



DNF Board Meeting
 August 16th, 2023 5:30-7:45pm
 Rocky Mt Retreat Center

Attendance:

Board Members: Weston Medlock, Ryan Lazo, Hadley Bevill, Sheryl McGourty, Kate Randall; General Manager: Joe Zwieback; Employees: Madison Root; Member Owners: None.

Time	Subject	Facilitator
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5:30 I. Call to Order

- | | | | |
|----|-------------------|--|--------|
| A. | Check-In Question | | Sheryl |
| B. | Ends Statement | | Board |

Durango Natural Foods Co-op is a member owned cooperative grocery store serving the Durango area. Our business philosophy is based on 'triple bottom line' values – people, planet, & profits. We do this so that:

- Healthy, local, organic, responsibly-sourced products are available to anyone who wants them.
- Consumers have an uplifting, satisfying, and safe shopping experience.
- Local and regional farmers and producers have a reliable market.
- Our employees have a great place to work.
- Our community has more equitable food distribution.
- Members are part of a socially just and environmentally responsible business.
- Our community has a hub of ideas and visions for the future.

This will ultimately result in a thriving, informed, locally-focused community, which rests on a healthy planet.

5:40 II. Membership Comments or Questions

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|--|--|--|-------|
| | <ul style="list-style-type: none"> ● Issues Raised: <ul style="list-style-type: none"> ○ None ● Action Taken: None ● Action Required: None | | Board |
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III. Minutes Approval from last meeting

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| | <ul style="list-style-type: none"> ● Ryan L. made a motion to approve the July minutes, Wes seconded, motion carried. | | Ryan L. |
|--|---|--|---------|

IV. Agenda Approval

- | | | | |
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| | <ul style="list-style-type: none"> ● Issues Raised: <ul style="list-style-type: none"> ○ Wes made a motion to amend the agenda to include the Harvest Fest to New Business, Sheryl seconded, motion carried. ● Action Taken: Moved to New business ● Action Required: Moved to New business | | Wes |
|--|---|--|-----|

5:50 V. Old Business

- | | | | |
|----|---|--|--------|
| A. | Put copy of the new loan agreement with Pat in the shared drive | | Sheryl |
| | <ul style="list-style-type: none"> ● Issues Raised: | | |

- Sheryl: Did you put a copy of the loan payment into the drive?
 - Joe: Did not. I assumed you did. He will make sure it gets uploaded.
 - Sheryl: Ok. Patt has one that is signed. And still no word from Robert.
 - **Action Taken: None**
 - **Action Required: Joe will upload a copy of the loan payment to the drive under financials or loan repayment tomorrow.**
- B. Great Western liability amount in Google Drive Wes
- **Issues Raised:**
 - None
 - **Action Taken: None**
 - **Action Required: None**
- C. July Board Message Cody
- **Issues Raised:**
 - None
 - **Action Taken: None**
 - **Action Required: None**
- D. Send invoice for permit from the city to Joe Sheryl
- **Issues Raised:**
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 - **Action Taken: None**
 - **Action Required: None**
- E. Send meeting invite for City permit review Sheryl
- **Issues Raised:**
 - None
 - **Action Taken: None**
 - **Action Required: None**
- F. Kate to reach out to Tiffany Brodersen about new R-9 grant Kate
- **Issues Raised:**
 - Kate: I did and she said the USDA grant is September 30th. JOe is thinking about what to do. It is called the REAP Grant.
 - Joe: We just have to decide what we are going to use it for. Ryan and I do not have time to work on this so would have to find someone to do so.
 - Wes: Kate, will you send that to me?
 - Kate: Yes.
 - Joe: IS this grant what we want? It's not 100% and we would have to come up with the rest.
 - Sheryl: Tiffany seemed excited for DNF to take advantage of it.
 - Ryan L.: The max is \$500,000
 - Kate: Every three months there is another grant.
 - Joe: How much would we have to put in? (No answer.) We need to have a little more money before we do so that we can invest properly.
 - Sheryl: In the future, if no one has the time to do it and Wes wants to, we could maybe compensate him or someone else to do the work.
 - Kate: We just need a project that Joe really wants and when he is ready.
 - **Action Taken: None**
 - **Action Required: Kate to send BOD grant information.**
- G. Sheryl to review the new road diet Drive folder and fill in info gaps Sheryl
- **Issues Raised:**
 - Sheryl: Wes and I had a phone meeting. I was wondering if I could get your permission to reach out to Devin with specific questions on if construction is starting. The last time we heard from him was May 4th.
 - BOD: Yes.
 - **Action Taken: None**
 - **Action Required: Sheryl to reach out to Devin re road construction.**
- H. Ryan L. and Ryan E. to upload conflict of interest forms to Drive Ryan L./E.
- **Issues Raised:**
 - They both uploaded their conflict of interest forms.

