



## Board of Directors Meeting Minutes

June 14, 2017

**APPROVED**

**Directors present:** Gwyneth Bowman, Gary Einhorn, Ed Claassen, Julie O'Dwyer, Joanie Kintscher, Charlie Douglass, Jeff Golden. **Others present:** Emile Amarotico, General Manger and Abby Lazerow, Board Administrator.

*The meeting was called to order at 6:00 p.m.*

Item #	Description	Discussion	Action
1	Positive Affirmation	<ul style="list-style-type: none"><li>Emile Amarotico led the positive affirmation.</li></ul>	
3	Announcements and Opportunities	<ul style="list-style-type: none"><li>There are still four places available for the June 15 Co-op Basics 101 class. Directors are encouraged to attend.</li><li>The Executive Committee is updating the Board Officer job descriptions.</li><li>The employee barbeque will be held on June 30 from 10 a.m. to 2 p.m. in the employee parking lot.</li><li>The Co-op 45th Anniversary Party is Saturday, September 30 from 12 to 4 p.m. The event will be held in the Umpqua Bank parking lot. There will be a band, beer, and food. The Board may host a table with the birthday cake.</li></ul>	

4	<b>Agenda Review</b>	<ul style="list-style-type: none"> <li>• The GM Goals agenda item was combined with the GM Report.</li> <li>• The proposal for the BDC to create the RFP for the Board Retreat was added to the agenda.</li> </ul>	
5	<b>Consent Agenda</b>	<ul style="list-style-type: none"> <li>• May 10, 2017 Board Meeting Minutes</li> <li>• May 10, 2017 Executive Session Minutes</li> <li>• Board Finance Report, April 2017</li> <li>• GM Goals, 2017-2018</li> </ul>	The Board unanimously approved the Consent Agenda.
6.	<b>BDC Writing RFP</b>	<ul style="list-style-type: none"> <li>• The BDC proposed writing the RFP for the fall Board retreat. The suggested facilitator will be presented to the Board for approval.</li> <li>• The Board approved this proposal.</li> </ul>	The Board approved this proposal.
7.	<b>Owner Feedback on Patronage Dividends</b>	<ul style="list-style-type: none"> <li>• The Board received three letters from owners regarding the request to donate the patronage dividend. One owner believed the Co-op was asking owners to donate all dividends.</li> <li>• The Board Treasurer wrote letters to these owners about how the dividend works and why we retain it for growth and for the business needs of the company. The Treasurer and GM also offered to meet with one owner, but that owner did not respond.</li> <li>• Julie reported she asked about the patronage dividend at CCMA. She found AFC consistently gives back more than newly established and well-established co-ops. Well-established co-ops give 20-25%, and AFC usually gives a 50% patronage dividend.</li> <li>• Emile polled his peers about dividends in 2015, with 13 responses. AFC is #2 behind Port Townsend Co-op, which paid out 1.25% of total sales. AFC paid out 1.1% of total sales. Boise Co-op retained 80%. AFC is far and above the vast majority of cooperatives in giving back dividends.</li> <li>• Julie, Jeff and Gwyneth suggested holding a forum about patronage dividend distribution to inform owners. The owners who wrote the recent letters would also be invited.</li> </ul>	

8.	<b>Virtual Annual Meeting Update, October 25, 2017</b>	<ul style="list-style-type: none"> <li>• The Annual Meeting team met today to continue planning the first Virtual Annual Meeting, scheduled for October 25.</li> <li>• There will also be an in-person meeting at the store on that day, which will be limited to about 30 owners.</li> <li>• A Board Director will serve as MC and will introduce the Board and the GM. There will be a PowerPoint slide show about finances, owner engagement and strategic planning.</li> <li>• Owners watching remotely may participate in a Q &amp; A segment filmed live. The MC will also facilitate this conversation.</li> </ul>	
9.	<b>CCMA Report</b>	<ul style="list-style-type: none"> <li>• Julie O'Dwyer recently attended CCMA. She appreciated the opportunity to attend the conference.</li> <li>• Julie learned vigorous owner membership campaigns are important. New members are lifeblood of active ownership and become the most involved in governance. The Board should discuss making a concerted effort to have an owner drive during October, the month of the cooperative.</li> <li>• AFC is at the forefront of being organic but could build on its capacity to be a force for good in Ashland and in the greater community for social change.</li> <li>• Our Board elections process is ahead of most co-ops.</li> <li>• Most co-ops use policy governance. Emile and Ed noted policy governance works well in a new co-op, framing the boundaries between policy and operations. Our Board shares strategic planning with the GM and the MT. Policy governance is a useful structure to provide guidance for goal setting for GM but to adopt it as a formal structure is not necessary and could become encumbering.</li> <li>• Julie will share a link to all the PowerPoint presentations for the CCMA sessions with the Board. Annie and Julie will discuss CCMA with the Board at a future meeting.</li> <li>• CCMA will be in Portland in June, 2018. This will be a unique</li> </ul>	

