


peoPle's
 FOOD CO-OP **Board Meeting Minutes**
Tuesday, October 27, 2020; 5:30-8:30 pm

Facilitation: JennyL **Minutes:** Nick **Vibes/Celebration:** **Clean-up:** n/a **Scribe:** n/a

Attended by:

Board Members: Eleanor, Claire, Brion, Chris, Will, Sarabell

CM/Staff: Amina, Rachel, Padrice

Member-Owners: Christopher (NMEC)

Guests: n/a

COMMITMENTS:

	COMMIT MADE	DIRECTOR(S)	DUE DATE	COMMITMENT
1	8/25/20	Gayle	10/20	Gayle will update the member engagement chart in the packet based on information from Brion on 9/22.
2	8/25/20	Jenny	10/20	Jenny will update consensus symbols
3	3/24/20	Rachel, Eleanor	10/20	Discuss resources and documents that are needed for new Board members and generally plan the orientation. [In progress]
4	6/23/20	Eleanor	10/20 Moved to November	Eleanor will put together a proposal about policy reflection on 2.8.
5	9/22/20	Gayle	10/20	Gayle will update the August minutes with the change requested by Claire.
6	9/22/20	Brion, Padrice	11/20	Brion and Padrice will bring a proposal for policy changes to 2.7 and bring back to board work session in early November.
7	7/28/20	Chris, Claire, Rachel	?	Chris, Claire, and Rachel will work on the Spending Retained Earnings proposal and bring it back later.
8	6/23/20	Secretary	1/21	Secretary will ensure that we put on the ballot the proposal to update Bylaws Section 4.9: Vacancies.

				Whenever the number of patron directors shall fall below eight for any reason, the board shall appoint one or more directors necessary to bring the number of patron directors to eight. (See Minutes of January 2020.)
9	9/22/20	CM Link: Policy 2.7	?	Include tenure average in next report.

Policy	Date	Note
IMR 2.0 Global	10/27/2020	Tabled to November
IMR 2.3	10/27/2020	Change operational definition of 2.3.6 to reflect a response to the policy requiring the timeliness of payments

DECISIONS:

DECISION:

NEW COMMITMENTS:

MINUTES APPROVAL:

DECISION: July minutes are approved by all except Chris, Chris abstains. August minutes are approved by all except Chris, Chris abstains. September minutes are approved by all but Eleanor and Chris, who both abstain.

AGENDA REVIEW:

- All board members consent to the agenda

Member Owner Forum:

- n/a

0) Meeting Agreements

- Meeting Agreements were read by Eleanor. This will be done at the start of each meeting.

1) IMR 2.0 - Global

Sponsor: CM Link

Purpose: Decide

- Rachel: I don't have anything to say about 2.0. I only realized I'd be presenting alone a little while ago, so I read through it but I don't really have an introduction today.
- Brion: I have a question about the question for the first principal-voluntarily owner membership. I don't entirely understand how this is organized or what's going on here. I'm just remembering that the board terminated someone's membership and I'm wondering if this is the place to note it.
- Rachel: it would be, and what I should do is go and check if it's noted in the last one
- Eleanor: I recall in the last one it wasn't noted and we thought it should be
- Rachel: I think that should be in there. That would be under "co-op principles data". That should include that one member's membership was terminated by the board at the request of the CM.
- Jenny: Are there any concerns with asking Rachel to add that in?
- Brion: the language I prefer is terminated by the board.
- Rachel: I guess my question is should it say: this has happened, and it happened once in this reporting period?
- Brion: I think that works for me.
- Eleanor: I have a very small request for the next time this report comes around. Under the third principle it says that each member invests \$180. Is it worth noting that members can invest above that?
- Rachel: Just for next time?
- Eleanor: Yes?
- Will: I have a question on 2.0 data. So the NAs.. for N statement it's not accepted because it was in compliance, and then for the global consecutive constraint it's not applicable. Is that correct?
- Rachel: Yes
- Brion: As a point of process Jenny, there was an email exchange today that all board members may not be aware of, but Chris has reasons for not wanting to share his reasoning for standing aside.
- Will: Having been in Chris's position before, he said he does not want to explain his reasons. To ask again is hostile.
- Sarabell: I would like things to be stated, as a participant. I don't know where that leaves me.
- Chris: I named these things in an email. I'm not going to discuss them here.
- Jenny: As your facilitator, would you like me to maintain formal process, or should I allow exceptions?

