

Call to order by Tommy Boehm at 7:03 pm.

I. Approval of minutes from last meeting

We will approve those minutes at the next meeting.

II. Treasurer's report by Bridget Kelly

Our account are at Hope Credit Union, they are offering memberships to NOFC members for free, This can be added to the membership application materials. www.hopecu.org
As of statement 6-30-2005 checking account - \$2,726.27; standard money market - \$5,162.31 (co-op fest and other fund raisers); savings - \$2,477.51 @ 0.6% (founding membership fees).

Bridget has been talking to Lynette at Hope Credit Union about investment options. CD's at 4% in 6 mo., 1 yr. and 5 yr. options. Tommy: a nod toward fiscal responsibility. Betsy: how do we establish our investment schedule. Dave: should we set up an amount that we invest as we acquire funds and then we just have to manage them. Dave: want to know how do we decide if our investment is socially responsible? Leeny: there are socially responsible CD available, we would be committing to the community and growing our relationship with Hope Credit union. Tommy: if we set the draw amount low than we would avoid the hit on our interest when we have to draw down for a purchase. Bridget: will draw up the reasons why we took our money out of Hibernia and put it in Hope and that would act as our example for our position on social responsibility. Dave: want to present a specific list of investment rules to the membership.

Bridget would like to meet with membership committee to reconcile to accounts with the membership deposits.

III. Legal Committee - Bridget Kelly & Ed Latour

A. Corporation application status

Tommy: have to decide this ASAP! Ed: under state law 1 limitation of liability @ centralization of management & mechanism of governing the relationship between the membership

1. LLC, no stock, elect to be treated as a c-corp or nonprofit
2. for profit corp. stock based
 - a. C-corp, tax on dividends
 - b. S-corp, not taxed at corporate level, limited to 100 stock holders and income flows through to the membership
3. not for profit stock or non stock based, if don't qualify than will be a C-corp. If get tax exempt status on federal level, than state usually follow suit

B. Nonprofit status

Ed to be a nonprofit, must have a charitable purpose, education, relief of poor, scientific, running a grocery store alone is a business, but nutrition classes and sustainable economics qualify as philanthropic.

Bridget-organizations with a similar mission as us had applied and some passed, some did not. It was based on how they were written and made the case.

Ed-non-profit can run a for profit and donate the profit back to the nonprofit and not have to pay taxes on dividends. Income tax would have to be paid by the for profit.

Betsy- is our mission to have a grocery or the be an philanthropic organization?

Bridget- buying club has been doing things that have a larger mission not just educational

Leeny- we need to sit down and come up with a mission. Don't know how this will change in 10 years. Apply to everything we do, including shelves, paint, environmental Green Project is a good example.

Bridget - recommend that we pursue 501(c)(3) status and we at the same time establish our mission. Form a committee.

Dave - want to be sure that our educational aspects be clear and defined.

Betsy - not feel comfortable applying for 501(c)(3) if education is not our primary purpose
Bridget and Ed discussed the ratio of how much has to be educational.
Karley moved to send to committee the 501 (c)(3) application and establish mission statement.
Betsy seconded the motion and it passed unanimously.

C. Business Plan

No report

D. Revision of bylaws

No report

IV. Buying Club Committee - Budd

A. Transfer of ownership vs. outright cancelation

Ed - if decide to apply for 501(c)(3) than have buying club as a subsidiary, but if for profit, than merge them.

Budd - need to get rid of the sole proprietorship

Ed - need an act of sale, a simple transfer of ownership. Budd can donate it, but could be seen as a sham transaction. If we assume it now than we assume the tax liability from date of sale.

Budd - last year's profit was \$400, \$200 estimated for this year. Transfer membership fees with the act of sale. Buying club has received grants.

Dave moved that we acquire the buying club with the details be worked out by the seller, president and treasurer. Karley seconded the motion and it passed unanimously

B. Management of buying club

No report

V. Location Committee - Phoenix Stables - Karley D. Frankic

Karley - made report about proposal sent and cons and solutions

Budd - presented list of start up costs and build-out costs. Joe recommend that we have owner financing for the build-out costs and we pay them back as part of our rent. Need to transfer the responsibility of build-out to the owner and only pay for things that we can take with us.

VI. Membership Committee - Membership Drive - Dave Cash & Tommy Boehm

Karley - need to look for April saturday meeting minutes regarding membership qualifications details

VII. Communication Committee

No Report

VIII. Set meeting schedule

The next board of directors meeting will be Wednesday, August 17th of this year at Tommy's house, 2825 Orchid Street from 7:00 - 9:00 pm.

IX. Old business

X. New business

A. Board Liability Insurance

Ed- the law protects individual memberships from some liability. the law is written loosely, business judgment rule. D&O insurance covers the errors of the board. if someone sues the corporation, the individual directors could not be sued. We should consider defense cost for individual members.

Tommy - table this until later and learn more about it.

Betsy - will do the research.

Tommy - need decision by October.

Bridget - we need to acknowledge that we are operating without D&O and by sitting on the board you are opening yourself to legal action.

XI. Adjourn by the president at 9:15 pm.