



## March, April & May Board Meeting Recap

— by James Kloor, Board President & Treasurer

The last three months for the Co-op Board of Directors have certainly kept pace with the way in which the world has been. Sometimes moving incredibly fast, other times more slowly. In March we actually met in person at the Jefferson Community Center, and then in April & May we had four meetings, all held over Zoom. I miss the community connection that our Board meetings encourage and have been heartened to see members attending virtually.

In March we had a wonderful presentation about Public Banking from David Cobb with Cooperation Humboldt. For those unaware, public banks are owned by a state, municipality, or Joint Powers Authority. They come in many forms. They can be capitalized through initial investment by cities/states, invest tax revenues, create money in the form of bank credit, and lend at very low interest rates. The specific operations of each public banking entity are determined by the bank's charter, which is the document that creates each bank. Public banks empower local residents to design financial solutions that best serve their communities. The place I see the most good public banks can do is where income generated from interest on loans goes. For a large city project, costing millions of dollars, if financed (through loans for example), the interest the city pays goes to a private entity (think J. P. Morgan Chase, or Wells Fargo). If this city project is financed through a public bank, the interest paid would go back to the public. Public Banks are different from credit unions, in that credit unions are primarily used for individuals, as individuals are members of the credit unions. Public Banks members would be governmental agencies, and not for individuals. The Co-op Board of Directors are in support of Public Banks, and are working to draft a letter of support, for both Cooperation Humboldt, and Public Banking in general.

At the March meeting the Co-op Board of Directors also renewed our National Cooperative Grocer (NCG) contract. This allows us access to UNFI (the largest natural foods distributor in the U.S.), NCG specific savings & deals (that we pass onto our members), an entire staff of experts who can assist the Co-op with technical issues, reporting and updates from other NCG Members. NCG itself is a Co-op, of which the North Coast Co-op is a member. Our relationship with NCG is much more than what I've written above, if you'd like to know more about NCG please reach out to one of our Board members, or check out their website - <https://www.ncg.coop/>.

In April the Board of Directors met three times, one "ordinary" board meeting, plus two special Board meetings. Our meeting on April 2 was focused primarily around the Co-ops response to COVID-19. The shelter in place order went into effect March 31 for Humboldt County, but staff had already begun implementing steps to keep both our workers safe, as well as the members. The member comment period was entirely positive for the way our employees have stepped up to meet this strange moment. Colin Fiske, our Vice President, notified the Board of Directors that he plans to resign in November 2020. This much notice allows us to include his seat on the



ballot this year – so we'll have two General Director seats open, and one Employee Director seat open on this year's ballot. I can't begin to thank Colin enough for his years of service, the immense amount of work he's put in cleaning up our bylaws and establishing the Policies & Procedures committee. Really – there is too many big lifts to mention – and I look forward to seeing what Colin is up to next.

Following our "normal" board meeting in April we had a series of special board meetings. Our first special meeting was held to approve the application for a PPP loan. As many of you have heard, Congress approved billions in SBA PPP (paycheck protection program) loans to businesses to combat the effects of COVID-19. Barney Doyle, our Controller, was quick on the draw to get paperwork together (special thanks to all our accounting staff – it was a culmination of efforts among all of you) and worked with Redwood Capital to get our loan paperwork in within days of the process opening. With such a quick staff response, the Board needed to act quickly as well – so we saddled up to a Zoom meeting on a Saturday morning to meet and go over the loan paperwork. The loan was approved by the Board of Directors. It was also approved by the SBA, and funds were deposited within the week. To be frank, this is huge for the Co-op. With these funds we can ensure that we keep all our employees paychecks coming to them, no matter the economic tolls from COVID-19. The loan is forgivable, as long as funds from the loan are used for a list of specific purposes (payroll, benefits, rents, utilities, etc.).

We had a second special meeting to go over the budget for FY21. This year staff presented a very high-level presentation. In prior years we've gotten mired in the minutia, and while I love to live in the minutia, it's more fitting to the role of the Board of Directors to take a step back and look at the big picture. Overall, the budget projects a profit, through controlling expenses, keeping sales steady, and budgeting appropriately for benefits. Benefits have always been a challenging portion of the budget to predict. The North Coast Co-op is self-insured, with stop loss insurance, but it's still a challenge to budget for. This budget presented to the Board took the most conservative approach, and essentially assumed worst case scenario for health insurance claims and other benefits. From a high-level perspective, the presentation from staff indicated that this was a well thought out budget, with input from all departments. The Board adopted the presented budget, with the large caveat that with COVID-19 budgeting is almost impossible, and we need to have something to track against. Now that we're a few weeks into FY21 – we can confirm that COVID-19 is causing wild sales trends, spikes and troughs all over the map, and will be difficult to track against prior period. Shopping trends have changed, supply chains are constrained, and thus sales are different than what we imagined. Through it all though – staff continue to do amazing work finding new products to get on the shelves, members and shoppers do their part to observe rules and restrictions, and the community hub that is our Co-op keeps spinning.

Our May meeting saw us getting to be old hats at Zoom meetings. Arguably the most important topic at the May meeting was the Union Contract. I'm delighted to say that the Co-op Management Team and the UFCW-5 Union representatives have reached a tentative agreement. The Board of Directors is in full support of the agreement and voted to accept the



tentative agreement. At this point the agreement is in the hands of the Union Members to vote. If approved this will be our agreement until April 2022.

The other topic of interest at the May board meeting was about switching out the refrigerant at the Arcata Store. This has been a known problem to solve for a few years with the EPA recently banning production of R-22A (the refrigerant used in the Arcata store). The ban was on production, not use, but we know that this would eventually turn into a huge problem (i.e. not being able to repair the system if there are leaks, etc.). Not only is availability of R-22A an issue but knowing that the Co-op is using a product that has been deemed harmful doesn't fit with our triple bottom line approach to business. Staff have found a suitable replacement, R-448A, and have contracted to get the system purged of R-22A, pressure tested, leaks repaired, and refrigerant replaced. This has been one of those doomsday scenarios that has floated around for a while, and I'm excited to see us averting a crisis before it begins.

In May we will have a Finance Committee meeting to go over Q4 of FY20. This will be our first real look at how COVID-19 has affected our sales and give us a glimpse as to what to expect for the months to come. The meeting will be on May 28, at 6 pm. Check the Co-op calendar for Zoom meeting details - <https://northcoast.coop/calendar/>. The next Board of Directors meeting will be on June 4 – again, look to the Co-op calendar for meeting details. I hope to "see" some of you there.

*Email our Administrative Assistant at [emilywalter@northcoast.coop](mailto:emilywalter@northcoast.coop) if you would like to be added to the email list that receives board agendas one week in advance of meetings.*