- **Action Taken: None**
- **Action Required: None**

6:10 VI. Committee Updates

A. Governance

Wes

- **Issues Raised:**
 - **Wes: We met on Monday and we are on section 6 out of 10. Every meeting we get through an entire article and its multiple sections. I have not yet sent a doodle poll for the next one.**
 - **Mads: I love the doodle.**
- **Action Taken: None**
- **Action Required: Wes to send out a doodle poll for the next meeting.**

B. Executive

Sheryl

- **Issues Raised:**
 - **Sheryl: Wes and I were in conversation about feeling more comfortable working with Mads and Joe on succession planning (dropping the seed). Want more clarity on timelines (treading lightly). We are not sure how this all works exactly. We just want to start being more transparent around desires, needs, wants.**
 - **Joe: I'm fine with that. That's up to you as far as the internal stuff. There is no right or wrong way. We are aiming for Mads to succeed, but you have to decide if you want to open up the position. There is no overriding thing that you have to do to do so.**
 - **Wes: We just want to make sure that we are best supporting the process and that we are all in communication. We are planting the seed that we will set up a meeting.**
 - **Mads: Are you trying to meet and who would that meeting be with?**
 - **Sheryl: We would start with Wes, Joe, and I to hear from him. Wes was mentioning wanting to talk to Mads and ask questions privately and see where things are meshing between you and Joe.**
 - **Mads/Joe: No problem, sounds good.**
 - **Mads: Part of the conversation that I would like to include is interest in confidence and trust. I have a stake in caring for the Co-op and succession.**
- **Action Taken: None**
- **Action Required: None**

C. Finance

Kate

- **Issues Raised:**
 - **Kate: We just had our quarterly meeting that went well. We had Carolyn Moller (Co-op member/ accountant), Ryan E., Joe, and I. We had good comments that everything was working and the idea of putting aside a fund for the Co-op before paying out any of the members. Joe said he would look up what the parameters are and they are on the notes for this meeting.**
 - **Joe: The meeting went fine. I enjoy them. Would definitely like to have more people present, including those who understand finances. It was sad that Tim and Alyssa were not there. As we move forward it is very important to articulate what we are doing and for knowledgeable people to understand what we are saying. The past GM was not transparent and would bamboozle the old board.**
 - **Mads: I agree. With only a couple of people there, there's only so much feedback. More people present would create more help and feedback.**
 - **Sheryl: It's pressuring to have it all rest on your shoulders and it could be relieving to have more people help.**
 - **Hadley: Have we ever had our accountant attend?**
 - **Joe: No, Lindy does not attend. She is more of a bookkeeper. Jamie (old board member) could be handy to have. She definitely cares.**
 - **Sheryl: Have you reconciled from that?**

- Joe: We were polite to each other last time we saw each other.
- Sheryl: What I see is that it would be more valuable to have someone like Jamie present for more good input than the bookkeeper present. What about instead of a bookkeeper hire Jamie?
- Joe: I don't think that is necessary at this time. I would like to get us in a position where we could do yearly reviews. There are not a lot of people who do year reviews around here.
- Kate: Would you be interested in Jamie doing that?
- Joe: Right now, no. I am just putting her name out. There could be other folks. It's expensive, around \$7,000 to do a year's review. We are currently paying our bookkeeper \$3,250/ month. She spends about two days a week working. I am not looking to change bookkeepers. If something happened to Lindy, Penny would handle training someone.
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- Kate: It's hard to keep the meeting under an hour. Joe was mainly talking about the balance sheet for most of the time.
- Joe: I think an hour and a half is necessary/ reasonable. Most finance people are more interested in a balance sheet than P&L.
- Wes: I think a good benefit of our time for quarterly meetings is if Kate, Joe, Ryan, and myself created a legitimate agenda to keep the meetings accountable for extracting as much information as possible.
- Kate: We can suggest ideas over email. Are the current dates/ times our only option for the meeting?
- Joe: It's more convenient and it all depends on the BOD monthly meetings of when the finance meetings are. If everything were perfect we would have the finances on the 25th of the month, but they fluctuate, and then I need to go over them and check for mistakes/ inaccuracies.

- Action Taken: None

- Action Required: Wes to send ideas over email re finance committee meeting agenda to Joe, Kate, and Ryan E.

