A regular meeting of the Food Conspiracy Board of Directors was held at the Pima Friends Meeting House 931 N 5th Avenue at 6:30 PM on August 6, 2008.

**Present**
- Melita Quance, Board of Directors
- Paula Wilk, Board of Directors
- George Milan, Board of Directors
- Natanya Siegel, Board of Directors
- Emily Covey – Staff Representative
- Ben Kuzma, General Manager
- Jeanene Graham, Finance Manager
- John Tully – Owner Member
- Bradford Castalia – Owner-Member

Melita called the meeting to order at 6:36

**Check-in**

People attending the meeting checked in

**Consent Agenda**

- L1 Customer Relations
- L4 Financial Conditions and Activities

George moved to accept the remaining items on the consent agenda, Natanya seconded the motion.

Yes 4 No 0 Abstain _____

Moved consent agenda items.

June Minutes – We do not yet the unapproved minutes to review.

**Owner Time**

The discussion focused on “How do I get involved”. Topics included our Board meetings, committees, FoodConspiracy.org web site, our e-mail newsletter and our newsprint newsletter. The Board stated that this is a topic of concern for us and for our owners.

**Review Agenda**

It will be helpful in the minutes to document attachments presented for the Board meeting.
1 under Board Work is 3rd Quarter Review, not 2nd Quarter review

#7 grievance procedure discussion will be next meeting

# 9 Board Development will on a future meeting agenda

#10 Election Committee Charter will on a future meeting agenda

#11. Set up GM Review Committee is moved to next meeting

#12. Duties and Authorities of Board per Minnesoat By-Laws is informational and no
discussion is required

GM Information for the Board

Additional information:

The co-op pot lucks will move to the expanded back area of the co-op starting in
September

Items from Consent Agenda

None

Board Work

3rd Quarter Financials
The 3rd quarter financials were discussed

Board Budget Information
The Board budget was discussed. The number of board members to attend the
CCMA annual meeting was changed for 1 to 2. The board budget will be put on the
yearly calendar for June Board meeting discussion.

Paula moved to accept the adjusted Board Budget and Natanya seconded.

   Yes  3   No 0  Abstain 1

Natanya was thanked for her work on the Board budget

Food Conspiracy 2008/2009 Budget
The Budget was discussed and this discussion will continue next meeting.

Executive Limitations Revision
George Moved to accept the Executive Limitations presented with the changes
presented and a few grammatical corrections. Natanya seconded the motion.

   Yes 4  No 0

The revised Executive Limitations are included here:
The General Manager (GM) shall not fail to perform fiduciary obligations to the vision, the values, the goals and the preferences of the Board of Directors. The GM shall not cause or allow any practice, activity, decision or organizational circumstance which is either imprudent, unlawful or in violation of the Articles of Incorporation, the Bylaws or commonly accepted business and professional ethics. The activities of the GM shall not fail to be consistent with the Rochdale cooperative principles.
The General Manager shall not fail to ensure that our customers receive high value in our products and services.

The GM shall not:

L1.1 Fail to offer a range of products and services that meet our customers’ needs.

L1.2 Allow an unsafe or unpleasant shopping environment for our customers.

L1.3 Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

L1.4 Use methods of collecting, reviewing, transmitting, or storing customer information that fail to protect against improper access to the material elicited.
With respect to relations with paid and volunteer staff, the General Manager will not cause or allow conditions which are unfair, unsafe, or unclear.

The GM shall not:

L2.1 Cause or allow illegal discrimination or harassment by, among or against employees and potential employees.

L2.2 Operate without written personnel policies that:

(a) Clarify rules for staff
(b) Provide for effective handling of grievances
(c) Protect against nepotism
(d) Are accessible to all employees
(e) Inform staff that employment is neither permanent nor guaranteed. and
(f) Encourages all employees, and requires management employees, to report illegal discrimination or harassment of which the employee or management employee is aware, to an identified individual above or outside the supervisory chain of the alleged perpetrator.

