**Los Alamos Co-op Board Meeting**

**Wednesday, 28 October 2020**

**Via ZOOM**

**Agenda item 1**.  **Welcome and Introductions.**  Call to order   6:01

Board members in attendance: Joshua Faulconer (president), Dave Hampton (vice-president), Steve Snapp (treasurer), Robi Mulford (Secretary), Holley Aiken, Jeff Jansen, Dominic Crandall, staff liaison

Also participating: Jim Fischer, General Manager, Jack Majure-Barklay, business manager,

Kate Gallaugher, Outreach

**Agenda item 2**.  **Agenda Review and Check-ins**

The agenda is approved as presented by all board members present. Approved 5:0

**Agenda item 3. Review September 23 meeting minutes**

Minutes from the September 23 meeting are approved as presented. Approved 5:0.

**Agenda item 4.  Open Member/Owner time and comments**

There are no comments.

 **Agenda item 5.  GM Reporting**

The snowstorm Monday hindered sales, because the truck didn’t arrive. Grocery coped with the disruption and absent products quite successfully.

POS System is about halfway installed. Jack is overseeing installation

Entrada Business Park Association, of which we are the treasurer, has been given a loan of 1K from the Coop. We may reconsider our participation in the Association. Landscaping and other responsibilities of the association are being neglected. The association bylaws forbid having animals, but Pebble Labs would like a change in the bylaws, to allow laboratory animals such as shrimp. The board should review the bylaws and any information about the Association and express an opinion.

Covid is increasing, with 3 new cases in Los Alamos in the last few days. The store is staying within the State guidelines. There is a plan governing what to do if someone in the store tests positive. The State must be notified within 4 hours, and the State provides a flowchart with steps to follow. People in the store are somewhat on edge.

There is no room in the store. No room for stock storage, and no room for people to have personal space. With two extra people and the growth in sales, storing product is becoming difficult. If the fridges were outside, that would help. Can the back end be covered to provide space?

Jeff suggests outdoor office space.

Pebble Labs has an unused transportable for office space, but we think it’s better not to be in their debt.

Employees need a break room. The café space could be partitioned

Propane heaters are coming to make the outdoor dining space practical as the weather gets colder. Jeff suggests sheltering the dining area with roll-down awnings that fit in between the pillars. Radar Awning in Albuquerque has good awnings, tried and true, that are tensionable and windproof. PPP money can be used for this expenditure.

KE is a new distributor out of Denver.

**Agenda item 6.  Staff Auxiliary Board Reporting**

Dom Crandall reports that the storm and the new POS system arrived together, throwing the store into busy times. Storing groceries is becoming crazy.

One employee at least feels that people should be keeping masks on to protect everyone in the store.

A new person has been hired onto the sanitation team, in order to maintain compliance with State of NM requirements, and to maintain constant staffing in the store, cleaning carts, hourly cleaning of 4-8 high-contact areas, and to maintain the cleaning log required by the state.

Onboarding new employees with the “Get Hired” service takes care of everything including providing the Employee Handbook, under the hiring manager. The store fell short on “Staff Treatment”, particularly employee familiarity with the Handbook, last review. In addition to being given the Handbook, it would be good to provide an oral introduction to it. Jack answers any questions that new employees may have.

Employees are still a bit vague on who the board is, and what they do. There is some idea that the meetings are not open to all, even though the invitation is posted. We should more specifically invite staff to meetings.

**Agenda item 7.  Business Manager Reporting**

Q1 and Q2 financials are presented, with corrected inventory numbers which were previously in error. Inventory should be values at wholesale, but was valued at retail in previous financials, leading to incorrect profit statements. The bottom line for Q1 is now -24K (was previously positive) and Q2 is now +70K, where it was previously very negative. Thus year-to-date is +46K.

PPP loan forgiveness requires Jack to complete a form, which he is working on. The store can recover $167700 against payroll already paid.

**Agenda item 8, X3 Financial conditions for Q2.**

 Jim presents X-3. Our debt is high because of the various Covid-related loans obtained recently. Jim reports compliance with X-3, except no compliance with the assets / liabilities ratio. The ratio should be 1.0 or greater, and is currently 0.902. If the PPP loan is forgiven, the ratio will be 1.05, and full compliance will be achieved.

Once the form is submitted, the bank has 60 days to make a decision, and the Feds have 90 days. We anticipate full compliance in 150 days, by next January.

The X-3 assets / liabilities ratio has not fallen below 1.0 in the past.

X-3 Approved 7:0.

**Agenda item 9.  Member Owner Loans**

Jack has prepared an extensive spreadsheet of Member-Owner loans and interest. Forgiven loans and also payments made in 2014 and 2015 still need to be included to make the spreadsheet complete, but the data is very useful.

