

**Minutes of GCC's Board of Directors' Meeting**  
**April 29, 2020**  
**Board Approved**

**Attending via Zoom:** Bill Jones, Donna Peterson, Joe Timer, Amy Drew, Kim Kash, Dan Gillotte, Barbara Ford, Linda Ivy.

Meeting was called to order at 7:03.

**1. Approval of the Agenda:** Motion: To approve the April agenda. (Timer) Passed unanimously.

**2. Approval of minutes March 2020:** Motion: to approve the minutes. (Timer) Passed unanimously.

**3. Managers Report**

Manager Dan Gillotte said that the Mercato system is live. It's buggy but operable. He said the board already has read in his email updates what we've been doing around extra care for sanitation, traffic control. Dan said he had a good 10 days training with outgoing manager Bob Davis. He has started individual manager weekly meetings. In his initial meetings he is asking them, what do they love/want to see different about the co-op. What do you like about your job/want to see improving about your job. He is asking about issues in their departments. He noted that Bob was involved in a lot of work all over the store. On one hand he really let people do their job, and was not a micro-manager. But he also was doing things in people's departments like ordering, planning, scheduling. Dan said he is going to leave those to department managers. He says he is trying to more sensibly align what people are doing, and create clearer lines of responsibility. He is going to try to build that into the team so they feel ownership of it. He said he will be aware of and involved but not doing some things that others could be doing better.

He is hearing frustration about follow-through. He hopes to help staff build tools so that if we say we're going to do something, we do it. He said there were a remarkable number of things in Bob's head and in Dave Brink's head. He will get that information into some form of writing, with the idea that people need to know what's going on.

Joe Timer offered congratulations to Dan on his communications to the board and others. Dan said this is the level of communication that he wants to try to stick to. A monthly report, weekly emails, and social media help from Jill Stevenson.

Barbara asked about how Dan is progressing with regard to the pharmacy. Dan said it is definitely a learning area, and the pharmacist Amanda is very busy, but he did get time with her on Saturday, and will start having a weekly meeting with her. He wants to work with her on product selection for wellness and supplements.

Dan said the store has submitted insurance claims for the robberies, should get much of that money back.

With regard to new overhead doors and other security measures for the pharmacy, Dan said Bob seemed to indicate that we're waiting for a door frame, which will probably be in within a week or two.

Donna Peterson asked about the toilet paper situation. Dan said that thanks to a member who works at a break room/refreshment company, the co-op got cases of toilet paper last week, with more coming in. He said they are ordering from every possible avenue, but the supply is still not completely solid from our main distributor. Home suppliers are overrun with toilet paper orders, while commercial suppliers are underused because of closed businesses.

We're trying to be nimble and creative about where we get stuff, Dan said. For example, normally Campbells is our primary soup. Now we're doubling down on Progresso, and other varieties we don't normally order as much of. We've been trying to order at every opportunity, from every company we can. It is interesting to watch how buyers respond.

Dan said the food pantry bags program is still going well. He wants to find someone else in the store to take this task on. Right now we're going to continue with the way we've been doing, with 4-5 items, but maybe if we had a lot of a good staple, we would double up on that.

Dan said the pharmacy is still doing home deliveries on M/W/W. They will also run orders out to people's car, independent of Mercato. Also, Mercato can't do beer and wine orders; if it was available in their system we would offer it.

Dan also noted that because of meat supply shortages, Victor switched brands. They expect a price increase.

With regard to the supplier contract we have, Dan said we're supposed to stick to our main supplier, but we are looking at other suppliers and they can't say anything right now because they can't deliver what we want. As of now they are not looking at local meat suppliers, but Dan has talked to Teddy about some local produce suppliers.

## **Financials**

From the P&L that Joe created, he showed that we had positive net income YTD, mostly coming from the "other" category. \$126K of that is actually a one-time payment from our supplier, C&S. They bought out a contract from our formerly cooperative supplier AWI. The Co-op had equity in AWI, they went bankrupt, C&S bought their customer list, and part of that payment was an inducement to stay with them. The store took a 2015 writeoff of close to \$200K, but C&S gave this one-time payment after five years of being under contract with them. There's another portion, \$20-\$30K that we'd see in another five years if we stay with them.

Bill made mention of the email that he sent to the board re. financial info. Here is the relevant text of that email:

*We had 360K cash as of the audited July 31 report.*

*We had 740K cash as of 2 weeks ago.*

*So it appears we are up 380K.*

*BUT our inventory is somewhere around half of its normal 600K.*

*So we are only up a net of somewhere around 80K.  
(The empty shelves are an opportunity for our new GM Dan to maybe decide on some shifts in emphasis in what the store carries, particularly to see what doesn't sell even in a pandemic.)*

*Joe's sales figures show we are up 460K over last year so far, implying our gross profit (25%) is up by about 115K. This gives us two different rough estimates of the effect of the pandemic on our gross profits: 80K and 115K. But we also have extra costs — shields, masks, and \$1/hour raise for all hourly employees (so maybe 8K per month extra costs for that alone).*

*We had 417K in the roof & solar fund last July, with a 350K debt to members to offset that. Now we have a new roof, zero in the roof&solar fund, but still a 350K debt. We have to spend 335K on the solar panels this summer or else return the 350K this fall; either way, we are in a position of hardly any free cash on hand. That is a big problem.*

Dan says he wants to develop a cash flow statement, a forecast of what's going to happen 2-5-6 months out. He is not sure whether Dave or Joe could do that. He says they are a little bit hard to produce but are beneficial, as they show how much cash you are using or gaining in operating your business. Could be shared monthly, but definitely quarterly. This is different than the idea of cash in the bank; it takes into account anticipated ups and downs.

