

Daily Groceries Co-op Board Meeting

Monday August 15, 2016, 7:30 PM

Athens-Clarke Heritage Foundation Firehall #2, 489 Prince Ave.

Present: Trevor Jones (Member), Delene Porter, Matthew Epperson (Member), Alex Rilko, Tom Reynolds, Willow Meyer, Lisa Merva, Jess Cross (Member), Diona Fredo, Will Hodges.

Meeting Called to Order at 7:33 PM

Delene **moves** to approve the minutes as presented, Willow seconds, motion passes unanimously.

Field Trip to Hub City & Hendersonville:

Delene, Tom, Alex, Matthew & Lisa went on Sunday, August 7<sup>th</sup>.

Our crew met with the Board Chair at Hub City as well as Garland with CDS Consulting

Minimal size was an issue for both co-ops at 5,500 and 9,000 sq. ft. respectively.

At Hub City their capital campaign was launched with 3 members with \$100,000 loans, 5 had \$10-20,000 each, 800,000 loan from co-op bank, 1 M from the city for financing, \_\_\_\_ from the developer.

Hub City is operating at about our sales volume of \$3,000 per day; we'd have to do much better

We can do this!

Trevor! Owner-member and real estate attorney presented feedback regarding non-binding lease agreement for a potential new space for Daily Groceries Co-op:

This is a non-binding letter of intent, not binding on either party; it lays out the terms of what will be binding, including rent and terms. Feedback has been given to the landlord, including:

15 years without renewal options – if we come back to developer in 15 years to renew and they can dictate the terms without already having an extension option.

Ask for a lower rent if we feel like we are needed (New Market tax credits are sought) in that space and if we feel current asking rent is too high.

We can request for tenant exclusive to prevent another similar entrant into the area.

Escalating maintenance costs at 3% every year – we could pay the actual maintenance expense and be reimbursed if overpaid or pay up if underpaid. We could also cap at 10% escalation.

Date of delivery of the premises to begin operations should be included in the lease if possible.

The developer's requests have been approved by planning department and then go before M&C in September.

We have to authorize someone to sign this non-binding lease agreement.

Will **moves** to authorize the General Manager, Lisa Merva, to sign the non-binding letter of intent now, Diona seconds, motion passes unanimously.

Point of procedure: Tom proposes to check the bylaws to ensure we are allowed to authorize Lisa to sign this. The board concludes that since this is non-binding it definitely has the power to authorize Lisa to sign the lease as it currently is proposed.

**Member loan/preferred shares campaign:**

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There are 3 potential people at CDS Consulting Co-op able to assist us. Ben Sandel would be great to start with. His fees are included in the capital campaign.

**Lisa** will convene a conference call with the board to determine the size of our need from Ben and all associated costs.

**(Delene)** Garland will update the pro forma with our current non-binding lease's term. We should ensure pro forma has pre-operational rent designated separately from operational rent.

Daily has paid Garland for a draft business plan and business letters regarding hiring a certain number of employees and taking downtown off the USDA food desert list; he met with once with board and once with the developer. We are not yet hiring a project manager; we need a project to manage first.

Willow has two students who are focused on the co-op securities (SEC) requirements for preferred shares and member loans; their points of contact are Lisa and Delene.

**Capital campaign committee:** this committee will be comprised of owner members who are already engaged and want to help and who will help us raise money *more than* how to raise money.

Daily will buy the equipment but will likely ask the developer to install it using leaseholder improvement dollars made available.

**Delene** (within the next week and a half) will draft a letter to the owners (possible also a press release) stating we have signed a non-binding lease and will be forthwith beginning a capital campaign.

Tom requests owner member names and sales figures (**Matthew**).

We should form the capital campaign committee now: Delene, Tom, Matthew, Will. There will be a follow up to the owner letter and press by the capital campaign committee already ready to go.

**GM update:**

Jim McCarren attended Convergence, an annual conference for buyers.

We have a new deli employee.

Our grocery assistant is transitioning.

NCG Fall meeting in St. Paul upcoming.

We've been reimbursed for lost refrigerated product from the power outage 6/30 minus deductible for \$5,000.

Summer had negative sales growth.

September will be focused on local products and October is Co-op Month organized by Matthew.

November will be non-organic and good-clean turkeys at a lower price point than previous years.

Actively managing our groceries will help declining sales growth.

Income as % of sales is at benchmark because we're profitable.

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Lisa's budget predicts a 3<sup>rd</sup> quarter profit.

Debt to equity is improving.

There's a nice, warm atmosphere in the store at present.

Rashaun is taking on social media

**Member engagement & Annual meeting:** Members are informed of member meetings through email, in-store promotion on the door.

Member participation showed fewer ballots last board election but more attendees at the annual meeting.

**(Annual meeting planning committee)** Make sure to check people in at the door of the annual meeting. Lots of member participation for meat vote.

A member loan campaign segues into more active economic participation: become a member, invest or loan, shop.

No dividends have been issued thus far as we have not been profitable to do so.

Will **moves** to accept the GM report, Tom seconds, motion passes unanimously.

There is a Nov 5<sup>th</sup> annual retreat with Thane Joyal, the Board's CDS consultant.

**Board committee report:**

Committees will not act outside the board's role. We are actively abiding by our committee policies.

Diona will be chairing the annual meeting planning committee with a staff member and Lisa.

**Board elections:** Candidate packet is the same as last year.

Two seats are open for election, Virginia and Delene.

We have a staff member who is interested.

In 2013 we met with Thane to discuss staff being on the board. However owners were not asked to amend bylaws at that annual meeting.

The nominating committee will conduct interviews with all eligible candidates and offer a recommended slate to the whole board for review.

If the board votes against an applicant they will not appear on the ballot. The board reserves this right.

The nominating committee upholds the expectations of working on the board including speaking with one voice and will be advised by the criteria included in Thane's report on staff on board.

**(Lisa?)** Board attendance will now be reported on board minutes to ensure full attendance meets expectations laid out in the bylaws.

Willow proposes her attendance warranting her stepping down from the board at the board's discretion. Willow's seat could be given to an applicant if she so chose. Willow's proposal was tabled.

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September 19<sup>th</sup> will be a board meeting without a GM report. Big Apple and capital campaign business will only be discussed.

Meeting adjourned at 9:18 PM.

**Parking lot:**

Is there a time limit on these New Market tax credits? (**Delene**)

Updates related to the minutes:

**Lisa** will look into the cost of a WUGA radio ad