

Co-op

Annual Owner Meeting

Saturday, June 16th
2 - 5 pm
Co-op Owner Artists & Vendors
Music, Foods, Meeting & More

Still seeking local vendors for the Annual Meeting:

Hey! Are you crafty? Are you a Co-op Owner?

Come represent the awesome creativity that abounds at FBFC by participating in our craft sale. No fees! Artists can set up tents and tables in our lots.

Contact Kelly at 255-7650 or marketing@frenchbroadfood.coop

Please read about the ballot process this year:

Balloting regarding proposed bylaws changes (which are described in other pages of this mailing) will begin at the June 16th Annual Meeting, and will continue beyond this meeting. For the bylaws proposals, and for any other proposals the meeting decides will be balloted by mail: ballots and voting instructions will be sent by e-mail to owners who have furnished e-mail addresses to the co-op, and also may be obtained at the co-op by any owner upon request. All such ballots must be submitted by the close of business at the co-op on Monday, July 16th, in order to be counted.

Participate in FBFC: Serve on our Board:

Co-op owners in good standing are encouraged to consider applying for its Board of Directors. Serving on the Board allows an owner the opportunity to learn about co-op governance, the national co-op movement and to help steer the direction of the FBFC. It is a big responsibility, requiring time, study and participation. Board meetings are held monthly.

We are accepting Board Member applications up to and at the Annual Meeting on June 16th. If you wish to apply, please go to the Board Page at www.frenchbroadfood.coop

The Annual Meeting will be the highlight of the Board election process, which will continue beyond June 16th.

Written Notice of Allocation

Thank you for spending your hard earned money at the Coop in 2011. Under the law, the Coop must pay to you at least 20% of the rebate allocated to you, & can retain the rest. But, for 2011, FBFC is paying 100% of it to you! You can pick up your check at the Coop on Jun 16th, 2012. You may leave with your check or choose to cash it at the Coop at that time. Thank you for being part of our wonderful community owned cooperative!

**Please bring this portion with you
to collect your rebate!!**

If you do not see your name, address, and \$ amount here, you were an active owner in 2011 but did not spend enough to earn a rebate (\$400/yr)

New FBFC Shirts:

We've got fabulous new T-shirts featuring our storefront! We will be offering these at a deep discount during the Annual Meeting! \$10 gets you a shirt with "OWNER" printed across the back!!



June 1, 2012

Dear Owners of the French Broad Food Coop,

The reconvened Bylaws Committee with the support of the Board of Directors has prepared a new, proposed draft of the governing bylaws of our cooperative business. A vote of you, the owners, is required to pass these new bylaws into use for FBFC. Voting for the bylaws will take place at our upcoming Annual Meeting on June 16th, and voting by mail will be allowed starting that day and lasting for one month.

The new bylaws document is the result of many, many hours of work spanning years of time. The Bylaws Committee and the Board understand that not all owners will feel up to the task of reviewing every small change to this 13 page document, and we also know that some of you will. In hopes of achieving your vote to put into effect the new document as a whole, which the Board and our legal counsel unanimously support, and in fairness to the owners who don't feel able to review the entire document, the Bylaws Committee and the Board have identified two areas in the new draft of the bylaws that contain the largest substantive changes of content to our original bylaws, which will be voted on separately.

When you vote for the bylaws you will be asked to make three separate votes:

1. A vote for or against the new draft of the bylaws as a whole.
2. A vote against term limits for Board members or a vote for a new term limit policy, which will allow board members to serve two, consecutive, three-year terms, then requires a two year hiatus before serving future Board terms. All terms of service for Board members will always be voted upon by the owners, at the beginning of the term. Our current bylaws disallow any person from serving on the Board for more than seven years total in a lifetime.
3. A vote for or against having FBFC staff members eligible to sit on the Board. Our current bylaws allow staff members to serve on the Board. This is a sensitive issue, and therefore we have provided a separate Board statement on our unanimous position to vote against having staff members eligible for Board service, and a "pros and cons" statement from a trusted source on cooperative business information that you can use to educate yourself (see below).

We understand that these votes may raise many questions, therefore we are providing the information to you now for your advance consideration before voting, and will be hosting two question/answer sessions prior to the Annual Meeting: on Saturday June 9, 2:30-3:45 pm and Wednesday June 13, 4:45-6:15 pm, at the co-op.

The entire draft of the proposed, new bylaws and our current bylaws can be accessed online here,

<http://frenchbroadfood.coop/page/18292-2-12-Annual-Meeting>

and paper drafts are available to all owners upon request at the register in the store, and are posted for viewing in store on the Board bulletin board, as well.

Thank you for your understanding of this intensive process, and please, when developing your opinion on the bylaws and these new proposals, try to keep in mind the immense amount of time, energy, and work that the Bylaws Committee and the Board of Directors have put into developing this document, always with FBFC's best interest in mind. While we may share differing opinions, we ask for respect for the hard work and personal investment that we have all given this effort, and we seek an honest, open, peaceful, and cooperative dialogue with the owners to come to the best possible outcomes for FBFC at all times. The Board also wishes to make known our immense gratitude to the Bylaws Committee for the remarkable service they have given to the FBFC community. Thank you.

