

Ever'man Natural Foods Co-op, Inc.
Board of Directors' Meeting
Monday, March 26, 2012, 7 PM
Sanders Beach -Corinne Jones Community Resource Center

Present:

Lauren Southern-Godwin – President
Dawn Vorthmann – Treasurer
Lynn Jackson – Director
Mary Mundy – Director
Frankie Cruz– Director
Lois Stephens – Director
Dave DeBlander – Director
Johnny Ardis – Director
Lou Ray - Parliamentarian
William Rolfs – General Manager
Robin Tillman – Board Clerical Support
C. E. Pugh - COO-NCGA
Keith White – Bullock Tice Associates

Employees:

Lyn Sparks
Gary Tanger
Lyvonne Patterson
Belinda M. Carlino
Julia E. Sharp
Samantha Williams
Carolyn Privette
Jennifer Dysoco
Elaine Renaud
Plentimore Hobbs
Gerald Boutwell
Jen Dutton
Jonathan Scrivenor
Matt Reasoner
Joy Soper
Steve Cochran
Thalia Lawrence
Lawrence Koehler
Quincy Hull
Tammy McGuican
Lauren Amick
Jacob Hunter
Kristen Bachuss

Members:

J.J. Stephens
Suzanne Fisher-Miller
Brian Miller
Ryan Galliford
Rebecca Heyer
Ric Kindle
Ed Bradley
Bonnie Bayly
Emily Wicke
Duane Tant
Mary Taylor
Anna Meany
Dom P. Cain(?)
Mack Smith
Teri Glencoe
Joe Trapp
Andrea Rockwell
Richard Weirick
Tom Stack
Mike Kovach
Diane Pitts
Kirsty Mercer
Julie Mercer
Nancy Marquardt
Scott Martin
E. Lee Magaha, Jr.
Ed Stanford
Brandon Godwin
Edward Dysoco
Susan Williams
Bruce Barillas
Deborah Pate-Hendren
Stephanie Wilson
Mike Reid
Marianne McGee
Allan Peterson
Lois Johnson
Marcia Ingham
Maria Pinochet

Hugh Ed Turner
James Cedeno
Kim Casson
Mark Casson
Mike Kilmer
Joyce Cerlish

Tammy Rolfs
Greg Geri
Barbara Albrecht
L. Tedra Burgess
Jerry Jackson
Christian Wagley

A. Come to Order

Lauren Southern-Godwin called the meeting to order at 7:05 pm.

B. Approval of Agenda

There were no changes to the agenda.

C. Announcements/Centering

Announcements – Lauren Southern-Godwin introduced Lou Reed, acting parliamentarian for the meeting. She also clarified that Robin Tillman is the board clerical support and not board secretary as the signage states.

Centering - led by Lynn Jackson.

Reading of Ground Rules- Lauren Southern-Godwin read a list of ground rules for the board 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

The correct spelling of attendee names was offered. The show of hands for the reset should read as affirmative. Lois Stephens motioned to accept the minutes with aforementioned changes. Dawn Vorthmann seconded. **VOTE:** Passed. FOR: Dawn Vorthmann, Lynn Jackson, Mary Mundy, Frankie Cruz, Lois Stephens and Lauren Southern-Godwin. ABSTAINED: Dave DeBlander and Johnny Ardis.

E. Board/Continuing Business

Announcement of new board members: Lauren Southern-Godwin introduced the new board members replacing Scott Arnold, Mike Kovach and John Trawick who resigned this past month. Lois Stephens is a long time member and store volunteer who served as a board member during Ever'man's last expansion. Johnny Ardis has also been active as an Ever'man volunteer and has been involved in various local environmental and social justice movements. Dave DeBlander's natural foods experience comes from owning a

natural foods restaurant and bakery in Madison, WI before moving to Pensacola. He served on Ever'man's board from 2006 to 2011.

Board Self-Monitoring: Board reviews are to discuss the need for changes in policies.

D1-Governing Style - This was rescheduled from last month. The first paragraph was read. No comments or actions taken.

