

Durham Coop Board of Directors Meeting
Wednesday, February 10, 2016
Location: Durham Coop Market

In attendance: Frank Stasio, Drew Peng, Pam Campa, Brand Fortner, Alisa Johnson, Jodi Koviach, Amelia Freeman-Lynde, Tyler Jenkins, Leila Wolfrum (GM)

Absent: April Henry, Clarence Terry

(1) Meeting: Called to order at 7:04 pm

(2) Minutes: 01/13/2016 Minutes Approved – meeting date will be amended to reflect correct date of January 2016

(3) GM Report – B1: Financial Condition

- We had our first profitable quarter to date! The profit and loss statement shows a small overall profit, but we do not expect to have an overall profitable year.
- Weekly sales were relatively steady throughout the holiday and we continue to see record weekly sales into 2016, which is a good indication of a trend in profitable sales.
- Margins have been better in the last quarter of 2015. The deli is improving, but produce continues to struggle a bit. The GM is implementing open book management with all department heads in order to help improve department level performance and performance of the store overall.
- We are raising the base wage to \$10/hour for all employees in March. All employees that have been at the store for at least one year received a cost of living increase of 2%.
- We currently have more members now than projected and we are doing another owner drive leading up to the anniversary party.
- We will do some outdoor improvements including a deck/stage for music, a pollinator garden to be installed by Bountiful Backyards and additional shading for the seating area. The goal is to have this all completed by the Anniversary party on Saturday, April 16th.
- The GM is evaluating current debt that is coming due, namely \$85,000 in community investment notes that will be due at the end of March.
- Board moved that the GM is compliant with B1 Financial Condition, sufficient data has been provided and the policy has been reasonably interpreted.

Additional GM report items:

- Laura Pyatt, Marketing Manager, will be preparing and presenting the GM report to the board at the March meeting as part of the succession planning for the GM under Policy B9: Succession Planning.
- Co-op employees are going through two different training programs. The first was a mandatory training on sexual harassment and the second will be on diversity in the workplace, for which the store received a small grant to conduct.

(4) Board Self Evaluation and Policy Governance Reporting

- The board secretary provided information on board evaluation models provided by CDS Consulting. The board needs to identify and adopt a mechanism for evaluation of board effectiveness and policy reporting based on our Policy Governance document.
- We can implement board monitoring and evaluation on a quartering or semi annual basis – it does not have to be done at every board meeting.
- We can utilize the board administrator to assist in gathering survey data (ex. Survey Monkey).
- Tyler Jenkins will work on creating a tool for board reporting and evaluation based on the CDS tools that have been provided.

(5) Board Communications Policy

- The board needs some way to communicate directly with members, especially on more urgent matters in order to build trust with members and indicate importance of messages. Having board announcements buried at the end of marketing emails does not send a good message to members.
- In order to generate attendance at meetings messages should go out 2 weeks in advance and again four days prior to the event.
- Current mechanisms for communication include: in store table at the front near check out, email, blog and web site.
- The board will fine-tune the policy and procedures for communicating directly with members, including the appropriate mechanism (email, in store announcement, blog, etc.) that is appropriate for different types of messages. Amelia Lynde-Freeman will be working to finalize the communications policy.

(6) GM Performance Review – Update

- We would like to provide some qualitative feedback to the GM on performance as we hit the 1-year mark of the store being open. We will move forward with a formal GM performance review for the purpose of compensation evaluation to coincide with the end of the fiscal year. Drew Peng will spearhead the qualitative review for the March meeting.

(7) Worker Engagement and Owner's Forum Update

- The first formal meeting with employees will take place on February 16, 2016. Andy Sachs with the Dispute Resolution Center will facilitate the meeting.
- The employees have provided a draft proposal for worker shares/representation and the board is in the process of gathering feedback from other co-ops for comparison purposes.
- Important details that we need to discuss with workers include the cost of a worker share and how patronage dividends are structured. It is beneficial to the co-op to retain patronage dividends because dividends are not taxed. Legally we must pay out a minimum of 20% of the declared dividends each year to owners. We need to talk through the pros/cons of paying out versus retaining dividends with the workers in our upcoming meetings. Generally, this process has been extremely valuable in educating the board on the financial pros/cons of different ownership models, share prices, and treatment of dividends.
- In our discussions with employees we need to seek clarity on what board representation means for each share class. While board members will be elected to represent two different

share classes (consumer owner and work owner), it is important for all board members to represent the interest of the co-op as a whole.

(8) Outreach Efforts to other Co-ops

- The outreach effort to other co-ops around the country is proving to be very valuable in understanding the following: board make-up and representation, worker owner share prices, board elections, store management models and board governance.
- The model to which we are most closely aligned in our governing documents (Articles of Incorporation and Bylaws) that call for a worker-owner hybrid model continues to be Weaver Street Market. The board reviewed the Weaver Street model provided by the Weaver Street GM, Ruffin Slater, based on recent meetings with the DCM Board President, Vice President and GM.

(9) New Business

- The GM is in the application process for becoming a certified BCorp for marketing purposes. This is a 3rd party certification that we are a triple bottom line company. It does not have any tax implications for the co-op.
- CDS will reschedule the CBLD conference that was snowed out in January. We can also bring in a CDS trainer to make up for the conference. We need to discuss options for new board member training in addition to the board retreat.

(10) Meeting Adjourned 9:15 pm

Minutes prepared and submitted by Jodi Koviach