

Board of Directors Meeting

May 9, 2007

APPROVED

Ashland Food Cooperative
237 North First Street
Ashland, OR 97520

Board members present: Erik Wallbank, Danielle Amarotico, Richard "Ric" Sayre, Gwyneth Bowman, Joe Golton, and Serena St. Clair.

Absent: Herb Heiman.

Staff present: Richard Katz, General Manager; Christina Oliver, Financial Manager; Annie Hoy, Outreach/Owner Services Manager; Kevin Bendaw, Staff Council Liaison; Leslie van Gelder, Board Assistant.

Owners present: Peter Hoyt, Alex Censor, and Anja Schiller.

The meeting was called to order at 5:35 p.m. by facilitator, Erik Wallbank.

1. **Announcements:** The Board congratulated Serena St. Clair on receiving her doctorate degree. There were many expressions of gratitude for Herb Heiman's and Joe Golton's contributions during their years of service on the Board. They will be greatly missed. There will be no June meeting.
2. **Agenda Review:** The agenda was reviewed and amended.
3. **Owner Forum:** Alex Censor and Anja Schiller attended the meeting to discuss the following agenda item.
4. **Charging for Bags:** Richard Katz said that he has discussed the issue of charging for paper and plastic bags with the Operations Committee of the Management Team. Some questions and concerns arose as a result of the discussion. Richard, Annie and Danielle will meet with Alex Censor and two other owners proposing this change to talk about the concerns. Richard indicated that he hopes there will be agreement on a proposal. If there is, the issue will go to owners in the form of a survey, questionnaire or focus group discussion and then to the Board for approval. If agreement on a proposal can't be reached, the issue will also go to the owners for feedback.
5. **GM Report:** Richard answered questions from the Board about issues in his April report, including the organic certification of bulk foods and produce by Oregon Tilth, the new juice bar, and the deli remodel which should be finished by October.
6. **Review 2006 Financial Statements:** The annual review of the financial statements was late because the CPA was late in getting them done. The Patronage Refund was more than expected, primarily because of the difference between GAAP and tax depreciation. Patronage refund is calculated on a tax basis, and the financial statements are prepared on

a GAAP basis. Other than that, there were no unusual findings. The CPA firm congratulated the Co-op management on their financial work during the year.

7. **Patronage Refund Distribution:** Joe explained the relationship between the patronage refund, income, and expansions. The Finance Committee agreed on a range of patronage refund distribution to recommend to the Board, but could not come to consensus on a distribution percentage because of diverging opinions.

The Board looked at three different scenarios for retaining 40%, 45%, or 50% of the Patronage Refund benefit and the rationale for each of them. The Board discussed the merits of the three scenarios. Gwyneth proposed that we retain 45% of PR. The Board accepted the proposal by consensus.

The reasons for this decision will be presented to the owners in the annual report. These reasons include:

1. We want to maintain approximately 3.5% of patronage total owner benefit, similar to the prior two years.
 2. We want owners to experience good patronage refunds in good years, and we may need to retain a much higher percentage of the patronage refund in years when there is a lot of debt or we are about to incur a lot of debt due to a significant expansion.
8. **Election Process:** Annie showed a mockup of the ballot to be used this year. Ballots will be mailed out on June 4. There are five candidates for three positions. Since Gwyneth is running this year, she cannot be in charge of this election. Ric Sayre will be in charge of the ballot counting which will be done on Sunday, July 1st.
 9. **Cap on Community Grants:** The Board referred this issue to the Outreach Committee and asked them to bring a proposal to the July meeting.
 10. **Declaration of Profit Sharing:** Christina asked the Board to approve \$93,782 the 2006 employee profit-sharing bonus, based on the 2006 financial reports. The Board unanimously accepted the proposal on behalf of the very deserving co-op employees.
 11. **Review 1st Quarter 2007 Financial Statements:** Christina presented the first quarter financial statements and talked about some of the highlights. Sales continue to grow with the 1st quarter sales 10.3% higher than sales for the 1st quarter of 2006. Sales to owners are at a new high for 2007 at 67.6% of total sales. We have 4,763 owners as of March 31, 2007.
 12. **Process to Change GM Evaluation Form:** This issue was tabled until the July meeting.
 13. **Review Changes to GM Job Description:** Erik and Richard looked at the existing GM job description. Erik and Gwyneth made a draft revision and sent it to the Board by email. Gwyneth proposed that everyone review this draft and get feedback to her with a copy to Erik. Erik, Gwyneth, Richard, Ric and Sharon will meet to put together a final draft which will be sent to the Board by email for approval before the July meeting.
 14. **Review Board Self-Evaluation Results:** Gwyneth suggested that the Board Development Committee go over the results of the self-evaluations and bring comments to the Board at the August or September meeting in order to share strengths, areas of growth, and propose some changes. Several Board members were not happy with the questions on the Board Officers Self-Evaluation. Richard suggested that the Board get

outside consultation the Board evaluation in the future. The Board was interested in this possibility, and Erik offered to do some research on it.

15. **Review April Minutes:** The minutes were reviewed and accepted as presented.

16. **Meeting Evaluation:** Done.

The GM report and Committee reports are available on request.