

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

BRIARPATCH FOOD CO-OP
Board of Directors Regular Meeting
Held via Zoom Teleconference Call
MINUTES March 31st, 2020

Directors Present (via Zoom): Rachel Berry, Kwong Chew, Jonathan Collier, Richard Drace, Kali Feiereisel, Mark Fenton, Katie Ivy, Alana Lucia, Alan Weisberg

Absent:

Managers & Guests Present (via Zoom): Kat Bass-Pederson, Mark Fenton, Chris Maher, Tiana Rockwell, Brett Torgrimson

1.0 Call to Order: The meeting was called to order by Alan Weisberg, President, at 3:00p.m.

Alan Weisberg presented this month's opening quote(s):

The Peace of Wild Things

"When despair for the world grows in me
and I wake in the night at the least sound
In fear of what my life and my children's lives
may be,
I go and lie down where the wood drake
rests in his beauty on the water, and the great
heron feeds.

I come into the peace of the wild things
who do not tax their lives with forethought
of grief. I come in the presence of still
water.

And I feel above me the day-blind stars
Waiting with their light. For a time
I rest in the grace of the world, and am free." - Wendell Berry

2.0 Reminders and Check-in:

March 2020: Election Notice Mailed to Owners (Mar. 30); Preliminary Board Leadership Position Nominations - Tabled; Board Performance Monitoring Survey Group 2: C Policies (C:1-4) Review; Article for Annual Report Due (BOD President); Ends Report - Tabled; Admin Request BOD to Bring BOD Binders to April Meeting for Updating; Deliver Evaluation Memo from the Board to GM based on 2019 Monitoring Table - Tabled; Confirm 2019 Patronage Dividend

April 2020: BOD Candidate Campaign (Apr. 1-May 15); Voter Online Login Information Mailed/Emailed to Owners; Preliminary Board Positions Nominations; ~~2020 CCCD—Sacramento (Apr. 26-27) Cancelled due to COVID 19~~; Candidate Forum (Apr. 26); Annual Report to Owners;

1 **May 2020:** BOD Candidate Campaign (Apr. 1-May 15); 1st OEC Election Tabling
2 Event (TBD); BOD Election (May 1-15); Second OEC Election Tabling Event
3 (May); Seat New Board/Board Installation (May 26); Giving of BOD Binders
4 (May 26); Exiting Directors Interviews & Thank Yous; Elect Board Leadership
5 Positions (May 26); Annual Owner Meeting (May 26); Board Performance
6 Monitoring Survey Group 3: C Policies (C:5-8) to Board (Due TBD);
7

8 ~~June 2020: 2020 CCMA—Sioux Falls, SD (Jun. 4-6) Cancelled due to COVID~~
9 ~~19~~, BOD Committees to Review Charters; Update on Committee Membership;
10 New BOD Member Committee Orientation (TBD); Confidentiality Agreement &
11 Code of Conduct – All BOD Members Sign
12

13 **3.0 Consent Agenda:**

- 14 1. Approve March 2020 Agenda
- 15 2. Approve February 2020 Minutes
- 16 3. Board Performance Monitoring Survey – Group 2: C Policies (C-1, C-2, C-3 & C-
17 4)
- 18 4. NCG Membership Approval
- 19 5. B-8 Board Logistical Support Monitoring Report
- 20 6. Revision to B-1.6 to include “, *nor merge with, acquire or dissolve another legal*
21 *organizational entity.*”
22

23 **MOTION:** Richard Drace moved to approve the 2020-03-31 Consent agenda items,
24 Rachel Berry seconded, and the motion passed unanimously.
25

26 **4.0 Board Business:**
27

28 **4.1 Approve 2019 Financial Results:** The 2019 Auditors’ Report is the
29 culmination of the auditors’ work to review BriarPatch Food Co-op’s 2019
30 financial records. A review is less robust than a full audit. Financial records
31 are audited every four years, so the next full “audit” report will be delivered to
32 the Board in early 2022. This annual financial review is required under the
33 operational definition of Limitation Policy B-1(10), which requires management
34 to keep financial records in conformity with Generally Accepted Accounting
35 Principles (GAAP). In years with a financial review (not an audit), compliance
36 is met if adjustments proposed by the auditors do not indicate deviation from
37 GAAP.
38