D. Feasibility

Cody

- Issues Raised:

- None

- Action Taken: None

- Action Required: None

E. Special Events Committee

Hadley

- Issues Raised:

- None (Moved to New Business)

- Action Taken: None

- Action Required: None

6:20 VII. General Manager Update and Questions

- Issues Raised:

- Mads: The conference with Dan was great. Cool experience and valuable education for Dan (someone that seems to keep in continuity with the Co-op). It was grocery and wellness, which was valuable because we just lost our wellness buyer. NCG is always a trip, because we are so small in comparison. It was hard to relate to other Co-ops. NCG is pushing conventional really hard, which is not close to DNF.

- Wes: Sounds like a good opportunity for the member survey.

- Wes: What about the reserve and what are the regulations/ rules for every year if we can reallocate the money or if we have to give it to our members. I think the balloon payment could be a reasonable thing to have a reserve for.

- Joe: I would like to find someone who really knows Co-ops to help with this. It is a serious conversation and one that the board has to decide upon once the rules are clear.

- Hadley: We need to make sure the bylaws are clear and streamlined on this.

- **Wes:** The reserve fund sounds like another finance committee item.
- **Joe:** It needs to be talked about before the end of the year.
- **Sheryl:** Do you have a prediction of end of year surplus?
Joe: We will make money in the third quarter, but the fourth quarter is up in the air. We also need to increase wages. We have \$87,000, but \$20,000 of that is DUFBA advance, which will stay even as we actually sell through. We made about \$40,000 extra, but if we increase payroll, do good in the 3rd quarter, and money has to come out in 4th quarter for payroll, maybe we will hit: \$100-120k in what we made this year. But equity doesn't show on the bottom line.
- **Sheryl:** How do you classify this account in your accounting?
- **Joe:** It can just be on paper or you can physically move it into another account. I would probably think about moving it into another account, except, this is the bottom line, which is not the same as cash. That is where I need to get a really good tax person.
- **Wes:** Can we sit down with Wagner, as the BOD?
- **Joe:** No, they're in Idaho. I'd rather have someone more local and every time I ask them they are not helpful. But if you guys want to try to do that I can set you up with them.
- **Wes:** Yes, just to ask for perspective of what he would advise with compliance to CO state law.
- **Sheryl:** What happens if we have to pay during tax time?
- **Joe:** We have about \$350,000 in tax credits which will be transferred.
- **Wes:** Maybe next meeting we call a special meeting before the 5:30 or after the 7:45 meeting time.
- **Sheryl:** Do we need to be thinking about having a gesture to our membership that they have received something too.
- **Wes/ Joe:** That's the BOD's decision.
- **Action Taken:** None
- **Action Required:** Joe to have a plan of action of who to connect with before the next meeting (September) regarding the reserve fund.

6:40 VIII. Policy Governance Review

- A. Review Policies: B1 - Financial Conditions and Activities Joe
 - **Issues Raised:**
 - None
 - **Action Taken:** Wes made a motion to accept Joe's B1 report, Kate seconded, motion carried.
 - **Action Required:** None

- B. Review Policy: C1 - The Board's Job Board
 - **Issues Raised:**
 - None
 - **Action Taken:** Wes made a motion that we are in compliance with Policy C1, Ryan L. seconded, motion carried.
 - **Action Required:** None

7:00 IX. New Business

- A. Set BOD Retreat Date Board
 - **Issues Raised:**
 - **Sheryl:** Let's put out some possible time frames with this group and then I can send out a doodle poll to the entire BOD. Possible dates are November 11-12.
 - **Wes:** It would be nice to set aside time in the retreat to go over BOD agenda items.

