

## MINUTES

FBFC Board of Directors Meeting 2-23-15

Meeting started at 5:32 pm and ended at 8:08 pm.

**Board members present:** Justina Prenatt (President), Bob LeRoy (Treasurer) via phone, Jennifer Heeder (Secretary), Sarah Oram, Alanna Hibbard, Pauline Heyne, Kelly Fain, Josh Littlejohn, Rosemary Fletcher, Daav Wheeler

**Board members absent:** Danielle Goldstein (Vice President)

**Others present:** Bobby Sullivan, General Manager (GM); Jean Karpen, Board assistant

### Meeting Summary:

- Community Committee Report
- Finance Committee Report
  - Capitalization Policy approved
  - Policy approved regarding authorized signatures on contracts or binding agreements
  - Schedule of Finance Committee meetings set
  - Plan approved for distributing functions for a capital campaign for FBFC expansion
  - Proposed changes to bylaws reviewed
- GM Report
- Monitoring reports 1.0 and 2.3 reviewed & approved
- Continued work on Policy Manual update
- Executive Session held

### Calendar Dates:

- March 7 & 8 – Organic Growers' School at UNC-A
- March 14 & 15 – FBFC Truck Sale
- March 21 – Co-op Expansion Community Input Meeting – 3 pm, Movement & Learning Center (MLC)
- March 28 – Co-op Cafe at NC Arboretum
- April 25 – Urban Homesteading Fair
- May 1 – Herb Festival at the WNC Farmers' Market on Brevard Rd.
- June 7 – Annual Owners' Meeting – details to follow

**Approve Agenda:** Agenda was approved as presented.

**Minutes of 1-15-15** approved as presented.

**Owner Comments:** none

### Committee Reports:

- **Community Committee**
  1. Pauline has talked with Clare Schwartz, Outreach Coordinator, about how the Board can be of service to her in planning and carrying out co-op events. Suggestions include:
    - generating ideas for events – ideas for speakers and/or topics
    - tabling at events
    - promoting events
  2. Now is the time to start publicizing our Annual Owners' Meeting. GM is directed to do so.
  3. Sarah has been tabling at the co-op on the 5<sup>th</sup> of the month and will continue to do that when possible. One owner suggested a special event for lifetime owners. GM noted that renewing owners get a 10% discount card, but lifetime owners don't have that opportunity, so a special event would be good PR. Sarah will work on this.

4. Suggestion: Offer discount cards for MLC (Movement & Learning Center) teachers to distribute to class participants who may not be co-op owners.
  5. Video of Lindsay Majer's talk on food security (1-24-15) is ready and will be posted on our website.
  6. Suggestion: Poll owners on a regular basis (monthly or quarterly) about a topic of interest, then post results on social media and in the store. (Further discussion on this later in the meeting.)
- **Finance Committee:**
    1. The Board approved the following Capitalization Policy. (This policy reflects what we've been doing operationally, what the current return preparers recommend, what the Treasurer recommends, & what IRS allows.)
      - a) Purchases of / expenditures for physical plant / equipment items that have an "economic useful life" of 12 months or less, are always put into our bookkeeping records & tax returns as immediately-deductible expense items as opposed to depreciable assets.
      - b) Purchases of / expenditures for physical plant / equipment items whose cost is below a threshold of \$500 each, are always put into our bookkeeping records & tax returns as immediately-deductible expense items as opposed to depreciable assets.
    2. The Board agreed to formalize a policy that only the board officers or the GM are authorized to sign contracts or binding agreements on behalf of the co-op.
    3. Schedule for future meetings: In general, the Finance Committee will meet on the Friday before the week in which the board meets in the 2nd month after the end of each quarter (Feb., May, Aug., & Nov.). Working meetings will be held, as necessary, in between these scheduled meetings.
    4. Regarding the question, "How are we going to distribute functions for a capital campaign for the FBFC expansion... 'we' being Finance Committee, Development Committee, the board, & staff?" the Finance Committee asked the Board to consider this 2-step plan:
      - a) the Development Committee will try to define needs & a time line for a capital campaign;
      - b) the board will define how large a subgroup of the board will do the actual work of the capital campaign (but presumably will "turn no one away").
      - Board approved this plan.
    5. Possible proposed bylaws change regarding frequency of audits & financial reviews:
      - Existing bylaws include:  
"Section 7.2 Financial Accountability.  
Financial statements of the Co-op for each fiscal year shall be audited or reviewed by an independent public accountant selected by the BOD. In addition to financial professionals, other external professionals may be engaged to conduct a management review and report concerning management performance, adequacy of operating controls, and such other matters as determined by the BOD. A full audit shall be conducted at least every 3 years. However, if the cost of a full audit could endanger Co-op financial viability, the timing of such an audit can be delayed up to 5 years from the date of completion of the previous audit."
      - The Finance Committee asked the board to present to the owners a referendum which would modify the above by:
        - REMOVING the requirement that EACH fiscal year's records will be audited or reviewed.
        - KEEPING the full-audit-at-least every-3-years requirement.
        - CHANGING the financial-viability-endangering clause, so that a delay could be up to 4 years, not up to 5 years.
      - Board members are asked to review this and be prepared to discuss at the March meeting.
    6. Possible proposed bylaws changes regarding clarifying allowed methods for issuing patronage dividend (allocation from patronage rebate) payments to owners (including methods for giving notice)
      - Existing bylaws include:  
"Section 9.4 Distribution And Notice.  
9.4.1 Patronage rebates shall be evidenced by written notices of allocation delivered to recipient owners within 8 months and 15 days following the close of the fiscal year. Each written notice

shall state the dollar amount allocated to the owner on the books of the Co-op, constituting a patronage dividend within the meaning of federal tax laws.

9.4.2 Each notice shall be accompanied by payment of a percentage of the owner's Total Allocation Amount. ....”

- The Finance Committee asked the board to present to the owners a referendum which would modify the above by:
  - REPLACING “written notices” with “written or electronically distributed notices”.
  - REPLACING “accompanied by” with “concurrent with”.
  - ADDING language providing owners with 3 possible choices about the form of payment for a patronage dividend:
    - a) in the form of a credit toward the price of products subsequently purchased by the owner at the Co-op;
    - b) in the form of a check payable to the owner;
    - c) in the form of a donation made back to the Co-op by the owner.
- Board members are asked to review this and be prepared to discuss at the March meeting.

### **GM Report:**

- It was suggested that we keep the Nourishing Foods Drive going year-round. This could be one of the polling questions (as mentioned in Community Committee report) – poll owners as to which non-profit to support. Consider changing the non-profit quarterly. Start with 2<sup>nd</sup> quarter.
- March 21, we will hold a Community Input Meeting in the MLC– input from owners regarding expansion. It was suggested that we look for a way for owners to give input electronically.

**Monitoring Report:** 1.0 Ends Policy and 2.3 Financial Condition & Activities. Both were deemed reasonable and acceptable. It was suggested that we include a tally of the number of local items we carry in our publicity. Consider having a celebration when we reach 2000 owners, possibly to include something special for the 2000<sup>th</sup> owner.

### **Miscellaneous:**

- There was a brief discussion about crafting a new, shorter consumer survey. No decision.
- Board members are reminded that, when replying to an email thread, if you introduce a new topic, please edit the subject line to reflect the new topic.

**Policy Manual update:** Work continued on the policy manual update, sections B-1 through B-4.

**Executive Session** was held to discuss personnel.

**Next Meeting will be March 19, 2015 at 5:30 pm.**

Respectfully submitted,  
Jean Karpen, Board Assistant