

Board of Directors Meeting

December 14, 2005

APPROVED

Ashland Food Cooperative
237 North First Street
Ashland, OR 97520

Board members present: Erik Wallbank, Joe Golton, Herb Heiman, Glenn J. Hill, Richard "Ric" Sayre and Serena St. Clair. Board members absent: Gwyneth Bowman Others present: Richard Katz, General Manager; Christina Oliver, Financial Manager; Kevin Bendaw, Staff Council Liaison, Vicki Fox, Owner. The meeting was called to order at 5:30 p.m. by facilitator, Erik Wallbank.

1. Announcements:

Joe Golton asked the Board's okay to give copies of budgets being discussed to owners attending board meetings, if they were given back at the end of the meeting. The Board had no objections.

The evaluation forms for the Board and Officers were passed out. Erik requested that they be filled out and returned by 12/23 to Ric Sayre's folder so that the Board Development Committee can collate the results and hand them out to the Board by the January meeting.

Erik requested that Board members who have not already done so, give him feedback regarding the consensus policy.

2. Check In: Done.

3. Agenda Review: The agenda was reviewed, amended and accepted.

4. 2006 Budget: The board reviewed the following Finance Committee proposal:

The Finance Committee proposes raising the labor cap .25% to 22.25% of sales to support increasing pension costs as a percent of sales to .65% of sales effective January 1, 2006. This is to support increased 401(k) matching from 3% to 5%. The Finance Committee also recommends a continued focus on maintaining AFC's industry-leading productivity as measured by sales per labor hour to fund further wage or benefit increases.

This will support AFC remaining competitive versus all current and future competitors. The board should consider adopting industry-leading productivity as a strategic priority.

Herb Heiman made the proposal to the above, and the Board reached consensus.

The Board also decided to decrease one department's margin target in order to fulfill the pledge to owners to take savings from the senior discount and put them into basic pricing. A further margin adjustment will be made after the December figures are in and reviewed.

The Finance Committee will go over the capital budget at its January meeting. The final 2006 budget will be presented at the January Board meeting after the capital expense budget is discussed and gross margins are finalized.

5. 2006 Goals: The Board adopted the following organizational goals for 2006 (amended from the October minutes):

1. To prepare a comprehensive growth report for the Board by September 2006.
2. To expand our website and internet capabilities to include more direct communication including emailing weekly sales flyer, newsletters, etc.
3. To outline and present on the possible purpose, use and organization of a 501(c)(3) non-profit to fund like-minded efforts.
4. To develop a strategic plan for AFC.
5. To attain organic certification by the end of 2006 for the produce and bulk departments and to conduct an analysis of other departments to determine the feasibility of having them certified organic in the future.

General Manager, Richard Katz, asked that the Board adopt the goals as stated with the proviso that they could be changed by the strategic planning process. The Board reached consensus on the 2006 goals.

6. Minutes Review: The November Board minutes were reviewed, amended and accepted.

The meeting was adjourned at 6:45 p.m. The next regularly scheduled Board meeting will be on January 11, 2006 at 5:30 p.m. with Erik Wallbank facilitating.

The GM report and Committee reports are available on request.

BOARD ACTIONS:

The Finance Committee proposes raising the labor cap .25% to 22.25% of sales to support increasing pension costs as a percent of sales to .65% of sales effective January 1, 2006. This is to support increased 401(k) matching from 3% to 5%. The Finance Committee also recommends a continued focus on maintaining AFC's industry-leading productivity as measured by sales per labor hour to fund further wage or benefit increases.

The Board accepted the following organizational goals for 2006:

1. To prepare a comprehensive growth report for the Board by September 2006.
2. To expand our website and internet capabilities to include more direct communication, including emailing weekly sales flyer. newsletters, etc.
3. To outline and present on the possible purpose, use and organization of a 501(c)(3) non-profit to fund like-minded efforts.
4. To develop a strategic plan for AFC.
5. To attain organic certification by the end of 2006 for the produce and bulk departments and to conduct an analysis of other departments to determine the feasibility of having them certified organic in the future.

Minutes were amended and approved by the Board on January 11, 2006.