- Brion: I want to be clear that I don't think this is an issue with process. One solution is we could go into closed session.
- Sarabell: I read the emails, I'm just wishing that there was transparency in this space.
- Chris: I don't think I can offer that. I'm happy to talk about why offline.
- Eleanor: I feel like the value of a stand aside is to express the dissent that you feel is valuable. To demonstrate that to the group is valuable.
- Chris: As I said in the email, I do not feel safe discussing that in this forum. I will talk about that with you, but not in this forum. I think it should be obvious why.
- Jenny: I would like to ask the board members for guidance. Would you like to go into a closed session or continue with the agenda.
- Brion: I think we could go into closed session with Jenny, explain what's going on, see if there's anything that people need to talk about, and hopefully that will be a quick thing
- **PROPOSAL:** The board will go into a closed session
 - Chris: This issue has no bearing on the rest of the agenda. I think we should go on.
 - Brion: I think it's a vibe thing. There's tension that needs to be resolved.
 - Sarabell: mhm
 - Chris: I don't really want to talk about it but I said I'd be willing to, so if we want to we can.
 - Claire: I don't really have any opinion, but it sounds like I have to so I'm going with it.
 - The Board will go into a closed session for ten minutes, taking time out of the IMR 2.3 agenda item.
 - All board members express active consent.

DECISION: The Board proposes that the report is revisited in November. The Board will review 2.0 at the work session.

2) Policy Reflection: IMR 2.0 Global

Sponsor: All

Purpose:

Discuss

DECISION: Policy reflection is also tabled to November.

3) Board Meeting Hand Signals

Sponsor: All

Purpose: Decide

- **Decision: All board members express consent to including hand signals in subsequent meeting packets. Eleanor will inform Gayle.**

4) Conflict Resolution and Communication agreement

Sponsor: Eleanor

Purpose:

Decide

- Eleanor: Thank you to the team for working on this over many months. It's been on the agenda since July so I'm happy we're ready to agree to this. We will post this agreement on the People's website to make it available to our community. Our tipsheet will serve as a reference document to go look at. Our conflict resolution policy will be formally added to our code of contact as an appendix to 4.5 Directors shall participate in at least one engagement event per quarter, e.g. tabling, bagging, newsletter articles, study events, education events, affiliated organization meetings, etc. Directors will agree to participate in the 'Conflict Resolution Policy' if asked to by another board member, and will follow 'The Twelve Board Meeting Agreements for People's Co-op' (included in Appendix as items G and H). Directors will support the legitimacy and authority of the board's decision on any matter, irrespective of the director's personal posit
- Brion: I've had trouble doing one engagement per quarter because I don't find out about them.
- Jenny: I don't think we're actually talking about 6, 8, or 9. I think we're talking about adding number seven. "directors will agree to participate in policy..."
- Eleanor: I think we should take that as a flag to talk in the work session about how we engage our member-owners during covid times because I've had trouble with that as well.

DECISION: The board accepts the proposal as written. Gayle and Eleanor will publish the communication statement to the website. Eleanor will gather digital signatures. Brion, as secretary will update 4.5.7 and appendices G and H to the policy register by December.

ANNOUNCEMENTS:

- Eleanor: One of our board-members, Debra Torres, has resigned, effective October 2020. The Board is actively working to recruit appointees.
- Rachel: There's a co-op collab project that's happening where Our Table applied for a grant to work on a co-op collaboration project and did not receive it so the project is still going on but a little more slowly. One of the first things is the Our Table blueberries are now labeled as a co-op collab. We also have a Kombucha flavor with Lionheart and Our Table. It's going much slower than we hoped but it's still happening.
- Eleanor: It's too late to mail your ballots, but remember to vote. If you need a driver to drive your ballot I'll be there day or night.
- Brion: We will have our next meeting on November 7th and everyone, including people who are reading this, should attend. There will be more information online

soon.

