



**ASHLAND  
FOOD CO+OP**  
— BOARD OF DIRECTORS —

Board Meeting Minutes  
May 9, 2018  
APPROVED

**Present:** Gwyneth Bowman, Julie O'Dwyer, Gary Einhorn, Jeff Golden, Ed Claassen, Charlie Douglass.

**Attending by conference phone:** Aaron Jarvi. **Others present:** Emile Amarotico, General Manager; Abby Lazerow, Board Administrator.

Facilitator: Ed Claassen

The meeting was called to order at 6:04 p.m.

|    | ITEM DESCRIPTION                       | DISCUSSION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | ACTION                                       |
|----|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| 1. | <b>Positive Affirmation</b>            | <ul style="list-style-type: none"><li>Julie O'Dwyer led the positive affirmation.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                              |
| 2. | <b>Owners Forum</b>                    | <ul style="list-style-type: none"><li>There were no owners present.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                              |
| 3. | <b>Announcements and Opportunities</b> | <ul style="list-style-type: none"><li>The Grants Committee recently met and reviewed 39 applications. The Committee agreed to fund 32 organizations, awarding \$26,498 to 32 organizations. Some organizations received the maximum of \$1500.</li><li>The Community Grants Awards Program will be held on May 23 at the Ashland Hills Inn at 5:30 p.m. Charlie, Aaron, Ed, Gwyneth, Jeff, Abby, and Barry will attend.</li><li>The Wegner audit will be emailed to the Board.</li><li>June 13 is last day for owners to submit electronic ballots for Board candidates.</li></ul> |                                              |
| 4. | <b>Agenda Review</b>                   | <ul style="list-style-type: none"><li>Done</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |
| 5. | <b>Consent Agenda</b>                  | <p><b>Consent Agenda:</b></p> <ul style="list-style-type: none"><li>Board Meeting Minutes, April 11, 2018</li><li>Executive Session Minutes, April 11, 2018</li><li>Board Finance Report, March 2018</li><li>Board Actions, 2017</li><li>Board Goals, 2017-2018</li></ul>                                                                                                                                                                                                                                                                                                          | The consent agenda was unanimously approved. |
| 6. | <b>Virtual Annual Meeting Review</b>   | <ul style="list-style-type: none"><li>Jeff, Gwyneth, Ed, Aaron and Abby attended the meeting, along with six owners and five managers.</li><li>This was the second time the annual meeting was conducted virtually. The video will be available for all owners on the website.</li><li>Emile and Ed did a wonderful job putting the presentation together. The process offers a way to synthesize the year's successes. The process will be refined over the next few years. It would be good to attract more owners to the meeting. More</li></ul>                                |                                              |

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|     |                                              | <p>signage and communication about the event was needed.</p> <ul style="list-style-type: none"> <li>• The new Marketing Manager may have ideas about the annual meeting and how to engage owners more.</li> <li>• Some Directors missed the picnics. Many owners like more celebratory events, with good food, picnics, music and a sense of community. Perhaps incentives are needed to bring people in. The recent Beer with the Board event had much energy and engagement.</li> <li>• Many owners will be interested in discussing ideas for expansion and the Co-op's future.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                          |
| 7.  | <b>Owners Forum Review</b>                   | <ul style="list-style-type: none"> <li>• Julie created a written summary for owner forum. Much engagement was anticipated, but only 5 owners attended, including 2 candidates. Some managers also attended. Ideas from owners included: <ul style="list-style-type: none"> <li>○ Offer a big shopper discount for purchases over a certain amount.</li> <li>○ Offer a smaller gift card discount for \$50 gift cards. Currently shoppers have to buy a \$100 card.</li> <li>○ Offer a subscription model, with shoppers receiving a certain percentage off if buy a certain amount per month.</li> <li>○ Create an initiative for low income shoppers</li> <li>○ Offer Co-op alliance benefits, with AFC members getting special discounts at RFCU, Grange, and MFC.</li> <li>○ Have a store greeter.</li> <li>○ Offer expanded co-op basics items.</li> <li>○ Reach out to the Hispanic community and make them aware of what we have to offer.</li> </ul> </li> <li>• Julie asked Emile to take the list to the MT.</li> </ul> | Emile will share the list of owner suggestions with the Management Team. |
| 8.  | <b>Elections Update</b>                      | <ul style="list-style-type: none"> <li>• The elections planning process is going well. Candidates have recently been videotaped. Voting takes place from May 23 to June 13.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                          |
| 9.  | <b>MEETING BREAK</b>                         | <ul style="list-style-type: none"> <li>• A two-minute meeting break was taken.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                          |
| 10. | <b>Scheduling June Date for CCMA Reviews</b> | <ul style="list-style-type: none"> <li>• The Board CCMA review will take place on June 23, 2018, from 9 a.m. to noon in the Pioneer Conference room.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                          |
| 11. | <b>Finance Report</b>                        | <ul style="list-style-type: none"> <li>• First quarter numbers were very good and gross margins were up. Wages and labor costs are challenging.</li> <li>• Benefits for first quarter was down \$202,000 favorable to budget. There will be funds for the patronage dividend and some dollars for profit sharing; however there is nothing yet available for the productivity bonus.</li> <li>• The patronage dividend will be 40% with 60% retained for future development.</li> <li>• The average gross basket in February reached an all time high of \$30.17. Many owners utilized 10% off coupons during this month. The average basket dropped down to \$27 in March, but it was still higher than other years. The Co-op has a high concentration of owners dedicated to shopping at the store.</li> <li>• The Board will discuss at a future meeting whether it is possible to start a foundation to raise capital to fund community grants. The Co-op budgets a certain percentage of revenue for grants.</li> </ul>    | The Board approved the verbiage for the patronage dividend stub.         |

