

Board of Directors Meeting

May 11, 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, Gwyneth Bowman and Serena St. Clair. The meeting was called to order at 6:30 p.m. by facilitator, Erik Wallbank. Others present: Christina Oliver, Financial Manager; Annie Hoy, Outreach/Owner Services Manager; Sava Parisi, Staff Council Representative; Ryan Langemeyer, Owner.

1. Announcements: There will be no meeting with the owners on May 12th, and since there will not be a Board meeting in June because of the CCMA conference, the next scheduled meeting with the owners will be on Thursday, July 14th. Annie Hoy announced the showing of "The Future of Food" had a full house. Christina Oliver said that the staff profit-sharing checks for 2004 will go out on May 12th.

Annie Hoy invited the Board to attend the awards banquet on Thursday, May 19 at Wesley Hall at SOU for the 44 recipients of Co-op grants this year.

2. Check In: Done.

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

4. Owner Forum: Ryan Langemeyer reported that the owner group which has requested the opportunity to work with the Board would like to make a presentation at the Board/owner meeting in July. They will use the time to educate themselves about the issues they are concerned about in the meantime. The group has decided to focus on ecologically sound packaging as their first concern. They see that the secondary packaging of food and the deli packaging results in a waste stream leaving the Co-op and want to discuss this with the Board and Co-op management.

5. Staff Council: Sava reported that Russell Phillips, who is the current liaison is out of town. A proposal to compensate Staff Council is being reviewed.

6. Board Office: Serena St. Clair initiated a discussion about the Board Office in the Community Classroom, saying that it is not currently functional or accessible to Board members. She proposed that a table or desk, chairs, and a working phone be installed in the office, as well as a complete Board manual. The Board asked Leslie van Gelder, the Board Assistant, to find out if the Co-op has an extra table and chairs, and to purchase them if not, staying within the Board budget. Leslie was also asked to have a copy of the Board manual made for the office and to buy

an electric teapot for tea at the meetings. Erik Wallbank will make keys to the office for each Board member.

7. Board Consensus Training: Serena St. Clair has talked with several consultants who are interested in conducting training with the Board on consensus decision-making. The Board decided to wait until after the CCMA conference to decide on a date for the training.

8. Outreach: Herb Heiman and Annie Hoy discussed plans for the Annual Meeting and Owner picnic at Emigrant Lake on June 25th. The group needs 20 owners to volunteer to help set up, manage, and clean up after the event. A discussion followed about having tables set up for the Financial Manager and Treasurer, the Product Standards Committee and others.

9. Co-op Expansion: Erik polled the Board members regarding their feelings after last meeting's discussion about Co-op expansion and supporting a start-up of a Medford Co-op.

Joe Golton believes that whether we support a Medford group or not, we will still need to deal with an expansion of the Ashland Co-op within the next ten years if we continue to grow at the present rate.

Christina Oliver expressed concern that although Co-op management has a lot of expertise, they have no extra time with their current workload to mentor a group of inexperienced people in opening a co-operative in Medford. She is also concerned that we may need to be the financial backers of a Medford Co-op since their lack of financial history will make it difficult for them to borrow money from conventional lenders.

Erik Wallbank would like to see the Board form an Expansion Committee to work with a Medford group and to research expansion options for the Ashland Co-op.

Annie Hoy pointed out that there are organizational and financial resources available from the national Co-op banks for start-ups. She sees the AFC Board in a shepherding role to a Medford group, helping them to find the resources they will need.

Erik proposed waiting to discuss this issue further until the General Manager can join the discussion at the July meeting. Joe Golton noted that the Board has not yet done any long-range planning for the AFC. Gwyneth Bowman asked that an item be put on the July agenda to begin work on a long-range strategic plan.

10. Requirements for Board Member Participation: The Board made revisions to the calendar of expectations for Board member participation, adding estimated hours per year for each activity and whether the activity is required or voluntary (table attached).

11. Financial Report, Finance Committee, Patronage Refunds and 2004 Audited Financial Statements: Christina Oliver, Financial Manager, and Joe Golton, Treasurer, presented the 2004 audited financial statements to the Board and answered questions. The Co-op had a very successful year financially, resulting in a total of \$188,572 net savings for patronage refund.

Another \$100,000 payment of principal on the building loan has been made, and the expectation is that the remaining \$67,000 of the loan will be paid by the end of June.

The Finance Committee recommended that the board authorize the profit sharing bonus to employees of \$76,183 for 2004. Regarding the 2004 patronage refund, the Finance Committee recommends the Board adopt the following: Allocate the entire 2004 owner patronage net savings (\$188,572). Distribute 70% (\$132,000) of the 2004 patronage allocation to members, retaining 30% (\$56,572) for AFC.

Allocating the entire patronage net savings is a tax free way to keep some of our surplus profits. While AFC's debt is essentially retired, Finance Committee believes it is prudent to grow a larger cash balance for three reasons:

- 1) Greater flexibility to respond to unexpected crises caused by natural catastrophes, competition, or a protracted economic downturn.
- 2) Certain projects being contemplated have large capital requirements.
- 3) The cash balance will generate income which will enable us to operate with lower operating margins. This is both a competitive advantage and good for our owner shoppers.

The Board accepted the recommendations of the Finance Committee by unanimous consent.

12. Appointing Owners to Committees: The Board discussed the process of selecting owners to serve on committees. It was decided to do a systematic review which would serve for all committees, rather than have standards for term lengths and the selection process. A Code of Ethics to be signed by each owner on a committee will be written by the Development Committee using the Code of Ethics signed by Board members as a model.

The Board unanimously accepted owner Vickie Fox to serve on the Finance Committee.

13. Minutes Review: The April meeting minutes were reviewed, amended and accepted by the Board.

The regular meeting was adjourned at 10:15 pm and was followed by an Executive session of the Board. The next regularly scheduled Board meeting will be on Wednesday, July 13, 2005 at 6:30 p.m. with Erik Wallbank facilitating.

The GM report and Committee reports are available on request.

BOARD ACTIONS:

The Board accepted the recommendation of the Finance Committee to distribute to employees \$76,183 of profit sharing bonus for 2004.

The Board approved allocating the entire 2004 owner patronage net savings (\$188,572). Distribute 70% (\$132,000) of the 2004 patronage allocation to members, retaining 30% (\$56,572) for AFC.

The Board unanimously accepted owner Vickie Fox to serve on the Finance Committee.

Minutes were amended and approved by the Board on July 13, 2005.