

Draft Board Meeting Minutes 4/8/20 7 pm (Zoom meeting)

Present: Ann, Jono, Sam, Jeff, Karen, Martin, Julio, Jean (late); Absent: Danielle, Lori Lynee

Approval of Minutes of 4/1 Meeting by Karen Traub Motion unanimous to approve minutes.

Set Time Limit for each Agenda Item below, Add any Items. Ann will take Minutes and act as Timekeeper

Agreed that Meeting should only be 1 ½ hours..

Re Paul: Board recommendation is that he not be expected to be at Board meetings (but welcome to come), and that instead he be asked to look at the Committee meeting notes and give feedback if relevant. Jono will convey this to Paul.

Jono: Time for editing the Board meeting Notes (which include the Committee meeting notes) is just before the Board meeting, then start next meeting with Template in the Board Meeting Notes Google Doc folder.

Martin: People can Accept Zoom link into Google calendar, and that way save time finding the link. Julio was accidentally sent the wrong link, Jono apologized.

Times were set for each part of Agenda, listed after topic (We did not keep to all these times!)

I. Turnaround Plan (10min) (Jono)

Each committee should add their piece for turnaround.

Ann questions what specifically should go in to the Committee Notes vs. the Turnaround plan?

Jono: Please get a draft to me from your committee for the Turnaround Plan by this coming Monday. This is a plan for Fundraising, communicating to the public what we are up to vs. the Weekly Updates which are internal to Committee notes in the Google docs. These should be just a few bullet points.

Jono: First phase for the Turnaround plan are plans through the Corona Virus (or May 15? Or spring?) For Communications and Member Outreach/Events committee, events are on hold but will be pursuing in next phase, and in the meantime this is how we are in this first phase getting out the word of our short term and long term plans Go ahead the write what vision for the next phase. Short and Long Term visions, e.g. out to 6 months.

1 -2 pages for each committee should be submitted.

Re Karen, her committee notes already include what could be in the Turnaround plan!

Jean checks in to meeting!!

II. Finance Committee Report (Jono, chair) (15min)

Jono: Last week was best yet. Over \$9K for week and daily average up to \$1200.

Process: We will just focus on items that want to comment or question from the Committee notes that have been posted before each Board meeting. Any questions on Finance committee report?

Jeff: Re \$9K, can we have details in where we are making that \$\$?

Jono: Can't answer that until Susan Walker (SW) the bookkeeper catches up with bookkeeping. Susan Walker is really working diligently, worked with Sam on PPP proposal. There is now an additional person to volunteer with filing eg Sue Richardson. We are now caught up with bills and data entry through February.

Julio: To Jeff's question of where making money, since restaurant sales have diminished, it is clear that the groceries sales are probably driving business. (Later Note from Ann: Don't forget beer and wine!!)

Jeff: What about the \$14K in GoFundMe linked to AW?

Jono: where did you get that figure? That money is already gone, is spent. There are a couple of other donations during the last 2 weeks, less than 2K. We have a challenge to get to that \$\$, will bring up later

Jono: Specific Different Debts discussed in Finance Committee:

1. Town Taxes and GSB request: Delinquent in our taxes. GSB wants us to Suggestion that the first half of these taxes be paid down from our Donations account at the GSB But we need \$\$ on inventory right now. Recommendation from Cory Greenberg is not to pay that \$3K or not. Even if bank requires us to set up an escrow account, it is more important to have the working capital to pay vendors .
2. Amex Credit Card debt (Sam will discuss situation and proposal below)

III. New Business (20 minutes)

A. Discussion of Amex Credit Card Issue (Sam)

Sam: SL Took out Amex credit card thus confusing relation between GM and the President. Important that card remains. Taking out that card contravenes the Code of Conduct that she signed. SL took card out, was wrong but she spent on it. 6 months later, having contravened the accepted relation between the GM and Board that she promised in signing the Code of Conduct, she pushed the truncated Board in November to pass a motion putting the card onto the Board. When Julio became President with the election of the new Board, that card debt devolved on him until Board reversed that motion.

Sam: In talking to SW the bookkeeper about the vendor situation, realized that SL would be the last of debtors to be likely to be paid.

Received the letter from her lawyer asking that he as new President of the Board does not want to take on, either personally or as a precedent for the Board. He has drafted a letter back which he has discussed with Jono, Ann and Danielle. Letter says he and Board will not take on debt, and if her lawyer negotiated down debt with Amex and she agreed to pay off 50% he would try to raise the balance owed Amex.

