

Meeting Minutes for Weaver Street Market's Board of Directors

May 8, 2024 Meeting

Board Business Meeting, May 8, 2024, online, 6:00 pm to 9:00 pm

Directors attending: James Watts (general manager), Deborah Gibbs (consumer owner), Allannah Hines (worker owner), EmJ Jakubowics (worker owner), Jon McDonald (consumer owner), and Amy Wares (consumer owner). Not present: Anna Cates Williams (consumer owner).

Others attending: Mark Goehring (consultant), Brenda Camp (notes), Mason Chamblee (consumer owner), Kuanyu Chen (consumer owner), Willow Dees (worker owner), Phil Holmes (consumer owner), Amy Lorang (worker owner), Makeda Ma'at (consumer owner), and Yrma Morales (worker owner).

1. Preliminaries

Owner Input: Willow Dees, worker owner, provided an update from the Sustainability Team. She reported that Weaver Street has donated more than 60,000 pounds of edible but unsellable food to hunger relief in our community. She also expressed her appreciation for James Watts hitting the ground running with the Sustainability Team. Dees also suggested that leadership in sustainability may attract potential employees to Weaver Street.

Amy Lorang, worker owner, expressed her appreciation for an email that she received from Allannah Hines about the new feedback system for acknowledging owner feedback at the Board meetings. Lorang expressed that having received feedback encouraged her to participate when she has something to share.

Makeda Ma'at, Executive Director of Grow to Life and consumer owner, expressed her appreciation for this new era with Weaver Street for our continued partnership as the organizations strive to grow, give, and educate. Ma'at also expressed her hope that as we serve different community members in the future, Grow to Life and Weaver Street can collaborate on some of the ideas that she has shared.

Agenda: There were no changes to the agenda.

Minutes: Board Minutes from the March 13, 2024 Board Business Meeting were approved.

Decision: Minutes from March 13, 2024 Board Business Meeting were approved.

2. General Manager Monitoring Reports

a. March General Manager Report

James Watts, General Manager, presented the March 2024 General Manager Report. Watts noted that the store-growth numbers were not extended to hundredths as requested by the Board. He will update the information in the report.

The GM provided the following clarifications about the sales growth data provided in the report.

- The data provided for sales growth by store is always the current time period compared with the same time period the previous year—this is because of the cyclical nature of the grocery industry. Therefore, the current report compared April 2024 to April 2023. The only time sales are compared month-over-month is when a store is brand new. The total

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store growth is a weighted average based on store size. Food House wholesale sales are not included in the sales data provided in this report, but they will be included in subsequent reports.

- The data for the year-to-date sales growth covers the period from the beginning of the fiscal year, typically on or around July 1, through the current month being reported. For this report, the period covered is the ten months from July 2023 to April 2024.
- There are no specific indicators for the lagging sales in Carrboro. The community outbursts about shoppers being towed by Carr Mill Mall have subsided; however, there are certain times of weeks that appear to have targeted hours. The real opportunity to increase sales in Carrboro is to improve the customer experiences.

Watts also provided additional background information about hiring a Columinate consultant as Finance Manager:

- An exhaustive search and interviews produced candidates who are late in their career with high salary expectations. At the same time, Columinate launched a financial manager-on-contract program. The bid for a 1-year contract came in substantially lower than the salary expectations of the candidates, with the added benefit of no benefits to be paid.
- The search and hiring process were in close collaboration with the finance team. No one on the finance team was interested in being a finance manager.
- Weaver Street has a 1-year contract for financial manager services through Columinate. Steven Gearhart is serving as Finance Manager. The contract provides 3 3-month check-ins for fine tuning the work.

James Watts agreed to address the following questions:

- Does a conflict of interest exist between Columinate's consulting role with the Board and Columinate's financial manager contractor?
- What does B6-Staff Treatment and Compensation policy say about entering into employee contracts?
- How does Weaver Street Market's employee handbook apply to this manager as a contractor?
- What does B3-Asset Protection policy say about this?

Task: James Watts will update the April 2024 General Manager Report to extend store growth numbers to the hundredths, and he will share the updated report with the Board. In future reports, Watts will include Food House wholesale sales in the GM report.

Task/Agenda Item: James Watts will review the policies on Staff Treatment and Asset Protection about potential conflicts or issues with Columinate's engagement with the Board and operations and also with guidelines in the employee handbook.

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b. Policy B1–Financial Conditions and Activities Monitoring Report

James Watts, General Manager, presented his Policy B1–Financial Conditions and Activities Monitoring Report. He reported compliance with all provisions of the policy except for Provision 2: Net Profit, Provision 3: Allow Liquidity to Be Insufficient, and Provision 6: Service Coverage Ratios.

