

Item 2.1 | Approved December 14th Minutes



Board of Directors Meeting Approved Minutes

Date: December 14th

Item 1.0 Call to order:

The regular meeting was called to order at 6:00 PM via webinar at <https://us02web.zoom.us/j/88339379953?pwd=QXh3ZG4yZXA5eWpwRnNndEFcU1HQT09>, by Treva Valentine

Directors Present: Patrick Beckett, Kim Coontz, Theresa Robinson, Faye Dixon, Treva Valentine, Samantha Conselman, Madison Suoja, Lorin Kaliski

Director(s) Absent: Sharon Tobar

Staff Present: Laura Sanchez, Rachel Warner, Andrew Steward, Brad Salmon, Michele Henley, Olivia Henry, Forest Hayden, Karla Campos

Guests Present: Johanna Abasto

Facilitator: Treva Valentine

Time Keeper: Samantha Conselman

Notetaker: Rachel Warner

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.

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Agenda Review:

The agenda was reviewed, no new items were added.

Item 2.0 - Consent Calendar

Samantha proposed an addition to Consent Calendar Item 2.3 to add the Governance Committee Notes. Samantha made a motion to approve the Consent Calendar with the addition. Patrick seconded the motion. All were in favor, and the motion passed unanimously.

Item 3.0 - President's Update

Treva reported on the President's Update in Sharon's absence. Treva stated the Executive Committee is the President's report for this month. She updated the Board on the GM search. 2 candidates are being considered and the search is ongoing. It will be discussed further at the Executive committee meeting. The GM evaluation is pushed to January due to the store's busy season and to align with what has been done in the past. NDA discussion is still in progress. An agreement has been made and a training session will be scheduled in January.

Item 3.1 - PPP Loan Update

Brad -reported on the PPP loan update. He stated he was given access to bank forgiveness application portal last week. He submitted a forgiveness application and thinks we qualify. Bank required supporting documentation which has already been submitted. Bank has 60 days to reply, and then the Small Business Association has 90 days to respond.

Brad identified some potential issues. He reported that there are two ways to calculate full time employment. Both would be acceptable, but one is more favorable for the Co-op. The payment processing company produces only one kind of report (unfavorable) but Brad was able to

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convert the reports into the preferred kind. He is waiting to see if this is acceptable.

Brad clarified that the IRS's stance still differs from the Cares Act. Congress may act but uncertain at this time. IRS thinks loan forgiveness is not taxable, but expenses we used the loans for are not tax deductible (basically taxable). We will likely be filing taxes without knowing the forgiveness status.

Brad also brought up how this will affect the potential patronage refund. When we pay out the patronage refund, we typically pay out 100%, but could pay out as little as 20%. This will be brought to the board for discussion after going through the Finance Committee.

Item 3.2 - GM Operations Update and Report

Laura presented on her New GM Operations Report.

Laura reported on her biggest wins this month. She stated we received quotes for a solar microgrid and they will be reviewed by Laura and Sharon. Gridscape recommended we do an efficiency audit, which was performed by American Energy Partners on Dec 9th for free. They looked at bigger units (like A/C), that could potentially be changed out to reduce energy consumption. Laura reported that we need to replace the roof and solar at the same time. Laura confirmed that this is just information gathering and would be brought to the Board for consideration.

Laura reported on the new capacity limits, now at 35% rather than 20% capacity. We added more webcart times and were able to combat capacity issues.

All individuals submitted their IDs for the ABC license, so that is moving along.

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Laura reported on her biggest worries this month. She reported that Weslie, the Prepared Food Manager, resigned and that the process for finding a replacement is ongoing.

Laura reported that the Holiday Meal is still going on, but with modifications. The meal will be to-go style. We had to find new cooks, considering having the Deli staff prepare food. Some staff have volunteered to work. The Holiday Meal will be held at the Veterans Center with social distancing and safety protocols.

Laura and Brad are looking at bringing back Hero Pay. Laura reported that staff evaluations have been continuing with some delay due to managers/staff being out.

Laura's biggest focus includes staff turnover. She would like to create an Exit Survey to gather more information about staff turnover.

Michele, Vince, Madison, and Laura have discussed DEI and are starting to research this to build confidence to bring it to the staff. Staff survey was sent out to see how the staff feel on this topic.

Laura reported that we lost 6 staff members, 4 from Deli. Deli had the biggest increase in turnover, 3 were voluntary and 1 was involuntary.

Patrick made a motion to add a column for new hires in the GM turnover report, Treva seconded the motion. All were in favor, and the motion was passed unanimously.

Laura also reported on customer feedback. She said customers have been emailing, calling, and filling out the NCG review for staff. Customer requests have taken some research and time to be completed. Store email feedback is received by Vince and forwarded to the appropriate managers. Feedback was received on the Deli selection and special order inquiries.

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Laura reported that Facilities had preventative HVAC and refrigeration maintenance done. She noted that the roof is starting to leak so urgency on that project is needed.

