

Board of Directors Meeting

July 12, 2006

APPROVED

Ashland Food Cooperative
237 North First Street
Ashland, OR 97520

Board members present: Erik Wallbank, Joe Golton, Herb Heiman, Richard "Ric" Sayre, Gwyneth Bowman, Serena St. Clair, and Danielle Amarotico. Staff present: Richard Katz, General Manager; Annie Hoy, Outreach/Owner Services Manager; John Miller, Staff Council Liaison; Christina Oliver, Financial Manager; Leslie van Gelder, Board Assistant. Owners present: Larry Yehudah Roven, shopper.

The meeting was called to order at 5:33 p.m. by facilitator, Erik Wallbank without Ric Sayre and Serena St. Clair who arrived later.

1. Announcements: Herb introduced and welcomed Danielle Amarotico to the Board of Directors. Erik Wallbank read the election results into the record as follows:

ASHLAND COMMUNITY FOOD COOP 2006 ELECTION RESULTS

756 ballots were received

724 ballots were validated with signatures

24 ballots were invalid due to no signatures

8 ballots are undeterminable due to signatures and membership numbers not corresponding with each other.

Of the 724 validated signatures:

David Allen received 188 votes

Danielle Amarotico received 443 votes and will serve a 2-year term

Ruben Davalos received 341 votes

Joe Golton received 493 votes and will serve a 3-year term

Herb Heiman received 438 votes and will serve a 1-year term

Serena St. Clair received 533 votes and will serve a 3-year term

Joe Golton announced that Emile Amarotico was appointed to the Finance Committee. Gwyneth Bowman asked the board members to send her their biographies by August 1st. All Board members signed the Code of Ethics statement for 2006 and gave them to the Secretary to be kept on file.

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

3. Owner Forum: Larry Yehudah Roven, shopper, read a letter to the Board requesting that the Co-op provide diabetic exchange information on the labels on the deli products. Erik Wallbank asked him to submit his letter and request to the General Manager and the Board President who will respond to his concerns.

4. Staff Council Report: John Miller, the new Staff Council Liaison introduced himself and reported that at their last meeting staff council worked on the Staff Director's job description and is satisfied with it. Staff Council is also working on their next election. The Board asked John to bring a job description for the Staff Council Liaison to the next meeting.

5. Board Officer Elections: Erik passed out ballots for Board officer positions. The election was held according to the policy on the "Nomination and Election of Officers" passed by the Board at the June meeting.

The results are:

- President: Erik Wallbank/7 votes
- Vice President: Herb Heiman/7 votes
- Secretary: Gwyneth Bowman//7 votes
- Treasurer: Joe Golton/7 votes

6. Board Committee Chairs: The following Board members will serve as committee chairs:

- Finance -- Joe Golton, Chair
- Management Relations – Erik Wallbank, Chair
- Social Responsibility – Serena St. Clair, Chair
- Board Development – Gwyneth Bowman, Chair
- Growth Committee – Erik Wallbank, Chair
- Outreach – Herb Heiman, Chair

The Board discussed and Serena St. Clair proposed having each Board officer chair a committee with the Vice President automatically chairing the Outreach Committee and the Secretary chairing the Board Development Committee. The Board unanimously agreed to the proposal and the updating of the Vice President and Secretary job descriptions.

The Board will make a decision about which member of the Social Responsibility Committee will be given a 15% discount at their next meeting.

7. Secretary Job Descriptions: The proposed job description will be amended to add, "11. To serve as Chair of the Board Development Committee." Serena proposed that one of the duties of the Vice President be to serve as the Chair of the Outreach Committee. The Board agreed to add these duties to the Vice President and Secretaries job descriptions.

Serena St. Clair asked that the Secretary put the Board of Directors' self-evaluations on the Board calendar. The Board agreed to include this in the calendar.

8. Medford Market Proposal: The Co-op received a request from the Medford Market for loan assistance at below market rates. The Finance Committee discussed the request and recommended the following to the Board which approved the recommendation as stated:

In keeping with the principal of cooperation among cooperatives, the Ashland Food Co-op would like to assist the effort to establish a food co-op in Medford in a number of ways, but this does not include lending money at this time. The kind of support that AFC will provide includes:

- Providing advice
- Providing space for articles in the bi-monthly AFC newsletter, "More than Food"
- Share internal training documents and manuals
- Donate AFC equipment that is currently being stored, but is no longer needed
- Provide staff training when the store is within three months of being launched

The Board considered establishing a second location in Medford two years ago and decided an effort to start a Medford store should come from the Medford community, not AFC. The board was also reluctant to invest owner capital into a risky project that would not be of benefit to most AFC owners. In addition to these historical reasons, other reasons not to lend money include:

AFC should not be tying up its money in a large loan when the money may be needed soon to finance a large capital project to accommodate AFC's rapid growth (possibly millions of dollars).

