

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

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

Absent: Pam Campa, April Henry, Jean Heckler

(1) Meeting: Called to order at 7:03 pm

(2) Introductions: Of all Board Members and Consumer Owners present

(3) Minutes: July 13, 2016 minutes approved

(4) GM Report

B2: Business Planning and Financial Budgeting

- The GM is completing the narrative to accompany FY 2017 budget. The board will revisit B2 at the September meeting.

GM Report B 1: Financial Condition

- The B1 report is broken down into several parts, including revenue/net income and sales growth.
- Sales growth for our first full quarter of comparative data was just under 55%.
- Our budget is based on a growth rate of approximately 30% for FY2017. The sales for the first 6 weeks of FY2017 are 41% over FY2016, so we feel comfortable with FY2017 budget assumptions
- We are still in conversations with CIN holders on the option of rolling the notes over to preferred shares. We have approx \$80,000 in CINs that have come due.
- Overall our sales numbers are great, but our margins are still not what we hoped. We have put in place structures to tighten margins.
- The GM met with accountant to determine our readiness for an audit and/or assessment of systems we have in place for tracking financial data. We are looking to do this the first part of 2017. This assessment would be very beneficial to the store in improving systems and providing transparency to owners. Our NCG contract stipulates that we complete a review once every two years.
- Board moved that the GM is compliant with B1 Financial Condition, sufficient data has been provided and the policy has been reasonably interpreted.

Other:

- The first all you can eat pancake breakfast was held last Sunday. We had over 400 people come.
- The new Marketing Manager will start in 2 weeks. He started a program at his previous coop called "Breakfast with the Board" – these are the types of opportunities that we need promote to encourage interaction between the board and membership.

(5) FY2017 Board Budget

- The Board FY2017 budget increased by \$3,000 from the previous draft for a total of \$8,000. We added a line for conferences for Board members to tap into learning and development opportunities.
- The board moved to approve the budget and was ratified by all.

(6) GM review process

- The board discussed the process for GM performance review within the context of the board make-up (hybrid worker/owner board members). We have a store policy in place that salaries should not be disclosed to employees of the store. This policy is in conflict with the role of worker owner board members who participate in GM performance review. The board discussed options for handling the GM performance review and decided to reach out to Weaver Street Market, which also has a hybrid worker/owner board model.
- The board noted that all directors must adhere to Policy Governance Code of Conduct (policy C5) with respect to the following policies outline in the Policy Register:
 2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative's owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - a. Any director who is also a paid employee has the same duties and responsibilities as any other director, and has the additional duty of clearly segregating staff and Board responsibilities. Any director who is also a paid employee will resign from the Board if and when their employment ends.
 3. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
- We will work on new member on-boarding/orientation at the retreat. This is a good opportunity to equip new board members with skills/knowledge of the roles and responsibility of board members. We feel this is important in order to complete the GM review with all members' full participation. We will review the GM RFP after the retreat. Any salary decisions can be enacted retroactively to compensate for the full of FY2017.

(7) Communications Update

- A number of stores are boycotting of Driscoll's berries based on protests to farm worker working conditions. The GM has surveyed the reaction from other co-ops and consumer owners. The GM did receive a number of emails regarding the boycott from both owners and non-owners. The co-op has requested that the supplier provide an alternate to the berries, if possible. The volume of sales on the berries indicates that perhaps consumers are not aware of the boycott, or purchase despite it. In general we try to provide an alternative product for consumers, but in the Driscoll's case there is not a reasonable alternative. The co-op did release a statement today explaining why we will not be removing Driscoll's berries from the store, which is posted by the berries. The letter explains actions that the co-op is taking in response to the boycott.

- We need to draft a letter to the membership regarding the election of the worker owner board members and introducing the new board members. The Communications Committee will draft a letter to the membership for review by the board.

(8) Other Business

- The question of utilizing the Instacart App was revisited based on questions regarding how much the employed Instacart shoppers earn and whether this is a business model that we as a co-op should support? There are other concerns with models like Instacart and how they may ultimately cut into margins. Instacart could expand our shopper base to include those who live farther away or the convenience shopper. We are preparing to embark on a trial period with the App provider. This is an operational decision, but the board could address fair labor standards and living wage issues through the Policy Governance ends policies, which would influence decision making about suppliers, shopper apps, etc.
- Thanks to Drew for spearheading recent board efforts for the GM compensation and preparing for the Board Retreat.

(9) Board Retreat – Sunday, October 16th

- The agenda for the retreat is forthcoming. Our new consultant, Jade Barker, will be facilitating.

(9) End of Meeting: 8:35pm

Minutes prepared and submitted by Jodi Koviach