

Board of Directors Meeting

October 12, 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 5:00 p.m. by facilitator, Erik Wallbank. Others present: Richard Katz, General Manager; Annie Hoy, Outreach/Owner Services Manager; Kevin Bendaw, Staff Council Liaison; and owners Ryan Langemeyer, Roy Cruz, and Pam Lott.

1. Announcements: Erik Wallbank announced that he would like the Board to review a Board policy each month. Erik also announced that he and Richard Katz, General Manager, had met with Stephen Bowman regarding a Board planning session which will be on the agenda in November. Kevin Bendaw announced that the hours for the AFC holiday party on December 11th have been changed to 7 pm to midnight. There will be "heavy" appetizers served.

2. Check In: Done.

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

4. Owner Forum: Ryan Langemeyer spoke in favor of the Board forming a 501(c)(3) which could address community issues and serve as a grantmaking body. Roy Cruz introduced himself as a participant in the Medford Co-op group and asked about the AFC markup policy. The General Manager offered to meet with him outside of the Board meeting to discuss the policy.

5. Staff Council: Kevin Bendaw reported that the Staff Council had begun discussing a meal plan with staff but that the issue has been dropped for the time being. He also reported that there is a current election to add another Staff Council member.

6. Review/Audit Schedule: Joe Golton, Treasurer, reported the Finance committee discussion regarding the costs and benefits of reviews and audits. Audits cost approximately \$14,000/year versus reviews which cost approximately \$7,000/year. They also take 2-3 extra weeks of time for the financial manager. At the same time, finance committee sees the benefits of an occasional audit, especially with respect to ensuring adequate financial controls. Therefore, the finance committee recommends to the board the following policy:

AFC will undergo an audit once every 3 years, with reviews to be conducted in the intervening years. 2004 was the first year audited so 2007 will be the next year to be audited. In the event the financial manager or general manager is replaced, an audit will be conducted for the year in

which the new manager begins. For example, if a new general manager was hired to begin March 25, 2033, then year 2033 would be audited in addition to the normally scheduled audit for 2034.

Joe Golton made the motion which was seconded by Glenn Hill and passed by unanimous consent.

7. Financial Report: Sales for August increased 12.8% from sales a year ago. There was an Owner Appreciation Day in August which might account for some of the increase. Members increased by 104 in August for a total of 3,578 members with membership sales making up 54.7% of total sales.

8. Finance Committee: The Treasurer presented the Finance Committee report for the September meeting. There were no questions from the Board.

9. Outreach Committee: Since there was no new business held by the Outreach Committee at the October 4th meeting, no written or oral report was given to the Board. A copy of the meeting minutes will be added to the Board archives.

10. Corporate/Board Calendars: Glenn Hill presented drafts of the 2006 Corporate and Board calendars for review. The Board considered changing the meeting nights to the second Tuesday of each month, but decided in the end to keep the second Wednesday schedule in 2006, but to start the meetings at 5:30 pm instead of 6:30 pm. Glenn proposed that the Board adopt the calendars; Gwyneth Bowman seconded the motion, and it was passed by unanimous consent.

11. Growth Committee: Committee members are Erik Wallbank, Joe Golton, Glenn Hill, Christina Oliver, and Richard Katz. The committee will be an ad hoc committee. The purpose of the committee will be to explore options on how to deal with growth before the store reaches capacity, so that AFC will be more swiftly and better able to respond to growth-related opportunities which may arise. The scope of the committee will be: Information gathering on various options, to aid the board in making decisions related to growth. The committee will gather information and may make recommendations to the board regarding opportunities that arise, the desirability (or undesirability) of various growth options, or rankings of the various alternatives. Both qualitative and quantitative factors will be assessed. Some kinds of information may be kept confidential, especially any discussions involving real estate values.

Glenn Hill moved to approve the purpose and scope of the Growth Committee. Serena St. Clair seconded the motion, and it passed by unanimous approval.