With regard to the state grant, Bill said there will be a meeting of a state public works group, based on materials that Dorrie has submitted. Bill said we should have a good idea in a week and a half or so. The meeting does not allow participants, but can be observed. Dorrie Bates can tell us how to observe the meeting.

Bill tried five banks for PPP funding, with no luck.

Dan said the store's margin went in the right direction from 1<sup>st</sup> to 2<sup>nd</sup> quarter, so whatever Bob and the team were doing, there was some improvement. Some of the stuff he is interested in bringing in has higher margin than we've been getting. But he said it's really hard to get a lot of traction in the moment, do major resets, partly because of severe strain on staff. So he will do some small things first which will hopefully help sales, and also help margins.

Bill noted that he was surprised when eggs were more expensive. Suggested putting up a sign saying, our suppliers have raised prices of eggs because of shortage, so that people know we're not raising prices to make money.

Dan said people do need to be aware of quality differences and brand differences too. You can get Best Yet pasta sauce for cheaper than Muir Glen, for example. He said he would take that under advisement, to talk about why things are more expensive right now.

Dan said the News Review circular is coming back, and the supplier is saying they're making sure they have supply of the items in the circular.

## **5. New Business**

The Co-op has received a letter from the church's lawyer saying all communications should go through the lawyer. The letter also asked to pay no rent for 4-6 months. They confirmed that they did get a U&O permit for the space. Bill responded to the lawyer declining to forgive the rent, given that our landlord has not given us a break on the rent. He told them they would not get a late fee if they pay April with May's rent, and June with July's rent. Also, he said the store is trying to apply for PPP and the church should do the same.

Amy complimented Dan and staff on the changes implemented regarding Covid-19 safety measures. Dan said that to his knowledge, no one has reported symptoms or been diagnosed. It's only by luck we've not had anybody sick or diagnosed. He is going to shift the large meeting room on the 2<sup>nd</sup> floor to be used as a larger break room.

Amy asked about whether it would be workable to schedule an A/B staff rotation, so that A never works with B. Dan said that was definitely worth thinking about at least in some areas.

Kim asked about the financial implications of an employee getting Covid-19. Dan said that if someone starts feeling bad, we will send them home and pay them. If they have the virus, we will pay them until they come back.

Bill noted that the board can act quickly if needed, on any questions relating to financial support for an employee related to Covid-19. Dan said he is not sure yet what percentage of our staff actually take advantage of the Co-op's health care plan.

### **Roof status**

Bill said the roof should be finished this week. County inspector has approved it for the permit. Steve Skolnik was up there with contractor reviewing a very tiny punch list. One item will require electrician coming back. The board and Dan said that while he's there, the electrician should fix the flood light under the big Co-op sign on the side of the building, which hasn't worked for several years.

We are still waiting on permits for the solar panels. Prince George's County Council Chair Todd Turner told the president of the board of the Greenbelt Theater that it's his job to help people get permits. The store needs to get permits to begin this summer.

### **Donations**

The board discussed various options for those people who wish to donate their loan dividends back to the store. Bill suggested changing the loan terms and executing a new agreement for anyone wishing to donate. At an interest rate of .75% their tax burden would be covered (since the co-op is not a 501c3, so donors are still taxed on the full amount of their loan dividends.)

Joe suggested that for those who want to donate just this one occurrence of dividend payment, they can simply turn it in at the store office.

Amy noted that she has had people ask about taking their member capital and reallocating it to staff during this difficult time. The board discussed and concluded that moving funds from the capital account and into the hands of the staff would be complicated and not particularly

effective, given the the number of employees. Dan said, the best thing people can do for the store is to shop more. More sales equals more opportunity for bonuses and hourly increases. That is the messaging that we need to be getting out.

### **Annual Meeting Reservations**

Barbara Ford said that she was unable to make reservations for the co-op annual meeting on November 14 at the Community Center, because they are not taking reservations right now. She will try again when they resume taking reservations.

### **Bob Davis' accrued annual leave**

Joe explained that a couple of years ago, in order to save cash flow, Bob said he would take an addition to his accrued annual leave instead of a paycheck. He had hoped to burn some of that over the last year, but with the pandemic that didn't happen. Dave Brinks said the amount on the balance sheet is overstated, and as part of cost-cutting, the store changed its annual leave policy last year so that the most anybody could get was two weeks paid vacation. Prior to that, staff had been there long enough to get five weeks of vacation every years. That was building up for 20 people.

Dan pointed out that if the employee doesn't take the vacation, the store will ultimately pay it out at the end of employment. So the store needs to shift the policy further, because we shouldn't be paying out like that at the end of employment. He will fix this policy going forward.

Joe said the amount of money due to Bob is around \$42,000. He doesn't need this in one lump sum, and can take this in increments over a period of time. It will have no affect on P&L, as it's been expensed already.

Dan said the biggest possible obligation we have is about \$126K, and the obligation to Bob is at least a third of that.

Motion: that the co-op recognize the accrued annual leave owed to Bob Davis and instruct staff to pay Davis in a schedule of equal payments over 25 weeks. (Timer/Ivy) Passed unanimously.

**6. Next meeting** will be Wednesday, May 27th at 7:00 p.m.

**7. Motion for adjournment:** (Timer/Jones) Approved unanimously.

Respectfully submitted by Kim Kash