, GG, and monitor in produce department about the benefits of membership. Kevin says \$5-6k due back from IRS, we paid full taxes and are waiting on that credit. In the second quarter, we maintained 10% sales increase, even with unforeseen mask costs. Shanti asked to clarify that PPP was extended but amount forgiven was reduced. Kevin clarifies that the co-op would reach the threshold of 100% forgiveness in September, and to apply earlier would be leaving money on the table.
- B.** Acknowledge B7 (Communication to the Board): Board acknowledges B7 by consensus. Up 8.3% in July, or \$52k. Up \$130k for year. Gross margin up around \$24k for year. Total payroll is \$11k under budget, operating expenses are \$23k under budget, admin expenses \$3k over budget. Net operating profit is \$24,061. Mike Morones closed out July's books and noticed decimal point error, monthly number went up \$2k, so real number is \$26k. For Q2 taxes should come back about \$5500 lower due to FFCRA payments. YTD \$8k tax reduction. Four employees have left and been replaced in a last couple of months. Trying a

scheduled door monitor rather than having all staff scheduled during their shift. HR concierge service has been implemented; Kevin has used it for consultation on COVID-related law changes. Thinks it will be a really good thing for management team to have that level of expertise available. Basket size increased while transaction number went down in March and April, June saw massive infusion of EBT benefits, Kevin thinks it played big part in \$6.8 sales increase. Up 15% so far in August but EBT impact is declining. Basket size holds steady as customer count increases, down now only 18% from last year. Out-of-stocks persist, out-of-stock items change. Susan asks if out-of-stock has to do with COVID. Kevin says it does. 12 years of food sales packed into one month when COVID first hit, domino effect throughout supply chain, takes time to bounce back to normal.

- C. Expansion Proposal, Pro Forma, and Market Study: Will mostly be discussed at retreat, Kevin asks if there are any questions. Susan asked Mike Morones about solar panels, they didn't pay anything because of tax credits, wonders if we should consider that for Pope Street. Kevin agrees. Also has liquor license in research phase. The proposal is meant to be a basic framework on which things can be added.

V. Board Meeting Closure (7:15 – 7:30 pm, 15 minutes)