12. 2006 AFC Organizational Goals: Richard Katz presented a list of possible organizational goals for AFC in 2006. After discussion, the Board requested some changes to the initial list and asked that the GM have the management team review the proposed goals before the November meeting. The proposed goals are:

1. Prepare annual growth report updates to continue to explore and quantify various options to meet our growth challenges.

2. Expand our website and internet capabilities to include more direct communication including emailing weekly sale flyer, newsletters, etc.
3. Work with committees and professionals to outline possible purpose, use, and organization of a 501(c)(3) non-profit to fund like-minded efforts.
4. Develop a process for a strategic plan for AFC.
5. Pursue organic certification by starting with the produce and bulk departments as a first step and to conduct an analysis of other departments to determine the feasibility of having them certified organic in the future.

Gwyneth Bowman reminded the Board that the goals should be consistent with the AFC mission statement.

13. 501(c)(3): The Board began a discussion of the possibility of AFC forming a non-profit organization which could take a leadership role in the community. This organization could receive donations, make grants, put on community programs, and serve other functions that might be better split off from the business functions of the co-op. Grants and donations would pay the organization's operational expenses, though start-up costs could be paid by AFC. There are many examples of co-ops forming such organizations nationally. Annie Hoy offered to research some of these and report back to the Board in November. The Board agreed by informal vote to proceed with researching this option and to add it to the 2006 organizational goals.

14. Staggering Board Election Terms: The Board Development Committee presented the Board with the following documents:

- Guidelines for Recruitment, Selection, and Compensation of Non-Board Committee Membership
- Ashland Food Co-op Code of Ethics – Volunteer Committee Member Version
- Application for Committee Membership for Non-Board Members
- Staggered Board Term Proposal

These documents were unanimously accepted by the Board and accompany these minutes.

15. Review of Directors' and Officers' Insurance Policy: The Board reviewed the current Directors' and Officers' Insurance Policy and decided to keep the current policy for the coming year. Erik Wallbank will research the policies used by other co-ops and will report his findings to the Board in November.

16. GM Evaluation Forms: The Board recommended a few changes to the forms designed by the HR Manager and accepted them with the changes.

17. General Manager Report: GM Richard Katz presented his October report and a study he did on organic certification which will be discussed in November. Richard offered to lend Board members a short video he has on organic certification.

18. Minutes Review: The August 2005 minutes were reviewed, amended, and unanimously accepted.

19. Meeting Evaluation: Done

The regular meeting was adjourned at 8:45 pm and was followed by an Executive Session of the Board of Directors. The next regularly scheduled Board meeting will be on Wednesday, November 9th, 2005 at 5:30 p.m. with Erik Wallbank facilitating.

The GM report and Committee reports are available on request.

BOARD ACTIONS:

- AFC will undergo an audit once every 3 years, with reviews to be conducted in the intervening years. 2004 was the first year audited so 2007 will be the next year to be audited. In the event the financial manager or general manager is replaced, an audit will be conducted for the year in which the new manager begins. For example, if a new general manager was hired to begin March 25, 2033, then year 2033 would be audited in addition to the normally scheduled audit for 2034.
- The Board adopted corporate and election calendars for 2006 (attached to minutes).
- The Board voted to form an ad hoc committee with the following purpose and scope:

Purpose: Explore options on how to deal with growth before the store reaches capacity, so that AFC will be more swiftly and better able to respond to growth-related opportunities which may arise.

Scope: Information gathering on various options, to aid the board in making decisions related to growth. The committee will gather information and may make recommendations to the board regarding opportunities that arise, the desirability (or undesirability) of various growth options, or rankings of the various alternatives. Both qualitative and quantitative factors will be assessed. Some kinds of information may be kept confidential, especially any discussions involving real estate values.

- The Board adopted the following documents (attached to minutes):

Guidelines for Recruitment, Selection, and Compensation of Non-Board Committee Membership

Ashland Food Co-op Code of Ethics – Volunteer Committee Member Version

Application for Committee Membership for Non-Board Members

Staggered Board Terms

Minutes were amended and approved by the Board on November 9, 2005.