L2.3 Cause or allow personnel policies to be inconsistently applied

L2.4 Fail to provide for appropriate documentation, security and retention of personnel records and all personnel related decisions.

L2.5. Fail to establish compensation and benefits that are equitable internally and externally.

L2.6. Fail to conduct a survey of all staff that can be compared on a cycle to cycle basis

L2.7. Fail to conduct an external HR Audit periodically.
Policy Type: Executive Limitations
Policy Title: L3 - Financial Conditions and Activities
Adopted: February 7, 2001
Updated: February 6, 2002
Updated: January 2, 2003 L3.7.1 added
Updated: October 1, 2003 L3.7.2 added L3 & L3.6 wording cleaned up
Updated: March 2, 2005 added L3.9 –(wording needs to be put into Policy Governance format)
Revised: August 6, 2008
Monitoring: Quarterly February, May, August and November

With respect to the actual, ongoing financial conditions and activities, the GM shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from board priorities established in Ends policies.

The GM shall not:

L3.1 Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
L3.2 Use restricted funds for any purpose other than that required by the restriction.
L3.3 Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.
L3.4 Fail to settle contracts, payroll, loans or other financial obligations in a timely manner.
L3.5 Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
L3.6 Allow operations to generate an inadequate net income.
L3.7 Fail to generate sufficient member equity.
L3.8 Acquire, encumber or dispose of real estate.
L3.9 Allow financial record keeping systems to be inadequate or out of conformity with GAAP.
L3.10 Fail to notify board members as promptly as reasonably possible of any capital expense over $10,000.
L3.11 Allow budgeting that contains too little information to enable credible projection of income statement, balance sheet, cash flow statement, capital investment plan, and ratio analysis.
L3.12 Allow budgeting that fails to include the board expense budget.
Cause or allow Current financial ratios that do not comply with guidelines established by lending institutions. They are: Quick Ratio > 1.25, Current Assets Ratio > 1.5, and Debt Equity Ratio < 4.5.
Policy Type: Executive Limitations
Policy Title: L4 - Financial Conditions and Activities
Adopted: February 7, 2001
Updated: L4.2 5/2/01
Updated: L4.4, L4.5 6/6/01
Monitoring: February, May, August, November
Deleted August 6, 2008

Policy Type: Executive Limitations
Policy Title: L5 - Compensation and Benefits
Adopted: February 7, 2001
Monitoring: April
Deleted August 6, 2008
The GM shall not allow the assets to be unprotected, inadequately maintained, or unnecessarily risked.

The GM shall not allow:

L6.1 Inadequate security of, or unnecessary risk of danger or loss to, premises and property.

L6.2 Uncontrolled purchasing or purchasing subject to conflicts of interest.

L6.3 Lack of due diligence in contracts and real estate acquisitions.

L6.4 Equipment and facilities to be uninsured, inadequately insured, or otherwise unable to be replaced if damaged destroyed, including coverage for any losses incurred due to business interruption.

L6.5 Unnecessary exposure to liability or lack of insurance protection from claims of liability.

L6.6 Data, intellectual property, or files to be unprotected from loss, theft or significant damage.

L6.7 Damage to the co-op’s good will, its public image, its credibility, or its ability to accomplish ends.

L6.8 Initial investment or transfer of funds without two of the following: signature of the General Manager, signature of the Finance Manager, or majority vote of the Board of Directors.
To protect the board from sudden loss of GM services, the GM shall not permit there to be fewer than one other manager sufficiently familiar with board and GM issues and processes to enable the manager to take over with reasonable proficiency as an interim successor.
The GM shall not permit the board to be uninformed or unsupported in its work.

The GM shall not:

L8.1. Neglect to submit monitoring data required by the board in a timely, accurate, and understandable fashion, directly addressing the provisions of board policies being monitored.

L8.2. Fail to provide the board information of relevant trends, public events of the organization and material internal and external changes, particularly changes which affect the assumptions upon which board policy has previously been established.

L8.3. Cause or allow inadequate presentation of as many staff and external points of view, issues, and options as needed for fully informed board choices.