In discussion between Jono, Ann and Paul and Patty re the priority of paying off Amex card to SL vs. the \$45K debt that Paul is guarantor for for the vendor UNFI (see discussion below), Sam realizes injustice of situation and need for further work on the letter draft. In future he will pass out the draft of letter to rest of the Board, which can be discussed along with our discussion of the draft Board Code of Conduct (the same one that Susan Lynton signed on to in 2018). (Note from Ann: See Board Legal Documents for that draft Code of Conduct).

Sam: We need to ask at GSB whether this will affect our PPP application. Jono left message with Mark Grumoli and will ask about that.

Karen: Mentions that Michael Pill is great lawyer to put on the case. Will reach out to him if Board wants.

Martin suggests the letter should be from the Board rather than Sam.

Question whether it should be turned over to lawyer . His work would cost us

Has the Amex card been cancelled? Yes but the debt is still there, around 13K, and the business (or SL) still needs to pay the interest.

Martin: Likes the fact that she is low on the debtor list but if Sam offers to raise the money to pay off then she will move to the top of the list. Not fair to do this.

Jono: It is a smaller debt and in fairness should be lower priority but a concern is that we are still paying higher interest on it. Likes Martin's view that the letter should come from the Board. Mike Pill as lawyer would be great if on our side, would be great if he would cut us a deal.

Ann: I would go for Michael Pill because very pugnacious, also because of having to deal with the high interest of the credit card payments.

Sam: Would like to be speaking for the Board for this, which is why he wanted to bring it up the contents of his letter response to the Board. Before it goes out, he will bring it back for decision.

B. UNFI debt and relation to Paul Rosenberg (15 min) (Sam and Jono)

In the Agenda Sam had suggested a Motion that The Board of Directors of the Leverett Coop will relieve Paul Rosenberg from responsibility for Debt owed to UNFI.

- Background - the Coop owes UNFI \$45,000 and UNFI has engaged a collection agency to recover the debt. The UNFI account was established by Paul and Julie Engels and some other Co-op members long in the past but they and others remain on the account as guarantors.
- Note: Ann drafted a Board resolution to this effect which she sent to the Board for discussion. Julio had objections and both Ann and Julio suggested re-writes.

UNFI debt: Jono asked Ann to summarize advice from Coop lawyer Pat Deluhery regarding this past debt, given Paul's status as guarantor and conversations with Patty and Paul concerning the importance of the Board prioritizing this debt payment. Deluhery agrees (as does Cory Greenberg) that Apple seek out back door to contact UNFI. In the Finance committee meeting it was agreed that Apple try to contact relevant bookkeepers from some local Co-ops who could reach out to their counterparts at UNFI. Deluhery thinks direct negotiations with UNFI are a long shot since they most likely have made a contract with the Collection agency to do their negotiations for a fee. It was recommended that Board officers contact Collection Agency as soon as possible to negotiate debt payments after the 5 days this week that Apple will use to try to establish the back door route.

Deluhery thought it important that the Board develop a Resolution that stated the context of the UNFI situation with Paul as guarantor and indicate that in the light of his exemplary service at present for the Board that we intend to try all means necessary to resolve this issue and

financial threat to him. As a result, Ann, with the help of Danielle, created a draft Resolution (see attached and in Board legal documents folder) following Deluhery's recommendations.

Discussion of this resolution followed.

Martin: Why is Paul a guarantor? Sam answers that Paul and Julie Engley were made the guarantors of the UNFI account 20 years ago.

Jono: Doesn't understand why. Some artifact of retail business. Important that Patty and Paul want assurance from the Board that we are developing a plan to cover him for the UNFI debt. Also Paul sees UNFI as a key distributor since they have lower prices. At the same time we are lining up other distributors, We need to find a way to reduce Paul and Patty's shopping load

Julio: We need to outline carefully. In retail when you go into contract with a big contractor they will request a guarantor for a large order. The reason why is that UNFI holds individuals responsible so they are assured of their money. Unfortunately the only way the individuals could be released is through UNFI. They will never release these individuals just like Credit Card companies will not unless the guarantor is replaced by other individuals. The only way to do that is to replace him in the guarantor standing. But none of us want to do that.

- We can't alleviate Paul or Patty from either this past or present debt. \$13K owed as fees, and owe \$32K.
- We can say that the Coop is responsible for this money. We can say that the Coop is responsible for paying down the debt but we don't want the individuals on the Board to become the guarantors.

Sam: It must be possible that a person could be removed as a guarantor!!

Julio: We should involve an attorney on this, e.g. Michael Pill. We should work carefully on the wording and we should pass this resolution in a careful way. We need the solid skinny on this and understand the dangers and binds that we might accidentally get into.

Martin: I would not take on guarantor debt. If we are going to do this resolution, why pick out just one guarantor, e.g. Paul, shouldn't we include all of the guarantors?

