

**Ever'man Natural Foods Co-op, Inc.
Board of Directors' Meeting
Monday, June 25, 2012, 7 PM
Ever'man Community Room**

Present:

Dave DeBlander– President
Frankie Cruz– Vice-President
Lauren Southern-Godwin -Secretary
Dawn Vorthmann – Treasurer
Lynn Jackson – Director
Lois Stephens – Director
Johnny Ardis – Director
Maria Pinochet– Director
William Rolfs – General Manager
Robin Tillman – Board Clerical Support

Employees:

Carolyn Privette
Plentimore Hobbs
Jennifer Dutton
Jonathan Scrivenor
Matt Reasoner
Joy Soper
Thalia Lawrence
Lawrence Koehler
Belinda M. Carlino

Members:

Mike Kilmer
Andrea Rockwell
Nancy Marquardt
Mary Taylor
Ann Kennedy
Suzanne Fisher-Miller

A. Come to Order

Dave DeBlander called the meeting to order at 7:20 P.M.

B. Approval of Agenda

The agenda was approved.

C. Announcements/Centering

Centering - led by Lynn Jackson.

D. Approval of Minutes

Typographical errors were found in the April minutes and a misplaced sentence in the May minutes. Lauren Southern-Godwin motioned to accept the April minutes as corrected and Frankie Cruz seconded. **VOTE:** Passed. For: Dave DeBlander, Frankie Cruz, Lauren Southern-Godwin, Dawn Vorthmann, Lois Stephens, Johnny Ardis, and Maria Pinochet. Abstained: Lynn Jackson. Lauren Southern-Godwin motioned to accept the May minutes as corrected and Dawn Vorthmann seconded. **VOTE:** Passed. For:

Dave DeBlander, Lauren Southern-Godwin, Dawn Vorthmann, Lois Stephens, Johnny Ardis, and Maria Pinochet. Abstained: Lynn Jackson and Frankie Cruz.

E. Board/Continuing Business

CCMA Reports: Frankie Cruz relayed her positive experience meeting with people from other cooperatives and attending the group tours and seminars. She met with members of a cooperative in a food desert that has a 21% mark-up on food. Work is required of all members and each member has one vote. A food desert is a USDA recognized geographic area without access to food or affordable food. Ever'man is three blocks from a USDA recognized food desert. She watched a preview of Food for Change, an in-depth film of the history of the cooperative. The producers need more money to continue making this film. William Rolfs stated Ever'man has already donated but should give more money and hold a screening when it is released. Frankie Cruz attended keynote speeches and board development and ends workshops. She came away with the importance of reincorporating as a cooperative or LLC so Ever'man's members can be owners.

Lauren Southern-Godwin stated that there were concerns raised previously about Ever'man belonging to a national organization. This CCMA meeting confirmed to her the benefits of membership. She attended workshops on buying local, competing with big box stores to provide healthy food, board development, renegade board members, measuring ends, how food is used in this economy and partnering with other cooperatives. She toured both Weaver's Way stores. She wants Ever'man to celebrate the Year of the Cooperative more. She will organize pamphlets and other media resources she has collected for use in rebranding the store. She wants more directors and management to attend the CCMA meeting next year. Discussion followed regarding the cost of sending attendees to the meeting. Dawn Vorthmann reported that no one has been turned down thus far but more money needs to be allocated in the new board budget.

Board Self-Monitoring:

D5: Relationship to Members: Frankie Cruz pointed out that this document uses the term member-owners and wondered how this affects the cooperative legally.

