

**Ever'man Natural Foods Co-op, Inc.
Board of Directors' Meeting
Monday, February 27, 2012, 7 PM
Ever'man Community Room**

Present:

Lauren Southern-Godwin – President
Dawn Vorthmann – Treasurer
Scott Arnold – Director
Lynn Jackson – Director
Mary Mundy – Director
John Trawick – Director
Frankie Cruz – Director
Eric Schneider – Outgoing Vice-
President, via telephone
William Rolfs – General Manager
Robin Tillman – Board Clerical Support

Absent:

Mike Kovach – Secretary

Employees:

Belinda Carlino
Joy Soper
Samantha Williams
Steve Cochran
Elaine Renaud
Quincy Hull
Matt Reasoner
Thalia Lawrence
Lyn Sparks
Mikhy Koehler

Members:

Lois Stephens
Hugh Ed Turner
Ed Sweep
Dale Henry
Jennifer Schultz
Johnny Ardis
Duane Tant
Beth Willson/Stromant
Lorette Medwell
Betty McCullough- volunteer
Rand Hicks (?)
Allan Peterson
Frances Dunham
Ryan Galliford
Theresa Engle

Mary Taylor
Neil Tabot
Paul Montgomery
Andrea Rockwell
Christian Wagley
Pamela Corey
Kendall Poose
Stephen Luthy
Joseph R. Davis Jr.
Samantha Williams
Mike Potters
Rebecca Heyer
Eric Schmitz
Geraldine Vaurigand
Suzanne K. Fisher Miller and Brian G. Miller
Rachel DeToro
Tedra Burgess
Colleen Bridgman
Kelly Wieczorek
Barbara Reddoch and Samuel E. Reddoch
Ric Kindle
Emily Wicke
Chip Posey
Renee Perry
Joe Trapp
Larry Chamblin
Jerry Jackson
Mark Casson
Paul Flores
Alberto Escandon
Ed Bradley
J? D?
Tom Garner
Glenda McGhee
Tammy Rolfs
Arlene Lirette
Nancy Marquardt
Mike and Rivka Kilmer
Maggie Lovins
JJ Stephens

A. Come to Order

Lauren Southern-Godwin called the meeting to order at 7:04 pm.

B. Approval of Agenda

The agenda was revised to include the treasurer's report and reschedule the general manager's limitations reports.

C. Announcements/Open Forum

Centering - led by Lynn Jackson.

Reading of Ground Rules- Lauren Southern-Godwin read a list of ground rules for the board meeting. This list was compiled from other boards and cooperatives and will be read at each meeting.

1. Assume everyone wants the best for the Co-op and community.
2. Make a personal commitment to making a positive contribution.
3. Be aware of yourself and how what you feel, say and do impacts others.
4. Truly listen to others' views with curiosity and without interruption.
5. Be willing to understand and explore diverse views, not just defend your own.
6. Do not dominate the meeting time.
7. Seek balance participation among directors.
8. Adhere to time allotments.
9. Use a "parking lot" for important ideas and issues not directly related to the topic. A special meeting can be called if needed.

D. Approval of Minutes

It was recommended that the second sentence under paragraph F on page three be changed to "It was purchased to provide for future parking and drainage needs" and to strike "may prevent from sharing" in line 6.

Lynn Jackson motioned to approve the minutes as amended and Dawn Vorthmann seconded. **VOTE:** Passed. **FOR:** Scott Arnold, Dawn Vorthmann, Lynn Jackson, Mary Mundy, John Trawick, Lauren Southern-Godwin. **ABSTAINED:** Frankie Cruz.

Members were directed to past minutes posted by the community room door, the customer service desk and the website.

E. Board/Continuing Business

Election Results: There were 251 votes cast from a membership of 10,500. Incumbents Mary Mundy and Lauren Southern-Godwin were re-elected. Frankie Cruz was also elected and is seated as a director tonight. Incumbent Eric Schneider was not re-elected. He is present via telephone conference call. The board thanked him for his service to the board.

The nominating committee will report in March on the election process. John Trawick was added to the committee. The seating of new directors will be changed on the board of director's calendar. Lauren Southern-Godwin explained these changes were made to meet the year end reporting requirements.

By-law Changes- 2nd Reading: The proposed by-law changes were read into the record a second time.

3.3.2 Members may not vote by proxy. Ever'man will offer mail out ballots, unless the election is uncontested. The Board of Directors may authorize the use of electronic voting in addition to paper ballots.