Julio: I agree with that, we should be adding those other names

Jono: Consider the context, Paul and Patty saw all this negotiation on Amex card and not the UNFI debt. The whole point is to alleviate their concern.

The worst case scenario is that we have to sell off building and in this case Paul and Patty would not end up paying debt because UNFI would be paid off there. What Paul and Patty care about is our Board support that they will be covered.

Karen: Question tonight is not taking on responsibility for the debt, not a legal resolution, it is a moral commitment.

Ann: We need to pass some motion tonight or we will be letting Paul and Patty down. I showed Patty the draft resolution after an intense discussion with her about their concerns and they are counting on us to do the right thing. Agree with Karen that we need to make a moral commitment tonight and pass some version of the resolution.

Jono: We have a plan for being in touch with UNFI and Collection agency and negotiating a payback or settlement of our debt. It is also key that we work out a plan to start paying them since Paul believes that they should be our major distributor because of cheaper costs and more products. We have to start relieving Paul and Patty soon from the continual re-stocking they are burdened with.

Martin raised question of Julio's rewrite or Ann's rewrite of the resolution to vote on. Ann replied she did not see Julio's rewrite, was not trying to upstage it. Jeff read Julio's rewrite to all. After some discussion Martin moved the Motion to accept the revised resolution, Ann seconded and it passed unanimously.

Motion is attached to these Minutes below.

IV. Other Committee Reports:

Questions, Votes, Decisions on Other Committee Reports (see other committee reports in Google docs link Jono sent): Are there any decisions Board needs to make on other committee proposals?

1. Volunteer Committee (Sam)

Karen and self are major volunteers, Roxanne and Danielle some shifts. Always room for more volunteers. Did notice that were other volunteers for kitchen, didn't catch names

Jono: Liam is back on as paid staff in kitchen and Paul feels he is really solid.

Note about Paul and Sunderland Farm Collaborative pick-up service. Paul will try to negotiate a fee or donation for all his work coordinating people's pickups Weds and Saturdays.

2. Fundraising Committee (Karen)

Karen summarized the Notes on Fundraising efforts that are listed in the Board Meeting Notes google files. There was a discussion of problems with the old GoFundMe account that Ann Walsh has not given us access to because of a forgotten password and Alex Phillips is not easily available. Frustration discussed at the need to create new GoFundMe campaign for our 20K equipment goal that is being hampered by this. Some discussion by Julio and others as to whether it is worth keeping and updating the old account because of benefits we may get from GoFundMe or not. Sam will persist in trying to get access from Ann Walsh to update it.

3. Infrastructure Committee (Martin)

Martin summarized the situation with removing the old freezer, freeon and scrap metal removal and costs. We need someone to volunteer to take the old freezer out in exchange for the scrap metal, maybe taking the rest to Transfer Station. Board view was that this would be the best option as long as there is volunteer insurance to protect against liability, which Jono says we have. Someone suggested we should have the volunteer sign a statement that they are volunteering to do this work, to be on the safe side.

4. Communications/Outreach/Events (Jean)

Jean says to send her whatever needs to be posted on Mail Chimp regarding Infrastructure requests and other communications and she will send it out. Otherwise nothing to report except what has been reported in the Google docs.

5. **Proposal for Agenda for Next Meeting:** Draft of Individual Board Ethics statements for members to consider, approve and sign. Ann will introduce at our next Board meeting. Please check out Draft which will be posted in Board Google files under Board Legal Documents.

Respectfully submitted:

Ann Ferguson, Clerk

Addendum:

4/8/20 Draft Board Resolution (Passed Unanimously)

WHEREAS, the Leverett Village Co-operative Board of Directors wishes to acknowledge the indispensable volunteer service that Paul Rosenberg and Patty Townshend have provided to the business for the last two months, which unpaid labor has allowed the store to re-stock its products, remain open and earn revenue; and

WHEREAS, when Paul Rosenberg came on as a paid General Manager in 2000, and the business was required to name guarantors for the debts that the corporation might incur with Unified Natural Foods Incorporated (UNFI), Paul Rosenberg was listed as one of several guarantors; and

WHEREAS, not many of the other member-owners who were named as guarantors are still present to assume any debts owed to, but are still legally responsible to UNFI; and

WHEREAS, during Paul's tenure as the paid General Manager, there was never any debt owed to UNFI that was not promptly paid back: and

WHEREAS, a large debt was incurred by the management of the business after Paul had resigned and prior to the election of this Board, which debt was not paid back by that previous management;

RESOLVED, that the Leverett Village Co-operative, through its Board of Directors, hereby commit to ensuring, (through whatever manner is necessary), that Paul Rosenberg be absolved of any financial responsibility for the UNFI debt, and that the Leverett Village Co-operative assume all financial responsibility for satisfying the UNFI debt.