

Weaver Street Market Board of Directors

Minutes of May 2008 board meeting

Held at the Corner Building, Carrboro 6:30 p.m. Wednesday May 21, 2008

Directors present: Jacob Myers (chair), James Morgan (secretary), Lori Washington (treasurer), Ruffin Slater (general manager), Tamara Fetters, Linda Stier, Robert Short
Others attending: Karen Archia (facilitator), Kate DeMayo (notes), Christy Raulli (staff support), Jamie Bort, Eliza DuBose, Mickey Jo Sorrell, Geoff Gilson, Emily Buehler, Dan Duffy, Sarah Kahn, Abe & Kathleen Crystal, Lynn Harmon (visiting owners)

1. Open session with visiting owners

Jamie Bort opened the session with a request that the Board establish an online forum for owners to discuss WSM issues. This was an item that had been suggested in the elections task force process. Responses from Board members indicated they were open to the idea but there was not yet an allocation of Board resources to managing such a forum. This option would not be forgotten as various initiatives were under development to facilitate connections with WSM ownership. Other owner voices suggested that they would like such a forum to include non-board items also.

Eliza DuBose followed up with a question asking what would be the action plan from the Board to follow through on the elections task force report. The Chair responded that the Board would be addressing this in item 4 on the evening's agenda. Eliza was concerned that some of the work in that report might be lost in the winnowing process. Jamie Bort echoed this concern.

Geoff Gilson noted that some of the documentation from the elections task force had not transferred to the new website. Ruffin confirmed that this would be rectified. Geoff also stated that he found the \$2M loan which WSM would shortly be closing to finance the Hillsborough projects "numbing". He was concerned that worker-owner investments were at risk and he asked the Board to look carefully at this item.

2. Preliminaries

The Board approved the agenda including the addition of two consent agenda items as 2.5 on the evening's agenda. The Board approved the minutes of the April meeting.

2.5. Consent agenda - new bank account

The GM requested Board consent to opening an account on Harrington Bank to enable the Hillsborough store to process COD items. Decision: the Board gave its consent to opening the new account.

Consent agenda - loan closings for Hillsborough projects

The GM requested a formal resolution from the Board to close on the financing package for the new store and food house in Hillsborough. The loan financing was the same as had been scruti-

nized and accepted by the Board in previous reports, the final numbers having been adjusted to include closing costs. Decision: the Board adopted the resolution.

3. GM monitoring 2-8: Communication and support to the Board

Following from Item 4 on the May agenda, results of the direct inspection monitoring survey of board members was circulated and discussed. This survey provided data to support the GM's interpretation of the policy which he had supplied previously. Decision: the report was accepted.

GM monitoring 2-6: Financial Condition

The GM presented his quarterly report on the coop's financial condition. Notable was the rolling 4-quarter loss of 0.1% of sales resulting from the one-time pre-opening costs of the two Hillsborough projects. The drop in profitability was not unplanned and would soon return to a positive balance with the generation of income from the new facilities, scheduled to open early next month. The GM also noted that sales growth continued to be negatively affected by new competition in the market area. WSM will be developing an Authentic Foods product line to remedy this adverse impact. The question was asked whether increasing food costs resulting from rising energy prices and fuel surcharges could be expected to impact financial performance. In response it was suggested that these rising costs also affect our competitors and that the extra investments that WSM has already made toward energy efficiency in our operations and in developing local food sources would have a significant role in limiting these cost impacts. The GM said he expected that no condition of financial jeopardy would result from these rising costs.

Decision: the Board accepted the report.

