

Meeting Minutes for Weaver Street Market's Board of Directors

February 2016 Meeting

Monthly Board Meeting, WSM Admin Center, Hillsborough, NC on February 17, 2016, 6:15 pm to 9:30 pm

Directors present: Ruffin Slater (general manager), Alicia Altmueller (treasurer), David Bright (secretary), Jon McDonald (chair), Linda Stier, and Charles Traitor.

Others attending: Andy Sachs (facilitator), Brenda Camp (notes), Hank Becker (consumer owner), and Amy Lorang (worker owner).

1. Preliminary Meeting: Update on the Healthy Food Goal

General Manager Ruffin Slater presented an update on the healthy food goal: “Make healthy eating accessible, tasty, and fun.” The presentation looked at the history of the goal since it was formulated in 2012 and showed close correlations between feedback from owners in the recent Ends survey and comments and suggestions in the early discussions about “what is possible” with the healthy eating goal. The GM presented a vision of how successful movement in this goal would look in 2020.

Envisioning Success in Healthy Food Goal in 2020

Healthy Food Goal within Weaver Street Market

- WSM workers and shoppers are eating more healthfully.
- We have more workers and shoppers.
- WSM provides easy an entry path for affordable healthy eating.
- WSM worker and shoppers understand and are advocates for healthy eating, and they participate in a community-wide effort for healthy food.

Healthy Food Goal within the Community

- Widespread ability to buy healthy food at 1/3 cost and equal convenience with ability to use SNAP and vouchers.
- Widespread ability to get a free prepared meals conveniently.
- Enough healthy food available to supply school, homebound, and other targeted programs.
- Successful partnership and logistics among food groups.

Slater identified a significant missing piece in the work toward the healthy food goal—a clear way of defining and communicating what “healthy food” means to a broader audience with diverse practices and beliefs about healthy eating. He identified a breakthrough approach in David Ludwig’s new book *Always Hungry*, which Slater described as filling in the 15% that’s been cloudy.

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Overview of Ludwig's approach to healthy eating:

Ludwig challenges the conventional view of obesity as a problem of calorie balance—that is, caloric intake minus caloric expenditure equals calories stored as fat. He argues:

The more calories we lock away in fat tissue, the fewer there are circulating in the bloodstream to satisfy the body's requirements. If we look at it this way, it's a distribution problem: We have an abundance of calories, but they're in the wrong place. As a result, the body needs to increase its intake. We get hungrier because we're getting fatter....

As it turns out, many biological factors affect the storage of calories in fat cells, including genetics, levels of physical activity, sleep and stress. But one has an indisputably dominant role: the hormone insulin. We know that excess insulin treatment for diabetes causes weight gain, and insulin deficiency causes weight loss. And of everything we eat, highly refined and rapidly digestible carbohydrates produce the most insulin.

By this way of thinking, the increasing amount and processing of carbohydrates in the American diet has increased insulin levels, put fat cells into storage overdrive and elicited obesity-promoting biological responses in a large number of people.

Ludwig identifies the immediate implications his hypothesis has for public health and the modern food environment:

It would mean that the decades-long focus on calorie restriction was destined to fail for most people. Information about calorie content would remain relevant, not as a strategy for weight loss, but rather to help people avoid eating too much highly processed food loaded with rapidly digesting carbohydrates. But obesity treatment would more appropriately focus on diet quality rather than calorie quantity.

People in the modern food environment seem to have greater control over what they eat than how much. With reduced consumption of refined grains, concentrated sugar and potato products and a few other sensible lifestyle choices, our internal body weight control system should be able to do the rest. Eventually, we could bring the body weight set point back to pre-epidemic levels. Addressing the underlying biological drive to overeat may make for a far more practical and effective solution to obesity than counting calories. (Source: http://www.nytimes.com/2014/05/18/opinion/sunday/always-hungry-heres-why.html?_r=0/)

Slater concluded that we're getting closer to understanding what "healthy eating" means and that it's important to have a model for shared understanding. The goal update led to considerable discussion among the Directors and owners attending the meeting. Highlights include:

- Work on this goal is what being a co-op is about. It's an opportunity to inform our community's perspective about what is "good eating," and it's an opportunity to engage consumers.
- We're positioned to cause something like this to happen, and at the same time make visible what we do uniquely.
- The question of "what does healthy eating mean?" implies being inclusive, initiating a broad inquiry to the whole community, and inviting people to explore what this means.
- Participation needs to include education on healthy eating to empower choices for the individuals, and it needs to include children and ways to encourage them to try healthy foods, such as sweet potatoes.

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- In reinventing ourselves, it is important to consider in how to communicate this and to identify a clear message.
- It's important to continue to offer products that our customers expect, such as our pastries, but we could also evaluate the ingredients used and the amounts and explore different kinds of desserts offered in other cultures that might be healthier.
- Moving to healthier food choices is not a face process and must start where people are. It may be better to transition and offer tastings and classes. An advisory council on healthy eating could give authority to our healthy food offerings.
- The cooperative model may be a viable vehicle for the community food hub being explored by our community food partners.
- Developing healthier foods is an exciting opportunity for engaging departments and increasing sales. For example, changes in WSM's whole wheat bread led to significant increases in sales.
- There are a number of local resources available on healthy eating, including Linda Watson, who focuses on "wildly affordable, organic, and local on a small budget."

2. Preliminaries

Owner Input: Amy Lorang, worker owner, expressed concern about the new practice of employees using the last four digits of their social security numbers to enter the Food House facility. She also noted that as a member of the Elections Committee, she would like to see the committee charged with increasing voter participation. Hank Becker, consumer owner and former EC member, concurred.

Agenda: There were no changes to the agenda.

Minutes: Minutes from the December meeting were approved, and decisions from the January retreat were officially noted recorded.

