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## FA Board of Directors Meeting Tuesday, December 16, 2008

6 **Board Members present:** Toni Hoyman, Liz Kelly, Chris Bentley, Camille Freitag, Bettina Schempf, Larry Plotkin  
7 **Board Members absent:** Fred Heil Greg Alpert  
8 **Staff present:** Michele Adams, Jacqueline Smith  
9 **Board Advisor:**  
10 **Owners present:**  
11 **Guests & Presenters:** Jane DeHart, BDC  
12 **Scribe:** Claire Pate  
13 **Handouts:** Statement of Support for Urban Renewal Plan

15 Jane DeHart, owner and member of the BDC, joined the Board for informal discussion during the dinner hour from 6pm  
16 – 6:30pm. Toni Hoyman formally opened the Board meeting at 6:40pm.

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18 **I Owner Comment:** none

19  
20 **II BDC Discussion:** Jane filled in some of the details about the history of BDC. It started as the Elections  
21 Committee. It was changed to Board Development Committee after Judy Forgey came on board early on in its  
22 inception. The most challenging task is getting new candidates to run for the board. One of their concerns with the  
23 voting process is stepping up security and tightening up the process. They did not use to interview candidates, and she  
24 has some mixed feelings about it. The times that they have chosen not to endorse have been rare, but it has happened in  
25 the past. The training of new members has mostly been done by Judy, along with financial training by others. There is  
26 always the issue of just how much time potential board members have for training. Turnover of board members is an  
27 issue as well, because training is an investment.

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29 Toni explained that the idea of moving elections out of the BDC was to enable them to do more on training and retention  
30 of new board members. But consensus was that recruitment of new board members should also be a main focus of the  
31 board, and something they do all the time.

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33 There was the question of whether election results can now be posted, and if the Board had taken action to make that  
34 change. The motion log will be searched to find out if so and when.

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36 Jane was thanked for her work and time.

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38 **III Approval of Consent Agenda:**

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40 **Motion 12-2008 (#1) approval of November Board meeting minutes, December Board agenda , calendar and**  
41 **timeline, Executive Committee minutes 12/9/08, Finance Committee minutes 12/3/08, Board Development**  
42 **Committee minutes 12/4/08, Owner Relations Committee 12/2/08, GM report, GM Monitoring Report – L10,**  
43 **Ad Hoc Committee report on Director Code of Conduct Chris, Larry 6-0-0 Motion passes**

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45 **IV Announcements/Board Correspondence/Affirmations**

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  - Cheryl Good will be January BOD meeting scribe

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50 **V Survey Monkey Results: Board Questions/Comments re GM Monitoring Reports for L-5, L-7 & L-9**

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52 It could be that the Board might need some guidance on what are appropriate comments and questions for the GM  
53 Monitoring Report. It is acceptable for the GM to say that a question is more operational or not really a part of the  
54 monitoring report. It is important for Board members to be clear about what are observations and what are questions  
55 needing a response.

56  
57 It was agreed that from here on out the Survey Monkey results can be part of consent agenda, and can be pulled off if  
58 there are points that some one wants to discuss. It is important to find the happy medium between beating policies to  
59 death versus never really discussing concerns or issues.

60  
61 Not all of the board members do the survey monkey. This time only 4 responded. Toni will send out an email reminder  
62 to ensure people have responded on Sunday before Executive meeting.  
63

64 There was a discussion about question #8: "Is this the policy we want?" Perhaps greater clarity is needed as to what  
65 that means.  
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68 **VI Items Removed From Consent Agenda** No items were removed.

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72 **VII Review of Draft Budget**

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74 Jacqueline Smith, Finance Manager, reviewed assumptions regarding the draft budget for FY 2009. She said that she  
75 still had to change the figures to reflect .79% instead of .78% in owner sales discounts as a percentage of total sales, but  
76 that it would only be about \$2000. This would be more of a reflection of budget history.  
77

78 She agreed that if she were forecasting now for FY 2009 instead of a few months ago, her forecasts would be different  
79 since they had not made October and November sales forecasts, even though the estimates were conservative. Sales  
80 seem to be slowing down much more at the South Store than at North. South is not meeting the forecasts, but North has  
81 exceeded. Though one approach would be to recast the budget based on newer forecasting, as an organization they have  
82 agreed to commit to making the percentages given in the budget assumptions, even if they don't make the sales. As  
83 managers, this will be quite a challenge but they have agreed to take it on.  
84