3.2.1 A general membership meeting, called the Spring Membership Meeting, shall be held within three months after the close of the fiscal year, at which meeting the financial reports will be made.

The proposed changes to Bylaws 4.1.4 and 5.2 were reexamined. New changes were read into the record. There will be a second reading of these changes and a vote to accept all four by-laws changes at once.

4.1.4 Directors shall be elected for three year terms beginning at the first meeting after election results are announced.

5.2 Officers shall be elected at the first regular Board of Directors meeting following the installation of the new board members and will serve for one year. In an election year, if the results alter any board officers' status, then the provisions of Section 5.5 will apply.

Treasurer's Report: Dawn Vorthmann reports the fiscal year ends on March 31, 2012. Ever'man is scheduled for a review this year but has not engaged an accounting firm yet. William Rolfs has been obtaining bids for this service. Dawn Vorthmann read aloud sentence two of policy D10: Treasurer's Role. She stated it is her job, not the general manager's, to research and hire the auditor. She feels it behooves Ever'man to not change much while there is not an in-house finance manager and recommends Ever'man hires O'Sullivan Creel. John Trawick motioned Ever'man engage O'Sullivan Creel to perform a review and Scott Arnold seconded. **VOTE:** Passed. **FOR:** Scott Arnold, Dawn Vorthmann, Lynn Jackson, Mary Mundy, John Trawick, Lauren Southern-Godwin. **ABSTAINED:** Frankie Cruz.

Dawn Vorthmann reported O'Sullivan Creel has merged with Warren Averett, thus there is a new standard contract to review and sign.

Discussion included that it is common for the same accounting firm to be engaged for taxes and books if the firm is large enough to have separate divisions. However, Ever'man does not send bookkeeping out any longer. A review is not an audit and irregularities are not routinely made public but can be published for the membership. The differences between an audit, review and compilation were given. Professional ethics and standards are used in creating all of these documents. A review costs between \$5,000 and \$12,000 whereas an audit costs between \$20,000 and \$30,000. As Ever'man has had confidence with the in-house finance department to create financial reports, an audit has not been completed in at least fifteen years.

F. Manager's Report

General Comments: William Rolfs reported the teaching kitchen/community room has been approved by the city. The contract with the builder is being reviewed by the attorney and consultant C. E. Pugh. With board approval, the project could be complete in six weeks. Discussion followed addressing the size of the room, if it will be large

enough, if it reflects the size of the membership and the potential for community outreach and marketing through use of the room. It was noted that longer rooms prevent eye contact and therefore a loss of humanity. The general manager and board responded that there have been several meetings and opportunities for the membership to express opinions on the community room but they were not well attended. The teaching kitchen plans have been made based on employee recommendations. The entrance will be on Garden Street with an awning connecting the two buildings. Spending has been put on hold until the rumors of a Fresh Market opening locally have been reviewed. The building plans were costly and changes made at this point will be lost money. Changes must be weighed carefully. Expansion has been a topic since before 2005 and the board has been making final plans for over a year. Members are encouraged to join the Expansion/Finance committee tonight. The current community room will be converted into an employee break room and two offices. Members suggested a trailer be considered to add this extra space. It was also suggested an unconventional community room, such as an outdoor space, be explored.

Mary Mundy asked William Rolfs to explain the employee performance check-ins. He responded that the goal is to change from doing all of the performance evaluations at one time to completing them on the employee's anniversary date. At the moment the evaluations are all completed at once at the beginning of the year. The conversion may cause some employees to not receive an evaluation for over a year from the original evaluation date. The check-ins with the employees will prevent them from waiting a long time to receive feedback. The evaluation forms used presently are spreadsheets that do not work well. Landrum Human Resources has available three forms tailored for specific departments. The managers have agreed to use these forms as a template. William Rolfs will post these forms to Ever'man board. Questions from the membership included how the evaluations affected pay, if the GM received a bonus based on the bottom line and if the management could use performance based evaluations to not give a pay raise based upon personal conflict. William Rolfs does not receive bonus pay based upon the bottom line. Currently, employee pay is based only upon cumulative hours worked. As Ever'man grows, so does the payroll. Even with attrition, payroll is growing enough that prices may be affected. Sustainability needs to be taken into account when reviewing the pay raise process. Due to the frequent change of topic, the GM was not able to complete his explanation on this subject. It was asked if the ratio of pay between the top management and lowest paid employee is available to judge Ever'man against other businesses. The board said this ratio can be created. Lyn Sparks of the vitamin department assured the membership that, as an employee, she has been well taken care of at Ever'man.

