

**Ever'man Natural Foods Co-op, Inc.
Board of Directors' Meeting
Monday, August 27, 2007
Ever'man Community Room**

Present:

Ed Stanford – President
Dave DeBlander –Secretary
John Willey – Treasurer
Mike Kovach – Director
Eric Schneider – Director
Pam Heinold – Director
Ric Thomas – Director
John Russo – General Manager
Lois Stephens – Member
Doug Pierce – Member
Dawn Cudlin – Member, Board Candidate

Absent:

Jennifer Dutton – Membership Services
Robin Tillman – Board Clerical Support

A. Come to Order:

Ed Stanford, President, called the meeting to order at **7:09**

B. Approval of Agenda:

Ed Stanford wishes to add the approval of job descriptions to tonight's agenda. The agenda was approved.

C. Announcements/Centering/Open Forum:

Announcements:

Heidi Daniels has completed her move to Jacksonville, FL and will no longer be able to serve on the board. Michael Healy and Marilyn Scholl are presenting a one hour board budget teleconference workshop. Atlanta has a coop training 101 at end of September 22nd. Eric Schneider will give a presentation of green cleaning products in the information room at City Hall on September 13th. He will coordinate with Jennifer Dutton to take examples of products sold at Ever'man's. He will discuss alternatives to commercial products as well as homemade solutions using borax and others. Dave DeBlander has offered to provide information regarding the green products the carpet industry uses in order to obtain the Carpet and Rug Seal of approval.

Centering: Ed Stanford led the centering.

Open Forum:

Ed recognized Dawn Cudlin, candidate for board appointment. She is present tonight to fulfill the attendance requirement prior to appointment. Dawn said she knows about half of the board members already and introduced herself to the remaining directors.

Lois Stephens explained that the Herb Study Group meets on Thursday night in the community room and uses the small monitor provided to view tapes. This monitor has been adequate for small groups but no longer meets the needs for larger seminars such as the Essential Oils and Cancer Series. In anticipation of larger groups, Lois has brought her own larger television. She would like to take her television home but needs Ever'man to provide an alternative that will accommodate VHS as well as DVD. John Russo is aware of the materials and technology already invested into and would be the person best suited to pursue this problem. Meeting with Jennifer Dutton is the first step. She also recommends making the seminars available at a later time in the evening as later meetings draw larger groups. This may mean keeping the store open late one evening or locking the side door and one person staying late to lock up the building. A

member survey can help determine which night would be best. Also, larger groups are outgrowing the community room. She will speak to John Russo regarding this.

Lois Stephens apologized for the sound problem in the last portion of the video of the annual meeting.

Ric Thomas inquired about the absence of an employee representative. Ed Stanford stated there was no interest by any of the employees at this time. John Russo said that since the employee representative was moved from the purview of the board to the general manager, the position is not as useful as the employees can approach him at any time. Ric Thomas pointed out that the position is required under the bylaws. Ed Stanford explained that several consultants have questioned this position as the employees are employed by the general manager and not the board. Years ago some members wanted an employee to serve on the board. Though this is done in a few cooperatives, most coops don't do this because it is difficult to wear two hats. The compromise was a representative. The position was effective for awhile but then interest died. Ric Thomas was an employee representative several years ago. At that time he had a few cases of employees coming to him. Ed Stanford said this position can still be made available if the employees are interested. Ric Thomas said a few employees have recently asked him who the representative is. Ed Stanford said the board can look at bylaws and put this matter on the agenda for next month.

D. Approval of Minutes:

The last ten minutes were not recorded manually. The video (without sound) shows Hugh Turner and John Russo talking. Ed Stanford recommends the minutes be accepted with correction of typographical errors. Motion to approve the minutes of May 19, 2007 made by Eric Schneider and seconded by Pam Heinold. Keri's last name is Lombardi. **VOTE:** unanimous

E. Manager's Report:

1.) General Comments

John Russo thanked Lois for her participation and support and the rest of the members for attending tonight. He will meet with Lois regarding the media equipment needs.

2.) B-4 Financial Condition

John Russo identified attachments he included in the board packet. First are the general topics on the Reporting Calendar for June, July and August.

The second document is the resolution that comes up later in the agenda regarding the lease. The lease consists of a ten year renewal and two five year renewals. We are in the 8th year of the lease negotiating terms to exercise options on renewal with the landlords. He has had an exploratory discussion with the landlords about modifications to the existing building and expanding parking. The landlord has requested a letter of authorization from the board that the GM is acting on its behalf. The GM asks the board to accept this resolution.

The third document is a Period Analysis for the most current quarter ending June 20, 2007. Also included are some supplements which can help interpret the financials.

The next document shows the changes in the balance sheet and rolling income statement from third quarter 2002 to present. It shows Ever'man has healthy trends and is in good shape financially. Following that are key indicators used by National Cooperative of Grocers Association. This is a set of parameters very similar to those shared by Michael Healy. It shows sales trends and some of the same information on the ten point system. Then there are more definitions provided.

John Russo asked the board if he should continue to bring the back-up documents each month or if they could be included in a file for reference as needed.

