

# Board of Directors Meeting

February 14, 2007

## APPROVED

Ashland Food Cooperative  
237 North First Street  
Ashland, OR 97520

**Board members present:** Erik Wallbank, Herb Heiman, Richard "Ric" Sayre, Gwyneth Bowman, Joe Golton, Serena St. Clair, and Danielle Amarotico **Other staff present:** Richard Katz, General Manager; Annie Hoy, Outreach/Owner Services Manager; Christina Oliver, Financial Manager; Kevin Bendaw, Staff Council Representative; and Leslie van Gelder, Board Assistant.

The meeting was called to order at 5:33 p.m. by facilitator, Erik Wallbank.

1. **Announcements:** Richard and Annie will miss the June and September meetings to attend the co-op conferences. St. Mary's School has been doing a research project on the environment. Mary Shaw has represented the Coop at their function. Gwyneth passed out draft samples of the Board recruitment materials which the Board Development Committee will be sending to applicants for the Board of Directors. Erik has been working with the Ashland School District on revising the school lunches. Gwyneth said that she had only gotten two replies to a survey sent to the Board on Board Development and thought that indicated a lack of interest in training. Erik polled the Board and all members agreed to approve a training plan.
2. **Agenda Review:** The agenda was reviewed, amended and accepted.
3. **Owner Forum:** No owners were present.
4. **Review of 4th Quarter 2006 & Year-end In-House Financials and Financial Training:** Christina answered questions regarding the 4th quarter and year-end in-house financial reports. There was a new record set for average basket sales of \$28.74 in December. Our sales growth is slowing down, due at least in part to the increased cost of transportation that we experienced earlier in the year. Joe handed out a summary sheet with financial comparisons for 2002 through 2006 and with budgeted figures for 2007 and asked the Board to take out the previous summary from their meeting manuals and replace it with this new one.

Joe presented a short training on EBITDAP (earnings before interest, taxes, depreciation, amortization, and patronage refunds). This number has remained fairly stable since 2002 and represents the amount of cash available for capitalization and patronage refund. It is important to look at this number because it reflects true operating costs, since depreciation and amortization are formulas and do not represent actual cash expenses. EBITDAP is related to operations and not to the capital structure of the store. It answers the question, "How are we doing operationally?" The disadvantages to EBITDAP are that the number doesn't reflect the success or failure of big capital projects or the amount of

accumulated debt. In order to get a full picture, you would also need to look at your return on investments. EBITDAP doesn't measure good or poor investment decisions. We look for a stable EBITDAP figure from year to year because, if EBITDAP stays even, prices will also remain stable.

5. **Finance Committee Report:** Upon reviewing the results for 2006 and prior years, the finance committee recommended that the board adopt the following financial guideline:

AFC should aim for EBITDAP (earnings before interest, taxes, depreciation, amortization, and patronage refunds) of between 3.5% and 4.5%. This target range strikes a good balance between offering attractive prices while also generating sufficient cash flow to fund future growth requirements. The Board unanimously agreed to adopt the EBITDAP guideline. Joe will include this guideline in the financial policies.

The Finance Committee also recommended that AFC engage the accounting firm of Moss Adams to conduct the 2006 annual audit of the 401(k) plan. The Board unanimously agreed to the request.

6. **Outreach Committee Report:** The Outreach Committee recommended to the board that we hire a professional event planner for the 35th Annual Owner Meeting/picnic and proposed that the 2007 Membership budget be increased from \$2,500 to \$5,000 to make the annual meeting and picnic a gala event. The Board agreed to this increase.
7. **Social Responsibility Draft:** Danielle and Serena asked the Board for feedback on the list of ideas the Social Responsibility Committee drafted of things the committee could track for an annual report. The Board asked the Committee to include something related to the school lunch program, something relating to advocacy that would reflect the Co-op's higher standards and would help differentiate the Co-op from other natural food stores, and something celebrating our successes. The Committee's next step will be to make a final list and add measurements. Joe asked that the report include a section pinpointing areas which need improvement. The Committee is also working on creating a vision statement for the Board to review and adopt.

Serena asked the Board to help set a deadline for their 2006 Social Responsibility report. Since the report is mailed out to the owners on Monday, June 4th, the Committee needs to get the 2005 spreadsheet which has the criteria that were measured for 2005 and the numbers for the 2006 report by the end of February. The draft report will be due by mid-March for review by the Board.

8. **Strategic Plan Goals for 2007:** The Board agreed to add the following objectives to the Strategic Plan Goals for 2007:
  - o Explore having a store credit card. (Finance Committee)
  - o Research relevant training for Christina on accounting for expansions (Finance Committee)
  - o Coordinating quarterly dinners for owners (Outreach Committee)
  - o Staff an information table in store w/Board members (Outreach Committee)

- Develop and implement a BOD Education/Training plan to improve leadership skills (Board Development Committee)
- Devote some of the training hours to a Directors/Management workshop on a subject of mutual interest (Board Development Committee)
- Develop and implement a plan to enlist and recruit qualified Board candidates (Board Development Committee)

The Social Responsibility committee will bring a goal to add by the March meeting. Committees will be responsible for adding who is responsible for their goals and dates of completion for them.

9. **GM Evaluation Tool:** The Board discussed ways to make the evaluation tool work better and asked the Board Assistant to make some editing changes to the form. Gwyneth Bowman asked that it be noted that she is really uncomfortable answering non-objective questions that she doesn't have enough information to answer.

After discussion, the Board accepted the GM Evaluation Tool with revisions to be made by Richard and Leslie this year and agreed to revise the GM job description and evaluation forms for the GM evaluation next year. Gwyneth Bowman stood aside from this decision.

At the March meeting the Board will work on a timeline for a new job description and an evaluation tool based on the new job description. Richard will send a copy of his current job description to the Board Assistant to copy for the Board members.

- 10. **Prospective Board Members:** Tabled.
- 11. **2007 Board Training:** Tabled.
- 12. **Growth Committee Report:** Tabled.
- 13. **Review January Minutes:** Accepted as presented.
- 14. **Meeting Evaluation:** Not done.

The regular meeting was followed by an Executive Session.

The GM report and Committee reports are available on request.

#### **BOARD ACTIONS:**

- The Board agreed to aim for EBITDAP (earnings before interest, taxes, depreciation, amortization, and patronage refunds) of between 3.5% and 4.5% annually.
- The Board unanimously agreed to the Finance Committee recommendation that AFC engage Moss Adams to conduct the 2006 401(k) plan annual audit.
- The Board agreed to the Outreach Committee's proposal to increase the 2007 Membership budget from \$2,500 to \$5,000 to accommodate additional expenses for the annual meeting and picnic
- The Board agreed to add the following objectives to the Strategic Plan Goals for 2007:
  - Explore having a store credit card. (Finance Committee)

- Research relevant training for Christina on accounting for expansions (Finance Committee)
- Coordinating quarterly dinners for owners (Outreach Committee)
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- The Board accepted the current General Manager Evaluation Tool for use this year and agreed to revise the General Manager's job description and evaluation tool for 2008.

The minutes were approved by the Board on March 14, 2007.