The total principal is 706K. Principal plus interest is 962K. Accounting for the forgiven loans, principal plus interest is 801 K. [801104.63 before corrections]

The top ten lenders hold about 218K. The top 20 lenders hold 375K, or almost half of the debt.

The interest rate varies from 2 to 4% per the prospectus. Paying back in Store credit is not forbidden by the prospectus.

Nobody has any objection to paying back loans in store credit. The new POS system makes this quite convenient, allowing a member to be given a charge account tied to their member number. This feature allows convenient automation of the distribution of store credit, and solves the problem of unused gift cards. In addition, store credit assures customer fidelity.

We need to determine how much the store van afford to pay back per month, or per quarter, in order to maintain a cash flow commensurate with out income. We expect to establish a cap for payments, monthly, quarterly, or annually. When we have an acceptable rate of payment, we can prepare a schedule for each Member-Lender, indicating what credit will be available as a function of time, with credit issued at intervals, monthly, quarterly, or annually. Providing a lump sum may produce unsustainable losses at the start of the payment interval, suggesting that shorter intervals are better.

We will decide by January what constitutes an affordable rate of repayment, and communicate it at the January meeting. Jack will prepare 3-year and 5-year plans, using a weighted average of margins covering the entire store, and allowing for interest forgiveness as well as full repayment. We need to wait until January to understand the impact of Natural Grocers on the Coop financials.

It may be wise to begin repayment with a pilot of about 10 people, to determine the distribution of credit over time, and to ensure that the mechanism works.

Steve forms a committee to discuss loan repayment. Members so far are Steve, Joshua, and Robi, to meet on Wednesdays. Jack will provide the spreadsheet to the committee members.

One member-owner wants immediate repayment because of a death. The board votes to pay out her loan of 4K immediately. Approved 7:0

2019 Taxes are complete.

**Agenda item 10.  X-8 Conflict of Interest**

Jim presents X-8 and reports compliance. Accept X-8. Approved 7:0

**Agenda item 11.  Annual Board Retreat**

Dave has arranged for us to meet with Todd on November 18 at 6 PM for two hours. The discussion will center around our preparation for Natural Grocers’ opening, and our response to this new competitor. Todd has suggestions. Jim will assist Todd in preparing the meeting.

Natural Grocers opening is scheduled for November 11. They have been taking pictures in our store!

**Agenda item 12.  Competitive Immunity**

Kate presents social media response data in a spreadsheet.

Emails are opened at a rate of 40%, which is relatively high.

The Tuesday newsletter will now be issued on Wednesdays, to better coordinate with new offers and sale items.

Membership data is still difficult to obtain. The membership appears to be down, from 1600 to 1400. We wonder if this is an artifact of the switch to the Catapult POS system. The data will be checked.

Membership strategy needs to be improved, including setting membership goals.

Jim points out that the new POS is tailored for benefitting members, and includes a mechanism for sending member newsletters.

We would like to increase interaction with the Facebook page. Kate is taking a class on making compelling Facebook ads. Kate presents data showing how each Facebook post fares. Amusingly, the lobster post went viral and received 11.8K views. Boosting a post costs about $100 and increases view to about 1.5K. Kate is still under budget, and so can boost more posts and advertise more.

Outreach activities are posted on a chalkboard, which is working well.

Kate prepared 60 very attractive little bags for Halloween gifts for member kids.

A “Noonday Collection” event featured handmade jewelry to benefit LA Cares.

**Agenda item 13.  Trail Maintenance Committee**

Jesse reports that there is not a lot of work to be done on our trail, and that the County has forbidden volunteer efforts until the rate of Covid spread is reduced. People should pick up trash or trim the few errant branches.

**Agenda item 14.  Closing and other business**

The next board meeting is on November 25th. This is Thanksgiving, but there is a lot of content.

The December board meeting is December 18th, earlier in the month than usual.

Adjourn 7:0

**Executive Session**

**Action items**

Board. Review the bylaws of Entrada Business Park Association

Jim or someone? (optional) Write down the plan for a Covid case in the store

Jeff and Jim look into roll-down awnings for dining area

Jack. Provide Member-Owner spreadsheet to committee: Steve, Joshua, and Robi.

Loan committee. Meet on Wednesdays

Jack. Pay the one widowed Member-Owner her 4K

Kate. Check the membership data to see if the 1600 to 1400 is an artifact of Catapult

Kate. Spend advertising budget by boosting posts and advertising.

Jim. Be sure Kate’s budget is adequate and getting spent.

Everyone. Provide Kate with ideas for outreach activities