A new document the GM included is a graph that shows membership growth from 2003-2004 in various categories. Two distinct patterns that are revealed are that annual memberships continue to increase significantly and renewals show significant increases in each category.

3.) B-5 Asset Protection

There are few changes since the last time B-5 was presented. The changes are tracked by striking through them. Article 7 under asset protection states that deposits of cooperative funds shall be put in institutions where they are fully protected. This was reviewed previously and determined that with the size of Ever'man funds it would be impracticable to break the funds into increments under \$100,000 in various institutions. The GM provided documents from the bank and a CPA regarding safety. The board moved to change article seven but the doc has not yet been revised.

The most current Board seating chart is provided in light of the Vice-President's resignation. This leaves a vacancy to adjust in the annual report to the secretary of state regarding Ever'man's incorporation. The board decision should be forwarded to John Russo so he can file the appropriate documents with the state. He has provided job descriptions and board compensation policies.

The minutes from the annual meeting included discussion about reporting all board compensation in an annual statement to the members including discount on purchases. Therefore, John Russo included an exhibit which demonstrates what this report may look like. Although there was much discussion, there was no conclusion as to proceeding with this. Ed Stanford interjected that the board needs to revisit this at some point and discuss it with the consultants.

The GM included claim forms for reimbursement in case anyone needs to submit expenses from CCMA.

John Russo submits that he is in compliance with B-4 and B-5.

A discussion of lease terms ensued/

Mike Kovach recommended surveys of local competition. John Russo replied that Ever'man already does this and has taken the employees to various locations, including Publix. Growth is fine but the % growth is on the decline. This is typical after expansion and events such as Hurricane Ivan. Ever'man's percent growth is still very healthy for a traditional grocery store. While the introduction of healthy and green products into local stores is an indication of competition, Ever'man's membership continues to grow. Albertson's won't commit long term to organic produce. These larger stores do not discount the products nor do they have educated staff. Whole Foods will not move into an area that doesn't have greater than 100,000 college educated residents, which Pensacola does not.

Dave DeBlander inquired about the status of a second store. The expansion policy has been approved and the manager has the ability to move forward. There were serious discussions regarding expansion until Hurricane Ivan. It took two years for the local economy to stabilize enough afterwards to begin looking for property again.

Ric Thomas and John Russo engaged in a discussion about deli operations.

F. Board Tasks Tonight

1) Letter of Resolution giving GM authority in negotiating with landlord
Board secretary, Dave DeBlander signed the letter needed for the landlord.

2) Board Workshop Follow-up

Ed Stanford states there is a DVD of the board workshop available. As a result of the workshop, the board has a list of things to do over the next few months. Recommendations from Michael Healy included that all the board paperwork be updated together. He organized everything. The only place he could find the job descriptions were online. The next step is to place the documents on the website soon. The documents can be tweaked later. The nomenclature will change from Roman numerals to letters of the alphabet.

3) Approval of proposed policy IV.A – Support for the board

Ed Sanford read this policy which details the general manager's role in providing clerical support to the board. Motion to approve by Dave DeBlander and second by Mike Kovach. **VOTE:** unanimous.

4) Approval of proposed policy II.A-Board Members' Code of Conduct

This document merges the previous Code of Ethic and Code of Conduct documents. There has been an annual signing ceremony but this is not necessary for those directors which already have a previous signed document on record. Motion by Mike Kovach and second by Dave DeBlander. **VOTE:** unanimous.

5) Approval of proposed policy III.3-Monitoring General Manger Performance

Motion by Pam Heinold and second by Mike Kovach. **VOTE:** unanimous.

6) Approval of proposed policy II.xx-Governance Investment

Ed Stanford announces one change to the document. 2c. will no longer read "All Directors receive an at-cost discount at the register" but will read "All Directors receive the same discount at the register as the employees, which is an at-cost discount." Motion by Mike Kovach to accept revised Governance Investment and second by Dave DeBlander. **VOTE:** unanimous.

Addendum:

There are some changes in the job descriptions.

The Vice-Chair description reads "Accordingly, the Vice-Chair will: Plan and coordinate regular board training and the annual board retreat." Since there is no longer a planning committee, this should be deleted and read "1. Perform duties of the chair in his/her absence. 2. Perform the duties delegated by the President or the board."

The Treasurer's description includes "Create and monitor the Board's (not the co-op's) budget." Although this and many other boards do not do this, it is becoming a trend. Since this is not a by-law it is appropriate to include this statement for possible future use.

The Chairperson's and Secretary's roles contain no new material but a new format.

Motion by Mike Kovach to approve the four job descriptions as discussed and second by Pam Heinold.

Discussion: If the Chair's responsibility is to coordinate the board training and the annual board retreat, shouldn't this be included in the Chair's job description? Ed Stanford said this sentence should be moved to the Chair's job description as number five. **VOTE:** unanimous.

7) Annual Review of GM Employment Contract (Closed Session)

G. Tasks Pending

- 1) Continue to Revise Policy Register

H. Closing

- 1) Evaluate Meeting
- 2) Next Meeting Topics

I. Adjournment

Ed Stanford adjourned the meeting at 9:00 p.m.