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BOX 3, FILE 6

BOARD OF DIRECTORS MEETING  
JANUARY 1977 – JANUARY 1978

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ASSOCIATED GROCERS CO-OP, INC.  
Board of Directors Meeting

January 19, 1977

The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company at 1:00 P.M. January 19, 1977. All members were present except Fred Braswell.

Chester E. Sanders, Treasurer, attended for the purpose of rendering the financial report. Samuel Weissman, President acted as Secretary.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- \*#331 - Georgia Wholesale Grocery Co., Inc. #565\* - Lovejoy Food Store, Inc.  
267 Peters Street, S.W. 11622 Main Street  
Atlanta, Georgia 30313 Lovejoy, Georgia 30250  
S.J. Shaving & H. Vrono Thos. A. & Virginia Nash
- \*#622 - Millians & Thompson Super Market #696\*- Pharr's Thriftown  
16 E. Washington Street Westgate Plaza - 341 By-Pass  
Newnan, Georgia 30263 Barnesville, Georgia 30240  
Leila Millians & Luke Thompson Ralph P. Pharr
- #961 - Western Market  
10 Pryor Street, S. W.  
Atlanta, Georgia 30305  
Wm. Vincent & B.G. Henry

RESIGNATIONS

- #119 - Burnette Food Town #144 - Cook's Discount Food Mart  
Westgate Plaza 2025 Bankhead Avenue, N.W.  
Barnesville, Georgia 30204 Atlanta, Georgia 30318  
Harvey D. Burnette, Jr. J. Bradford Cook
- #909 - Tri-Me Package Store  
4427 Roswell Road  
Atlanta, Georgia 30305  
J. Kenimer & R. Browning

The financial report for the month of December and for the year to date was discussed and unanimously approved.

In the interest of time, and upon motion made and duly seconded, the reading of the minutes of the previous meeting held December 15, 1976, was dispensed with.

\* New member

January 19, 1977

The President reported that the acquisition of Southeastern Administrators & Consultants and Southeastern Administrators, Inc. by Affiliated General Insurance Agency, Inc. was consummated on January 7, 1977, and that this new subsidiary of the Company was moved to the premises of the Company in College Park, Georgia and began operating on January 10, 1977.

The President reported on the January 12th. meeting with representatives of the headquarters office of Kroger Food Stores regarding the opening of their stores (Market Basket-Sav-On) in the states of North Carolina, South Carolina and Savannah, Georgia. This matter was discussed at length, and upon motion made, seconded and unanimously carried, the President was authorized and directed to negotiate at his discretion with Kroger to acquire this business for the Company, and that Market Basket-Sav-On be accepted as a full member of Associated Grocers.

The request of Garland F. Pinholster, of Matthews Super Markets, that the Company return to him a portion of his buying deposits to enable him to meet immediate obligations was reported to the Board. After discussion, it was concluded by the Board that under our present By-Laws we cannot return these buying deposits, but that if agreeable with Mr. Pinholster, the Company would be willing to reduce the interest rate on Mr. Pinholster's loan with the Company.

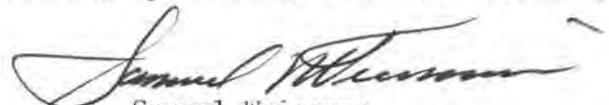
The Company's security service was again discussed. The President presented proposal dated January 5, 1977 from Loss Prevention Services Corp., along with the December 8th proposal from Norrell Security. After discussion, the Board authorized and directed the President to continue to negotiate at his discretion in this matter.

Application for membership in the new organization, Food Marketing Institute, which was created by the merger of Super Market Institute and National Association of Food Chains, was discussed. It was concluded by the Board that the dues to this organization are exorbitant and that the Company shall not join - and that those members of the Company who are interested in belonging to the Food Market Institute should join individually.

Jerome S. Merlin, Chairman, announced that he had appointed Isaac Galanti, Zack Hinton, Anderson Dilworth and Fred Braswell to serve on the Nominating Committee, along with three other members which are to be elected by the membership at the General Membership Meeting to be held January 26, 1977.

The annual convention of the Cooperative Food Distributors of America to be held in New Orleans February 27 - March 2, 1977 was discussed. The majority of the Board members will attend this meeting.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

  
Samuel Weissman,  
President

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting  
February 15, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op, Inc. was held at the office of the Company at 1:00 P.M. February 15, 1977. All members were present except Roger Parker.