39 Andrea reported that the auditors’ adjustments were limited solely to
40 BriarPatch’s annual tax return results. No adjustments were proposed that
41 indicated deviation from GAAP. In fact, the lead auditor told Andrea this year
42 that BriarPatch is the only co-op that records patronage dividends without their
43 help. Since Wegner audits many co-ops, this is high praise. The financial
44 results in this report (\$901,272 net profit) are substantially the same as the
45 preliminary financials reported to the Finance Committee in late January
46 (\$792,381), with the difference related solely to income taxes. Thanks to

1 patronage dividends and the 2018 warehouse/loading dock remodel,
2 BriarPatch will pay very little in income taxes for 2019.

3
4 **MOTION: Alana Lucia moved to accept the 2019 Financial Results and Audit Report**
5 **from Wegner CPAs as third-party verification of compliance with Financial**
6 **Conditions and Asset Management Policies, Kwong Chew seconded, and the**
7 **motion passed unanimously.**

8
9 **4.2 Approve Final 2019 Patronage Dividend:** The preliminary patronage dividend
10 calculation reviewed by the Board in January remained unchanged after the 2019
11 financial results were finalized. The Board was asked to approve the final calculation
12 showing paid-out dividends of \$145,000. As previously discussed, this represents a
13 significant decrease per owner, compared to prior years' dividends, due entirely to
14 reduced profitability. The reduced profitability has resulted from: (i) lower prices
15 resulting from strategic decreases over the past 3 years, (ii) higher wages, largely due
16 to the move to a \$15/hour minimum wage, and (iii) a strategic decision to "stay the
17 course" and continue to fulfill our Ends policies (supporting community, providing
18 access, etc.) even in the face of reduced profitability.

19
20 The timeline and the ability to send out the Annual Report and patronage dividend
21 notification on time may be compromised due to the print shop being closed. The
22 backup plan is to notify owners of patronage dividends and 2019 financial results via
23 email and electronic means only, which would result in BriarPatch being out of
24 compliance with the California Corporations Code requirement of sending annual
25 report information to owners within 120 days of year end.

26
27 The retained portion of the patronage dividend will be reinvested back into the Co-op
28 to maintain the current site and for future development plans such as a second store.
29 Past uses of the retained dividends included projects such as the store remodel, solar
30 array, and expansion of the parking lot. All past retained dividends have been fully
31 used for these types of large infrastructure projects.

32
33 **MOTION: Mark Fenton moved to approve the final 2019 patronage dividend as**
34 **follows: (i) a declared dividend equal to \$724,300, the amount of net**
35 **income attributable to owner sales, (ii) distribution to owners of \$145,000,**
36 **an amount equal to 20% of the declared dividend, in the form of a store**
37 **credit, (iii) \$579,000 dividends retained for reinvestment in the Co-op, and**
38 **(iv) a minimum individual distribution of \$2.00 or greater, as allowed under**
39 **the bylaws, Kali Feiereisel seconded and the motion passed unanimously.**

40
41 **5.0 Accountability - GM:**

42
43 **5.1 FYI Report:**

44 Sales & Margins – Sales growth is slightly lower compared to this time last year but
45 has been fluctuating up and down throughout this year so far. Sales for the week
46 ending 3/15 were \$1.1 million dollars, a 68.9% increase over last year. This is the first
47 time the co-op has hit the \$1 million mark in a single week. For the week ending 3/22
48 sales growth was 38.3%. Monday, 3/30, sales were down 12% from same day last

1 year. Chris expects sales to remain around \$95k-\$100k a day until something else
2 large and significant shifts externally.

3
4 Margins & Inventory – BriarPatch has had a major shift in sales mix. Historically, Deli
5 sales comprised 20% of total sales and delivered a very high gross margin to the
6 overall storewide margin. Now, with the food bar closed and customers shifting their
7 habits to cooking more at home, Deli sales are significantly lower, causing sales mix
8 to shift to the center store where margins are lower. The quarter-end inventory count
9 scheduled for last Thursday for center store departments was cancelled due to stress
10 on staff and the store, and to concerns about having outside contact with inventory
11 by the third-part count service. Because the quarterly inventory count determines
12 our quarterly margins, BriarPatch will not have a concrete calculation of margins until
13 the next physical inventory at the end of June. BriarPatch has historically had
14 consistent margins, resulting in a high degree of confidence in pricing and shrink
15 reduction practices. In addition, the large cash reserve protects the Co-op from
16 unanticipated margin fluctuations.

