

1 **BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC.**
2 **Board of Directors Regular Meeting**
3 **MINUTES November 27, 2018**
4

5 **Please refer to Digital Recording for additional details of this meeting.**
6

7 **Directors Present:** Rachel Berry, Kwong Chew, Jonathan Collier, Richard Drace, Kali
8 Feiereisel, Mark Fenton, Alana Lucia, Katie Turner, Alan Weisberg
9

10 **Absent:**
11

12 **Managers & Guests Present:** Kat Bass, Gwen Birk, Andrea Echegaray, Johnny Graham,
13 LeeAnne Haglund, Tiana Rockwell, Brett Torgrimson, Sue Ward
14

15 **1.0 Call to Order:** The meeting was called to order by Richard Drace, President, at 6:00p.m.
16

17 Mark Fenton presented this month’s opening quote(s):
18

19 “In the middle of every difficulty lies opportunity.” —Albert Einstein
20

21 “Obstacles are those things you see when you take your eyes off the goal.” – Henry Ford
22

23 **2.0 Sierra Harvest Video – Growing Together – Farmer Sandra**
24

25 **3.0 Owner Forum: Public Comment/Communications to the Board:**
26

27 **4.0 Reminders and Check-in:** Correction: GM Presents Compensation Proposal in
28 November and Board acts on GM Compensation Proposal in December
29

30 December: BOD Acts on Compensation Proposal (2018, 2020, 2022); 2019 Multi-Year
31 Business Plan & Budget for BOD Approval – Final
32

33 January: Final Polling of Interest: Board Candidate/Positions; Final Board Performance
34 Monitoring Survey: Group 2 – C Policies (1-4) Sent to Board (Jan. 1); Active Board
35 Recruitment: Potential Board Candidate Mixer (Jan. 10); Bylaws Revision Forum (TBD);
36 Board Previews GM Evaluation Process, & Prior Year’s Monitoring Table (2018);
37 Preliminary Patronage Dividend
38

39 **5.0 Consent Agenda:** Correction on November Agenda: OEC meeting for December has
40 been cancelled; Correction on October Minutes: GM Presents Compensation Proposal in
41 November and Board acts on GM Compensation Proposal in December
42

- 43 1. Approve November Agenda
44 2. Approve October Minutes
45

46 **MOTION:** Kali Feiereisel moved to approve the 2018-11-27 Consent agenda items as
47 amended, Katie Turner seconded, and the motion passed unanimously. Jonathan
48 Collier abstained from the vote due to being absent from the October meeting.
49

1 **6.0 Study & Engagement:** Sierra Harvest Video – Growing Together – Farmer Sandra Egan
2 Etta. This video highlighted Sandra’s relationship as a farmer in partnership with Sierra
3 Harvest and BriarPatch.
4

5 **7.0 Board Business:**
6

7 **7.1 November 3rd Board Retreat Debrief:** The Board was given the opportunity to provide
8 their feedback on the most recent Board Retreat that took place on November 3rd that was
9 facilitated by CDS (Cooperative Development Services) Consultant, Mark Goehring. The
10 retreat was very successful and appreciated by the Board and was noted as one of their
11 best retreats yet. Appreciation was also given to Flower Essence Services for the beautiful
12 venue.
13

14 **7.2 Final Review and Approval of 2019 Board Calendar:** The Board was asked to
15 approve the 2019 Board calendar.
16

17 Kat highlighted the changes made to the calendar regarding the timing of the Annual
18 Report, Patronage Dividend, and auditors’ report being moved earlier by one month due to
19 the legal requirement to make the Annual report available to owners no later than 120 after
20 the close of year end.
21

22 **MOTION: Katie Turner moved to approve the 2019 Board Calendar, Alana Lucia**
23 **seconded, and the motion passed unanimously.**
24

25 **7.3 Active Board Recruitment:** The Board reviewed the Potential Board Candidate Mixer
26 event invite list and any RSVP’s received thus far. This event is to take place on January
27 10th from 6-8pm in the BriarPatch Community room and all RSVP’s are being requested by
28 December 28th.
29

30 Tiana Rockwell, Sue Ward, and Johnny Graham were all present at the Board meeting and
31 requested to be sent the invitation for this event.
32

33 **7.4 Board Performance Monitoring Survey Group 1 Review (D Policies):** Directors
34 who made comments on the Group 1 (D Policies) survey were asked to speak to each of
35 their comments.
36

37 D-1 - Richard highlighted his comment on how Board President directives to the
38 Administrative Assistant could formerly be ambiguous due to the dynamic situation of the
39 Administrative Assistant’s partial role in supporting the Board. This is well resolved now.
40 Chris pointed out that the other place that this comes up is with the Committee Chairs.
41 There is a particular assumption and allotment of the Administrative Assistant’s time and
42 work month that is allocated to Board work which also allows for committee work.
43

44 D-1.1 – Jonathan requested an example of where decisions or instructions of individual
45 directors, officers, or committees are not binding on the GM except in rare instances when
46 the Board has specifically authorized this power. A couple of delegated and non-delegated
47 examples were provided.

