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## FA Board of Directors Meeting Agenda March 18, 2008

**Board Members present:** Chris Bentley, Steve Albright, Dave Hockman-Wert, Toni Hoyman, Liz Kelly, and Fred Heil  
**Board Members absent:** Mark Reed  
**Staff present:** Michele Adams, Evelyn Hall  
**Board Advisor:** Marcia Shaw  
**Owners present:** Mark Schurman, Greg Kise, Joan Noyce (6:30:6:45)  
**Consultants present:** None  
**Scribe:** Kevin Oder  
**Handouts:** “Five Years Too Many” from owner Joan Noyce. BDC Agenda Item – Candidate Slate

Board Advisor, Marcia Shaw, opened the Board meeting at 6:30pm.

### **I Owner Comment:**

- Owner Joan Noyce has been working with the group organizing the recognition of the 5-year anniversary of the war in Iraq. They’re going to businesses around town asking for support in any of a variety of ways to acknowledge that we’re still involved in the war. She passed out information detailing the various ways for businesses and individuals to support their efforts and asks that the Coop consider them.

### **II Approval of Consent Agenda:**

- Remove the board & executive minutes

**Motion 3-2008 (#1) Motion to adopt the consent agenda items as written including: approval of March Board agenda, approval of March committee meeting minutes except for Exec, approval of Jan BDC minutes and Feb PGC minutes, G7 Policy, calendar and timeline, and approval of GM report. Chris / Dave 5-0-0 Motion Passes**

### **III Approval of Minutes:**

- Correction to the spelling of owner William Hormann’s name.
- The others presents indicated that they weren’t owners, so they’re names weren’t listed there. A space could be added to the minutes in the future to have a place to capture the names of non-owners who are present at board meetings

**Motion 3-2008 (#2) Minutes accepted as corrected Dave / Steve 6-0-0 Motion Passes**

### **IV Announcements and Affirmations:**

- Mark Reed will not be here this evening
- Toni Hoyman will write the Thymes article for Mark Reed in his absence.
- If changes to the minutes are needed, then they would be pulled from consent. Just comments / questions don’t need to be removed from consent, but can still be discussed during their allotted ten minutes on the agenda.
- Chris is sending around a signup sheet for the CBLD training in April. As the training is in Portland this year, the plan is to drive up that morning and return in the evening w/o the cost of staying overnight. Fred will offer the training to the candidates and sign them up if they’re interested in going.

### **V Board Calendar and Timeline:**

- No comments

### **VI Committee/Meeting Reports**

*Questions or Comments*

#### **Executive Committee:**

- Correction to the spelling of owner William Hormann’s name.

**Motion 3-2008 (#3) Move to a accept corrected Exec minutes Dave / Steve 6-0-0 Motion Passes**

**Owner Relations Committee:** no comments

**Board Development Committee:** no comments

58 **Finance Committee:** The Finance Committee was asked to discuss which section of the income statement the expense  
59 for external monitoring reports would be budgeted and reported in. The recommendation is that the expense would be in  
60 the governance section in subsequent years for external monitoring reports (currently the HR and Financial Audits).  
61 Does the Board want it brought as a specific agenda item with an official motion or do they just need to have that  
62 understanding? The Board would like an agenda item with a motion to officially vote on. Dave will bring the agenda  
63 item to the April board meeting.

64 **Policy Governance Committee:** no comments

65

## 66 **VII Chocolate Purchasing Policies**

67 Owner, William Hormann, addressed the board at the February meeting about chocolate plantation practices that are in  
68 violation of Fair Trade principles. The Coop's Product Selection Guidelines state that we will not "...knowingly buy  
69 products from those that do not have fair and ethical practices in their workplace." This is a follow up to that  
70 presentation.

71 *Discussion:*

- 72 • None

73

74 **Motion 3-2008 (#4) Motion to direct the GM to report on the purchasing of all chocolate products relative to**  
75 **consistency with the Product Selection Guidelines. Executive Committee/Toni 6-0-0 Motion Passes**

76

## 77 **VIII 2007 Patronage Dividend**

78 The Finance committee talked about the 2007 patronage dividend, but as the final reviewed financials aren't ready yet,  
79 the finance committee rescheduled the discussion and recommendation to the Board until the April meeting. We have  
80 subsequently learned that the owner packet needs information sooner than was realized. Although specific numbers  
81 aren't available yet, it will help to move the process along if the Board has a discussion based on the current projection  
82 of a \$60,000 net income for the year. Sales to owners in 2007 were around 70% of sales.

83

84 Dave sketched out the various patronage scenarios (no patronage, 100% payout, and part retention) based on this  
85 \$60,000 split between owner and non-owner patronage and then showing the tax implications of each. The questions the  
86 Board needs to decide is whether owner patronage sourced income is to be paid out in full or reduced for qualified  
87 business needs and then what percentage, if any up to 80%, is to be retained by the Coop.