Decision: The Board approved the December minutes.

Decision: The Board approved the revision to the Ends statement to include a "participation clause": A vibrant, sustainable food marketplace—defined by shared economics, shared community, and shared knowledge; driven by widespread and diverse participation; for owners and potential owners.

Decision: The Board elected officers for 2016: Jon McDonald, Chair; Dave Bright, Secretary; and Alicia Altmueller, Treasurer.

3. Board Business

Elections Committee Report

Linda Stier, Chair of the Elections Committee, requested that the Board approve a new member to the Elections Committee: Jim Porto, consumer owner. The Board made the appointment.

Stier then led the discussion of two questions the EC addressed in its 2015 Elections Report, which was presented at the November Board meeting. The first question asked, "What should constitute a 'winner' if there are multiple candidates for a position and no candidate has an absolute majority, and may, in fact, have very few votes numerically or proportionally?" The Directors agreed that *Bylaws* adequately address who the winner is by its statement of a "simple majority." The Directors identified points of consideration as the co-op expands:

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- As the co-op expands to more locations, consider how representation might play out among multiple stores.
- Consider ways to encourage diversification among the makeup of the Board.
- Continue to identify robust ways owners can participate, so that serving on the Board is not *the* way to participate.

The second question asked, “What role, if any, does the EC have in increasing owner participation in elections?” The Directors agreed that the responsibility was not currently delegated to the EC and that as such, the responsibility to increase owner participation belongs to the Board. The Directors discussed the question, and the following observations were made:

- The Board’s policy about electing new Directors identifies a set of outcomes for the elections, but it does not identify an outcome for the voting outcome that is acceptable.
- Participation as an integrated effort needs to include participation in electing Board members.
- It is important for the Board to consider the impact of its resources before delegating the responsibility, which means considering who is best suited for the work, what outcome is desirable, and how it might be benchmarked.
- It is important also to consider whether there could be a conflict for the EC between running a fair election and trying to increase the turnout.
- The online survey produced such a positive response—1,500 owner survey responses—that online voting needs to be considered.

Decision: The Board appointed Jim Porto (consumer owner) to the Elections Committee.

Task: Linda and Jon will look at the question, “What outcome is the Board seeking in voter turnout and where does voting turnout fit within the broader scope of *participation*?”

Board Candidate Recruitment Committee

Jon McDonald reviewed the activities of the recruitment committee for the 2015 elections and the charter under which it operates. He noted that there were three qualified candidates for each owner election and that the process for recruiting and vetting the candidates was quite effective. According to the committee charter, the 2016 committee will be composed of Directors not up for reelection. The 2016 Recruitment Committee members are David Bright, Charles Traitor, and Alicia Altmueller.

Decision: This year’s Recruiting Committee will be composed of Dave Bright, Charles Traitor, and Alicia Altmueller.

4. GM Reports

December 2015 GM Report

The General Manager answered questions on his monthly General Report. Highlights include:

- **Sales Growth vs. Budget:** We budgeted for 3% sales growth, and that is what we are achieving, both for the October-December quarter and for the first seven weeks of 2016.
- **Increased Competition:** Supermarket News article describes the Triangle as becoming the most competitive grocery market in the Country. New competition includes the entry of Wegmans, Lidl, and Sprouts.

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- **Increasing Purchases from Other Co-ops:** We are working to increase sales of products that we buy from other co-ops, which currently amount to 6% of our sales, up 21% from a year ago. We are having a Celebrate Co-ops event starting February 17 to build awareness of the benefits of co-op to co-op trade. We are also aggressively seeking out new co-op suppliers.
- **Co-op Relationship Management Project with NCG:** One of our biggest priorities is cultivating and deepening our relationship with our owners. This requires that we upgrade our communication infrastructure. We have created a partnership with NCG, our national co-op group, in which NCG will invest in developing the technical infrastructure, and we will serve as a pilot project for the rest of the NCG co-ops.
- **Southern Village Purchase and Remodel:** One of the ways that we can reduce costs is to own our buildings. We have reached an agreement to purchase our store in Southern Village this summer and to build an addition on the front and side of the building beforehand.

Monitoring Report: B1-Financial Condition and Activities

The General Manager answered questions about Monitoring Report: B1- Financial Condition and Activities. The GM emphasized that B1-Financial Condition is a revised policy and that there are some differences in the standards with the revised policy. He reported that sales growth is in compliance according to three operational definitions—sales growth is above last year's when adjusted for food inflation, sales growth is above the industry average, and the co-op is prepared for future opportunities and positioned to achieve reasonable Ends accomplishment. However, the GM noted that sales growth was barely in compliance, and he observed that a decline in sales impacts Ends accomplishment before it impacts fiscal jeopardy.

The GM observed that WSM as well as competitors like Whole Foods have been riding the wave of natural foods, which is rapidly diminishing as big chain grocery stores now offer natural and organic products at lower prices. He noted that one response to this change would be to create a conservative cycle of financial actions. He suggested instead that the co-op needs to reinvent itself and that moving forward with the healthy eating goal is an important step in that direction. He added that new stores will help sales growth.

The Directors accepted the monitoring report. Consensus was that the report was excellent and reflected well on the revisions made to the policy. A Director observed that lower sales data may reflect that the co-op is offering better prices to consumers. Another observed that the revised policy and interpretation lead to greater assurance and that it is helpful to see where the interpretation shifted with the revised policy.

Decision: The Board accepted Monitoring Report: B1-Financial Condition and Activities.

7. Closings

Review Decisions and Tasks

Meeting Evaluation

March Agenda:

- 2016 Q2 Budget Report
- Report on Voter Turnout
- Report on Worker Owner Participation

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8. Executive Session: Real Estate