48 The Executive Committee (consisting of the Board President, Vice President, Treasurer,
49 and Secretary) was highlighted due to its ability and authority to work directly with the GM.

1 The Executive Committee also plays a formal role if there are issues with the GM's
2 performance.

3 Chris pointed out the policies that coincide with this policy which are D-2.2 which states the
4 Board does not instruct or evaluate any employee other than the GM, and C-5.3(a) which
5 states when interacting with the GM or employees, directors carefully and openly recognize
6 their lack of authority.

7 Alana made a comment that it is important for new Board members to understand that they
8 are not going into the store with a role of authority, but more as customers, and should
9 indicate this limited operational role when making inquiries of BriarPatch staff.

10
11 D-2.1 – Kali rated this section “Usually” due to the word “identical” being a very strong word
12 choice when in context of linking the Co-op’s performance to the GM’s performance. To be
13 identical is a high bar. A suggestion was made for further development of understanding on
14 why this language currently exists, or a possible language change. Chris, Richard, and
15 Kwong to discuss this further with CDS Consultant, Mark Goehring for guidance prior to
16 bringing this to the Governance Committee.

17
18 D-4.6 - GM Compensation and GM Evaluation were noted and clarified as separate
19 processes.

20
21 The Board weighed in on the new Board Performance Survey process of combining
22 relevant policies and taking them in groups of three rather than individually. The Board is
23 satisfied with the current process.

24
25 **MOTION:** Alana Lucia moved to approve the Board Performance Monitoring Survey as
26 showing that the Board is in compliance with the D Policies, Jonathan Collier
27 seconded, and the motion passed unanimously.

28 29 **8.0 Accountability - Reports: Committee Reports, Recommendations, & Actions**

30 31 **8.1 Owner Engagement Committee Report (November):**

32 Food & Fable Film Series – The Food & Fable Committee is downscaling the film series to
33 make it more manageable. The original intent was to hold an event each month, but this will
34 likely be changed to a less frequent schedule. More information to come.

35
36 Alan suggested the Food & Fable Committee partner with SYRCL to put on a film series
37 since they are well versed in this type of event series.

38
39 **8.2 Finance Committee Report (November):** The Finance Committee had two
40 recommendations for the Board:

- 41 1.) Board approve the Q3 2018 B-1 Monitoring Report, as amended. (*Motion below under*
42 *Accountability – GM Section*)
- 43
44 2.) Finance Committee supported Management’s recommendation to continue working with
45 Wegner CPAs for the 2018 financial review, 2018 tax returns and 2018 401(k) audit.

46
47 **8.3 Board Development Committee Report (November):** The Board Development
48 Committee had one recommendation for the Board:

1 1.) Board to choose topics for Study & Engagement that will better the Board to be able to
2 better fulfill their role.
3

4 The Board Development Committee made a suggestion for Study & Engagement for the
5 next three months:

6 January - Regenerative agriculture (scheduled: Sara Tiffany, Climate Smart Farming
7 Specialist from CAFF presents);

8 February - Lead discussion on suitable portions of the book *Small Giants*;

9 March - How well are we creating a community hub from a cultural and shopper standpoint
10 – Invite Rebecca Torpie to offer her “outside” perspectives. Or Cannabis update and effect
11 on local economy.
12

13 Farmlink Presentation – Riverhill Farm hosted a workshop for local farmers to help them
14 achieve the kind of financial credibility that is necessary in order to qualify for a Farmlink
15 loan. Richard would like to see Farmlink do a presentation during a Study & Engagement
16 session to help the Board understand more of what they do, and possibly entertain the idea
17 that BriarPatch may help host or sponsor a workshop of this nature for Farmlink to
18 organize.
19

20 2019 Board Election – Jonathan would like to see a few more topics relevant to the May
21 Board Election for Study & Engagement so that the Board will have some strong talking
22 points moving into the election.
23

24 **8.4 Governance Committee Reports (November):** The Governance Committee had one
25 recommendation for the Board:

26 1.) Board to approve the restated bylaws of BriarPatch Cooperative of Nevada County, Inc.,
27 as drafted, for submission to owners for approval on the 2019 Election ballot, pending
28 review and edits by a California attorney for compliance with California law.
29