A loan at below market rates could have significant negative tax consequences for AFC.

The loan request was not accompanied by a business plan.

Among those who advocate a modest loan to the Medford Market, the thinking is that a business plan with financial projections should be a requirement, and that it should be structured as a matching loan contingent upon a certain amount of money first being raised from other sources. The current thinking is that under no circumstances would AFC lend more than \$50,000.

Richard and Erik will communicate the Board's decision both in person and in writing. The Board agreed.

9. Financial Review: The Board reviewed the 2005 financial reports. Richard explained how changes in policy for the senior and disabled discounts were made in conjunction with reducing gross margin. In addition to lowered prices on a number of Basic Pricing items and bulk items, AFC began to offer free Basic Pantry cooking classes. Basic Pricing savings were almost equal to the savings realized from eliminating the senior discount, which was the goal.

Richard also discussed the progress the Deli has made in the past year, keeping in mind the physical restrictions our Deli has. In 2006 the growth in Deli sales has been faster than in any other department. Joe expressed a desire to set a target for Deli Department's Margin minus Labor that is several percentage points higher and more in line with other store departments. However, no conclusions or decisions were made about setting Deli targets, or whether setting departmental targets is an appropriate board activity.

Joe passed out a spreadsheet illustrating the AFC borrowing capacity, based on our present situation, but not including projected sales from an expanded store. He also passed out a comparison of where AFC stands in comparison with other co-op's ratios. These figures will be published in the current issue of "Co-op Grocer."

10. Finalize Vision Statement: The draft vision statement was previously approved by the Board at the June meeting and subsequently, the Management Team. It was passed out to owners at the annual meeting for their comment, and two responses were received from owners. Input from staff was mostly positive with a little trepidation about being held to the vague promise of "delighting shoppers".

Gwyneth proposed that the vision statement be accepted as approved by the Board and the Board unanimously agreed. The vision statement of the Co-op is:

- Joyfully working together
- Delighting shoppers
- Enhancing health
- Enriching community

11. Outreach Committee Report: The Outreach Committee met on July 11th and evaluated the 2005 Annual Meeting. A summary of their evaluation will be sent out to the Board by email.

A commitment has been made by Peter Hoyt and Jean Fife to continue for a final one-year term as non-board members of the Outreach Committee.

12. General Manager Report: The Board gave approval for the General Manager to spend \$16,000 on a market research survey.

13. Review June Minutes: The Board reviewed the June minutes and approved them as corrected.

14. Meeting Evaluation: Done

The meeting was adjourned at 9:40 pm and was followed by an Executive Session.

The next regularly scheduled Board meeting will be on Wednesday August 9, 2006 at 5:30 p.m. with Erik Wallbank facilitating.

The GM report and Committee reports are available on request.

BOARD ACTIONS:

- The Board elected the following officers for the 2006/2007 year: Erik Wallbank, President; Herb Heiman, Vice President; Gwyneth Bowman, Secretary; Joe Golton, Treasurer.
- The Board assigned the following committee chairs:
 - Finance -- Joe Golton, Chair
 - Management Relations – Erik Wallbank
 - Social Responsibility – Serena St. Clair
 - Board Development – Gwyneth Bowman
 - Growth Committee – Erik Wallbank
 - Outreach – Herb Heiman
- The Vice President will automatically chair the Outreach Committee and the Secretary will chair the Board Development Committee. Their job descriptions will be amended to reflect this decision.
- The Board approved the revised job description for the Secretary.
- The Ashland Food Co-op will assist the effort to establish a food co-op in Medford in a number of ways, but this assistance will not include lending money at this time.
- The Board approved the Vision Statement:
 - Joyfully working together
 - Delighting shoppers
 - Enhancing health
 - Enriching community
- The Board gave approval for the General Manager to spend \$16,000 on a market research survey.

The minutes were amended and approved by the Board on August 9, 2006