17 BriarPatch is currently experiencing out of stock issues, driven primarily by high
18 demand causing stress on the food distribution system, rather than a shortage of
19 supply, caused by COVID 19. Product is available but the ability to move it in the
20 quantities demanded by customers has been limited. The way the distributors have
21 addressed this is by placing limits on how much product can be ordered. BriarPatch
22 has recovered from the initial rush but will face prolonged out-of-stocks into the
23 foreseeable future.

24
25 DoorDash – BriarPatch is in the process of signing up with DoorDash, which is a
26 restaurant delivery service where customers can place an order online and have a
27 delivery driver pick up their order and deliver it to their home. A limited selection of
28 Deli items will be offered initially.

29
30 Curbside Pickup – BriarPatch will roll out curbside pickup for groceries soon. Chris
31 anticipates growing this service to include Deli items in the future. Orders will be
32 placed online. There will be a limited selection of items available on the BriarPatch
33 website with an item limit per order. There will be reserved parking spaces for order
34 pickup near the receiving area. Customers will park and then call or text to have their
35 order delivered to their car. The system still needs to be tested and final limits still
36 need to be set. The estimated roll-out date is Friday, 4/3.

37
38 Labor & Personnel - Deli labor is far above target; however, management has been
39 quick and diligent to repurpose Deli labor into other parts of the store.

40 Store Manager - Michael McCary has been hired as the new store Operations and
41 Customer Service Manager. Gwen Birk will be staying on to help with the transition.

42
43 COVID 19 – To date, 25 Employees have opted to stay home during the shelter-in-
44 place, citing high risk factors. Employees are being allowed to use sick time and/or
45 FMLA coverage.

46 Hero Pay for staff has been extended for the next two pay periods through May 3rd.
47 Front End staff are receiving a \$2.00 per hour wage increase and all other hourly

1 staff are receiving a \$1.00 per hour wage increase for continuing to work and support
2 the community through the COVID 19 crisis.

3 The 10% owner discount for April is still in effect.
4

5 **6.0 Accountability – Reports: Committee Reports, Recommendations, & Actions**
6

7 **6.1 Owner Engagement Committee Report:**
8

9 **6.3 Board Development Committee Report:**
10

11 Candidate Forum: April 26th from 2-4pm - The Board Development Committee is
12 working with Rebecca Torpie, Marketing Manager, on a virtual format for the
13 candidate forum so it can be live streamed. There will be no in-person event this
14 year.
15

16 **6.4 Governance Committee Report:** The Governance Committee had one
17 recommendation for the Board:
18

19 1.) The Governance committee would like to recommend the Board approve B-1.6 to
20 include “, *nor merge with, acquire or dissolve another legal organizational entity.*”
21 The motion is in section 4.0 of these minutes.
22

23 **7.0 Meeting Evaluation**
24

25 **8.0 Meeting Adjournment:** Board Meeting was adjourned at 4:24p.m.
26

27 **SUMMARY OF DECISIONS:**

- 28 1. Approve March 2020 Consent Agenda Items P. 2, lines 23-24.
- 29 2. Approve 2019 Financial Results and Audit Report P. 3, lines 4-7.
- 30 3. Approve Final 2019 Patronage Dividend P. 3, lines 33-39.
31

32 **SUMMARY OF ASSIGNMENTS AND COMMITMENTS:**

- 33 1. Administrative Assistant to add “NCG Membership Agreement” to a future Board
34 meeting agenda.
- 35 2. Board to provide their feedback on Zoom meeting platform via email.
36

37 **Announcements, Reminders & Dates:** See Date Reminders at bottom of Agenda
38 page.
39

40 **NEXT REGULAR MEETING WILL BE HELD Tuesday April 28th at 5:30 – 8:30p.m.**
41 **via Zoom.**
42

43 Minutes prepared by Kat Bass on April 1, 2020.
44

45 **APPROVED BY:**



DATE: 4/30/20

1 (These minutes were approved by the Board of Directors on April 28th, 2020. The
2 official signed copy is on file.)