30 The next steps of the bylaws revision process will be to move the revised bylaws forward
31 onto the 2019 Election ballot for an owner vote, and also onto the Marketing department to
32 develop a communication plan to inform owners.
33

34 **MOTION: Kwong Chew moved to approve the restated bylaws of BriarPatch**
35 **Cooperative of Nevada County, Inc., as drafted, for submission to owners for**
36 **approval on the 2019 Election ballot, pending review and edits by a California**
37 **attorney for compliance with California law, Kali Feiereisel seconded and the motion**
38 **passed unanimously.**
39

40 **9.0 Accountability - GM:**

41 **9.1 FYI Report: Operational Points of Interest to the Board**

42 Thanksgiving Week Highlights – BriarPatch achieved \$702k in sales during the week of
43 Thanksgiving despite the store being closed for a day. This is a 5% increase in sales
44 growth over the same week last year. For Wednesday alone, sales were \$171k which was
45 an all-time sales record for the store and is 4% higher than last year’s \$165k. Poultry (sub-
46 department of the Meat & Seafood department) also achieved an all-time sales record of
47 \$36k which is a 17% of increase over last year. BriarPatch sold over 1,000 pounds of
48 turkeys and sales were up 7% from last year.
49
50

1 C.A.U.S.E. Program – The C.A.U.S.E. program raised \$11,200 for the Camp Fire Relief
2 Fund. On top of the money raised by the CAUSE one customer came in and made a \$5k
3 donation directly to the Camp Fire Relief Fund which brought the total donated through
4 BriarPatch to \$16,200.

5
6 **9.2 B-1 Financial Conditions & Activities 2018 Q3:** The report focused on the Board’s
7 B-1 policy around the actual, ongoing financial conditions and activities, and that the
8 General Manager shall not cause or allow the development of fiscal jeopardy or material
9 deviation of actual expenditures from Board priorities established in Ends policies for
10 quarter three.

11
12 **MOTION: Mark Fenton moved to approve the B-1 2018 Q3 Monitoring Report, Alana**
13 **Lucia seconded, and the motion passed unanimously.**

14
15 **9.3 B-6 Staff Treatment Policy:** The report focused on the Board’s B-6 policy that states
16 the General Manager will ensure a workplace free of favoritism, discrimination, and
17 hazards, further creating an environment that is predictable and reasonable, values equality
18 of life and operates within all applicable laws and regulation.

19
20 Chris reminded the Board that a full employee survey, where we strive for 100%
21 participation is performed every two years. In the interim years, this smaller “compliance”
22 survey is conducted where a smaller number of randomly selected staff are asked to
23 participate. The compliance survey allows the GM to come back to the Board to show
24 compliance with the B-6 policy. Conducting this survey is also a powerful way of gathering
25 information to help direct future planning for the co-op.

26
27 Chris noted that all of the scores related to employee compensation and benefits have
28 gone up since the last employee survey and gave his appreciation for LeeAnne Haglund,
29 HR Manager for all of her hard work in this area.

30
31 **MOTION: Alan Weisberg moved to approve the B-6 Staff Treatment Policy Monitoring**
32 **Report as amended, Jonathan Collier seconded, and the motion passed**
33 **unanimously.**

34
35 **9.4 2019 Multi-Year Business Plan & Budget – Review Draft:** Chris presented a draft of
36 the 2019 budget (3-year P&L, balance sheet, key assumptions and capital expenditures)
37 for discussion. This budget draft will be inserted into the Multi-Year Business Plan, which
38 will be presented at the December Board meeting. The Board will be asked to approve the
39 B-2 Business Planning & Financial Budgeting (2019) monitoring report showing that the
40 budgeting and planning process has met policy. Focusing on the revised financial forecast
41 for 2019 Chris asked Andrea to walk the Board through the assumptions and how it
42 correlates to growth.

43
44 Key Assumptions:

45 Sales Growth – Sales is the most critical factor in developing the budget. This budget draft
46 assumes that the co-op will achieve sales growth of 4.4% in 2019, based on current and
47 historical sales growth, industry trends, and trade area characteristics. This growth rate is
48 lower than prior years’ budgets reflecting the continuing industry trend of declining sales
49 growth. It is important to note that this key budget assumption involves a high level of
50 uncertainty due to limitations based on physical store capacity and trade area market
51 saturation.