		<p>opportunity for all Board directors to attend and to be involved. It is possible the Board could make a presentation about the employee alliance, the Board elections process, strategic planning or the community grants programs. Not many co-ops have such established programs and many would like to learn about ours.</p> <ul style="list-style-type: none"> <li>• To promote membership, the Board was interested in cashiers asking shoppers if they wanted to become owners. Interested shoppers could be directed to the information desk.</li> </ul>	
10.	<b>Finance Committee Report</b>	<ul style="list-style-type: none"> <li>• There were 57 new members in April, up from 17 in March.</li> <li>• The average customer count and average basket was up, yet sales are down 1.6% from a year ago. This could be due to some deflation in the grocery business. Large players are pulling prices down.</li> <li>• Recently there were more non-labor costs, including training, newsletters and computer costs.</li> </ul>	
	<b>GM Report</b>	<ul style="list-style-type: none"> <li>• The Finance Committee has explored other options to using Wells Fargo Bank. Unfortunately, RFCU cannot meet the financial needs of the Co-op and is not interested in building their infrastructure to do so. Emile has contacted the Credit Union Business Group to see if Beneficial State Bank could meet the Co-op's needs.</li> <li>• The Co-op pays higher wages than the Rogue Valley average wage. The average Co-op wage is \$15.41/hour. With the value of benefits at \$3.15/hour, that puts the average Co-op wage at \$18.56/hour.</li> <li>• The Co-op is head and shoulders above local private grocery stores in terms of wages and benefits. The Co-op's entry wage of \$11.00 exceeds the Oregon minimum wage by \$.75.</li> <li>• MT salaries are in line with other co-ops of similar size.</li> <li>• Emile has been investigating alternatives to the current health care program. The Co-op has a self-funded health program. An outside company would cost 20% more.</li> <li>• Melvin Gedde was hired as the new Finance Manager.</li> </ul>	

		<ul style="list-style-type: none"> <li>• Three motorcycle parking spaces were created on First Street.</li> <li>• The food production team will form in July 2017.</li> <li>• Stuart Green identified a Real Energy for America grant to partially offset the cost of solar for the main store. The \$27,000 grant was recently approved. It is hoped the Co-op will receive this funding within several months.</li> <li>• The Co-op is in the preliminary stages of planning to install a solar array on the Barn roof. Initial estimates are that the installation could cover as much as 85% of the power used in the Barn for refrigeration and lighting and offer a payback period of about five years. The cost net of incentives is estimated to be about \$15,000.</li> </ul>	
	<b>Owners Forum</b>	<ul style="list-style-type: none"> <li>• Owner Al Karger asked if it was permissible to park at Umpqua Bank after 6 p.m. He was informed shoppers may park there after 6 p.m.</li> <li>• Owner Mike Kirkwood asked about the patronage dividend letters. He was curious about the goal for the dividends. The Board explained that the patronage dividends are based on the profit margin for the year. 2016 was a good year and the 50/50 split was a fair way to share our success with the owners while retaining dollars for future investment. Legally co-ops must give back 20%.</li> <li>• Owner Aaron Jarvis appreciated attending the meeting. He was interested in learning more about policy governance.</li> </ul>	

The meeting was adjourned at 7:39 p.m.