85 With the North expansion, this might be tough. It will be an extra \$12,000/month more in expenses as soon as the  
86 expanded building opens. This includes the interest rates, loans and lease costs. This budget shows 9.5 months of these  
87 expenses for North Store expansion. Interest and lease expenses, until the store opens, are costs of the project. The  
88 whole expansion will be depreciated over 25 years, which is the length of the lease. If we were to abandon that space,  
89 we would have to write off the costs of the rest of the lease and the costs of the work done so far, which would be a huge  
90 hit.  
91

92 Inventory turns are projected to be lower in 2009, because the year-end inventory at the North Store will reflect the full  
93 size of the expanded store, and the 2009 sales will only reflect 9.5 months of sales from the expansion, with low growth  
94 forecasted initially, slowly ramping up over several months. Because the year end cost of goods sold will not reflect the  
95 full annual sales from the expanded store and the year end inventory will reflect the full impact of the expansion, the  
96 turns for 2009 will naturally calculate lower than years where both the cost of goods sold and the inventory are bases on  
97 the same amount of sales space.  
98

99 A decrease in sales will impact working capital and cash flow. We are getting closer to limiting out the \$500,000 line of  
100 credit. The hope is that Key Bank will be coming through with the loan soon. If it does not happen this next week, they  
101 will start looking elsewhere, with Citizens Bank being a logical start. If necessary, we can still get an audit even though  
102 the accountants did not do an "observation" in January 2008. The Board would have to authorize getting an audit,  
103 however. Without being able to get a loan, the worst case would be that we would have to sell the house next to the  
104 North Store. And if sales continue to go down, managers will have to cut expenses, especially labor expense.  
105

106 Page two of the budget assumptions needs to have the following change made. Second sentence of the second paragraph  
107 should be changed to say: "This includes the North Store Expansion project equipment expenditures."  
108

109  
110 **Motion 12-2008 (#2): Approve the modified budget assumptions and the budget for 2009 as presented. Bettina,**  
111 **Larry 6-0-0**

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113 **Motion 12-2008 (#3): Authorize the GM to engage the CPA to perform an audit if other financing has not been**  
114 **secured by the end of the year. Camille, Liz 6-0-0**  
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117 **VIII Decision Relating to BOD support for the Corvallis Urban Renewal Plan and district** |  
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119 **Motion 12-2008 (#4): That the Board supports by unanimous consent endorsement of the proposed City of**  
120 **Corvallis Urban Renewal Plan, with the following statement: “The First Alternative Cooperative Board of**  
121 **Directors supports the proposed City of Corvallis Urban Renewal Plan. The Urban Renewal District will**  
122 **encompass the downtown and South Corvallis, including First Alternative Co-op South Store and the Evanite**  
123 **properties. We believe the Urban Renewal Plan is consistent with First Alternative’s ideals of sustainability**  
124 **through improved alternative transportation infrastructure and access to local services, and that this is**  
125 **opportunity for First Alternative to advocate for its’ ideals of sustainable practices, and environmental**  
126 **stewardship as district projects progress. The Board encourages all community members to learn about Urban**  
127 **Renewal and make their perspective heard when Corvallis residents vote on it in May 2009.”** Chris, Camille 6-  
128 **0-0**

131 **IX Discussion about renewing contract with Mark Goehring, Consultant** - Toni outlined a proposal from Mark  
132 relating to various levels of service. There was general agreement that the Board might have matured to a point where  
133 they might not need the “full-meal” deal with Mark’s services. If there are specific training needs, perhaps there would  
134 be local services that might be tapped. It was agreed that the monthly phone calls with Mark would continue to be of  
135 help, and the consensus was to do this. This would be an expenditure of approximately \$1500.

137  
138 **X Executive Session (Note: these minutes do not have any confidential information in them)**

139  
140 Toni shared with the other Board members that they have tentatively come to an agreement with the GM relating to  
141 aspects of a new employment contract. The contract will be reviewed for general contractual language and a copy will  
142 be sent to the Board members for their confidential review. However, aspects of compensation have been agreed to and  
143 the contract will be in effect starting January 1, 2009.

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145 Meeting Adjourned: 9:50pm

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148 **Policy Governance parking lot.**

149 *Policy L-9: Look at item #4.*

150 *Review L-5, item #2 to perhaps incorporate the concept of timeliness.*

151 *Look at G-11 for any potential changes about consensus of the Board*

152 *Look at question #8 of Survey Monkey: “Is this the Policy You Want?” Does it need more clarity?*

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155 **Agenda for January:**

156 *ORC members invited for dinner and discussion*

157 *Community Outreach budget – breakdown of expenditures and history*

158 *By-Laws Revision Draft*

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160 **Agenda for February:**

161 *Finance Committee members invited for dinner and discussion*