Dawn Vorthmann stated that the board of directors changed the staff treatment survey from annually to quarterly but she has not seen any of these results. William Rolfs replied that he was told he would answer specific questions but not that he was to administer a quarterly survey. He is currently trying to match a survey with the annual report. Dawn Vorthmann commented that a committee is forming tonight and the board can create the survey. The Board reached a consensus to have survey results reported in March.

Board Monitoring: C3: Monitoring GM Performance, C4: Meetings and C5: Code of Conduct was rescheduled in favor of the open forum.

G. Member Survey:

Dawn Vorthmann reported that twenty-five pages of results were received from the member survey given during the board of directors' election. She stated that Ever'man seems to be having an identity crisis. The results will be posted on the webpage. A summary follows.

1. Did you find the e-vote worthy of continuation? 96% responded yes
2. Are you aware Ever'man is governed by a board of directors with a mission? 99% responded yes
3. Does your membership provide value to members in your household? 95% responded yes
4. Do you feel Ever'man is working effectively towards its ends statements? 80% responded yes
5. Would you be interested in a member loan program for expansion? There was confusion regarding this question and many thought Ever'man would be loaning money to the membership.

H. Committee Formation

Lauren Southern-Godwin passed out sign-up sheets for members to join committees such as price/merchandise, expansion/finance, human resources (ideas about surveying staff, suggestions/ideas from employees), and reorganization. Dawn Vorthmann reported that the board does have a reorganization committee pursuing incorporation as a co-operative in a different state.

H: Open Forum:

Chip Posey, board director candidate in February 2012, said the board is repressive and utilizes censorship. He stated he was told to stop talking to employees as this is an operations matter. He read from an email he received from a board director; "refrain from entering into specifics." Scott Arnold replied that speaking to employees is a problem when a candidate promises employee raises. This is between the employee and the management, not the candidate.

There was an outpouring of praise for ex-employees Elie Barnes and Sandy Gazdyszyn and concern over their resignation. Discussion regarding their resignation included members Dale Henry, Joe Trap, Ed Bradley, Brian Fisher-Miller and other members. The members wished to know if the board was concerned about the resignation of these and a third employee. An investigation into the events that led to the resignations was requested. The board was accused of asking Elie Barnes to act unethically in holding the results of the board of directors' election and in removing any posted results. The vetting process was questioned. Scott Arnold reported that he and Lynn Jackson counted the votes. They also rechecked the status of the candidates in case their memberships had expired after being vetted. A problem with Frankie Cruz's membership was found so Scott Arnold asked Elie Barnes to wait on clarification before posting the results of the election. He stated he did not ask her to remove results from the bulletin board. Employee Joy Soper reported she received email from Elie Barnes and Sandy Gazdyszyn asking her to look up the information requested on Frankie Cruz's membership. She was told no matter what it wouldn't hurt Frankie Cruz's position on the board. She was also told to keep the information confidential and tell only Elie Barnes or Sandy Gazdyszyn. Joy

Soper was given the impression from Elie Barnes and Sandy Gazdyszyn that not keeping this emailed information private from others, including the board, could be grounds for losing her job. She also stated that Matt Reasoner made the decision to remove the results from the bulletin board on his own and was not directed to do so by the board. Matt Reasoner had left the meeting and could not comment.

Lauren Southern Godwin stated that the unusual expiration date of Frankie Cruz's membership raised a flag. It appeared she was still an employee which violated the by-laws. The intention was to have a fair election following the rules. Scott Arnold replied that Ever'man's attorney reviewed the matter and said it was handled in the correct manner. Dawn Vorthmann recommended asking Elie Barnes and Sandy Gazdyszyn to meet with the board, the general manager and some of the employees. A tentative date of Monday, March 5th was set. Lauren Southern-Godwin hoped the ex-employees would at least send a statement if they chose not to meet with the board.

Further discussion on the election centered on the voting process and included members Ric Kindle, Lois Stephens and Jerry Jackson. The electronic vote was an attempt to garner more votes by meeting the lifestyles of the members. The e-vote allowed for only one draft of results. All paper ballots were kept locked until formally counted and all votes were kept confidential. It was pointed out that there may be a security issue in electronic voting if one member uses another member's number. However, since the e-vote site would state the member had already voted, it is presumed the injured member would report the problem.