Ends-Price Statement – The statement was read. Previously the statement included providing food at an affordable cost. The board is discussing adding wording for affordability and reasonable pricing to “Access to Healthy, Natural foods and Products.” A first reading will be put on the agenda for next month.

Nominating Committee: The board will review the nominating committee documents for improvement.

Membership Meeting: A committee and date is needed for the Membership Appreciation meeting in May. There is a charter for the committee. Last year the committee members included Mary Mundy, Lynn Jackson and Scott Arnold. The meeting was held in mid-May. Board directors Mary Mundy and Johnny Ardis volunteered to serve on the committee and member Ric Kindle volunteered to help with the music.

By-law Changes- Final Reading: The following were read with no discussion.

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.

VOTE: Passed. FOR: Dawn Vorthmann, Lynn Jackson, Mary Mundy, Frankie Cruz, Lois Stephens and Lauren Southern-Godwin. ABSTAINED: Dave DeBlander and Johnny Ardis.

The following were read a second time and will be voted upon at the next meeting.

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 has signed letter to engage Warren Averett O'Sullivan Creel to perform a review and prepare the tax return. The fiscal year ends March 31, 2012 and the review will start mid-April. Dawn Vorthmann reported she reviewed the financial statements in the store since there is no longer a finance manager on staff. She was impressed that with the hard work of Joy Soper and Thalia Lawrence,

the accounting has been updated correctly. The cash in the bank is good. The 401K report will be put on the agenda for next month as well as the board budget.

Brief Reports on Committees: Lauren Southern-Godwin announced the formation of an online group for committee use. Each committee can post ideas, charters and questions.

Pricing and Merchandising – Lauren Southern-Godwin reported meeting with this committee which is still in the research stage. Some items under consideration include holding a Farmer’s Market in the green space, product labeling and making the Bread Basket more accessible. There are currently 200 items in the Bread Basket program but they are not well labeled in the store. The committee’s goal is to vote on a charter next month.

Human Resources- Mary Mundy reported this committee of two members has a draft charter. Its goals are improving communication between the staff, management and board of directors, holding team building events for the staff and management, showing employee appreciation, improving employee training and reviewing the human resource policies with Landrum Human Resource, Inc.

Reorganization – Frankie Cruz reported that this is a legally based issue so there is not much work that can be done without the board of directors. However, a charter has been drafted and will be provided online.

Expansion and Finance – Lauren Southern-Godwin addressed questions regarding the postponement of the committee work until after tonight’s meeting. The board felt the committee would benefit from a presentation and Q&A session with expansion consultant C. E. Pugh. Committee members stated that as there was not yet a charter, it was inappropriate to bring in C. E. Pugh at this time. Lauren Southern-Godwin replies that there has been an expansion policy for some time. There are not current members on the committee at this time but the board encourages employees to serve on the committee. In response to questions regarding the minutes of closed board sessions, Dawn Vorthmann read by-law 4.3.2.4 which describes when the board may meet in a closed session.

Community Outreach – Jennifer Schultz is not present to give a report.

F. Manager’s Report

General Comments: Lunch with the General Manager has been successful in building open communication. William Rolfs has met with 16 associates thus far. The member survey results are being tallied and will be given to the board once compiled. A staff survey was completed this past month in an effort to see how to improve management relations with the staff. Lynn Jackson and Frankie Cruz inquired as to who crafted the staff survey. It was recommended a third party compose the survey and the results be sent directly to the board. William Rolfs said he would take this under advisement. Lauren Southern-Godwin reminded William Rolfs that the survey is to be completed quarterly as part of his quarterly report.

B7: Emergency Succession: Dawn Vorthmann recommended the conditional acceptance of this report as one of the emergency co-manager positions is now vacant. William Rolfs agreed and asked to revisit the report once a new employee had been

trained. Dawn Vorthmann asked to put a review of the report on the agenda in three months. Frankie Cruz motioned to reject the report and Lyn Jackson seconded. **VOTE:** Passed. FOR: Mary Mundy, Lauren Southern-Godwin, Dawn Vorthmann and Lynn Jackson. ABSTAINED: Lois Stephens, Johnny Ardis and Dave DeBlander.

