

MEETING OF THE RISING TIDE BOARD

MAY 13, 2015

Catherine Walton called the May meeting to order at 5: 37 p.m. Present were:

Catherine Walton, President
Jon Weislogel, Vice President
Mary Ellen Barnes

Dana Wilson
Peter Lakis
Sarah Matel, Treasurer

Also present were Board candidates Amy Leshure and Jessie Trafton .

In addition, new General Manager, Michael Walter and the outgoing Interim GM Team (Karin Swanson, recorder; Candy Bordonaro, and Dwight Chamberlain) were present.

Catherine welcomed Michael as our new General Manager to the applause of attendees. Catherine asked to present the Nominating Committee Report before any other business and the Board agreed to the request. The Nominating Committee's report is attached in detail to these minutes. In summary, there were a record number of ballots cast and Catherine congratulated Peter Lakis, Amy Leshure, and Jessie Trafton upon their formal election to the Rising Tide Board. She also named the top 10 Co-ops for Community candidates which are included as part of the formal report. It was suggested that those organizations who did not make the top ten, including write-ins, apply to the Community Investment Fund (CIF) for grant monies. Catherine will get copies of the Ballot results to Karin for the minutes and to Michael so that Elya can encourage those organizations which did not make the top 10 to apply to CIF for 2015 grants in the future.

As part of the Nominating Committee report, Dana reported that Chris Cash was not able to consider Board membership at this point in time.

Catherine then made a motion to approve the Consent Agenda, including the minutes of the April 15 Board meeting and the C5 (Directors' Code of Conduct) component of the Policy Register prepared by Dana Wilson. The Board VOTED unanimously to approve both minutes of the April 15 Board meeting and the C5 submission reflecting compliance w/r to the Directors' Code of Conduct.

Karin then presented the Interim GM report regarding storewide performance including a summary of sales and net income figures for the first quarter. First quarter sales for 2015 were 9% over first quarter of 2014; net income for the first quarter of 2015 was (\$85,000) as opposed to (\$103,000). She also reviewed the margins by department for the first quarter which showed improvement over 2014 with an overall storewide margin of 37.1 %. One-time expenses in our 2015 first quarter included \$9,000 in plowing and snow removal; \$4,000 in kitchen oven installation; and \$4,000 associated with a successful GM Search effort.

Karin also reviewed preliminary numbers for Jan thru-April of 2015: Sales are up 7.81% over 2014 and net income is (\$78,968) vs. (\$111, 137) for the same period in 2014. A review of the month of April, 2015 showed sales up by 4.7% over April of 2014 with a net income of \$5,500 vs, (\$8039) in April of

2014. She then briefly reviewed the responses of RT to the recommendations of the Great Falls Insurance Co., our Workers' Comp carrier, noting that RT has instituted a formal Safety Committee to be chaired by Dwight Chamberlain which would meet at least quarterly and be involved in ongoing evaluations of safety and security issues at RT. Finally, Karin reported that she had completed making calls to member regarding loans due in April and May; she will soon tackle those due in June.

As part of the Executive Limitations portion of the Policy Register, the Interim GM Team submitted its B1 Report on the Financial Condition of RT and reported being in compliance across all 10 indicators.

As new GM, Michael thanked the Board and staff for their welcome and presented his initial views on his RT experience to date. He noted that he is meeting with all managers and buyers to determine how best to support them. He looks forward to working with the Board as well. Catherine mentioned the Onboarding Schedule that the Board has prepared in order to support Michael during his initial period at Rising Tide and encouraged Michael to come forward with any suggestions for additional support. Michael noted that he had met with John Gaudet with regard to Human Resource issues and looks forward to meeting with the Finance Committee on a regular basis. He welcomed informal meetings with any of the Board members during this introductory period and expressed his appreciation for the support he has received since his arrival. Jon then thanked the interim GM Team for their assistance during the past year and welcomed Michael once again to Rising Tide.

COMMITTEE REPORTS:

Noting that the report of the Nominating Committee had been discussed initially, Catherine then asked Sarah Matel to present the Finance Committee report. For the benefit of new Board members, Sarah gave a brief review of the key indicators report utilized by the Finance Committee to summarize store performance over several parameters. She noted that Michael would be submitting the Finance Committee's report to the Board from now on. She pointed out the improvement in gross profit margin over the past year and briefly summarized the Committee's wish to put aside a reserve fund to cover member loan debt plus interest each year now that we are in a strong cash position. This will be part of an ongoing review of long term debt for the Committee along with prioritizing capital equipment purchases and repairs. She then asked Dwight to summarize the proposal for security cameras from Norris, Inc. The total package for 15 cameras plus the cable for an additional 6 cameras is \$18,600. An additional \$1,700 will be spent to provide a stationary panic button for each register. Sarah made a recommendation on the part of the Finance Committee to approve the purchase and installation of cameras as proposed. After discussion, the Board VOTED unanimously to approve the purchase and installation of security devices as outlined in the Norris proposal dated 2/20/15 totalling \$18,662.70. Michael added that he will be working with Elsa Kevin to develop a shoplifting training program in the near future. Local police may also be involved in that effort.