1
2 Gross Margin – Gross margin is remaining essentially flat in the 2019 budget compared to
3 2018. This is a strategic decision based on the belief that the co-op has made strides in
4 addressing negative price perception (through lower prices) and will help to provide
5 necessary funds for the ongoing California minimum wage increases.
6

7 Wages – This budget reflects a substantial increase in wages, from 18.5% of sales in 2018
8 to a projected 20% for 2019, due primarily to the mandated increase in the minimum wage,
9 and also our desire to have our starting wage be higher than the minimum wage. \$250,000
10 has been reserved for the wage scale adjustments to take place in January 2019, which is
11 more than double the amount reserved in 2018. Cost analyses are currently underway to
12 determine the specific adjustments to be made to the co-op Wage Scale.
13

14 Storewide P&L:

15 This budget reflects net income of \$282,700, which is 0.8% of sales. Normally a budget is
16 presented reflecting net income of 1-2% of sales. We expect net income to be higher than
17 budget as has been the case in years past, generally resulting from increased labor
18 productivity, delays in hiring and planned capital expenditures not made.

19 The forecast for 2020 and 2021 is a simple extrapolation of the 2019 budget, based on top-
20 level assumptions and expenses consistent with 2019 as a percent of sales. This simple
21 forecast shows a paradigm that is common to all independent and natural foods grocers
22 nationwide: Flattening sales growth, competitive pressures on margin, and rising
23 operational costs. This phenomenon is exacerbated in California with the mandated
24 increases in the minimum wage. It is not expected that the co-op will incur losses in 2021,
25 as this forecast shows. Management watches financial results on a daily and weekly basis
26 and would make changes to expenses to avoid losses. Instead, this exercise shows the
27 challenge that the co-op faces in the current operating environment. A discussion followed
28 regarding how management would respond to a sudden decrease in sales.

29 30 **10.0 Development Planning (Open Session):**

31 32 **10.1 Development Progress Update:**

33 RAD (Refrigeration, ADA Access, and Dock) Project – The punch list in process of being
34 completed in order to obtain final inspection. Chris sent a written development report to the
35 Board with updated project costs and will get the final numbers to the Board shortly after
36 the punch list is complete and the project is closed out with a final certificate of occupancy.
37

38 **11.0 Executive Session (Closed Session):**

39 40 **11.1 Development:**

41 42 **11.2 GM Presents Compensation Proposal:**

43
44 **MOTION:** The Board approved the proposed General Manager employment contract
45 for 2019-2020 and the GM compensation proposal for 2019-2020, and recommended
46 the General Manager be included in the management bonus pool.
47

48 **12.0 Meeting Evaluation**

49
50 **13.0 Meeting Adjournment:** Board Meeting was adjourned at 9:00p.m.

1
2 **SUMMARY OF DECISIONS:**

- 3 1. Approve November 2018 Consent Agenda Items P. 1, lines 46-48.
4 2. Approve 2019 Board Calendar P.2, lines 22-23.
5 3. Approve Board Performance Monitoring Survey Group 1 (D Policies) P.3, lines 25-27.
6 4. Approve restated bylaws of BriarPatch Cooperative of Nevada County, Inc., as drafted
7 for submission to owners for approval on the 2019 Election ballot, pending review and
8 edits by a California attorney for compliance with CA law P. 4, lines 34-38.
9 5. Approve B-1 2018 Q3 Monitoring Report P. 5, lines 12-13.
10 6. Approve B-6 Staff Treatment Policy Monitoring Report P. 5, lines 31-33.
11 7. Approve Proposed GM employment contract for 2019-2020, and recommended the
12 GM be included in the management bonus P.6, lines 44-46.
13

14 **SUMMARY OF ASSIGNMENTS AND COMMITMENTS:**

- 15 1. Kat to send 1/10 invite to Tiana Rockwell, Johnny Graham, and Sue Ward.
16 2. Kat to send calendar invite to Board for 1/10 event.
17 3. Board Development Committee to determine what sections to focus on in the book
18 *Small Giants* at the December Committee meeting for discussion during Study &
19 Engagement at the February Board meeting and communicate further to the Board via
20 email.
21 4. Chris, Richard, and Kwong to talk to Mark Goehring regarding a potential language
22 change for policy D-2.1 in relation to the word "identical".
23 5. Board to read the book *Small Giants* by the February Board meeting.
24

25 **Announcements, Reminders & Dates:** See **Date Reminders** at bottom of Agenda
26 page.
27

28 **NEXT REGULAR MEETING WILL BE HELD Tuesday December 12th at 5:30 –**
29 **8:30p.m., in the Community Room of the BriarPatch.**
30

31 Minutes prepared by Kat Bass on November 28th, 2018.
32

33 **APPROVED BY:** 

DATE: 1/4/19

34 (These minutes were approved by the Board of Directors on December 12th, 2018. The
35 official signed copy is on file.)
36

37 This meeting and all Board meetings are recorded digitally and uploaded to the computer
38 server for storage. To listen to recordings, please contact Chris Maher, General Manager.