



1 Annual Report Due (BOD President); Ends Report; Admin Request BOD to Bring  
2 BOD Binders to April Meeting for Updating

3  
4 **4.0 Consent Agenda:**

- 5 1. Approve December 2019 Agenda  
6 2. Approve October 2019 Minutes  
7

8 **MOTION:** Katie Ivy moved to approve the 2019-12-10 Consent agenda items,  
9 Richard Drace seconded, and the motion passed unanimously.

10  
11 **5.0 Study & Engagement: None scheduled**

12  
13 **6.0 Board Business:**

14  
15 **6.1 Board Leadership Monthly Report:** All Board leadership positions: President,  
16 Vice President, Treasurer, Secretary, and Board committee Chairs provided an  
17 overview of the work done over the past month.

18  
19 The Board deemed the Board leadership monthly report a worthwhile practice and  
20 requested the agenda time allotted for this be pared from 10 minutes to 5 minutes  
21 going forward.

22  
23 **6.2 Final Review & Approval of 2020 Board Calendar:**

24  
25 **MOTION:** Alana Lucia moved to approve the 2020 Board Calendar, Rachel Berry  
26 seconded, and the motion passed unanimously.

27  
28 **6.3 Board Performance Monitoring Survey Group 1 Review (D Policies):**

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30 **MOTION:** Richard Drace moved to approve the Board Performance Monitoring  
31 Survey as showing that the Board is in compliance with the policies D:1-D:4,  
32 Rachel Berry seconded, and the motion passed unanimously.

33  
34 **7.0 Accountability - GM:**

35  
36 **7.1 FYI Report:**

37 PSPS Power Outage Loss - Losses included \$195k in lost sales and \$83k in lost  
38 product valued at retail. The product loss spoilage from the PSPS power outage is  
39 expected to be covered by insurance for the retail value of the actual product lost.  
40 BriarPatch will not recover the full amount of lost sales.

41  
42 Patchworks Volunteer Program - The feedback received on the renewed Owner  
43 volunteer program has been generally positive. However, a small number of long-  
44 time volunteers have voiced dissatisfaction with the change, because their discount  
45 can now only be used for one or two shopping trips per month, rather than the  
46 continuous discount they've enjoyed in the past. The renewed program is more  
47 organized, verifiable and professional and is expected to result in stronger more  
48 mutually-beneficial relationships between BriarPatch, non-profit partners, and

1 Owner-volunteers. Sign-ups for the new program are strong, with 28 households (8  
2 of which are new volunteer households), 49 volunteers all together (8 volunteers in  
3 SYRCL alone). The plan is to pilot this program with 10 partner organizations and  
4 measure its impact over the next year, then decide if BriarPatch wants to take on  
5 additional partner organizations in 2021. All ten partner organizations have been  
6 selected for 2020. Partners will be required to re-apply to the program each year.  
7

8 January Board Meeting - Chris informed the Board he will not be at the January  
9 meeting because he will be attending the National Cooperative Grocers Board  
10 meeting. Andrea Echegaray, Finance Manager, will co-facilitate the Board meeting  
11 with Alan in her role as "GM successor" under monitoring policy B-9(1).  
12

13 **7.2 B-1 Financial Conditions & Activities 2019 Q3 Monitoring Report:** The report  
14 focused on the Board's B-1 policy that states the General Manager will not cause or  
15 allow the development of fiscal jeopardy or material deviation of actual expenditures  
16 from Board priorities established in the Ends policies for the third quarter of 2019.  
17

18 Chris reported that it was a strong quarter. Although sales were below budget,  
19 profitability was well ahead of plan due to constrained operating expenses. Lost sales  
20 and decreased margins from the PSPS power outages are not reflected in this report.  
21 These losses occurred in October and will be reflected in the fourth quarter  
22 monitoring report.  
23

24 Discussion followed regarding the ongoing favorable personnel costs variance, which  
25 results from constant changes in the many variables that contribute to these costs.  
26 Efforts to budget less conservatively, as well as regulatory changes to the California  
27 minimum wage are causing this favorable variance to lessen over time.  
28

29 **MOTION:** Alana Lucia moved to approve the B-1 Financial Conditions & Activities  
30 **2019 Q3 Monitoring Report, Richard Drace seconded, and the motion passed**  
31 **unanimously.**  
32

33 **7.2 2020 Multi-Year Business Plan & Budget – Review Draft:** Chris presented a  
34 draft of the 2020 budget (3-year P&L, capital expenditures and key assumptions). He  
35 reported that the 2020 budget is drafted on a same-store basis, which means that no  
36 sales or expenses related to a second store are reflected in the draft. Instead, when  
37 considering a second store, or any other development activities, the Co-op uses the  
38 pro-forma financial projection model as an "overlay" to the same-store operating  
39 budget.  
40

41 Sales Growth – Sales in this budget is projected to grow 3.5% in 2020, which is  
42 slightly higher than expected inflation. As has been discussed previously, sales  
43 growth has slowed considerably in recent years. Many efforts are underway to  
44 increase sales in 2020, but this flattening sales growth may be a new reality,  
45 reflecting that BriarPatch has reached market saturation in this area.  
46

47 Operating Income – By excluding non-operating expenses like interest and income  
48 taxes, and non-cash expenses like depreciation like depreciation, operating income  
49 reflects the Co-op's profitability from its core business: running a grocery store. It is

1 also an approximation of cash from operations. This budget draft shows that the  
2 store's operations remain profitable and cash flows are expected to remain strong in  
3 2020.