B8: Treatment of Consumers: William Rolfs used an abbreviated customer survey for data as the full survey was not sent out in time to use for this report. He will add the data from the full survey to the report and responded affirmatively to having access to the majority of the results within a month. Lyn Jackson recommended an outside source for creating the member survey.

The conversation turned back to the staff survey with questions from members as to why the General Manager stated he would take directions from the board under advisement rather than state he would do as told. Lauren Southern- Godwin stated that the survey was not designed by the General Manager or the Board of Directors alone. Lauren Southern-Godwin and Dave DeBlander replied that individual board directors can make recommendations for the General Manager to take under advisement until the board votes. Dave DeBlander continued saying that as long as a survey is confidential one does not need to spend extra money on an outside source. A member questioned the confidentiality of the staff survey and Lauren Southern-Godwin asked William Rolfs if each section was optional. William Rolfs reported that he used Survey Monkey which allowed questions to be skipped and also compiled the answers such that comments could not be tied to other questions. The results of the electronic election survey are available on the table in the back.

Dawn Vorthmann motioned to approve B8 and revisit when the member survey results are available in one month. The motion failed. Lois Stephens motioned to table the report until the results are available. Lauren Southern-Godwin found no objection to tabling the report.

B1: Staff Treatment: The board has been discussing the addition of an additional statement to the staff policy in regard to hiring.

Dawn Vorthmann motioned that the employee survey be repeated quarterly. William Rolfs stated this will not allow results from any programs instituted as a result of the survey. Most cooperatives conduct an employee survey annually. Frankie Cruz motioned that a quarterly employee survey be utilized and that the recent survey be rejected. Discussion centered on why reason for rejecting the current survey. These include not using an outside source to craft the survey and that the store is small enough to pinpoint employee with complaint regardless of anonymity. Any criticism of the management is returned to the management. William Rolfs replied that regardless of who creates the survey, these problems will exist because of the comment section, not the questions. Dawn Vorthmann said the difference in costs should be evaluated. Dave DeBlander stated that repeating the survey quarterly will water down the intended effects and be costly. Frankie Cruz amended the motion to require the employee survey be conducted quarterly. Mary Mundy seconded. **VOTE:** Passed. FOR: Dawn Vorthmann, Lynn Jackson, Mary Mundy, Frankie Cruz, Johnny Ardis and Lauren Southern-Godwin. AGAINST: Lois Stephens and Dave DeBlander.

Lauren Southern-Godwin reported that the current board met with Landrum and found they provide additional leadership training opportunities for supervisors and became more familiar with how they work. Dawn Vorthmann would like the board to recommend all supervisors complete the training in 2012 and continue with customer service. William Rolfs will speak with the Human Resources Manager regarding scheduling the program on-site otherwise the supervisors may not be able to complete within six months. He will let the board know in one week. Mary Mundy inquired about refresh training for long-term employees. William Rolfs stated this is currently voluntary as an advanced course must be found. The previous provider is no longer available. Frankie Cruz inquired into the availability of a cooperative centered training program. William Rolfs stated that C.E. Pugh has recommended Zingerman's Community of Businesses in Ann Arbor, Michigan which is used by many cooperatives. He is looking into bringing Zingerman's to Ever'man for training. Lauren Southern-Godwin replied that William Rolfs has brought the Zingerman's training to the board previously but Landrum's courses are quicker to access and part of the benefits offered to the store.

Expansion Update: C.E.Pugh introduced himself and Keith White of Bullock Tice Associates. Bullock Tice Associates is the architecture firm engaged for the expansion. C. E. Pugh is the chief operating officer of the Development Cooperative of the NCGA, National Cooperative Grocers Association. He has been retained by Ever'man as a consultant for the expansion of the store.