5)Meta-interpretation

Sponsor: Chris

Purpose:

decide

- Chris: This is the third time this has been on the agenda, so I hope you're all ready. This has become a pretty small interpretation of the policy. As written in the packet, the change is to add the item 3.3.4 to the policy register; the existing 3.3 is included here (in gray) for context. The intent is to help us know what's what, not change the meaning, just clarify it.
- Rachel: It's fine and I'm ok to go with this one. I was proposing that the Board interpretation was unclear because the Board doesn't have "interpretations" in the way the CM does. I think the way it's written now it's clear that board interpretation and CM interpretations are different things.
- Brion: I hate sending this back again, but are people in five years going to understand what we meant? I'd like to see the last sentence of the policy changed to "The Board's understanding of its policies takes precedence over the CM's interpretation of that policy."
- **DECISION: All board members accept the proposal with the last sentence changed to read "The Board's understanding of its policies takes precedence over the CM's interpretations of that policy." The secretary will update that by December**

6) IMR: 2.3 - Financial Condition and Activities Q2

Sponsor: CM Link

Purpose:

Decide/discuss

- Rachel: What was interesting to me is how well we're still doing at this point in the year. This report is year to date, and our first quarter was so good that we're still way ahead in terms of net profit compared to what we predicted. I don't know if that will hold. There's still a lot of unanswered questions about the PPP loan, the government is kind of just letting that fly. Our CPAs can't even tell me, because the government won't say how they're going to do it. We had over 3.5% net profit in the second quarter which is great, I don't know if that will hold, again. I know the secretary sent over questions, did we want to look at those, or did we want to look at profit and loss statements, and did you understand those?
- Will: I would like to have Rachel answer the questions first, because they've already been put forward.
- Rachel: The two questions that I got were, when we hired RFS instead of hiring a new finance manager, how that affected the ability of the CM to do that kind of forward thinking financial thinking. And what the cost comparison was. I think the answer to the first part of the question is that it effected our ability to look ahead a

little bit, at least for a while. Losing our finance manager and our development manager around the same time, we hired RFS to fill that role, and then we hired Amina and Kahadish, and the Kahadish sort of stepped down as development manager. Now that Amina is stepping into a larger role, it's given me some time to look ahead at that big picture. When I was the only person on the finance meeting, for a long time, I started bringing finance decisions to STCs so I didn't make them alone, and some of them seemed wrong for the finance team to make in that way. The business plan has helped us be really clear about what direction we're going in and what financial position we want to be in to choose to do things. So I do think hiring RFS impacted us for a while.

- Brion: So what you just described, is there an IMR where the CM presents any of that to the board? 2.3 seems very backwards facing-
- Rachel: -are you thinking of 2.4, where we talk about priorities and our underlying assumptions about how we budgeted? It should come early next year, it hasn't come early the past couple years for various reasons. But it should this year. That will have our operating assumptions and key indicators.
- Brion: Thank you, that answers my question. Also, I can imagine on a board where we had someone who was really strong financially, and if the CM were short on someone like that, the Board could be more available to help with that. Do you see the need to have the Board provide support in that way, or that the Board should help find a way to fill that gap? I kind of heard you say that there was a gap at one point but it's getting ameliorated.
- Rachel: I think we should form the audit committee and talk about it in that group. I may not be able to do that until after the annual meeting. RFS is, what they do under contract is, prepare our quarterly statements. They're not auditing, they're not looking for things that are wrong, but they're accountants, so if they notice something that's not normal practice they'll let us know. So that has been supportive for me in learning things about accounting principles. They have reconciled our bank accounts, because we need someone who does not have access to the bank accounts or writing checks to review our expenses and bank accounts, and it's great to have someone doing that who is an accounting firm. They are doing adjustments that smooth out our big expenses, like property and real estate taxes that come once a year, that unless you smooth them out they come once a year and it messes up your finances. When you smooth them out it provides a more accurate picture of what's actually happening. They are available for us to ask for other things. They helped create spreadsheets and workbooks for the business plan. They're available if you want them to talk to the Board, but that's not part of their contract. The contract is \$1000/month, and that sounds like a lot, but if we had hired a new CM at \$15/hr for 20 hr/week, that'd be minimum \$15,000 a year without factoring in taxes and healthcare and everything. The other thing it does is shift that cost from labor to operating, which is good for us because we get looked at for high labor. I don't that we'll continue with RFS forever, but I thought it was important that we had another set of eyes on the books at least for a while.