4. Election process

Jacob presented for the Board's consideration a set of options for updating and improving the Board Election process which had been prepared by himself, James and Robert based on the findings of the elections task force. The Board discussed these options and made decisions as follows:

- (1) **Election oversight:** an owner committee would be established by the Board to oversee the 2008 Board election. The committee would have five members, to include one appointed Director, at least one worker-owner and at least one consumer-owner. No one who is running for election nor any member of their immediate family may serve on the committee. Membership of the committee would be determined by the Board within the above constraints in a manner to ensure independence of special interests and transparency to all interested owners.
- (2) **Ballot design:** ballots for election of worker-owner and consumer-owner directors and proposals for their distribution and return would be designed by staff and submitted for approval to the oversight committee. The committee will satisfy itself that the ballot system will be accessible, secure, and in the case of the worker-owner election, secret.

- (3) **Election period:** It was agreed to extend the election period to close seven days after the date of the Annual Meeting in order for owners to have meaningful opportunities to meet and question candidates at that meeting prior to making their voting decision. *It is noted that the Board will need to make a bylaw change to formalize this decision.*
- (4) **Ballot count:** the ballot count will be conducted by the oversight committee within seven days of the close of the election. Each candidate or their designated representative will be entitled to attend the count and each shall be given sufficient notice of the date and place of the count. The result of the count will be published immediately.
- (5) **Election challenges:** only candidates may challenge the result of the election and must do so within 24 hours of publication.
- (6) **Election disputes:** the Board will investigate and make the final decision in the case of a disputed result, with any sitting director who is party to the dispute recusing himself/herself from the process.
- (7) **Election manual:** the oversight committee will report back to the Board following the election with the object of debriefing this process and developing a standard manual for subsequent years.
- (8) **Board Policy 4-15:** Add a fifth bullet to the initial list of values, to read:
 - “fairly and consistently conducted elections with a process to ensure accountability to owners”

and add a section five to the end of the policy to read:

- “5. To ensure the integrity of the co-op’s elections in accordance with the values listed above, the Board shall develop an elections manual. The materials in the manual shall provide detailed information to Board committees, co-op owners, and co-op staff about how elections are conducted. The materials in the manual shall be reviewed at least annually following the election, and updated as necessary to ensure they comply with Bylaws and this policy; accurately reflect how elections are conducted; and provide guidance to committees, owners, and staff.”

5. Board Budget

Lori handed out a revised budget sheet with updated 2008 figures. She noted that a letter had been received from our auditors Wegner LLP indicating that their fees would increase from \$6,900 to \$18,000 in 2009 as a result of a) new regulations from the federal government and b) the upgrade from the financial review conducted in previous years to a full audit as required by the new loan package for the Hillsborough development.

Decision: the Board agreed to accept Wegner’s proposal for the 2009 audit and approved the FY2009 budget as amended to include the additional \$11,100 audit costs.

6. CBLD options

Jacob led the Board in discussing the Cooperative Board Leadership Development Program run by Cooperative Development Services. We have not subscribed to this program in the past be-

cause it has been oriented toward less experienced boards but the program may be reaching a level where it has significant value to us especially in the area of further developing with the owners our vision for the future. The cost is around \$5,000 per year and it includes monthly support to the Board chair and a one day Board retreat. Jacob and Ruffin would explore this option further and report back to the Board.

7. Closings:

Tasks and decisions

- The Board reviewed and confirmed its tasks and decisions

Owner linkage, highlights for Board newsletter

- call for interest in elections oversight committee

June agenda planning

- Add in to preliminaries time for questions from the Board to the GM on his monthly counsel and communication report.
- Allow time for reporting back on IPGA in June and on CCMA in July

Special requests for staff support:

- input from Christy is requested on expected time commitment and possible compensation of members
- ensure that all elections task force material is posted on website

Evaluation

- Again a good owner turnout as visitors to the meeting
- Responding to owner questions: timely vs considered?
- Timely response to task force report: moving right along
- Are we missing anything from that report?
- Thanks to Karen for stepping in as facilitator. Great job.

The public session of the meeting was adjourned at 8:45 p.m.

8. Executive Session

The Board went into executive session to discuss appointment to the Board position soon to be vacated by Tam.