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FA Board of Directors Meeting October 21, 2008

Board Members present: Toni Hoyman, Camille Freitag, Fred Heil, Bettina Schempf, Larry Plotkin, Greg Alpert
Board Members absent: Liz Kelly, Chris Bentley
Staff present: Michele Adams
Board Advisor: Marcia Shaw
Owners present: None
Consultants present: None
Scribe: Claire Pate
Handouts: Benton/Linn labor trends – October report; other info from Marty Schulz

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

I Owner Comment: none

II **Approval of Consent Agenda:**

Motion 10-2008 (#1) approval of September Board meeting minutes, October Board agenda , Calendar and Timeline, Executive Committee minutes, Finance Committee minutes 9/3 & 10/8, BDC minutes for 9/4 & 10/2, ORC committee minutes 10/14, Board Retreat minutes 9/27-28, GM report, Summary of Director Comments for L5, Summary of Director Comments for L-8, GM Monitoring Report for L-9 Larry/Bettina 6-0-0 Motion passes.

- Calendar Note – Need to Update signups for Board Chats
- Change Executive Committee meeting minutes to reflect that Greg, not Larry, is on the Ad Hoc committee to look at the policy on Board Director policy violations.

III **Announcements/Correspondence & Affirmations**

- Angelica Rose – Chris Bentley will respond to this e-mail.
- Passed out new Board of Directors list – Page 1, Section 400.
- LEAD Training - for western corridor board members. Electronic copy will be sent out 4 times a year. It would cost \$100/year. Toni, Bettina moved to subscribe. 6-0-0 Motion passes
- Rivka (Rebecka) used to be our representative on the Ten Rivers Food Web. Greg said he would be that person now, since he seems to be getting correspondence from them about meetings.

IV Items Removed from Consent Agenda -none

V. Process for reviewing GM Compensation Proposal

Toni explained that the Executive Committee would serve as the screening committee for the GM Compensation proposal. She invited other participants, but consensus was that Executive Committee should do it. Toni will call a special meeting to review it. It was agreed that it would come back to the full board after negotiations.

Motion 10-2008 (#2) That the process be that the Executive Committee will review the GM Compensation proposal and bring a recommendation back to the full Board. Toni/Larry 6-0-0 Motion passes

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V Budgeting Assumptions for 09

Marty Schulz reviewed the budget assumptions in view of regional and national trends. The Benton/Linn labor trends indicate some upcoming layoffs in certain sectors, but gains in other sectors. The stock market coupled with some of the banking issues will start to challenge us. Most of the downturn nationally is related to housing, with a ripple effect in the banking industry. Locally, HP’s layoffs will have an impact. In the Corvallis economy there are approximately 31,532 employees. Good Samaritan Hospital and health care are growing sectors. The educational sector will also do well or at least stay steady with increased enrolments.

In times like this, the lower cost alternative will be the winner. I.e. restaurants will be in worse shape than food stores. People will be cooking. But it could be that people will be buying less “grab and go.” Larry suggested that we should be making more conservative assumptions and letting Michele and Jacqueline see how they work with the budget.

Sales Growth Percentage is the important assumption to look at along with gross margin. He believes that the gross margin is a little high. It might be more appropriate at 37%, because there will be a change in product mix. If we take it down to 37% then we have to take labor down to 23.2. The 9% sales growth Michele believes to be reasonable. Margin is the scary one. The lower margin items will likely be the items purchased.

There are so many variables that it is hard to predict beyond 4th quarter next year, but for the next year we will be looking okay. Michele says that at North store, they are beginning to rethink the product mix, in light of the above information.

Budget assumptions Motion:

Motion 10-2008 (#3) Moved to accept the 2009 Co-op budget assumptions as the initial guidelines for staff to develop a budget. Bettina/Larry

Friendly amendment accepted to make the gross margin 37%, labor 23.2% with the Sales Growth percentage remains the same at 9% 6-0-0 Motion passes.

VI Where do we go with our Ends?

There are several inputs into the discussion. One will be the previous study group topics. Second, customer surveys. Third, perceptions of the greater community. Fourth, is the GM’s monitoring report on Ends.

Bettina added that an input is also Board involvement with the sustainability Corvallis discussion. Toni said this discussion is where the rubber meets the road. Toni asked what everyone’s experience was.

Larry said he was in the Education group, and there was an expectation that the Co-op would be a big participant. It would be necessary to determine just what level of involvement the Co-op should take.

Toni talked about the three top topics that came out of the Ends at the 2007 Retreat. Larry suggested that we ask someone from the Ten Rivers Food Web to come speak to us.

Fred thought that the trigger points for growth seemed to be irrelevant, now that we are growing the north store. Toni agreed. Larry/Marcia discussed how this might also mean a larger view of growth, i.e. what other areas we might want to grow into other than food. Bettina also sees it as something that we need to work on; i.e. what our owners want, what our potential owners might want us to be. Fred agrees he was interpreting growth too narrowly that this is worthwhile looking at. Demonstration farm would be like an area where we could grow. Maybe a biofuels store, or other local sustainable growth opportunities. Greg agrees that there is burn out with expanding to other communities with stores. It was agreed that it might be good to have people come and present to the Board, so that ideas can be entertained as to where we might grow and tie into the sustainability Corvallis. Then we can decide what actions meet our ends best.

Camille thought it would be good to have a strategic discussion about the outreach budget, and Bettina suggested that there be an exploration of establishing entities like a foundation to deal with the outreach monies. Claire will look back into past minutes for a similar discussion 3-4 years ago.

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Toni suggested that at the next meeting, she would see if we could get someone to talk to us for 10-15 minutes from the sustainability community (maybe Ten Rivers Food Web?) about what they envision FA Co-op's role. The following were proposed topics for future Board discussions and possible speakers:

- Sustainability Corvallis study groups (Ten Rivers Food Web is a possible contact) Toni making contact
- Customer survey – OSU group - Toni will ask Chris about whether they will be doing a presentation and about doing another survey.
- Outreach budget – we need to look at the detail, but need to have a higher level discussion about what we should do with those monies. How does our outreach meet our ends? Michele will look at having the outreach program presentation at one of our later meetings.
- Discussion about having establishing a foundation to deal with outreach monies – Claire will research archives for previous info.
- Also will discuss GM's report on the Ends Statements.

VII Other business

- Bettina will be coordinating putting together the governance portion of the budget. There was discussion about whether it makes sense to pay for consultants to fly out to give us training, like Mark Goehring, when there might be other opportunities more regional/local. In general, there was consensus to explore opportunities closer to home like NCGA western corridor training, or CGIN. Also the LEAD training will be a resource.

Meeting Adjourned: 9pm