

Call to Order

A regular meeting of the board of directors of Deep Roots Market Cooperative was held on Monday, January 28, 2019 in the co-op's Community Room. The meeting was called to order at 6:00pm.

An opening blessing and moment of silence was initiated by Yvonne Lee-Hawkins and observed by those in attendance.

Attendance

Board Members Present: Joel Landau, Matt Potter, Tracy Lamothe, Eliza Hudson, Hope McLean, Yvonne Lee-Hawkins, Stefan Hauke, Chris Kwong

Board Members Absent: Annah Awartani

Others in Attendance: Nicole Villano (General Manager), Matt Davis (note taker), Naan Rusk (co-op owner)

Approval of Minutes

A motion to approve the minutes, as drafted, from the December 17, 2018 meeting was made by Hope McLean and seconded by Tracy Lamothe. The motion passed unanimously.

Open Session

Agenda Item 3: Review Action Items and Motions from Last Meeting Joel Landau

- Action Items from the December meeting were reviewed and all items are either completed or in progress.
- Table of Motions was reviewed and approved.

Agenda Item 4: Report from GM on Store Operations/Sales Nicole Villano

- Nicole presented her Monthly GM Report and Monthly Sales at a Glance to the board.
- Overview: *"Our excitement for a prosperous 2019 is great fuel for all the work we are digging into to improve our margin and to continue our operational improvements. 2018 was a huge success in that we grew sales 15% over 2017 and made much needed improvements on a very tight budget. It was overall a very stressful year watching over the bank account and labor, but that diligence has led us to a place where we are able to cross hurdles that in the year prior, we didn't have time to even consider. The goals for 2019 will continue to set us on a path of continued growth, sustainability and profitability. We are set to get out of debt, grow sales and cash in the bank and strengthen our local food economy."*
- Points of discussion/questions:
 - New Kitchen Manager/Food Service Manager's departure
 - Restructuring of management positions/less managers, more buyers
 - Yearly sales

Agenda Item 5: Community Room Naming Rights Committee Update & Final Vote Tracy Lamothe

- Tracy presented an overview of the finalized naming rights proposal and plans.
- The board entered discussion and made recommendations for several changes.
- Tracy will bring the updated proposal to the next board meeting for a final vote.

Agenda Item 6: Update on the GM Evaluation Form Tracy Lamothe

- The spelling correction has been made and the document is now finalized.

Agenda Item 7: Form Annual Owners Meeting Committee Joel Landau

- The board recommends forming a committee to oversee the planning of the Annual Owners Meeting, and to ensure all projects are being completed.
- Nicole Villano, Eliza Hudson, and Matt Potter volunteered to be on the committee and will meet in the coming weeks.

Agenda Item 8: Approve Bylaws 4.3 Amendment Proposal Joel Landau

- Joel presented the bylaws amendment proposal for the following reason: *“The current wording doesn’t take into account the extended voting period we now use, hence our impetus for amending it. I suggest we delete any provision for nominations being made from the floor at the Owners’ meeting. It always struck me as unfair to nominate someone at the meeting, since it allows circumvention of making the basic effort of writing a statement and filling out an application. It also denies owners having a chance to consider a candidate’s statement prior to the meeting.”*
- Original Amendment Proposal: Section 4.3 – Nominations and Election: Directors may be nominated by the Board or its appointed committee, or by petition of not less than fifteen owners received by the Cooperative at least ninety days prior to the date of a meeting, ~~or, if voting by mail is not used, from the floor at a meeting of owners.~~ Directors shall be elected by owners.
- The board entered discussion over the wording of the amendment proposal and came to agreement on the following.
- Final Amendment Proposal: Section 4.3 – Nominations and Election: Any owner in good standing can apply to be a candidate for the Board of Directors. Candidates may be nominated by the Board, its appointed committee, or by petition of not less than ~~fifteen~~ five owners. This petition must be received by the Cooperative at least ~~ninety~~ sixty days prior to the date of the Annual Meeting of Owners, ~~or, if voting by mail is not used, from the floor at a meeting of owners.~~ Directors shall be elected by owners.
- A motion to accept the bylaws amendment, to be presented at the Annual Owners Meeting, was made by Chris Kwong and seconded by Eliza Hudson. The motion passed unanimously.

Agenda Item 9a: Report on CBL 101 Session Eliza Hudson/Stefan Hauke

- Eliza and Stefan were able to attend a one-day CBL conference in Asheville, NC.
- They presented an overview of the session and shared the documents provided.

Agenda Item 9b: Review Key Numbers 2009-2018 Joel Landau

- Joel presented a chart of key Balance Sheet numbers for the years 2009 through 2018, and provided a brief history and explanation for the figures.
- The board entered general discussion regarding historical and current financials.

Agenda Item 9f: Establish Reimbursement Protocols for Attending BOD Events Joel Landau

- The board wishes to set a policy for reimbursement of Directors attending Board sanctioned events; they reviewed the policy for staff member expense and mileage reimbursements as outlined in the Personnel Policy Manual.
- A motion that all Board expense reimbursements require pre-approval prior to the date of travel was made by Matt Potter and seconded by Chris Kwong. The motion passed unanimously.