D3: Committee Principles: Dave DeBlander asserted the board should follow the guidelines set forth in the Governance Policies. The recently formed Food Product Committee was created in such a way that it does fulfill D3.2 (board committees are to help the board...) and D3.4 (board committees cannot exercise authority over staff...) and is therefore powerless. The job of the board does not include product policy. If there is a problem with the product policy, members should address management. Frankie Cruz stated she is appreciative of the work of the committee members and asked how members can be involved. She asked if the Product Policy can become a board document. Dawn Vorthmann said no and referred her to D2: Board Job Products. Frankie Cruz replied that a product policy is within the realm of member linkage, D2.1. Dawn Vorthmann disagreed using D2.3 as her basis (the board measures General Manager performance against ends and executive limitations). Lauren Southern-Godwin said the board can require the general manager to report on product policy. It can be reviewed annually to see how it fits with the ends. Dawn Vorthmann recommended moving this discussion to

the board retreat. This topic needs to be prioritized along with expansion and reorganization.

Product Committee Report – Mike Kilmer states that the committee was started by board directors and has been working for five months. He does not think policy governance is reason enough to suspend the committee and asked that the policy be changed. Dave DeBlander replied that unless the policy is changed, the rules need to be followed. Mike Kilmer responded that he does not think William Rolfs has enough experience in natural foods to handle a product policy and that William Rolfs stated he didn't want input. William Rolfs rebutted that he said he wouldn't change the Product Policy without the assistance of the people he works with and that he researched this issue in October 2011. He posted the topic on the cooperative boards and received many replies. He found that Ever'man's existing policy is stricter compared to some other cooperatives. He does agree the committee isn't set up properly as there are members only on one side of the issue. The committee should be a group of thinking people with differing opinions working toward a common goal.

Discussion included allowing the committee to report their findings to the general manager who would then make any decisions. This would be directing the GM instead of giving him limits. It would be telling him how to do his job. As it is set up, the product policy tells the GM what not to have in the store versus what to carry. The work of the committee may be usable but not as the committee exists. Other cooperatives handle this issue with member-owner votes. While this may be true, it is more common for member-owners to vote on by-laws. It was further stated that the committee meeting with management went well. The inventory was compared and not much was changed except wording which explained why some products are carried. The board is committed to the green supply issue but needs to be clear on what their legal responsibilities are and how to make it work synergistically. Matt Reasoner stated that determining product policy is simply a matter of deciding if the store is serving the needs of 300 members, 10,500 members or the community. In reference to comments made about the board being restricted to one employee, it was stated that Policy Governance is not about having one employee. Policy Governance is the reporting method used by the board in order to complete its work.

Lauren Southern-Godwin moved to table D3 and its active committee. Maria Pinochet seconded.

Fingerprinting Check-In: Two more board directors must be fingerprinted as per Florida law.

Seating Chart: The updated seating chart includes recently elected board directors Lauren Southern-Godwin, Frankie Cruz and Mary Mundy. They will be up for re-election in three years. Lois Stephens was appointed to Dave DeBlander's vacated seat and Johnny Ardis was appointed to Mike Kovach's vacated seat. They will be up for re-election in 2013. Dave DeBlander was appointed to Scott Arnold's vacated seat and Maria Pinochet was appointed to John Trawick's vacated seat. They will be up for re-election in 2014.

Membership Meeting: Johnny Ardis, Jennifer Dutton, Joy Soper and Thalia Lawrence were thanked for organizing the membership meeting. Jennifer Dutton added that the managers helped as well. About 200 people attended and many pictures were taken.

By-law Changes- Final Reading: Discussion regarding by-law 4.1.4 resulted in no amendments to the proposed by-law. It reads “Directors shall be elected for three year terms beginning at the first meeting after election results are announced.” Discussion regarding by-law 5.2 revealed that the board officers were not elected this year following this timeline. It was stated that the important date to be met is the May 1st deadline for filing with the state. The board can elect another officer if needed.

Lauren Southern-Godwin motioned to approve by-law 4.1.4 as read and Dawn Vorthmann seconded. **Vote:** Passed unanimously.

Treasurer’s Report: Dawn Vorthmann reported that the review is in progress. This data will be used in the board financial training. She will present the year end information in August along with the 401K report. There is 1.9 million dollars in the bank. She will work with Joy Soper on the board budget.