88

89 **Motion 3-2008 (#5) Move to give a patronage dividend for 2007. Steve / Chris 6-0-0 Motion Passes**

90

91 Do we intend to reduce the amount of the patronage for business needs?

92

93 **Motion 3-2008 (#6) Move that we declare 100% of the eligible net income from owner sales as a patronage**  
94 **dividend. Dave / Toni**

95 *Discussion:*

- 96 • Is there any benefit to reducing the amount of the patronage dividend? No, as we have the option to retain up to  
97 80% and still receive the tax benefits of reducing net income by the full amount of the dividend.

98 **6-0-0 Motion Passes**

99

100 Discussed the various pros and cons of making a full patronage dividend distribution vs. partial retention. These various  
101 priorities include the need to conserve cash for other business uses, owner loyalty and the expectation of patronage,  
102 differentiating ourselves from other businesses, reinvesting in the business, preparing for potential growth and / or  
103 competition.

104

105 **Motion 3-2008 (#7) Move that we return to ownership 60% Chris / No Second**

106 **Motion 3-2008 (#8) Move that we return 75% of the declared patronage dividend Toni / No second**

107

108 Part of reticence to commit to a specific retained amount is that the official final figures are not available yet. Discussed  
109 the option of deciding on a range of retention and then sending it to the Finance committee to make the final decision  
110 within that approved range based on the final number. That meeting is scheduled for April 3<sup>rd</sup> and should still allow for  
111 the patronage information to be included in the annual owner packet. The fact that a full patronage dividend is new and  
112 should be emphasized with owners. If it's retained, it's still being recorded in personal accounts rather than a check  
113 being issued, but it is still a 100% payout. The amount that is retained vs. how much is paid isn't as important,  
114 especially with such small net income numbers.

115

116 **Motion 3-2008 (#9) Move that we return 80% Fred / Toni 2-2-2 Motion fails**

117 **Motion 3-2008 (#10a) Move that the range is between 75% and 80% Toni / No Second**  
118 **Friendly amendment to a range of 60% to 80% for finance committee to make the final decision. Toni / Steve**  
119 *Discussion*

120 Is the Board comfortable with passing this decision to the Finance committee?

121  
122 **Motion 3-2008 (#10b) Move that we return 60% to 80% of the declared patronage dividend, with the Finance**  
123 **committee making the final decision in that range. Toni / Steve**  
124

125 What would finance committee make that final decision on?

- 126 • Final numbers from the CPA
- 127 • Cash position factors

128 Offer of a friendly amendment to expand the range. Toni isn't willing to go less than a 60% return in her motion.  
129 Motion unchanged.

130  
131 **4-2-0 Motion passes**  
132

### 133 **IX Policy Changes to L3, L6, L7, L8, and L9**

134 PGC made changes based on requests by the Board and comments submitted to the committee.

135  
136 **Motion 3-2008 (#11) Motion to approve revised L2, L3, and L6 through L9 Executive Limitations as submitted by**  
137 **the Policy Governance Committee. PGC / Toni**

138 *Discussion:*

- 139 • L9 on page 47, change to singular "business" in the preamble
- 140 • The suggested changes by Dave to last month's Ls. These minor changes are noted in the PGC minutes. Both
- 141 of the statements mixed owners customers with all customers and these were separated.

142 **6-0-0 Motion Passes**  
143

### 144 **X G5 and G6 Reports**

145 G5 – Steve

146 G6 - Dave

147 *Discussion:*

- 148 • The corporate seal and original corporate documents are in a fire proof, locked filing cabinet with a key issued
- 149 to the GM & FM
- 150 • "President will chair meetings", the president has done this all except for the last two.
- 151 • Is there something that says an owner can't be on more than one committee at a time?
  - 152 ○ This applies to non-board owners only.
  - 153 ○ The intent is to open up the committee positions to as many owners as possible.
  - 154 ○ There is a size limit for committees as all owner members get a discount and that expense needs to be
  - 155 controlled for budgeting purposes.

156

### 157 **XI Local Food Economy Report**

158 Mark and Fred met and talked about the vision for Board and the local economy and both liked the idea of an adhoc  
159 committee to act as a liaison to other organizations and to work out how the Coops participation would occur. The intent  
160 is for the committee to work on a focused task, to advertise participation to owners and generate their interest, and to  
161 help the Board to refine its Ends statements and Policies.

162  
163 Discussed the composition of the committee members and its charter. The committee would be comprised of a limited  
164 number of support owner-workers with at least one Board member.

165  
166 **Motion 3-2008 (#12a) Motion to form a new committee to act as a liaison with other organizations involved in the**  
167 **local food economy with one board member and four owner members for six-month period. Toni / Liz**  
168

169 The committee would prepare a plan for how to proceed and present that to the Board within 3-4 months. Mark or Fred  
170 will be the Board member to initially organize the committee.