L8.4. Fail to advise the board if, in the GM’s opinion, the board is not in compliance with its own polices on governance process and board general manager linkage, particularly in the case of board behavior that is detrimental to the work relationship between the board and the general manager.

L8.5. Fail to advise the board of any anticipated or actual policy non-compliance even if the policy is not scheduled for monitoring at that time.

L8.6. Fail to provide the Board with accurate and timely monthly financial information, and quarterly and annual statements.

L8.7. Deal with the Board in a way that favors or privileges certain board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.

L8.8. Fail to supply for the board’s agenda, all decisions delegated to the GM yet required by law, regulation, or contract to be board-approved.
<table>
<thead>
<tr>
<th>Policy Type:</th>
<th>Executive Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Title:</td>
<td>L9 – Donations and Sponsorship</td>
</tr>
<tr>
<td>Adopted:</td>
<td>February 7, 2001</td>
</tr>
<tr>
<td>Monitoring:</td>
<td>October</td>
</tr>
</tbody>
</table>

[DELETED]
The General Manager will not fail to establish, maintain, and promote a vital membership program that builds a sense of ownership among members.

The GM shall not:

L10.1 Elicit information for which there is no clear necessity.

L10.1.1. Use methods of collecting, reviewing, transmitting, or storing information that fail to protect against improper access to the information elicited.

L10.2 Fail to provide opportunities for members to participate in the cooperative.

L10.3 Fail to ensure that members are aware of Board actions, meetings, activities and events.

L10.4 Fail to establish with members a clear understanding of what may be expected and what may not be expected from membership.

L10.5 Fail to place owners into inactive status no sooner than 30 days after delivery of written notification of delinquency in meeting his or her share purchase obligation.
Fail to place owners into inactive status no sooner than 30 days after delivery of written notification of lack of patronage of the Co-op for a continuous period of 3 years.

Fail to annually recommend to the Board of Directors a patronage dividend distribution, including supporting data for the recommendation.
Policy Type: Executive Limitations
Policy Title: L11 – Products
Adopted: August 1, 2001
Updated: 1/2/03 – L11.2 deleted (sucrose reference)
2/??/06 – L11.5.4 deleted (records of conventional products)
Revised 04/04/07
Monitoring: May, November

[DELETED]
Policy Type: Executive Limitations
Policy Title: L12 – Expansion Policy
Adopted: December 7, 2005
Updated 2/1/2006 (expanded and renumbered)
Updated 4/5/2006 restated pre-tax net income 12.14.1
Updated 11/1/2006 extend timeline 12.1.1
Updated 12/5/2007 Took out details of how to expand presence in Tucson
Revised August 6, 2008

Monitoring Each month there is a board meeting

Food Conspiracy Cooperative will expand its presence to continue to meet the needs of our member-owners. The planning for and implementing of the expansion will be guided by the following:

**L12.1 Planning**
The GM shall not fail to:
L12.1.1. develop an expansion plan including budgets and implement that plan

**L12.2 Communication**
The GM shall not fail to:
L12.2.1. communicate regularly and effectively with the Board of Directors, the Management Team, the membership and community
L12.2.2. maintain confidentiality as appropriate

**L12.3. Monitoring**
The GM shall not fail to:
L12.3.1. provide monitoring reports for this policy on a monthly basis, consisting of the following:
L12.3.1.1. report financial expenditures from the budget, current and year-to-date
L12.3.1.2. report on the implementation and the results of the expansion plan

**Board GM Monitoring Policy BGM4 Revision**
Paula moved to accept the GM Monitoring policy BGM4 as presented.with the Ends Policy reporting moving from May to February George seconded.
Yes 4 No 0

Following is the approved revision of BGM4.4 Monitoring the General Manager Performance, which is the schedule of monitoring timing.

