

MINUTES

FBFC Board of Directors Meeting 8-16-12

Meeting started at 5:37 pm and ended at 8:08 pm.

Board members present: Will Kaylor (President), Aja Wright (Vice President), Justina Prenatt (Secretary), Stephen Smith, Bob LeRoy, Sarah Oram, Farra Lomasney, Richard Warren, Alanna Hibbard, Susan Bloom, Kuumba Zuwena

Board members absent: none

Others present: Bobby Sullivan, General Manager (GM); Sage Turner, Finance manager; Jean Karpen, Board assistant; Owners – Rusty Sivils

Meeting Summary:

- Minutes of 7-19-12 approved
- Owner comments heard
- Overview of Board meeting processes (consensus, policy governance, monitoring reports)
- Board expectations
- Discussion of Board committees
- Board discount raised to 20%
- GM report given
- Review of Executive Limitation (EL) 2.3 Financial Condition, and 2.6 Emergency GM Succession

Approve Agenda: Agenda was approved with minor additions: discussion of Board officers, set time to discuss next steps concerning expansion

Consensus process: Aja gave a brief review: If a Board member has a concern about an issue being considered, speak up. When there are no other concerns, we have consensus. (Later in the meeting, she gave further explanation.)

Minutes of 7-19-12 approved with one addition. Under **New Board Members**, add the word individual to the last sentence. "...unless there are other individual constraints to be considered."

Owner Comments: Rusty Sivils distributed a hand out (see attached). He requested that the Board consider setting aside 1% of gross sales to be given to non-profits. He suggested we can raise our prices by 1% if we need to, in order to accomplish this. He feels that we don't really have democratic governance and that, in the past, petitions have been summarily ignored by the Board.

Board Terms: Jean will fill in Board terms chart according to the process outlined at the July Board meeting, with the highest vote-getters serving the longest terms. Board terms will be discussed and finalized at the September Board meeting, after consideration of any individual constraints which may prompt changes.

Human Resources: There was a brief discussion of the need for support for the GM in the area of Human Resources. If the GM hired someone for this, it would be reported quarterly in EL 2.4, Planning and Budgeting. The Board asked Bobby to comment on this issue at the next review of EL 2.4.

Board Expectations:

- Consensus: When there is a proposal "on the table," the first step is to ask clarifying questions, voice concerns, and modify the issue until all concerns are addressed. There are then 3 options: 1) agree with the decision; 2) disagree, but stand aside; 3) block the decision, if you believe the decision is against the mission and vision of the co-op. One person can block a decision.
- Policy Governance: No individual Board member directs the GM. The GM takes direction from the Board as a whole, via consensus. The GM is the Board's only employee. Monitoring reports are used to evaluate the GM. The Board has the authority to write/rewrite policy as needed.
- Policy manuals were distributed to new Board members.

Board officers: We currently have no Treasurer. Since the office of Treasurer is not a legal requirement, we will make this decision at a later meeting.

Board Committees:

In 2010, the following co-op committees were established: 1) Product, 2) Co-op Community, 3) Human resources, 4) Financial and two ad hoc committees: 5) Bylaws and 6) Nominating. The current committee structure is such that each EL falls under a Board committee. It was decided that this structure is no longer needed, as it has not been followed for approximately the past 14 months. Bob distributed a document for consideration and discussion – his committee suggestions include: 1) worker/owner program, 2) nominating, 3) annual meeting, 4) expansion, 5) audit, 6) governance integrity, and 7) policy manual. Discussion followed. Points of discussion:

- Product policy committee is no needed; it is too operational.
- New Board members need to know what each committee does.
- We need to add a “Building and Grounds” committee.
- We have a very valuable property and the GM doesn't have time to explore all options – needs support from the Board.
- Building and Grounds committee could be folded into Expansion committee.
- co-op Community committee could include marketing and annual meeting.
- Policy manual and governance could be rolled into one committee.
- Clarification – the Board will hire an auditor.
- Once an auditor is hired, we may not need an audit committee.
- We are on a path to expansion. Readiness details must be in place first. An expansion/development committee will oversee this.
- Development committee is a priority. Bobby has presented a plan for expansion. He will see that all Board members get a copy of the 2012 Business Plan and the renovation plan.
- We need to create as few committees as possible.
- At the September Board meeting, we will continue this discussion, name and define the committees.
- Board members are asked to look at all relevant information, and make suggestions regarding what is not covered and what is not necessary. Communicate any ideas/thoughts via email. Think about what area of co-op work you feel drawn to. What kind of work do you want to do?

Board discount: Board members currently receive 15% discount in the store. In the past, the discount was 20% ; it was reduced to 15% during a time of financial need. The new bylaws allow for up to 20% discount for Board members. Both our GM and our Finance manager, Sage Turner, support a 20% discount for Board members. It was agreed that a 20% discount for Board members will take effect 8-17-12.

There was a brief discussion of worker/owner discounts. With the current system, we have no way to know exactly how much we are giving away with this system. It is not measurable. The Worker/owner committee will consider “What is a better compensation model that will work for us?”

GM Report:

- Bobby appreciates the reminder of the process of PG. He wants input from the Board and wants to know what the Board's expectations are. Bobby reminded Board members that email is his preferred mode of communication.
- The staff survey has been completed and given to Aja.
- Consumer survey is ready to be distributed.
- Regarding our worker/owner program, Bobby reported that, nationally, other co-ops have dealt with problems such as Department of Labor charges, Workers' Compensation, and unemployment claims. FBFC's union contract must be considered in regard to worker/owner tasks

Monitoring Reports:

- Aja reviewed the general structure of reviewing Monitoring Reports. The report is sent to all Board members two weeks prior to the Board meeting. At the meeting, clarifying questions are asked and

answered. Then we ask, “Is this report reasonable; could a reasonable person understand it?” If not, the GM is directed to rewrite. The second question is, “Is this report acceptable?” If not, it is contingent upon the Board to either give the GM a directive which will correct the problem or to rewrite the policy on that issue.

- 2.3 Financial Condition: This report was deemed reasonable and acceptable. There was a question about “accounts receivable.” Sage reported that we do track the aging of receivables and we are currently pursuing receivables aggressively. She will add a “receivables ratio” to the financial report documents.
 - Bob had suggested a modification to EL 2.3.1 to include GAAP (generally accepted accounting practices) language. This will be considered in a future discussion.
- 2.6 GM Succession: This report was deemed reasonable and acceptable. No changes or concerns.

Agenda items not covered or unfinished:

- Board committees
- Board terms

Additional items for next month's agenda:

Next Meeting will be September 20, 2012 at 5:30 pm.

Respectfully submitted,
Jean Karpen, Board assistant