4  
5 Net Income - This 2020 budget draft reflects projected net income of 1% of sales,  
6 which is consistent with prior years' budgets presented to the Board. As illustrated,  
7 net income is dropping as a percent of sales, which is a new paradigm for BriarPatch  
8 due primarily to flattening sales growth and significant wage increases. State-  
9 mandated increases in the minimum wage become effective each January 1<sup>st</sup> through  
10 2022 and BriarPatch has continued its practice of having a starting wage higher than  
11 the State minimum wage.

12  
13 Process and Timing – This 2020 budget will be inserted into the Multi-Year Business  
14 Plan, which will be presented in final form at the January Board meeting. At that time,  
15 the Board will be asked to approve the Multi-Year Business Plan and the B-2 Business  
16 Planning & Financial Budgeting monitoring report to indicate that the budgeting and  
17 planning process is in compliance with the monitoring policy. Normally, the final  
18 Multi-year Business Plan and B-2 monitoring policy would be presented to the Board  
19 in December, but delays caused by the PSPS power outages and cancellation of the  
20 November Board meeting due to snow has delayed the process this year.

21  
22 Patronage Dividend Timeline - A preliminary patronage dividend calculation will be  
23 presented to the Board at the January meeting. After the completion of the 2019  
24 auditors' financial review, the Board will be asked to approve the final patronage  
25 dividend calculation in March.

26  
27 The Board gave an affirmation of support to move forward with the 2020 budget, as  
28 drafted.

## 29 30 **8.0 Development Planning (Open Session):**

### 31 32 **8.1 Development Progress Update:**

### 33 34 **8.2 January Owner Forum & Jump on Board Mixer:**

35 Owner Forum will be held on January 14<sup>th</sup> from 7-8pm in the BriarPatch Community  
36 room. The goal for the Owner Forum is to have great attendance and keep the  
37 presentation to Co-op owners relatively succinct to allow time for feedback and  
38 questions from owners. Chris plans to present a condensed version of the  
39 presentation given at the owner meeting, including a brief commentary about  
40 financial performance and its relation to patronage dividend and to propose a growth  
41 plan which includes a multi-store operation.

42  
43 Chris asked the Board Development Committee to minimize discussion about  
44 development during the Jump on Board Mixer, which is immediately preceding the  
45 Owner Forum and, instead, to encourage people to stay for the Owner Forum to learn  
46 more about expansion.

## 47 48 **9.0 Accountability – Reports: Committee Reports, Recommendations, & Actions**

1  
2 **9.1 Finance Committee (December):** The Finance Committee had two  
3 recommendations for the Board:  
4

- 5 1.) The Finance Committee would like to recommend the Board approve the Q3 2019  
6 B-1 Monitoring Report (motion under Accountability – GM section of minutes).  
7  
8 2.) The Finance Committee supports management’s recommendation to retain  
9 Wegner CPAs for the 2019 financial review, 2019 tax returns and 2019 401(k)  
10 audit.  
11

12 **MOTION:** Mark Fenton moved to support and approve management’s  
13 recommendation to retain Wegner CPAs for the 2019 financial review, 2019 tax  
14 returns and 2019 401(k) audit, Katie Ivy seconded, and the motion passed  
15 unanimously.  
16

17 **10.2 Board Development Committee Report (December):**

18 Clifton Strengthfinder – The Board would like to keep this topic alive but not utilize  
19 upcoming Board retreat time for this exercise.  
20

21 **10.0 Closed Session**  
22

23 **10.1 Development:**  
24

25 **11.0 Meeting Evaluation**  
26

27 **12.0 Meeting Adjournment:** Board Meeting was adjourned at 8:45 p.m.  
28

29 **SUMMARY OF DECISIONS:**

- 30 1. Approve December 2019 Consent Agenda Items P. 2, lines 8-9.  
31 2. Approve 2020 Board Calendar P. 2, lines 25-26.  
32 3. Approve Board Performance Monitoring Survey Group 1 (D Policies) P. 2, lines  
33 30-32.  
34 4. Approve 2019 Q3 B-1 Monitoring Report P. 3, lines 29-31.  
35 5. Approve Retention of Wegner CPAs for 2019 Financial Reviews, Tax Returns and  
36 401(k) Audit P. 5, lines 12-15.  
37

38 **SUMMARY OF ASSIGNMENTS AND COMMITMENTS:**  
39

40 **Announcements, Reminders & Dates:** See Date Reminders at bottom of Agenda  
41 page.  
42

43 **NEXT REGULAR MEETING WILL BE HELD Tuesday January 28<sup>th</sup>, 2020 at 5:30 –**  
44 **8:30p.m., in the Community Room of the BriarPatch.**  
45

46 Minutes prepared by Kat Bass on December 12<sup>th</sup>, 2019.  
47



1 **APPROVED BY:**

**DATE: 2/6/20**

2 (These minutes were approved by the Board of Directors on January 28<sup>th</sup>, 2020.

3 The official signed copy is on file.)