C.E. Pugh explained the mission of NCGA and gave a PowerPoint presentation of Ever'man's expansion plans. He briefly discussed the history of cooperatives in America as well as current market trends. He then focused on Ever'man's needs, assets, debts and the expansion plans. He entertained questions from the members present. Some points made included the trend to make vitamin and supplement purchases online. Thirty percent of Ever'man's income is currently generated by the sales of supplements. Increasing the sale of local and fresh foods can help replace this income as well as serve the community. The vision of the expansion is not to compete with Publix but to create a small unique store that offers its members a one stop shopping experience. This increase in sales will allow Ever'man to purchase products in the next tier at a lower price which will translate to lower retail prices. Retail prices cannot be decreased only through the reduction of management costs. Bullock Tice Associates were chosen based upon their experience in food stores and working with refrigeration contractors as this is complex and can be costly if not done properly. Because of LEED, many projects that were consider specialty projects ten years ago are now routine. Ever'man will be pursuing cost effective projects. A larger community room has been added to the plans. There was further discussion on current debt and the debt of the expansion as well as what makes debt okay. Former board member Mike Kovach stated that with this expansion them members will have what they have been asking for, decreased prices through increased buying power and more room. Lauren Southern-Godwin replied that the board has been researching and planning for this expansion for over seven years.

H: Open Forum

The following members took turns reading from "Statement from concerned Ever'man Members" until the five page document was completed: Mike Kilmer, Ryan

Galliford, Brian Miller, Suzanne Fisher-Miller and Rivka Kilmer. The document called for an investigation into election, the resignation of the board president and treasurer, the replacement of the general manager, the cessation of expansion pending further review and the seating of a licensed CPA onto the board of directors.

Ric Kindle asked if the board still plans to continue with expansion. Lauren Southern-Godwin replied that some figures have been adjusted due to the information on Fresh Market, more room has been added for the community room and other research is continuing. The board is also waiting for survey results. No formal vote has been taken to continue or stop the expansion. Ric Kindle further stated the expansion should be halted until concerns of the last two months have been addressed.

Rebecca Heyer requests that the Expansion Committee be called the Facilities Committee as it should not be assumed there will be an expansion. She would like a review of the expansion plans and oversight of board management.

Tom Stack states Ever'man has changed to a corporate model and is no longer about providing food and services to the community.

Richard Weirick requested more disclosure and a larger survey on expansion.

Mark Casson stated the expansion presentation was informative but the cooperative is fragile. There seems to be two trains of thought among the members, one towards a store like Whole Foods or Publix and the other towards a cooperative. He sees members leaving over this issue. He wishes to know how many managers have left the store since William Rolfs became General Manager.

Employee Julia Sharp stated that the coolers do need to be upgraded but the lack of room in the store is a health issue. Even if the store does not undergo a full expansion, space needs to be added as the employees are tripping over items and it is difficult to find things. Customers become impatient waiting for the employees to find items. Space is needed in the back, in produce and for more coolers.

Christian Wagley asked Keith White if there are plans which include the T-Square building. Keith White replied yes. Christian Wagley stated he opposes tearing down this building from an urban planning standpoint. He commented there are people that can help recover trust before the board continues with expansion.

Allen Peterson requested the expansion is stopped until Landrum is replaced.

Bill Powell asked if the store is really in debt with the loan since there is cash. The answer was Ever'man has the ability to pay off debt although there may be a penalty for paying off the loan.

This concluded the speakers who had signed up for open forum. As Lauren Southern-Godwin was thanking the members for attending, several members asked if there would be an investigation into the election. She responded the board had taken statements from the people involved and voted to let the election stand. Lauren Southern-Godwin replied she was willing to release what she had written after checking into the legality of such. Several members argued that the board should not be investigating itself and the investigator should not use any document the board created. Dawn Vorthmann asked what would be the end result of an investigation in which the board could not defend itself. Brian Miller responded it would depend upon the evidence. Lauren Southern-Godwin replied that there is only rumor and hearsay. Joe Trap stated that while an investigation may be a good idea, one cannot demand answers without first substantiating allegations. He commented on the possibility of employees signing documents preventing

them from speaking and his opinion that “framing” was used in the expansion presentation.

Dave DeBlander responded that the alternative is a new election but that this is not a correct alternative. The members can complete an investigation on their own if they wish but if they don't trust the board, they won't trust the answer. They can also vote for different board directors.

G. Adjournment

Lauren Southern-Godwin adjourned the meeting at 9:56 pm.