F. Manager’s Report

General Comments: William Rolfs announced the promotion of Joy Soper to Finance Coordinator. An insurance claim has been filed on the generator which shorted during the flooding rain on June 9th and 10th. He reported that he is working with Fred Stapenhorse, a mentor who has worked in the cooperative world for forty years. Fred Stapenhorse has met with the management staff and will be available by phone weekly for up to a year. This service is part of the NCGA Development Cooperative. William Rolfs reported this service is working well with his current cooperative management education. Lauren Southern-Godwin requested William Rolfs email the board with what he learns at his meetings with Fred Stapenhorse.

William Rolfs provided a handout, *Challenges to the Cooperative Board of Directors*, as requested. This article deals with how the board can better support the general manager.

The Bread Basket has been enhanced with additional products and signage. There will be an article in the newsletter. An advertising contract has been signed with the Gossport newspaper for weekly ads. William Rolfs stated his priority for marketing is hiring a marketing manager.

In regard to a discussion of Publix grocery, an Ever’man employee goes weekly to check prices. Ever’man usually meets or beats the produce prices with the exception of one product that week. Lauren Southern-Godwin recently shopped at Publix out of town. She brought her receipt to Ever’man for comparison and all produce was less expensive at Ever’man.

The project manager with Bullock Tice has been changed.

B4: Financial Condition and Activities: The T-Square property is listed by address but the new property does not have an address. Dawn Vorthmann stated that these five ratios, the balance sheet and income statement will be the beginning of the financial

education. Lauren Southern-Godwin remarked she liked the new brochure and agree with changing “ends statement” to “mission,” adding special orders and the bread basket. Dawn Vorhmann motioned to accept B4 and Lauren Southern-Godwin seconded.

VOTE: Passed. For: Dave DeBlander, Lauren Southern-Godwin, Dawn Vorhmann, Frankie Cruz, Lois Stephens, Johnny Ardis and Maria Pinochet. Abstained: Lynn Jackson.

Frankie Cruz commented that B4.4 is not accurate as the members of Ever’man are not owners. Dawn Vorhmann replied that it is accurate because Ever’man is a NFP and the owner equity is member equity. William Rolfs stated the Articles of Incorporation dictate that money left after dissolution goes to charity or the state.

B4.2 - The GM will not allow operations to generate an inadequate net income. The CoCoFIST benchmark for jeopardy is set at 0.5%. The GM requirement to increase net income yearly was removed previously. Dawn Vorhmann said the board financial training will assist in understanding this. Frankie Cruz motioned to remove this benchmark. Dawn Vorhmann replied this is a complex topic when one doesn’t understand all the financials and line items. The store cannot lose money but the number shouldn’t be hard and fast putting pressure on the GM. This may cause him to cut expenses in areas the board may feel are important. William Rolfs responded this is a good reason for converting to a true cooperative. There is money available if needed throughout the year. This is then given back to the member-owners. Frankie Cruz motioned to remove B4.1 because B4.2 covers this. Dawn Vorhmann stated B4.1 matters and will be discussed in the board financial training.

B2: Membership Rights and Responsibilities: Lauren Southern-Godwin motioned to accept B2 and Dawn Vorhmann seconded. **VOTE:** Passed. For: Dave DeBlander, Lauren Southern-Godwin, Dawn Vorhmann, Lois Stephens, Johnny Ardis and Maria Pinochet. Abstained: Lynn Jackson and Frankie Cruz.

B1: Staff Treatment: Lauren Southern-Godwin, Johnny Ardis and Maria Pinochet spoke with Fred Stapenhorse regarding adding a hiring statement. He recommended against this as it is not a policy governance issue. The issues that have been brought up repeatedly that are board work are education and fair compensation. Since the existing policy is met in the report, the report should be approved before this issue is addressed.

Discussion included how the board can show support for the cooperative without a must hire statement. William Rolfs announced Jennifer Dutton is training new employees on cooperatives. It was suggested the GM report on how the store supports cooperative training. Further discussion included the legality of a hiring statement. The board cannot always know why people with experience are not hired also due to legal issues. Some cooperatives have an operational procedure followed by their in-house human resources director to help choose employees. But this is not included in their by-laws.