After the review of the first quarter financials, Peter asked why the numbers were so strong. Several suggestions were made including the following: Rising Tide has become more visible to a broader region as a natural and organic provider; senior discounts have attracted more business; we have been able to negotiate beneficial deals with suppliers over time and pass them on to our customers; our cost

plus relationship with UNFI has improved and we are able to take advantage of lower costs of UNFI goods over a six month period this year; membership numbers have been increasing—perhaps due to marketing efforts; staff skill sets have matured and customer service efforts have become more focused and effective; and our relationship with FARMS has enhanced the position of both organizations as major resources in the community.

Before a discussion of the Annual Meeting ensued, Catherine reminded the Board that she is willing to work with the future Chair of the Nominating Committee once that individual has been appointed. Jon then reported on the progress of the Annual Meeting. The band has been hired; refreshment menu has been determined. The raw materials will be provided by RT; Jon and assistants will prepare and plate the appetizers. Jon suggested name tags with lanyards for Board members and for attendees. Dana offered to welcome folks to the Darrows Barn along with Peter. Karin will arrange for flowers. The agenda is in the Board notebook and will be emailed to Board members for approval. Mary Ellen will address the group along with Jon informally.

With respect to Board Governance obligations, the Board then approached the election of officers. Sarah and Catherine's terms officially ended in April, but both have extended in order to complete the appointment process. Officers are elected every year. At that point, Peter noted that he and his wife are moving to the Brunswick area and hoped that this would not affect his value as a Board member. The members agreed that he would be welcome to remain on the Board since there is nothing in the Bylaws that precludes membership based on residential location. The following slate of officers was developed by the membership:

President: Mary Ellen Barnes
Vice President: Jon Weislogel
Secretary: Dana Wilson
Treasurer: Amy Leshure

(Sarah Matel will continue to serve on the Finance Committee for one more year and assist Amy in FC endeavors.)

The Board VOTED unanimously to approve the slate of officers as proposed; Sarah and Catherine did not vote. Mary Ellen then proposed that Sarah Matel be brought back to fill the one outstanding year of Anna Leavitt's term and continue on the Finance Committee.

Jon then thanked Catherine for her service to the Board and for keeping all the members on task with respect to the Board's commitment to Global Governance. He then presented her with a gift from the Board featuring Rising Tide items. Catherine shared her feelings about her experience since coming on the Board. She is excited to continue on as an involved member/owner and is especially interested in volunteering for Nominating Committee duties. In the meantime, Jon volunteered to chair the Nominating Committee going forward and will be assisted by Peter and Jessie. Jon would like the Board to evaluate the benefits of on-line voting (as opposed to write-in ballots) for next year.

BOARD GOVERNANCE: Thane will facilitate a training session for Board members from RT and other co-ops on May 30, upstairs in the FARMS Kitchen area. There followed a discussion of cost participation, and it was agreed that attendees would purchase their own breakfast and lunch from the RT hot bar and split the cost of Thane's participation. Jon will email potential attendees regarding the retreat agenda and particulars.

Under New Business, Peter as a new Board member asked members how to handle suggestions from people who approach him, now that he is on the RT Board. Michael encouraged the use of the RT suggestion box and also expressed a willingness to speak with any interested party having concerns about store operations. Veteran Board members encouraged everyone to refer operational issues to the GM; the Board's role would remain in the policy area only. Sarah encouraged all to invite interested members/owners to attend the monthly Board meetings as another way of addressing concerns.

Under Governance, Dana reminded the Board that she had prepared the C5 Report Code of Conduct and that Board members will be asked to sign off on this updated report at the next Board meeting.

Mary Ellen, as new President, thanked Catherine and welcomed Michael to Rising Tide. She looked forward to growing together in their collaboration and understanding of RT's role as a community resource. She encouraged everyone to attend the Annual Meeting at Darrow's Barn on Sunday, May 24.

Finally, Michael, as new GM, was reminded that the next GM Report due in June would be B10—Relationship with Local Suppliers; the Board would develop C3 and C4 (Annual Plan and Board Meetings) as part of their obligation for the same meeting. There being no further discussion, the meeting was adjourned at 6:49 p.m.