

Item 2.1 | Approved April 13th Minutes



Board of Directors Meeting Approved Minutes

Date: April 13, 2020

Item 1.0 Call to order:

The regular meeting was called to order at 6:33 PM via webinar at <https://www.gotomeet.me/DFCBOARD>, by Sharon Tobar.

Directors Present: Sharon Tobar, Patrick Beckett, Kim Coontz, Karen Rich, Theresa Robinson, Sandra Schickele, Faye Dixon, Treva Valentine, Samantha Conselman

Director(s) Absent: none

Staff Present: Laura Sanchez, Brad Salmon, Andrew Steward

Guests Present: Elizabeth Van Der Weide, from Wegner CPAs

Facilitator: Sharon Tobar

Time Keeper: Samantha Conselman

Notetaker: Danielle Marquis

The President determined that notice of the meeting was duly provided as required by Article V of the Bylaws and that a quorum of Directors was present.

Preliminaries:

Welcome and Introductions took place.

Owner Comments:

There were no owner comments.

Board Announcements:

There were no board announcements.

Agenda Review:

The agenda was reviewed, and the following items were added and/or changed:

Added: 6.8 Staff Survey Debrief.

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Break at 5.2A

Changes: Move Andrew's discussion (6.8) to 5.0A

Samantha made a motion to accept the agenda. Theresa seconded the motion. All were in favor. Motion passed unanimously.

Item 2.0 - Consent Calendar

The Directors agreed to accept the consent calendar, including item 2.5, even though there is no President's Update.

Sam made a motion to accept the Consent Calendar. Sandra seconded the motion. All were in favor. The Motion passed unanimously.

Item 3.0 - 401K Audit and Financial Review, Wegner CPA

Prasanna introduced Elizabeth Van Der Weide, from Wegner CPAs, LLP in Madison, Wisconsin. Elizabeth has been working on the DFC 401K Audit and Financial Review.

Elizabeth explained that the financial statement is different from an audit. A review is substantially less expensive than an audit, and Wegner does not offer an opinion. She also mentioned that the 401K Plan is required to have an audit every year.

Elizabeth presented Wenger's independent Accountant's Review Report. She explained the items that were covered: Assets & Liabilities, Sales Revenue, Operating & Other Expenses, Statements of Members' Equity, Statements & Cash Flows, reports and statements.

Elizabeth left at 7:12PM

Item 4.0 - GM Operations Update

Prasanna explained that the numbers she presents on her reports are always a month behind, so this month we're looking at February 2020. All of the ratios for February look good. Before Prasanna leaves to NCG, she would like to present January, February, and March, which will be a full financial packet that will show a trend.

Income statement shows how DFC did last year vs what was budgeted for last year. Prasanna pointed out that the overall increase for February was before the pandemic. Overall there was good income, and the quarter sales growth was up.

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The pandemic buying affected DFC in the 2nd or 3rd week of March. Buying patterns will change for our shoppers, and the Deli is working on some new offerings for DFC customers.

The Directors had discussions related to the pandemic, and mentioned that their friends felt the Co-op was doing a great job making the store environment feel safe.

Prasanna shared the many proactive changes that the DFC has implemented since the pandemic has started. The DFC is continuing to review what the city will advise, as well as monitoring what Yolo County is doing.

Item 5.0A - Andrew's Presentation - Escheatment

Andrew gave a presentation explaining escheatment, and let the Board know the legal steps that the DFC needs to take in order to meet the conditions of the escheatment process. Escheatment is a legal process that transfers the ownership of abandoned property to the State of California. When an organization is unable to locate an owner of that property, they must return it to the state. The main reason we have to follow this process is because it's legally required, and it helps maintain our obligations of fiscal responsibility.

The DFC worked on escheatment about two years ago with a batch of people as a test. DFC since then has been able to look more at communication. It took a lot to get the process up and running, and there was a lot of back and forth to determine the proper steps.

The Directors asked if it would be valuable to ask members if they are students, so that later we could use that information for statistical purposes since our town has such a large population of students? Andrew said this was something that the DFC could look at.