Maria Pinochet stated that the cooperative model is an economic business model which is separate than the culture. Lois Stephens remarked that Ever’man is a specialized business which decreases the knowledge and experience of the applicant pool.

Frankie Cruz motioned to add B1.7 to read “[The GM shall not] discriminate in the hiring of people with tattoos and piercings” as she feels the employees are not representative of the membership. Joy Soper disagreed as her tattoos are visible. William

Rolfs stated this is a dress code issue. The current dress code does not disallow visible tattoos unless offensive. The store tries to reach a happy medium on the dress code as members have a wide variety of opinions. There have been complaints about dreadlocks but the store's policy is only to keep them pulled back out of the food. Lauren Southern-Godwin remarked this issue has been discussed previously. Lois Stephens pointed out that diversity is welcome but trends and fads change which will necessitate a change in the limitation. William Rolfs said he cannot report on this type of limitation but he can quantify training. Lauren Southern-Godwin recommended training and a multi-cultural festival.

Lauren-Southern-Godwin motioned to accept B1 and Dawn Vorthmann seconded. **VOTE:** Passed. For: Dave DeBlander, Lauren Southern-Godwin, Dawn Vorthmann, Lois Stephens, Johnny Ardis and Maria Pinochet. Opposed: Frankie Cruz. Abstained: Lynn Jackson.

B8: Treatment of Consumers: The report has been recalculated with numbers from the completed survey. Lauren Southern-Godwin motioned to accept B8 with the addendum to focus on customer service in 2013. Dawn Vorthmann seconded. **VOTE:** Passed. FOR: Dave DeBlander, Lauren Southern-Godwin, Dawn Vorthmann, Frankie Cruz, Lois Stephens, Johnny Ardis and Maria Pinochet. Abstained: Lynn Jackson.

Frankie Cruz motioned to add B8.3 to read [The GM will not] allow discrimination of socio-economic status, gender, age, race, religion or culture. Maria Pinochet and William Rolfs stated this would be difficult to report. William Rolfs indicated that customers are not a protected class like employees. Discussion included the use of zip codes and food stamp sales as well as the economy to help in reports. The computer system was changed to prevent customers from announcing aloud their SNAP benefits. The Bread Basket is also moving in a good direction.

Expansion Update: Ever'man is working with a new project manager at Bullock Tice Associates. He has new ideas and is very motivated. Ever'man has closed on the lot which helps with design.

B7: Emergency Management Succession: Dawn Vorthmann motioned to accept B7 as stated on Ever'board. Lauren Southern-Godwin seconded. **VOTE:** Passed. For: Dave DeBlander, Lauren Southern-Godwin, Dawn Vorthmann, Lois Stephens, Johnny Ardis and Maria Pinochet. Against: Frankie Cruz. Abstained: Lynn Jackson.

G. Open Forum

Discussion included the role of the employee in bringing customer complaints to the GM as many customers will not utilize the suggestion box. Even though many customers don't respond when greeted, the GM encourages eye contact. He reads all suggestions and complaints, forwards them to the board and thanks the customer.

The expansion is very green. The use of geothermal energy is not efficient due to the amount of refrigeration. Ever'man will utilize as many LEEDS features as possible but will not pursue certification due to its cost.

It was suggested that tearing down the T-Square building is not green but this depends on how the land is used. It was recommended to use the building to create jobs

and support the community. A decision has not been made as the purchase of the new lot changes everything. The board is impressed that the new project manager has researched the history and culture of Ever'man.

It was asked why so many out of stock signs are seen on the shelves. The GM is working with the problem. While computer systems help with this, auto-replenishment takes great labor. Major grocery stores are just now using this.

H. Adjournment

Lauren Southern-Godwin motioned to adjourn at 9:45 PM and Dawn Vorthmann seconded. **VOTE:** Passed unanimously.