There was also discussion about the termination of several specific long-term employees. Participating members included Pamela Corey, Joe Trap, Allan Peterson and Jerry Jackson. Management was accused of terminating these employees because of their higher pay scales. It was also suggested that one of the employees was fired after complaining to Landrum Human Resources. The members stated that long term employees are the best employees with a better understanding of the cooperative and who maintain good relationships with the membership. It was asked that these employees be reinstated. Details as to their termination were requested. The board replied that they as individuals, not as a board, have spoken with the previous employee representative. Her role was clarified at a board meeting but she did not share grievances. Any causal link between the board meeting and her termination is coincidence. William Rolfs reported that he cannot legally discuss the terminations other than to say his decisions were based on documented employee behavior. Pamela Corey requested these ex-employees meet with the board on Monday, February, 5th as well. Dawn Vorthmann responded that the issues were different and there would be confidential issues that would prevent the two groups from meeting together.

Lois Stephens questioned the use of Landrum Human Resources as did Geraldine Vaurigand, Ryan Galliford and Joe Trap. It was suggested the employees do not know who they are working for and the Human Resources Department should be brought back in-house.

Joe Trap stated that some members see Ever'man moving toward a financial model rather than following its mission as a cooperative. He states the mission is not clear and the community is no longer first. Steven Luthy gave an example of the deli raising the prices on items \$1.00 in one week. He suggested a health center in Gainesville, FL that can serve as a business model for Ever'man. Suzanne Fisher Miller does not mind higher

food prices if she knows they are helping the employees and community. Other members including Ryan Galliford, Mark Casson and Mike Kilmer asked the board to move away from Carver Governance Policy and to use a more dynamic policy that will connect the board to store operations more. These members feel that Ever'man needs to disengage from national organizations such as NCGA and CDS because they are profit driven and do not contribute to the local community. Mike Kilmer stated the board is not living up to its responsibilities. Director Frankie Cruz stated the position of the employee representative does not exist in a way that grievances and concerns could be brought to board of directors. She hopes this will be corrected if the board moves away from Carver model.

Joe Trap, Steven Luthy and Ric Kindle complained that general manager, William Rolfs, is utilizing a corporate management style rather than a cooperative one. Several members agreed that William Rolfs may be a good manager but feel he shouldn't be setting policy. These members request that the board set policy and retrain the general manager in the cooperative model. Steven Luthy commented he eats in the deli frequently and plays a game with his friend to find the unhappiest employee of the day.

Employees Joy Soper and Lyn Sparks replied that William Rolfs is friendly and has tried to reach unhappy employees. There are some employees that will not respond nor fill out anonymous suggestions. They defended William Rolf's hard work to learn the cooperative model and feel he is being unfairly accused. Rivka Kilmer stated that Elie Barnes never said a bad word about William Rolfs.

JJ Stephens stated it is foolish to expand on debt. Dawn Vorthmann replied that at the very least the store needs all new equipment as the current equipment does not work well and is not energy efficient. There are other problems that need addressing such as mold. Scott Arnold asked who would rather refresh the building instead of expanding. The majority of the members present raised their hand.

While some members indicated they did not trust the management or the board, other members stated that trust was still in place. Christian Wagly said that the trust could be earned again. Several members asked for a report from the board concerning the issues tonight. Lauren Southern-Godwin stated that the board could respond at the next monthly board meeting.

Mike Potters, Lois Stephens, Suzanne Fisher Miller and Jennifer Schultz gave their appreciation to the board for its hard work and what it has tried to do for the community. Jennifer Schultz recommended another committee to work with membership services on community outreach.

Outgoing board director Eric Schneider thanked Lois Stephens and Hugh Ed Taylor for attending meetings and bringing issues to the board as well as their work with recycling and event recording. He said they were the most dedicated members to attend the board meetings since he was elected seven years ago. He served on the board to make changes but changes are slow due to Carver Governance. However, the board has made progress over the past two years. The membership needs to attend the meetings to give their opinion and not only when upset. Remember the board represents 10,500 members. The board *has* responded to emails. The store is falling apart on the inside. The board is making an effort to improve the store and to give to the community. This takes time and the participation of the membership. If the members do not show up, the board does not know what they want. Eric Schneider stated he would like to see a Not-for-Profit farm

started for educational reasons. But he hasn't been able to pursue this because of other board business. If the store doesn't make money, it can't keep the lights on.

Throughout the evening several members and employees gave their appreciation for the board's work and the store, including the community outreach. Lois Stephens called Ever'man the "gem of the Emerald Coast." Colleen Bridgman is looking toward Ever'man and its cooperative principles for guidance in her own business.

G. Adjournment

Lauren Southern-Godwin adjourned the meeting at 10:30 pm.