

## Minutes of June 2009 board meeting

Held at the Corner Building, Carrboro 6:15 p.m. Wednesday June 17, 2009

### Directors present:

David Rizzo (chair), James Morgan (secretary), Lori Washington (treasurer), Ruffin Slater (general manager), Jacob Myers, Linda Stier, David Bright.

### Others attending:

Andy Sachs (facilitator), James Watts, Curt Brinkmeyer, Christiana Prince (visiting owners)

## 1. Preliminaries

### a) Owner input:

None.

### b) Agenda:

Adopted as circulated.

### c) Minutes:

The Board approved the May minutes as posted.

## 2. General Manager Items

### a) GM Report and Communication to the Board

The GM's general report indicated his plans and timeline for further communication with consumer owners about the change to patronage dividends, more information about owner specials and coupons, and calls for candidates for Board elections and applications for and committee membership of the Cooperative Community Fund. He noted increased price competition between Whole Foods and Trader Joe's. He also reported on staff preparations for the change to patronage dividends, on positive media coverage both locally and nationally, and on participation by himself and other senior management in national cooperative initiatives. He indicated that as a result of owner feedback he was exploring opportunities to bring back in-store seafood service in Carrboro.

### b) Monitoring Report: 2-6 Financial Condition

The GM's report showed continued out-of-compliance items in our financial performance. May had shown a small uptick in sales though it was too soon to tell whether this might be the beginning of a long-term improvement. The report indicated continued progress toward regaining profitability by controlling costs. The Board asked for clarification on the return to covenant compliance indicated in the report and commented on the policy language, asking whether return on investment was an appropriate description of consumer-owner patronage dividend: the IRS considered it differently hence the tax benefit.

*Decision: The Board accepted the Report with acknowledgement of contravention.*

*Decision: The Board agreed to schedule a review of the policy to examine the principle of return on investment in the context of patronage dividend.*

**c) Monitoring Report: 2-5 Planning and Budgeting**

This report contained the GM's three-year plan which anticipated returning to marginal profitability in FY 2010 (beginning July 2009) and to normal profitability in FY2011 with the opportunity for dividend distribution. In response to Board questioning the GM expanded on data summaries in the report and confirmed that sales projections in the report had been established conservatively.

*Decision: The Board accepted the Report.*

**d) Monitoring Report: 2-9 Emergency Management Succession**

The GM's report indicated compliance with the provisions of the Policy.

*Decision: The Board accepted the Report.*

**e) Monitoring Report: 2-10 Treatment of Consumers**

The GM's report indicated compliance with the provisions of the Policy.

*Decision: The Board accepted the Report.*

### 3. Policy Development

**a) Board Policy 2-7 Asset Protection (Disaster Recovery)**

Bruce Meyer the Board's auditor had indicated a concern at the absence of a disaster recovery provision in this policy. The Board had tasked Linda Stier to provide options for addressing this concern. After discussion the Board reached consensus on a new provision in the Policy requiring the GM to maintain a disaster recovery plan.

*Decision: the Board adopted the new provision as item 7., subsequent provisions to be renumbered appropriately.\*

**b) Board Policy 2-3 Treatment of Staff (Staff Support)**

The Board considered and approved an additional provision to this policy concerning the use of subcontractors. A further additional provision to ensure employees are properly supported in their work was considered but the Board was unable to reach consensus for adoption.

*Decision: the new provision 7 addressing employment of subcontractors was adopted.*

*Task: Linda & James were tasked to work on the proposal concerning employee support and bring it back to the July meeting.*

**c) By-laws: revision for consistency with consumer-owner patronage dividend**

The GM and the Board Secretary had circulated a draft revision of the By-laws to establish appropriate provision for the consumer-owner patronage dividend. In the draft, Article III was adapted to provide equivalence in the ownership share provision between the two groups of owners and a new Article IV was inserted to update the definitions of share equity and dividend. The remaining articles were renumbered to suit but no other changes were made. The Board reviewed the proposed amendments for purpose and consistency, and several minor edits to the draft were discussed and agreed.

*Decision: The Board adopted the changes to the Bylaws as amended in discussion*

*Task: The Secretary would circulate and post to the website the Bylaws as amended.*

## 4. Board Process

### a) Draft Board Budget

The Treasurer presented the draft Board budget for FY 2010.

*Decision: the Board adopted the budget as amended in discussion.*

### b) Ownership issues - next steps

The Secretary had circulated two issues for possible Board review which had surfaced from owner comments and asked the Board to propose others to consider for the Board calendar.

*Task: the Board was tasked to propose ownership issues for review.*

*Task: the Chair and the Secretary would calendar selected ownership issues as proposed by the Board.*

### c) Elections Committee

The Chair is working with Mickey Jo Sorrell to confirm membership and convene the committee.

*Task: the Chair was tasked to continue working to convene the committee.*

## 5. Closings

The Board reviewed and confirmed its tasks and decisions and conducted an evaluation of the meeting. The Chair led a vote of thanks to the GM for his thorough and dedicated work on communicating with the ownership concerning the change from discount to dividend. The GM responded with appreciation for the Board's careful work in support of this adjustment.

Agenda items to be scheduled include comprehensive by-law review and review of policy language addressing return on investment.

The meeting was adjourned at 9:32 p.m.