Center store is doing really well with sales, and secured additional “pandemic staples” like toilet paper, flour, sanitizing wipes. More staff are being trained to keep up with increased curbside demand. Laura expressed concerns about expanding to food delivery due to food safety and liability. Unsure if we will keep curbside once capacity limits are lifted due to profitability. UNFI has informed us of quantity limits of unexpected items, some Co-op basics. Might have outages throughout the store. Sales have been doing ok with capacity limits, so that worry wasn’t realized. Customer count was down, even with curbside included in the count.

Patrick motioned for more data reporting on web cart vs. in store sales reporting from GM update. Theresa seconded the motion. Sam opposed, and the motion passed 7 to 1.

Laura reported on Bulk’s poor performance and mentioned that Mochi and Kombucha used to contribute to bulk sales, and there have been some manufacturer outages/quality issues. We are looking into options to move to compostable plastic for bulk.

Wellness has seen a downward trend. Down 2% last week, potentially because many Wellness items are considered a “luxury”.

Marketing recently hired Christine, who is doing the Zoom classes. We recently started charging for these classes,

We were able to “Stuff the Bus” last Saturday, and it went well. We donated \$22,000 to new local charities we haven’t donated to for the month’s Round Up.

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Social media engagement and newsletter clicks have been increasing. We are looking to revamp signs for Deli and Wellness. Some concerns over COVID restrictions because no samples or demos allowed still. Loyalty program is on going and will be reported on in January

Item 3.3 - Presentation-Center Store

Forrest presented on Center Store. He mentioned that the bulk department is the biggest issue right now. Frozen, Beer/Wine, Cheese, and Grocery are showing the biggest sales.

Bulk staffing takes much more time with pre-packaging taking longer. Outages have been an issue as well. Has to take staff away from thriving departments to stock bulk. Long term Bulk has been mostly stable at around -10%. Bulk has had difficulty getting answers about what they can do with COVID restrictions. We have been able to do a mini reset of the bulk to clear out the empty/slow moving product spaces.

Forest's main goals are providing more support for bulk and hiring for a Cheese and Bulk night time worker. Hiring is difficult because many don't want to work in a retail environment and there are many unqualified applicants.

Call outs are up by a lot, so labor is consistently not maxed out due to this. Forest stated he is having to pick and choose which department needs labor the most.

Other issues include product discontinuation. Limiting new items brought into the store due to the inconsistency of products being available. He ordered up on some staple items.

Karla reported on the Wellness department. She is looking to bring on a part-time person. Sales are down due to no samples, testers, and no return

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policy. Staff training has been emphasized and marketing has been consulted on customer education.

She mentioned she is looking for products from companies that have a buy 1 get 1 deal. She is focusing on partnering with companies that keep up with fair and competitive pricing (not selling online for cheaper). UNFI isn't very consistent and drops products frequently. Many companies have run out of supplies, making it hard to keep products stocked.

BREAK: The directors adjourned for break from 7:40 - 7:45 PM

4.0 - Decisions - New Business

4.1 - Escheatment

Andrew presented on the Escheatment process. Board needs to vote on escheatment and pass by 2/3 majority.

Next step is communicating to the owners with 2 methods. 1) Posting in the newspaper in the county and 2) contact owners by last address or email address on file. We will refund those properties back to us if they are not reclaimed in 90 days, though legally we are only required to give them 60 days to reclaim.

Andrew reported it would cost between \$8,000-10,000 to post the entire list in the newspaper. We would like to put the entire list in all at once.

Andrew was able to pull data from our database and received guidance on who is eschetable (no shopping or communication update in 3+ years). Andrew reported this encompasses around \$1.2 million, which is 42% of our total equity. Previous small escheatments saw a 3% redemption rate, which would equate to \$36,000. We could legally limit payouts if we had a large amount of redemptions.

Samantha motioned, according to DFC bylaw 3.5.c and applicable state

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laws to make a motion for staff to start the escheatment notification process for the owner accounts identified in 4.1 and request monthly updates until the Board is prepared to vote to involuntarily terminate the membership. There shall be no public notification made before a comprehensive PR plan is presented to the board at the January board meeting. Patrick seconded the motion. All were in favor, and the motion passed unanimously.

4.2 - DEI

Treva asked to set up a task force to deal with DEI issues. Samantha wants to identify potential policies that could be brought to the governance and strategic plan committee.

Madison has volunteered to chair the DEI task force, Patrick and Faye joined the task force.

A motion was presented by Samantha for the formation of the DEI task force chaired by Madison, and joined by Patrick and Faye, which has initially been charged with developing a charter to be presented at the January meeting. Motion was seconded by Treva. All were in favor, and the motion passed unanimously.

4.3 - Owner Engagement Updates

Madison presented an update on the Owner Engagement Committee. Treva will write the Recipes blog post in April. Patrick volunteered to write the May article (fair trade and high quality food). Theresa volunteered to write the Majority women Article in February.

4.4 - Survey Review - Policy C6

Policy review included a lot of "Don't Knows". Faye has been asked to review with the Finance committee and then bring it to the Governance Committee.

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5.0 - Wrap up

The Board liked the new Operation update and stated we would not expect a B3 update from Laura next meeting.

Sam moved to adjourn the meeting at 8:50 PM. Treva seconded the motion. All were in favor, and the motion passed unanimously.

/s/ Samantha Conselman, Secretary

Secretary, Davis Food Cooperative, Inc.

Date Approved