### New Policy
Policy Number:BGM4.4

Policy text:
<table>
<thead>
<tr>
<th>Policy</th>
<th>Monitoring</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ends Policy</td>
<td>Internal</td>
<td>Annually due February</td>
</tr>
<tr>
<td>Executive Limitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L – Global Executive Limitation</td>
<td>Internal</td>
<td>Annually due May</td>
</tr>
<tr>
<td>L1 – Customer Relations</td>
<td>Internal</td>
<td>Annually due November</td>
</tr>
<tr>
<td>L2 – Staff Relations</td>
<td>Internal</td>
<td>Annually due February.</td>
</tr>
<tr>
<td>L3 – Financial Conditions and Activities</td>
<td>Internal</td>
<td>Quarterly Feb, May, Aug, Nov</td>
</tr>
<tr>
<td>L4 – Financial Conditions and Activities</td>
<td>Deleted</td>
<td></td>
</tr>
<tr>
<td>L5 – Compensation and Benefits</td>
<td>Deleted</td>
<td></td>
</tr>
<tr>
<td>L6 – Asset Protection</td>
<td>Internal</td>
<td>Annually due May</td>
</tr>
<tr>
<td>L7 – Emergency GM Succession</td>
<td>Internal</td>
<td>Annually due May</td>
</tr>
<tr>
<td>L8 – Communication and Support to the Board</td>
<td>Internal</td>
<td>Annually due February</td>
</tr>
<tr>
<td>L9 – Donations and Sponsorship</td>
<td>Deleted</td>
<td></td>
</tr>
<tr>
<td>L10 – Membership</td>
<td>Internal</td>
<td>Annually due November</td>
</tr>
<tr>
<td>L11 – Product Policy</td>
<td>Deleted</td>
<td></td>
</tr>
<tr>
<td>L12 – Expansion Policy</td>
<td>Monthly</td>
<td>Each Month there is a board meeting</td>
</tr>
</tbody>
</table>

**Review Ends Revisions**

Please review the Ends Policy revisions. The Ends revisions will be presented for approval at the September Board meeting.

**Grievance procedure**

Will be on the September agenda

**Election of Board Vice President**

Paula was nominated for the position and accepted the nomination.

George moved to appoint Paula to the position of Vice-President of the Board of Directors. Natanya seconded.

Yes 3  No 0 Abstain 1

**Discussion of Confidentiality**

A discussion held concerning confidentiality of information. George will write a procedure addressing confidentiality of sensitive board meeting information using the discussion held as guidance for that procedure. Options will include recording of voting and confidentiality reasons.

**Calendar**

George will write the Board report due Sept

Natanya will write the Board report due October

Monitoring Reports due September - NONE
The next Board meeting is September 3, 2008 at 6:30 PM.

Board Meeting Evaluation/Monitoring Form

Date of Meeting __8__/__06__/__2008___

In a continual effort to improve its Policy Governance process, the Food Conspiracy Board of Directors developed this form to evaluate its progress. This evaluation is the board as a whole, not individual board members.

1. The board was prepared for the meeting
   ✓ Satisfactory  □ Needs Improvement  □ Unsatisfactory

2. The board’s time was appropriately spent on Ends as opposed to Means
   ✓ Satisfactory  □ Needs Improvement  □ Unsatisfactory

3. Each board member was given an adequate opportunity to participate in discussion and decision making.
   ✓ Satisfactory  □ Needs Improvement  □ Unsatisfactory

4. The board’s treatment of all persons was courteous, dignified and fair.
   ✓ Satisfactory  □ Needs Improvement  □ Unsatisfactory

5. The board adhered to its adopted governance style:
   a. It emphasized outward vision:
      ✓ Yes  □ No  □ Occasionally
   b. It encouraged diversity in viewpoints:
      ✓ Yes  □ No
   c. It exercised strategic leadership more than overseeing administrative detail:
      ✓ Yes  □ No  □ Needs Improvement
   d. It maintained a clear distinction between board and management roles:
      ✓ Yes  □ No  □ Needs Improvement
   e. It looked to the future:
      ✓ Yes  □ No  □ Needs Improvement

A motion to adjourn the meeting was moved by Paula and seconded by Natanya 4 in favor 0 opposed. The meeting adjourned at 9:15pm

Date minutes approved: September 3, 2008

Signature: George Milan
Board Secretary