Andrew shared that the DFC is now following the current law, he covered where the DFC is at with the escheatment process, and let the Board know that they could expect to see a listing of the notice to review before the annual meeting.

Samantha suggested a policy change to include Escheatments in DFC policies.

Andrew left at 8:05PM

Item 5.1 - GM Monitoring: B – Global Executive Constraint

Compliant and no action needed.

Prasanna presented her Compliance Report – B Global Executive Constraint. On page 39, all monitoring reports that were captured by Samantha with the assistance of the Board Assistant.

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Samantha made a motion to accept the GM Monitoring report of B - Global Executive Constraint as presented. Treva seconded the motion. All were in favor. The motion passed unanimously.

Item 5.2 - GM Monitoring: B5 - Treatment of Consumers

Compliant and needing action.

Prasanna presented her B5 - Treatment of Consumers report, and discussed the SMG survey, which went out to close to 10,000 owners. While there is a higher satisfaction, there are still some opportunities. All through last year, up until the pandemic, we were closing the customer count gap. Prasanna believes the events the DFC was hosting contributed to closing the customer count gap.

Customer service training has been ongoing and will continue for both new staff and staff that have already been working. The NCG has national foods training, which focuses on natural foods, and dietary needs, and all staff are required to take that training.

Prasanna pointed out a portion of the survey where the amount of customers that were "very dissatisfied" grew. She mentioned that during the makeover, there was product elimination, and people were unhappy. Prasanna recommends that we do another survey in 2020 to see how covid-19 affects things, and how ratings would change, because the DFC was seeing a sales growth before covid-19.

Samantha asked why customers shop at the co-op, and what areas do they find value? Prasanna said that there were a few things we could look at to determine why shoppers want to shop here vs other retailers, including looking at what other local, or other co-op stores are doing. She also mentioned the DFC is perceived to be expensive, and that people do like to support local businesses.

Theresa made a motion to accept the report as presented. Faye seconded the motion. All were in favor. The motion passed unanimously.

BREAK 8:26 - 8:36PM

Brad left sometime during the break.

Item 6.1 - PPP Loan Program

Last week, April 2nd, Prasanna asked the Board to approve a Payroll Protection loan

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After receiving the Boards approval, the same day DFC submitted an application for Paycheck Protection Program (PPP) Loans.

Up to 100% of the loan is forgivable. Under loan terms of forgiveness, at least 75% of the total loan amount must be used for payroll. The goal is to keep payroll steady, and not to have to pay back the money. There is more information on the document provided to the Directors.

The Directors discussed the plan to keep staff on payroll, the list of projects the DFC is embarking on to maintain the employee hours, as well as employee payroll before covid-19 vs after covid-19. Prasanna mentioned that it's important to look more at the payroll dollar amount. Prasanna will scan and put the application on file for the Board to review.

Prasanna shared some examples of what the DFC is working on, such as the Deli is currently testing out recipes, so when it opens back up, we will have some new recipes. The DFC has implemented the curbside program, and is working on other projects, such as separating the bulk aisle to make it more accessible.

Karen and Sharon thanked Prasanna and everyone working on this to get this done. Prasanna was thankful for the bylaws that were updated that allowed the DFC to quickly act on this opportunity.

Item 6.2 - Annual Meeting

Sharon asked the Board if anyone thought that the Board should not have the annual meeting in May? (no hands were raised)

The Directors discussed options for online meeting solutions.

Prasanna will ask Orit if she will be the Facilitator for the annual meeting.

Kim made a motion to have the annual meeting via zoom on May 7th. Sandra seconded the motion. The motion passed unanimously.

Prasanna will draft an agenda, and will share it with the Owner Engagement and Executive Committees. Prasanna will also let the owners know of the changed location.

Item 6.3 - Strategic Plan Update

Presented by Prasanna on behalf of Treva who was having technical difficulties. The

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final Strategic Plan will include a preamble, drafted by Kim, letting owners know that the Strategic Plan was drafted before covid-19.