Agenda Item 9c: CBLD Co-op Café Feb. 23 Joel Landau

- The board reviewed an opportunity to attend the CDS Co-op Café 2019 event in Raleigh on Feb. 23. The fee to attend is \$60.00 per person.
- Matt Potter, Stefan Hauke, and Tracy Lamothe are interested in attending and will carpool to the event.
- A motion to pre-approve an expenditure of \$60.00 per person, plus mileage for carpooling, for board members to attend the CDS Co-op Café 2019 event in Raleigh was made by Stefan Hauke and seconded by Matt Potter. The motion passed unanimously.

Agenda Item 9d: Board Table at DRM Feb. 9 Event Nicole Villano

- Nicole proposed that a BOD information table be set up at the upcoming Love Yourself event on Feb. 9 at the co-op, and asked board members interested in volunteering at the table to email her prior to the event.

Agenda Item 9e: Send Photo for Website Nicole Villano

- Nicole asked that board members email her a photo and short biography so that this information may be updated on the co-op's website.

Agenda Item 9g: Review Nicole's Evaluation Schedule Joel Landau

- The board had previously decided to do a GM performance review following completion of the year-end financial statements, and then a pay review following completion of the Q2 financial statements.
- Nicole has requested that the two reviews be combined into one.
- A motion to combine the GM pay and performance reviews into one review, which will take place following completion of the 2nd quarter financial statements, was made by Tracy Lamothe and seconded by Yvonne Lee-Hawkins. The motion passed unanimously.

Agenda Item 9h: Reduce Frequency of Board Meetings? Joel Landau

- Two separate consultants have now recommended that the Board hold full meetings less frequently, and complete more work through various committees.
- The board agreed that monthly meetings should continue for now, and will revisit the recommendation in the future.

Agenda Item 9i: Add CDS Consultant Jade Barker to BOD Listserv? Joel Landau

- The new CDS consultant has requested to be added to the BOD listserv to help her keep up with board communications.
- The board agreed that she should not be added to the listserv for all board communications; however Joel will continue to copy her on emails containing pertinent information.

Agenda Item 10: Review 2018 Financials Joel Landau/Tracy Lamothe

- Joel and Tracy presented a summary of the 2018 Profit and Loss statement, and discussed adjustments that were made for cash on hand balance, interest on BB&T loans, and NCG rebates credited under the Dues and Subscriptions account.
- The board entered general discussion and questions regarding the statement.

Agenda Item 11: Prioritize Debt Paybacks Joel Landau/Nicole Villano

- Joel and Nicole have reviewed and discussed the co-op's backlog of unpaid debt and are recommending the Board approve the following payback priorities:
 1. Maintain current status on commercial loans – roughly 4 years remaining on Shared Capital outstanding debt of ~\$230,000.00, and two BB&T loans totaling ~\$47,000.00 to be paid off in August and March of next year.
 2. Pay remainder of back-rent to landlords – outstanding \$6,842.00 as of year-end 2018, to be paid off by April.
 3. Continue monthly payments for POS system upgrades and maintenance program, ~\$19,000.00 outstanding.
 4. Get current with all active vendors to keep shelves stocked and minimize lost sales, ~\$43,000.00 owed. Concurrently, build bank balance to ~\$100,000.00 as a reserve for emergencies or unexpected situations.
 5. Pay Weaver Street Market outstanding balance of ~\$90,000.00.
 6. Pay NCG Development Cooperative remaining monies due from consulting assistance during relocation, ~\$20,500.00.
 7. Pay off NCG loan of \$50,000.00
 8. Pay off F4DC loan of \$20,000.00
 9. Pay back Owner Loans that came due in 2016.
 10. Pay back Owner Loans that came due in 2018.
 11. Pay back Owner Loans that will come due in 2020.

- The board entered general discussion, agreed upon items 1 through 4, and agreed to revisit the list once those items have been completed.
- A motion to approve debt repayment priorities 1 through 4 was made by Matt Potter and seconded by Yvonne Lee-Hawkins. The motion passed unanimously.

Agenda Item 12: Review 2019 Budget Nicole Villano/Joel Landau

- Nicole and Joel presented the preliminary 2019 P&L and Cash Flow budgets.
- The budget still needs fine-tuning and will be revisited at the next month’s board meeting.

Agenda Item 13: Consider Proposal to Launch a New Owner Loan Program Joel Landau

- The new CDS consultant has proposed the idea of launching a new Owner Loan program.
- Joel suggests 7-year loans, with a modest goal of \$100,000.00, to help provide a solid cash cushion and help address some outstanding debt. He proposes launching the program at the Annual Owners Meeting in May.
- The board entered roundtable discussion, and was unable to reach a consensus on the proposal.
- This item will be tabled until next month’s board meeting.

Adjournment

Action Items and motions from this meeting were reviewed and approved.

A motion to adjourn this meeting of the Deep Roots Market Board of Directors was made by Chris Kwong and seconded by Stefan Hauke. The motion passed unanimously and the meeting was adjourned at 9:08pm.