

Daily Groceries Co-op

Board Meeting

Tuesday, October 18, 7:30-8:30PM

Lightmark Media 523 ½ Prince Ave. (Amended 11/17/16 ME)

Present: Tom Reynolds, Lisa Merva, Jim McCarren, Alex Rilko, Virginia Baumgartner, Will Hodges

- I. Welcome
 - A. Approve Minutes- September
 - a. Alex motions to approve September's meeting minutes with amendment showing Virginia's attendance; Virginia seconds, all in favor, none opposed
- II. Annual Meeting Planning
 - A. Board Approved Ballot
 - a. Board voting happening in store currently; [Kate Blane] didn't receive the ballot information and Matthew will follow up with her
 - b. Matthew is the vote coordinator and overseeing ballot counts.
 - B. Presentation for Annual Meeting- October 27
 - a. Theme: Big Apple
 - b. Envisioning the new store- Architect Plans brought by Rob, photos of larger coops, apples and worms for feedback on what owners want and what they don't want, respectively.
 - c. Presentations: Matthew will follow up with Jackie Arthur at 3 Rivers Market about number of jobs created, square footage of old store and new one, annual sales.
 - d. Food from the Daily Deli, desserts from home.made and Dondero's, drinks will be provided by the store; we'll have a check-in table for members.
 - e. Will Hodges will emcee the event
 - f. Lyndon House has the projector we will use.
- III. Member Forum
 - A. No updates from owners present.
- IV. General Manager Updates
 - A. B1: Financial Condition
 - i. Financial report from 2nd quarter performance; GM will not allow sales to become stagnant, sales growth was below 3% and thus noncompliant, actively following the plan for compliance. Average day is now over \$4,000, adjusting to increased demand for local milk for example.
 1. Our management team is now routinely comparing month to month sales growth (compared to sales of the same period in the previous year); we had dropped below inflation at 3% in the 2nd quarter but 3rd quarter is showing promising sales growth. There will be a lower margin in exchange for more sales growth.

Daily Groceries Co-op

Board Meeting

Tuesday, October 18, 7:30-8:30PM

Lightmark Media 523 ½ Prince Ave. (Amended 11/17/16 ME)

Present: Tom Reynolds, Lisa Merva, Jim McCarren, Alex Rilko, Virginia Baumgartner, Will Hodges

- ii. GM will not allow inadequate net income is compliant—above .5%, 1.4% is reported for the 2nd quarter.
- iii. GM will not allow liquidity to drop below 1.25 is compliant – finally back after 3 years out of compliance, more cash and paid down liabilities!
- iv. GM will not allow solvency to be insufficient is noncompliant, below 3.0 is required, we were at 3.35, made great strides paying down line of credit over \$10,000, equity increased \$12,000, expect 3Q compliance.
- v. GM will not incur unusual debts outside usual business is in compliance – nothing to report. Lisa has withheld line of credit payments for time being to preserve cash for our typically lean 4th quarter.
- vi. GM will not be acquire, encumber or dispose of real estate -- in compliance.
- vii. No overdue or inaccurate tax payments or filing -- in compliance.
- viii. No overdue payments on loans or other obligations -- in compliance.
- ix. No use of restricted funds -- in compliance.
- x. No out of GAAP financial accounting – in compliance -- there will be another review in 2017.
- xi. Margin 36.4% for 2nd quarter, up over several previous quarters.

B. B5: Consumers

- i. Owner survey will be out before the end of the year.
- ii. 2016 has not had more transactions but does have a greater basket size.
 - 1. Lisa will follow up on CoopMetrics report with basket size of a co-op our size at next board meeting.
- iii. GM will not operate without a system for complaints or suggestions – in compliance. We have comment cards responded to on a timely basis, web emails go to Lisa, FB messages get responded to within a couple of hours. We'll start logging comments and responses per suggestion.
 - 1. Lisa: We can take suggestions online as well as redesign how we receive comments in store.
 - 2. LaCroix sale was very successful.
- iv. No illnesses due to co-op purchased- or prepared-products.
 - 1. Be prepared to issue reports based on class-recall (class 1 has 4 hour time horizon) items
 - 2. Lisa will report on compliance with food recall reporting next month.
 - 3. A few items out of compliance on food safety inspection last October, but we are back on track now for those.

Daily Groceries Co-op

Board Meeting

Tuesday, October 18, 7:30-8:30PM

Lightmark Media 523 ½ Prince Ave. (Amended 11/17/16 ME)

Present: Tom Reynolds, Lisa Merva, Jim McCarren, Alex Rilko, Virginia Baumgartner, Will Hodges

- a. Much preferable to get Dept. of Ag than Health Department
- v. NCG's most recent theme is courageous leadership: 2000's double digits sales growth, programs created to compete in the new normal based on pricing and promotions including good, better, best price strategies.
- C. Virginia motions to accept financial conditions and consumer report, Alex seconds, motion carries unanimously.
- D. Store Updates & Old Business:
 - i. It's #Coopmonth! In October.
 - ii. Holidays are prepared for: a reputable affordable turkey at ~\$2.49/ lb., double the supply for this year.
 - iii. Gun policy update: no co-ops beside Sevanada had no-carry signage. Crime prevention unit has training for businesses based on firearm on premises which Lisa would like to pursue with other small businesses. We've been in touch with Marci to keep her up to date.
 1. Marci posted a thread of bars with this signage: Normal Bar, Little Kings, a few others.
 2. Board discussion on this issue: information gathering will continue; we have thoughtfully considered this issue but have not yet seen evidence of a sufficient need for proactively adopting this no-guns-on-premises policy.
 - iv. Garland McQueen & Hub City: how are they doing? They opened in early May and hoped for student return to drive greater sales there.
 - v. Take Back the Co-op campaign at La Montanita in Albuquerque New Mexico; there have been negative net sales at their co-op and their campaign is focused on CDS's role in their expansion and poor performance. Thane will offer an official response from CDS for the board.
- V. Board Policy & Governance Updates
 - A. Annual Retreat with Thane November 5 to be held at Earthsong
 - B. D1: Unity of Control
 - a. Board reports in compliance
 - C. Extend GM Compensation Package through Dec 31 and Request Proposal
 - a. Lisa prepares a new compensation package, proposing in December for start Jan 1, 2017.
 - b. Alex motions to maintain Lisa's current rate through Dec 31st. Virginia seconds, passes unanimously.
 - D. Capital Campaign Planning Update

Daily Groceries Co-op

Board Meeting

Tuesday, October 18, 7:30-8:30PM

Lightmark Media 523 ½ Prince Ave. (Amended 11/17/16 ME)

Present: Tom Reynolds, Lisa Merva, Jim McCarren, Alex Rilko, Virginia Baumgartner, Will Hodges

- a. Capital campaign committee will meet again soon: developing a sales pitch for the fundraising.
- b. Laura Ruffin will be more involved in the capital campaign, Jane Russell and Mary Lopez would like to join the committee.

E. Big Apple updates:

- a. Developers still don't own the property as of 2 weeks ago, likely end of this month or beginning of November – we can have a party!
- b. Ben Sandel hired? NCG has given \$1,000 toward CDS Consulting to help hire him. Maybe we can Skype Ben into the next meeting.

VI. Future board meetings- Tue, Nov 15; Mon, Dec 12; and Mon, Jan16

VII. Executive Session

A. No executive session was held.

VIII. Meeting adjourned.