- Hadley: Like action items, new year comings, etc.
 - Joe: The strategic plan as well.
 - Kate: The reserve fund could be another topic.
 - Action Taken: None
 - Action Required: Include this as an agenda item for the next BOD meeting. + Sheryl to email BOD with a doodle poll for dates/times.
- B. Board Message Hadley
- Issues Raised:
 - Ideas for newsletter: Harvest Fest, next year will be our 50th year, point out that we are upheld by our bylaws to have this meeting every year and we do it in the form of a party!, we will have info about the co-op, there will be a member survey coming out in october (co-op month)
 - Action Taken: None
 - Action Required: Hadley to send the BOD her message by the 20th and to Ryan by August 24th.
- C. Update Board calendar for 2023-24 Board
- Issues Raised:
 - To update the calendar and assign Hadley to updating.
 - Ryan L. is next month's BOD message.
 - Action Taken: None
 - Action Required: Hadley to update BOD calendar by next board meeting.
- D. Chairs for committees/Voting for Officers Board
- a. Secretary
- Wes made a motion for Hadley to maintain the officer role as secretary for the board, Sheryl seconded, motion carried.**
- Issues Raised:
 - None
 - Action Taken: None
 - Action Required: None
- b. Special Events Committee Chair
- Wes made a motion to elect Hadley as the special events committee chair, kate seconded, motion carried.**
- Issues Raised:
 - None
 - Action Taken: None
 - Action Required: None
- c. Feasibility Committee Chair
- Issues Raised:
 - Tabled
 - Action Taken: None
 - Action Required: None
- E. DNF reserve fund Joe/Board
- Issues Raised:
 - None
 - Action Taken: None
 - Action Required: None
- F. Harvest Fest
- Issues Raised:
 - Sheryl: The permit meeting went fine. It is definitely something we will have to do in the future, as our event is gaining traction. Another thing to think about is that it sounds like we might outgrow Rotary. We may look into Buckley, etc. We have to go pick up fire extinguishers, etc. and email the lady from the City re all of the things to set-up before.
 - Mads: Band deposit is in.
 - Wes to Mads: I sent you a link to the projector.

- **Joe: I think it's just more work right now and I think we have a lot on our plates.**
- **Wes: I would be willing to create the slideshow.**
- **Joe: I need to focus on the annual report and I think next year we should start in June, not July, and do this better for the 50th.**
- **Wes: What is a hard deadline for this poster?**
- **ASAP? Before September 1st.**
- **Hadley: The posters needs to include: Band name: Haro & the Dark, vendor logos, date, time, location, DNF logo**
- **Action Taken: None**
- **Action Required: Ryan L. will contact DPR and the VFW for a quote on chairs/tables/trash cans/recycle bins + Sheryl will contact permit city woman for more info and guidance. + Wes will send a doodle for the next meeting time.**

7:35 X. Strategic Plan Review

- A. Strategic Directions: Update Infrastructure While Assessing Options for the Future
 - **Issues Raised:**
 - **Tabled**
 - **Action Taken: None**
 - **Action Required: None**

7:45 XI. Adjourn

Sheryl made a motion to adjourn the meeting, Wes seconded, motion carried.

Policy Type: Executive Limitations
 Policy Title: B1 – Financial Condition and Activities
 Last revised: July 19, 2023

With respect to the actual, ongoing financial conditions and activities, the General Manager must not cause or allow the Cooperative to be unprepared for future opportunities, the development of fiscal jeopardy, or key operational indicators to be below average for our industry.

The GM must not:

1. Allow sales growth to be inadequate.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Allow growth in ownership and owner paid-in equity to be insufficient.
6. Default on any terms that are part of the Cooperative's loans.
7. Allow late payment of contracts, payroll, loans or other financial obligations.
8. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
9. Acquire, encumber, or dispose of real estate without Board approval.
10. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
11. Use restricted funds for any purpose other than that required by the restriction.
12. Allow financial record-keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
13. Transact capital expenditures greater than \$10,000.00 per month without approval of the Board and fail to disclose said capital expenditures.
14. Fall out of good NCG membership standing nor fall out of line with any applicable national NCG purchasing contract requirements.

Policy Type: Board Process

Policy Title: C1 – Governing Style

Last Revised: July 21, 2022

The Board will govern in a way that (1) emphasizes strategic and proactive leadership, (2) provides clear distinctions of Board and management roles, (3) deliberates in many voices but governs in one voice and (4) in a manner consistent with the Four Pillars of Cooperative Governance (Teaming: successfully working together to achieve common purpose; Accountable Empowerment: successfully empowering people while at the same time holding them accountable for the power granted; Strategic Leadership: successfully articulating the cooperative's direction/purpose and setting the organization up for movement in this direction; Democracy: successfully practicing, protecting, promoting and perpetuating our healthy democracies) In order to do this, we will:

1. Be a strategic leader by focusing our vision outward and toward the future.
2. Ensure effective systems of delegating authority to professional management, holding the use of that power accountable, and clearly distinguishing between board and management responsibilities.
 - a. Observe the 9 Policy Governance principles (Ownership, Position of Board, Board Holism, Ends Policies, Board Means Policies, Executive Limitations Policies, Policy Sizes, Clarity and Coherence of Delegation, Any Reasonable Interpretation, Monitoring)
3. Maintain team discipline, authority and responsibility.
4. Practice the habits of a successful democracy.
5. Obey all relevant laws and bylaws.