

Meeting Minutes for Weaver Street Market's Board of Directors

August 9, 2023 Meeting

Board Business Meeting, August 9, 2023, Admin Offices, Hillsborough, NC, 6:00 to 9:00 pm

Directors present: Ruffin Slater (general manager), Allannah Hines (worker owner), Deborah Gibbs (consumer owner), EmJ Jakubowics (worker owner), Amy Wares (consumer owner), and Anna Cates Williams (consumer owner). Not present: Susan Singer (consumer owner).

Others attending: Mark Goehring (consultant), Brenda Camp (notes), Willow Dees (worker owner), and James Watts (worker owner).

1. Preliminaries

Introductions: Attendees introduced themselves.

Owner Input:

Willow Dees, worker owner, asked that the position of Operations Manager be created with direct report to the General Manager and assigned responsibility for supervising and supporting the Unit Managers. She suggested that currently the General Manager is asked to wear too many hats.

Agenda: Item 1c. DRAFT Board Decisions Executive Session 2023 February 20 was moved to the September agenda.

Decision: Minutes from June 14, 2023 Board Business Meeting were approved.

2. General Manager Reports

a. August General Manager Report

Ruffin Slater, General Manager, presented his August General Manager Report.

b. B1- Financial Conditions and Activities Monitoring Report

Ruffin Slater presented his 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. The GM addressed the following questions and observations about the report:

- Deborah Gibbs asked if the owner share equity amount is the only benchmark for consumer owners. She noted that elsewhere in the report owners are identified as the best possible resource for increasing revenue, and given that, she asked if there are efforts to increase ownership proactively.

Slater responded that ownership was being tracked, and efforts were being made to better utilize ownership as a resource for increasing sales. He acknowledged that he could add more about that to the monitoring report.

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- Allannah Hines questioned the accuracy of the figures reported for the 2023 Current Ratio and Quick Ratio. She noted that the Current Ratio is reported as 1.25, but the calculation is 1.24, which makes the ratio out of compliance. Similarly, she noted that the 2023 Quick Ratio is .69 rather than .70, which makes it also out of compliance.

Slater acknowledged that these numbers should not have been rounded up.

- Hines also pointed out that the benchmark for the Debt Service Coverage Ratio in Provision 6 states is “greater than 1.3” rather than “greater than or equal to 1.3,” which makes the Q2 FY2023 ratio of 1.3 out of compliance.

Slater responded that the covenant is 1.3 or above, but that his report does not say “greater than or equal.”

- Hines also questioned why the owner equity amount was \$60,000 under budget.

Slater pointed out that it was over budget—that more shares had been sold than budgeted. He suggested that budgeting consumer owner shares had been difficult to budget during the pandemic but that was changing with focused efforts on ownership.

- Deborah Gibbs asked if the use of gift cards instead of credit cards had been marketed to cut costs from the credit card fees.

Slater noted that previously efforts had been made to promote the use of gift cards and that probably two-thirds of the operating expense could be attributed to card fees.

Anna Williams moved that the Board not accept the report and that the Board request a revised report/Allannah Hines seconded the motion.

Decisions: The Board did not accept Policy B1 – Financial Conditions and Activities Monitoring Report with a request for additional information. The Board requests corrections for the Current Ratio and the Quick Ratio in Provision 3 and the Debt Service Coverage Ratio in Provision 6.

b. B2- Planning and Budgeting Monitoring Report

Ruffin Slater, General Manager, presented additional information for his B2 – Planning and Budgeting Monitoring Report, which he presented at the Board Retreat in July. The Directors provided the following feedback:

- Allannah Hines noted that all the data points for the Raleigh store are lower than the year before, and she questioned that given that the store is in its fourth year, when are we going to fix it.
- Allannah Hines also asked for the source of the additional information provided in the report, and Anna Williams asked how much work was required for the GM to provide the information.

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Slater replied that the information came directly from the Food Marketing Institute reports and that there was no work involved in providing that information. On the other hand, he described the Plan as being a lot of work but that was necessary for operations.

- Deborah Gibbs observed that the information provided in the Food Marketing Institute reports clearly point to components in the GM's plan, including ready-made meals, high-quality produce and meat, and nutritious and healthy options favored by millennials.

Slater replied that the plan also addresses the co-op's internal trends. It focuses on increasing visits and identifying visits opportunities, such as understanding what resonates with young people.

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

Decision: The Board accepted Policy B2- Planning and Budgeting Monitoring Report. The report provides evidence that the General Manager has operated within the constraints of this Executive Limitation.

c. Policy B3 – Asset Protection Monitoring Report

Ruffin Slater answered questions about Policy B3 – Asset Protection Monitoring Report.

- Deborah Gibbs questioned whether in Provision 3, Vanguard with a 3 out of 5 stars rating met the operational definition of being “highly ranked by a national rating service.”

Slater responded that it was a new investment that was added to the report at the last minute and that he would research what was behind the rating.

- Also, related to Provision 3, Allannah Hines asked why we did not move the funds around for more insurance coverage.

Ruffin pointed out that the NCB loan requires us to put the money in their account and that the NCB funds goes up and down, as with payroll. He also noted that health reserve fund is required.

- Allannah Hines noted that in Provision 8 the report shows compliance with the number of owners who shopped during the year. She pointed out that the operational definition for compliance says the number of owners who shopped is “higher than” not “higher than or equal to” the previous year, and that the number is same for 2022 and 2023, which makes it out of compliance.

Ruffin noted that the system used to get the figure is glitchy, but that it's pretty accurate as an average. He subsequently added that the Board would be seeing the number of owner transactions increasing in subsequent reports, that during Covid the focus was on reducing transactions, and that the focus and urgency had shifted back to increasing transactions.

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The Board accepted the report after discussing whether operational definitions 1 and 2 are good markers for the co-op's public image. Slater agreed that he would work more on operational definitions and benchmarks for the next report.

Anna Williams moved to accept the report. Deborah Gibbs seconded the motion.

Decision: The Board accepted Policy B3 – Asset Protection Monitoring Report. The report provides evidence that the General Manager has operated within the constraints of this Executive Limitation.

3. Board Process

a. Board Budget Reports

Amy Wares answered questions about the FY2023 Year-End Report and the Draft Board Budget for FY2024. She noted that the new budget is basically the same as the previous year with a few increases. The following suggestions were made:

- Remove the fee for Zoom since the meetings are now in person and Mark participates through Teams.
- Consider adding costs for meeting translations to make meetings more accessible in other languages.
- Look at the Board Logistics policy to see if Board is supported adequately in technology.

Allanah Hines moved to accept the report. Deborah Gibbs seconded the motion.

Decision: The Board approved the Board Budget for FY2024 with the Zoom fee removed.

b. Additional Note on Dividend Decision

The Board Chair noted that there was no dividend decision for FY2023 as there was no profit.

4. Closings

Decisions and Tasks

Meeting Evaluation

5. Executive Session