Watts provided the following clarifications:

- Policy B1–Financial Conditions and Activities Monitoring Report is a quarterly monitoring report; this report covers Q3 of Fiscal Year 2024 (January through March), so the data does not include April 2024. Watts noted that he had verified with the finance team that all the April payments under provision 9 had been paid on time.
- The \$60,000 accounts receivable write-down was due to error by the previous finance manager: The \$60,000 was an NCG dividend posted as an account receivable when the dividend was declared. However, when the dividend funds were received, they were declared income, but the accounts receivable line was not removed.
- Q4 is likely to be in the black area for profitability; however, the cooperative will certainly show a loss for the fiscal year. The likelihood is that the first quarter of next year will certainly not be profitable, because the July, August, and September quarter has not been a profitable quarter for the 32 years Watts worked for Weaver Street.
- The first action the GM is undertaking to address profitability primarily in the short term is through increased transparency with the management teams and the store operating teams—this is to make sure that everybody knows where we stand.
- The group of owner loans that are coming due during the current fiscal year are not specific to the Raleigh store. Most owner loans have a 5-year term and were initiated with the opening of one of the stores. Many of the loans have been renewed for multiple 5-year terms.

Deborah Gibbs moved to accept the report with acknowledgement of contraventions / Allannah seconded the motion.

Decision: The Board accepted Policy B1–Financial Conditions and Activities Monitoring Report with acknowledgement of contraventions. The report provides evidence that the General Manager has operated within the constraints of this Executive Limitation except for the contraventions indicated in the monitoring report. The Board finds that the rationale for contraventions and the commitment for future compliance to be acceptable.

3. Board Process

a. Changing Bank Signatories

James Watts, General Manager, informed the Board that the retirements of the General Manager, Ruffin Slater, and the Finance Manager, John Berggartt, necessitate Weaver Street

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Market to update the signatories for all of its current banking relationships to enable the cooperative to continue its banking business relationships.

The Board approved the resolution giving the Board secretary, Deborah Gibbs, authority to sign the Board Resolution Documents. These documents are to be provided to the Board.

Allanah moved to approve the Board Resolution / Amy Wares seconded the motion.

Decision: The Board of Directors authorized Deborah Gibbs, Secretary, to sign the Board Resolution Documents appointing James Watts, Jr. and Steven Gearhart as authorized signers and administrators for the cooperative's bank accounts, including NCB (National Cooperative Bank), Truist Bank, Pinnacle Bank, Local Enterprise Assistance Fund and their subsidiaries.

Task: James Watts will place the Bank Resolution Documents in the Board's May 8 meeting folder and inform the Board when the documents are available.

b. Board Budget Report

Amy Wares, Board Treasure, presented the FY2024 Quarter 3 Budget Report for review. Wares noted that expenses were under budget again, mostly due to meetings and events being virtual. She suggested removing virtual events in the FY2025 budget.

Task: Amy Wares will reach out to James Watts and Allanah Hines to discuss items to be removed from the Board Budget.

c. Call for Candidates

Deborah Gibbs presented a draft of the 2024 Call for Candidates brochure for Board review and approval. Gibbs noted that the edits were to make the language more inviting and to provide more specificity about what the Board does.

Jon McDonald moved to accept the report / Allanah Hines seconded the motion.

Decision: The Board approved the 2024 Call for Candidates.

d. Addition of 8th Principle

Allanah Hines, Board Chair, presented an 8th Cooperative Principle for the Board to consider. She noted the B-Global Executive Constraint policy references the Cooperative Principles. Hines proposed that the Board adopt the 8th Cooperative Principle: Diversity, Equity, and Inclusion.

Jon McDonald moved to approve the 8th Cooperative Principle / Deborah Gibbs seconded the motion.

Decision: The Board approved adopting the 8th Cooperative Principle: Diversity, Equity, and Inclusion. Our cooperative values inclusivity and respects the diversity of beliefs and choices among our staff, members, and potential members. We strive to create an inviting environment that incorporates customer input, supports our business objectives, and promotes individual growth. We believe in the strength of proactive engagement, ensuring that everyone has a voice

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in governance, management, and representation within our cooperative. This approach fosters a sense of belonging and empowers individuals to contribute meaningfully to our shared success.

4. Elections Committee

a. Elections Procedure Manual

Kuanyu Chen, Chair of the Elections Committee, presented the 2024 Elections Procedure Manual for the Board's approval. He reviewed the modifications proposed in the draft manual.

Deborah Gibbs moved to accept the report / Allannah Hines seconded the motion.

Decision: The Board approved the 2024 Elections Procedure Manual.

5. Closings

Additional Items: Owner Input

Allannah Hines noted that in the meeting folder she provided a copy of an email sent to attendees from the December through March meetings who provided input to the Board. In the email she acknowledged the Board's appreciation for owner feedback, and she apologized for the delay in responding to their input. She also committed to establishing a process for responding to owner feedback in a timely manner.

Hines provided a brief overview of the process for the Board.

Decisions and Tasks

Meeting Evaluation

6. Board Learning/Executive Session