The current Strategic Plan is a template, and as soon as the Strategic Planning Committee has the preamble, they should still be on track to present it at the annual meeting. Prasanna will send the Board a final version once it's ready.

Item 6.4 - Policy Survey Review: D1 - Unity of Control

Kim reviewed the Policy Survey: D1 - Unity of Control, and asked Prasanna for input. Prasanna said it's helpful if information comes from one direction vs multiple directions, and she's thankful when people copy Sharon in emails. She also said it would be nice if the Governance Committee could look at this and consider saying, Communication would come from the President, or President and Vice President. Also, maybe Sharon can decide when something the rest of the Board would want information on.

The Governance committee will review this.

Karen amended her motion to accept the report as presented, and added: and ask the Governance Committee to make changes based on the comments that were given. Sam seconded the motion. The motion passed unanimously.

Item 6.5 - Upcoming Policy Review: D2 - GM Accountability

Kim read the upcoming policy review. The Directors discussed how contracting out to third parties fit into this policy. The Governance Committee will look at the wording, and may make recommendations. This may be discussed more at a future Board meeting.

Item 6.6 - Governance Committee Recommendations

Kim proposed that the suggestions made by the governance committee be put on the consent calendar for the June meeting, and said that Policy C9 - is the only policy that has any change. She asked that if there are any requests to move an item to the discussion part of the agenda, to please let her know before the June meeting.

Prasanna pointed out that #1 Review of B2 – Planning and Budgeting, will need more discussion, so it should not be on the consent calendar.

Item 6.7 - Retreat Debrief

Postponed until June

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Item 6.8 - Staff Survey Debrief

Prasanna would like Carolee to present while she is still here. Prasanna can send out a survey, with three dates/times, to see when the Board is available. This will not be an official Board meeting. Prasanna can record the GoToMeeting, in case all Directors cannot attend.

Item 6.9 - Stipend for the Board of Directors

Karen led the discussion for the Stipend for the Board of Directors, which was a “parking lot” item from the Board Retreat. A lot of co-ops have stipends for their Board of Directors, and Karen pointed out that this would attract other Board Members, and the DFC needs to attract Board Members with business or finance skills.

Karen then asked if the Board would be interested? Some of the Directors would like to have the finance committee look at this. This keeps coming up, but hasn't been looked at yet. Maybe the finance committee can look at what other co-ops are doing, just to get some of the leg work done.

Sandra made a motion to review the use of stipends by co-ops with a possible recommendation. Patrick seconded the motion. All were in favor, except for one Director abstained from voting. The motion passed.

Item 7.1- Choose next Timekeeper

Samantha will serve as the next timekeeper.

Samantha moved to adjourn the meeting at 9:27 PM., and move into the Executive Session. Theresa seconded. All were in favor. The motion passed unanimously.

Pursuant to article 5.7 of the Davis Food Co-op bylaws the following motion was brought to the Board for consideration on March 25, 2020 via email.

Samantha moved that the president and vice president of the Davis Food Co-op Board have a conversation with Laura Sanchez, current operations manager, to understand her willingness and competencies to take on the role of the interim general manager. Karen seconded. The motion passed unanimously on March 25, 2020 with written consent given by all Directors via email.

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Pursuant to article 5.7 of the Davis Food Co-op bylaws the following motion was brought to the Board for consideration on April 1, 2020 via e-mail.

Samantha moved to appoint Laura Sanchez as Interim General Manager of the Davis Food Co-op effective May 3, 2020. Sandra seconded. The motion passed unanimously on April 1, 2020 with written consent given by all Directors via email.

Pursuant to article 5.7 of the DFC bylaws the following motion was brought to the Board for consideration on April 3, 2020. Samantha moved to authorize Davis Food Co-op management to apply for the PPP-SBA loan up to the maximum eligible amount, not to exceed \$1,000,000. Management shall update the Board once the loan request is made and then monthly until the loan is forgiven or repaid. Kim seconded. The motion passed unanimously on April 3, 2020 with written consent given by all Directors via email.

/s/ Samantha Conselman, Secretary

Secretary, Davis Food Cooperative, Inc.

Date Approved