

Weaver Street Market Board of Directors

Minutes of October 2008 board meeting

Held at the Corner Building, Carrboro 6:15 p.m. Wednesday October 15, 2008

Directors present: Jacob Myers (chair), James Morgan (secretary), Lori Washington (treasurer), Ruffin Slater (general manager), Linda Stier, Robert Short, David Rizzo.

Others attending: Andy Sachs (facilitator), Kate DeMayo (notes), Geoff Gilson, Eliza DuBose, Mickey Jo Sorrell, Dan Duffy (visiting owners)

1. Preliminaries

a. Open session for owner input

Geoff asked for clarification of a line in the September minutes and timing of owner surveys. It was confirmed in response that the reference in September Minute item 4.a to “inappropriate barriers” referred to unneeded legacy items in the by-laws that might obstruct the GM in fulfillment of Ends, and that full owner surveys were normally conducted every two years.

b. Agenda

The agenda was accepted.

c. Minutes

Minutes of the August 20 meeting were approved with one correction.

2. General Manager items

a. Communication and counsel to the Board

The GM reported that a new Subway at Southern Village had eroded our lunch sales there. Whole Foods in Chapel Hill was in the process of expanding its store and parking lot. The deteriorating global financial situation appeared to be showing a negative impact on sales for WSM and its competitors. The GM answered questions on sales figures shown in the report.

The Carrboro store has been spruced up and reset with taller shelving comparable with the other two stores. The new local grass-fed and pasture-raised meat line has been introduced at all three stores. About 60 consumer-owners had toured the Hillsborough Food House and the general response had been very positive. Logistics of Food House activities and deliveries to the stores continued to improve. Employee input from recent general unit meetings had been posted for Board reference.

b. Consent Agenda.

The GM requested that the Board authorize additional signatories on an account used for COD payments on beer and wine deliveries as required by state law. The Board instructed the Secretary to sign the resolution on its behalf.

3. GM Monitoring Reports

The General Manager presented the following regularly scheduled monitoring reports to the Board:

a. Ends

This report was brought back from the September meeting with additional information on employee empowerment and fulfilling work experience. Decision: the Board accepted the report.

b. 2-1 General Manager Constraint

WSM Board Policy Policy 2-1 describes overall constraints placed on the General Manager to ensure the organization's activities are conducted in a legal, prudent and ethical manner. The report provided evidence and indicated compliance with the provisions of this policy. Decision: The Board accepted the report.

4. Policy Review and Development

a. Review of Policy 2-11, Owner Investment & Return

The Board returned to this discussion continued from the September meeting. Aspects of discussion included adherence to owner values, meeting owner needs, alternative means of offering ownership benefit, and fairness between ownership groups.

Policy 2-11 is based on the work of the 2005 owners task force specially constituted to look at ownership values around this issue. The resulting policy pointed up an anomaly with current practice but a survey of owners conducted later that year did not support a change from the point-of-sale consumer-owner discount system. However the volume of response to the survey was less than overwhelming and the results could not be considered conclusive. Since then, up to the present financial year, the GM has managed to balance the financial value of ownership return between the two groups reasonably well but the disparity of risk implicit in the present system has resulted in failure to achieve that balance in FY 2008 and in view of the present downturn in sales growth it was suggested that the coop is unlikely to achieve better results in FY2009.

A change to patronage dividend to consumer-owners would remedy this anomaly but is not consistent with a provision in the current by-laws. This provision would have to be amended before any such change to owner benefits. The Board has authority to change the provision if it sees fit and the GM was asked to seek legal opinion on this clause in relation to our cooperative status under NC state law.

There was discussion of whether the discount was such a central part of WSM culture that it should be accepted as a given, or if it should be treated as simply another aspect of operations that must be required to conform to owner values as expressed in Board policy. If the discount system is to be changed what would be the process and what would be the respective roles of Board and management in that process? How would the approach to the ownership be made on this clearly sensitive issue? Should the discussion be framed as one of maximizing returns to stakeholders or as one of consistency of practice with

values? Reference was made to the Brett Fairbairn article on linkage, transparency and cognition within cooperatives that stressed the importance of owner benefits that are directly linked to the coop's financial performance. This would be consistent with a culture of linkage that perceives the coop and its owners as a continuous whole rather than as stakeholders with divergent interests.

Tasks: before the next meeting the GM would get legal opinion on the bylaw clause concerning patronage dividend, Linda would research practices at other coops, David would collate economic data and interpretation, and all directors would review the Fairbairn article.

b. Interpretation of Policy 4-3

This item would be further developed by the Board through online discussion.

5. Board Development

a. Annual Meeting

Agenda planning for the annual meeting was finalized.

b. Election Update

The Elections Committee has done a thorough job of not only preparing for this election but also getting a head start on preparing an elections manual for future years. Final details of ballot security were confirmed and the committee would report back to the Board at its meeting on November 19th.

c. Governance process upgrade

Additional options were discussed on the proposal to meet with Mark Goerhing of Cooperative Development Services for a Board training session under the CBLD program. The standard program cost is \$8,000 per year. Some directors felt this was excessive. Jacob is to obtain further details and share the information online.

d. Calendar

Board retreat is set for January 7th 2009. The November 19 Board meeting will be at the Food House in Hillsborough.

6. Closings

a. Review Tasks & Decisions

The Board reviewed and confirmed its tasks & decisions

b. Inputs into owner newsletter & other owner linkage

Report on Annual Meeting, board election results

c. Special requests for staff support

None

d. Meeting evaluation

Online meeting preparation needs more work - posting reports earlier to allow directors at least a weekend for evaluation and responses before the meeting would make it more

functional - and the GM would be more motivated to post early if more comments were offered. More clarity sought on responses to owner input. David's process questions were helpful.

The meeting was adjourned at 9:30 p.m.