In the spirit of Cooperation,
FBFC Board of Directors

[Continued on the next page, a separate statement: STAFF ELIGIBILITY TO SERVE ON THE BOARD....]

SEPARATE STATEMENT: STAFF ELIGIBILITY TO SERVE ON THE BOARD

The board, by consensus, asks you the co-op owners to vote to remove the bylaws provision allowing employees to serve on the board.

The board is committed by bylaws and policy and tradition to ensuring that the co-op workplace fosters fair treatment, good will, a cooperative spirit and a livable wage....

**We monitor and take very seriously the "Executive Limitations Policy 2.2", which provides strict standards for the treatment of staff.

**We support the representation of staff members by the Teamsters Union. We regard the 3-way separation of powers between management and unionized employees and board, as important to balanced leadership for everyone's well-being.

**Any employee may serve on the committees established by the board.

**A staff member who is an owner of the co-op may speak in the portion of any board meeting reserved for owner comments.

**We encourage any staff member who finds it necessary, to use the co-op's grievance system, which includes the possibility of hearings conducted by the board.

The interests of employees are safeguarded by all of the above, but the presence of staff members as voting members of the board is not necessary for any of them.

On the other hand, it is clear that co-op employees have an overriding conflict of interest when serving on the board....

**One of the crucial functions of the board, every single month of the year, is comprehensive oversight of the General Manager, the person who hires & fires all the other employees.

**Personnel matters dominate much of board meetings, but it's always seemed necessary for board members who were also employees, to disqualify themselves from discussion and voting when they're dealt with. The participation and effectiveness of these board members suffer badly.

**When personnel issues have arisen that directly involved a board member who is an employee, the conflict-of-interest problems have been very disruptive to the co-op.

**We have been advised by our consultants at Cooperative Development Services, and by our attorney, that employees should never serve on the board.

**The "Legal Primer for Formation of Consumer-Owned Food Cooperatives" (2010, by Food Co-op Initiative with support of CDS Consulting Co-op) states that bylaws for coops should include this language: "Director Eligibility. During his or her term of employment an employee of this cooperative shall not be eligible to serve as a voting member of the Board of Directors of this cooperative, nor shall her/his spouse or significant other."

We know there are differences of opinion within our community about this issue. 2 of the 4 members of the Bylaws Committee do hold a view different from the above. But, the board is in complete agreement about the above position, for the reasons shown. In order to provide you the owners with a fair representation of the varying opinions on this matter, we here offer a neutral piece of writing about it: the "Advantages/Disadvantages" list from "Should Co-op Staff Serve as Directors?", by K. Zimelman, from earlier archives of Cooperative Grocer magazine, below....

[NOTE... Here, "inside directors" refers to employees serving on the board.]

[Continued on next page: "Advantages/Disadvantages" list from "Should Co-op Staff Serve as Directors?"...]

"Advantages/Disadvantages" list from "Should Co-op Staff Serve as Directors?"

ADVANTAGES

- **Employees tend to be very knowledgeable directors and have more stake in the success of the co-op.
- **Employees bring stability to the board of directors --they tend to have more organizational history and a broader perspective.
- **Employee directors are more familiar with the impact of board decisions on operations and on the workplace.
- **Having inside directors legitimizes employee concerns.
- **Good employee directors can serve as "expert witnesses" to the board for management's needs and gives the board a chance to hear from more than the general manager on internal matters.
- **Employee directors bring a day-to-day perspective to the board, which can help ground the board in reality.
- **They provide insight into the effect of policy decision on operations.
- **Having employee directors shows employees that the co-op cares and gives employees a connection to the board.
- **Employee directors round out the experience base of the board in evaluating decisions and the performance of the company.
- **Inside directors help remind the board of the impact of their decisions on the lives of employees and members in a more tangible way.

DISADVANTAGES

- **Many problems result if that person needs to be terminated
- **-- it can cause a lot of problems if it's not clear whether the person continues as a director or not.
- **This system can cause employees to have unrealistic expectations of what the inside director board can do with respect to personnel (especially wage) concerns.
- **This requires people to wear two distinct hats -- as an employee and then as a director -- especially hard if they try to assert special authority or powers while on the job.
- **Employee directors can tempt the board into focusing on operational details.
- **Inside directors can end up doing board work on their work time, causing payroll control problems.
- **Employees on the board can cause an unbalanced board if there are too many or there is an unclear structure.
- **When internal directors are elected by employees, everyone (including board members) has a hard time not thinking of that person as a representative.
- **Inside directors are a poor substitute for good employee involvement in the workplace or for poor communications by the general manager to employees.
- **Some employees have a hard time dealing confidentially with information.
- **In some situations, the board can be put in a situation of having to choose between the general manager and the employee director.