- Chris: I have two questions. One is, on 2.3.6, our policy says “the CM will not allow tax payments or other government ordered payments to be overdue” and then it says that “Payments or filings shall not occur beyond the time that would cause significant financial penalties”. So these seem to be in conflict to me.
- Rachel: I think that if tax payments are late, they do incur fines, so you can tell if they’re not late because there was no fine. But I don’t know why it was written that way.
- Will: Sometimes you can honestly overestimate your tax payments on certain stuff. There are a number of tax deposits that you need to make on an ongoing basis that you could get wrong, The best management in the world can’t really avoid missing that all the time.
- Rachel: I feel like it has to do with the definition of significant.
- Chris: It does. It’s saying “we won’t be making payments at times that create significant penalties.” I need to sit with this for a minute and think about it in the context of estimated taxes and how they can be a disaster.
- Eleanor: Rachel, you said you were going to take another look at net income being defined as .5% as sales. Will we see that the next time we see 2.3?
- Rachel: No, I cannot say for sure that we’re going to try and budget two or three percent, because of Covid.
- Eleanor: NCG probably came up with that number before Covid too.
- Rachel: They have said that co-ops should still budget for profit, but I know that some co-ops haven’t and have predicted a net loss.
- Brion: If we were to double our active number of member-owners, would we still have the kind of efficiency that would enable us to have a negative net profit?
- Rachel: What doubling the member owners would do is enable us to have more equity. The idea is that that is capital to invest in the business. The net profit is about efficient operations. Below a certain amount of sales it’s hard to have efficient operations.
- Brion: Do you feel like our operations have the efficiency where if we were to double our transactions, do we have the operational efficiency that we wouldn’t be losing money by increasing our patrons?
- Rachel: Are you talking with Covid or without? One of the reasons our shopper numbers are so low and our basket sizes are so high is because we’re limiting the number of people in the store. If we’re not talking about not Covid, we wouldn’t be able to double our transaction safely. You know the sales per square foot thing? We wouldn’t be able to double that, especially at busy times.
- Claire: I wanted to ask about cash on hand. We’re operating way above what we want it to be. Is there a way to fix that?
- Rachel: It wouldn’t necessarily be cash on hand if it wasn’t immediately withdrawable. I started to look at CDs and stuff and I was talking to the STCs, but then Covid happened, and now it’s a little less clear. I will bring it back to the STCs, but it’s unclear what the next couple years are going to look like as far as the recession and our cash, and whether investing it in something would have a higher

return. When NCG looks at our cash and equity situation, they're like "hey, maybe you're underdeveloped" and that's what we've been trying to do.

- Brion: Eleanor can we add this to a work session?
- Eleanor: Yes.
- Chris: We had a conversation the last time this report arrived about our bank accounts rising above insurable levels. I'm wondering if you think this is an acceptable level of risk?
- Rachel: I need to organize going to Trailhead now that the minutes reflect the board authorizing that.
- Chris: oooohhh ok. I thought you had already done that. I'm going to propose that we should change the operational definition to be more precise on timing.
- Proposal: Accept this report as written (non-compliant) with the plan to get it into compliance regarding 2.3.6.
 - All board members express active consent