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|     |                    | <ul style="list-style-type: none"> <li>The Board approved the verbiage for the 2017 Patronage Dividend Check Stub, with the added words “approximately 1.8%.” The Board agreed to delegate the final wording to Emile and Mel.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                      |
| 12. | <b>GM Report</b>   | <ul style="list-style-type: none"> <li>A fire and liability insurance audit was carried out and the senior consultant was greatly impressed with the Co-op’s attitude about staff safety and risk management.</li> <li>The store HVAC units were recently repaired.</li> <li>Actual labor hours in Q1 were down 7.1%, but the hourly pay rate was up 7% this year. Employees received \$.50 raise and most full time employees receive step raises of \$0.50. While the Co-op pays higher wages each year that make it hard to maintain a productivity bonus, some of this increase goes to employee health care expense contributions.</li> <li>The MT is working on increasing basket size and sales while continuing to manage labor. Safeway is not impacting sales as much as when it reopened.</li> <li>The Spring Assembly was successful.</li> <li>The Board discussed different discount coupon models and the GM discussed their financial impact.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                      |
|     | <b>Board Goals</b> | <ul style="list-style-type: none"> <li>Organizational focused goals:               <ol style="list-style-type: none"> <li>1) The Board discussed owner engagement goals. There has been one forum and one owner-board event and another owner-board event is planned for the fall. It is important not to lose sight for other goals, such as serving low-income shoppers.</li> <li>2) Strategic planning goals are on track. There is still much work to be done and costs still need to be assessed and projected.</li> </ol> </li> <li>Board focused goals:               <ol style="list-style-type: none"> <li>1) There still needs to be a work session to inform the Board about key financial concepts and metrics. The Board requested Charlie and Mel present financial basics and key metrics during the June closed work session. These financial concepts must be applied in deliberations regarding budget priorities and other key financial metrics.</li> <li>2) Current Board committees should be assessed to determine if they are aligned with Board priorities and not overlapping in responsibilities. Options for committee and board structures must also be considered. There are currently 7 committees and 7 directors, and at least one director is chairing two committees.</li> <li>3) The Executive Committee has taken a strategic look at the GM evaluation and is continuing to ensure that the GM’s goals are measurable. Emile has tried to report on all goals on a monthly basis.</li> </ol> </li> <li>The Board suggested that board goals be written in a similar format to the GM goals so they can be followed and tracked. The Executive Committee will work on this.</li> <li>Topics for future discussion:               <ol style="list-style-type: none"> <li>1) Is the structure for productivity bonus and profit sharing the right structure?</li> <li>2) NCG is gathering information about co-op health and key metrics. They report to co-ops through their boards, tailored to the individual co-op’s metrics.</li> </ol> </li> </ul> | <p>The Finance and HR Managers will be asked to attend the September closed work session to discuss labor costs.</p> |

*The meeting was adjourned at 7:46 p.m. Minutes were prepared by Abby Lazerow, Board Administrator.*