171 Friendly amendment to add a four hour per month limit - accepted.  
172

173 **Motion 3-2008 (#12b) Motion to form a new committee to act as a liaison with other organizations involved in the**  
174 **local food economy with one board member and four owner members for six-month period at four hours a month**  
175 **limit per member. Toni / Liz 6-0-0 Motion Passes**

176  
177 **XII What Sets Us Apart**  
178 Report submitted from Dave, Steve, and Liz on this study topic from the board retreat. The report includes the suggested  
179 approach to begin the process to answer this question.  
180  
181 **BREAK (8:05-8:15)**  
182  
183 **XIII Scribe Transition**  
184 At the October meeting, the Board assigned Kevin as the interim scribe until February and to make a decision after that  
185 on how to fill this position. Kevin has asked to step down from this responsibility. She has written a summary  
186 reviewing the position and listing some of the options for filling it and possibly reconfiguring portions of the job duties.  
187 There is one additional option not listed in a contract worker we might hire. Claire Pate takes minutes for other  
188 organizations in the community and has said she's willing to do them for the Coop. She's offering to reduce her normal  
189 hourly rate for the Coop and receive the support owner worker discount.  
190  
191 Discussed Board ownership of the scribe role and that the scribe wages, or in this case contractor payment, are part of the  
192 governance budget. The committees would need to arrange for their committee reports to be written and submitted for  
193 the packet. Claire has suggested that she could come up with a format that would help maintain consistency in the  
194 format of the committee minutes. Currently ORC and PGC take their own minutes. Kevin has agreed to continue with  
195 the BDC committee to assist with their paperwork. Claire would work with the other committees to be sure everyone  
196 knows what's needed.  
197  
198 **Motion 3-2008 (#13) Move that we hire Claire Pate to fill the scribe position reporting to the Board Secretary**  
199 **Toni/ Steve**  
200 *Discussion*  
201 What about backup?  
202 Claire has another back up she works with regularly and Kevin is willing to be called if needed.  
203 The Secretary will contact Claire and make the arrangements.  
204 **6-0-0 Motion Passes**  
205  
206 **XIV L2 #1 Resubmit (Code of Conduct)**  
207  
208 **Motion 3-2008 (#14) Move to accept L2 #1 as submitted Dave / Steve**  
209 *Discussion*  
210 • Why 3.68 as the measure?  
211 ○ Because it's above average based on the survey scale.  
212 **5-1-0 Motion passes**  
213  
214 **XV L3 Report (Community Information, Education, & Outreach)**  
215  
216 **Motion 3-2008 (#15) Motion to accept the L3 report as submitted Dave / Chris**  
217 *Discussion*  
218 • Concerns were raised that the data should be more results oriented. Others felt that the report was fine as the  
219 policy only states the GM will "promote" involvement, no more.  
220 • Concerns about the policy language itself in that it mixes items that are a board responsibility with GM  
221 responsibility.  
222 **5-1-0 Motion passes**  
223  
224 **XVI Meeting Facilitation**  
225 Chris had asked that the Board try having Marcia facilitate for three months. Now that those three meetings have been  
226 completed, it's time to go over how it went and decide whether the practice should be continued.  
227  
228 Discussion of what worked as well as concerns about the change. Some felt that the meetings had run smoother as well  
229 as allowing the president to be more involved in the discussion without unduly influencing the proceedings by  
230 facilitating them. Others felt that the elected board should take responsibility for facilitating their own meetings.  
231  
232 **Motion 3-2008 (#16a) Move to continue to have a professional facilitator in this role. Chris / Liz**  
233 *Discussion:*  
234 • Is this a change for the remainder of this president's term or from now on? It's intended from now on.

235  
236 **Motion 3-2008 (#16b) Move to continue to have a professional facilitator facilitating board meetings until the**  
237 **board decides otherwise. Chris / Liz 4-2-0 Motion Passes**  
238  
239 **Executive Session Begins: 8:05**  
240 **Executive Session Ends: 8:10**  
241  
242 **XVII 2008 Candidate Slate**  
243 **Motion 3-2008 (#17) Motion to accept the slate of candidate as presented by the BDC. Chris / Fred 6-0-0 Motion**  
244 **Passes**  
245  
246 Fred Heil excused himself from the Executive Session  
247 **Executive Session Begins: 8:15pm**  
248 **Executive Session Ends: 9:35**  
249  
250 **XVIII GM Review Process**  
251  
252 **Motion 3-2008 (#18) Move that the Board of Directors agrees to provide the GM with an RFP for services at the**  
253 **September 2008 Board meeting. Under this timeline, the GM would present a proposal to the Board for its**  
254 **consideration at the October 2008 meeting, for a contract beginning in January 2009. Toni / Chris 5-0-0 Motion**  
255 **Passes**  
256  
257 **XIX G Report Assignments for April**  
258 **G Report Assignments for April:**  
259 G3 – Liz  
260 G7 – Fred  
261 G8 – Chris  
262  
263 Meeting is adjourned: 9:45