Chester E. Sanders, Treasurer, attended the meeting for the purpose of presenting the financial statements.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |   |  |
|---|--|
| *#966 - West End Super Store<br>160 Temple Avenue<br>Newnan, Georgia 30263<br>Wm. T. Parker | *#957 - Kroger Sav-On<br>318 Mall Blvd.<br>Savannah, Georgia 31406<br>The Kroger Co. |
|---|--|

RESIGNATIONS

- |   |   |
|---|---|
| #145 - Quality Super Market<br>371 Martin Street, S. E.<br>Atlanta, Georgia 30312<br>Leo Neuhaus        | #222 - Walter Drew's Ducktown #2<br>Route 4<br>Cumming, Georgia 30130<br>Walter R. Drew     |
| #233 - Dunn's Super Market<br>114 Forsyth Street<br>Barnesville, Georgia 30204<br>D. Michael Dunn       | #375 - Griffin Big Buy<br>5200 Memorial Drive<br>Griffin, Georgia 30223<br>D. Michael Dunn  |
| #438 - John's Super Market #2<br>4152 Washington Street<br>Covington, Georgia 30209<br>John T. Thompson | #960 - West End Super Store<br>160 Temple Avenue<br>Newnan, Georgia 30263<br>J. H. Jennings |

The financial statement for the month of January and for the year to date was discussed at length, after which it was unanimously approved. (At this time Mr. Sanders left the meeting.)

The minutes of the previous meeting held January 19, 1977 were read and approved.

The President reported that a petition for election was received from the National Labor Relations Board for the Company's Security Guards, naming the Security Guards Local Union #714 as Petitioner. After discussion of this matter, the Board concluded that the Company consider returning to the use of outside guard service and directed Management to review the proposals received from these firms during the past three or four months.

\* new member

It was reported to the Board that due to lack of participation on the part of the employees and the continuing losses being sustained in the Company's cafeteria, this facility is being closed at the end of business on February 25, 1977.

The President reported that the proposal to supply Kroger Food Stores' subsidiary food chain, Market Basket Sav On, in the States of North Carolina, South Carolina, and Savannah, Georgia, has been consummated, with service to the first of these stores (the store located in Savannah, Georgia) to begin in Mid-April, 1977. Other of these stores will open periodically from that time until January, 1978, at which time all eight stores should be open for business.

It was reported that Touche Ross & Co. has performed a limited review of the consolidated balance sheet and earnings statement of the Corporation and its subsidiaries for the six months ended December 25, 1976. Mr. Irwin Siegel of Touche Ross has advised that, based upon this unaudited interim financial information, it is their opinion the Company has had a very profitable six months and is currently in good financial condition. They offered no formal criticisms or recommendations.

The Corporation's non-interest bearing five-year Patronage Dividend Certificate was discussed, after which the following motion was made, seconded and unanimously carried:

The Corporation's non-interest bearing five-year Patronage Dividend Certificate shall not be interpreted as patronage, as defined in the By-Laws, and payment of these Patronage Dividend Certificates shall be at the maturity date stated in the Certificate, whether the certificate is owned by a member or a resigned member.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

*Clyde G. Burkett*

Clyde G. Burkett  
Secretary

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting  
March 22, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company at 1:00 P.M. March 22, 1977. All members were present except Roger Parker.

Chester E. Sanders, Treasurer, attended the meeting for the purpose of presenting the financial statements.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications were reviewed and approved:

- |  |   |
|--|---|
| *# 67 - Bill's Best Buy<br>111 S. McIntosh Street<br>Elberton, Georgia 30635<br>Billy E. & Lenora Colquitt         | * #151 - Cedar Grove Grocery Store<br>5100 Cascade Palmetto Pkwy.<br>Fairburn, Georgia 30213<br>John M. Feenaghty |
| *#797 - Sheriff's Best Buy<br>422 S. Big A Road<br>Toccoa, Georgia 30577<br>Charles & Libby Sheriff                | #798 - Sheriff's Best Buy #2<br>309 E. Tugalo Street<br>Toccoa, Georgia 30577<br>Charles & Libby Sheriff          |
| #962 - Western Market, Inc. #3<br>58 Walton Street, S. W.<br>Atlanta, Georgia 30303<br>W. M. Vincent & B. G. Henry |   |

The membership application of John E. and Michael V. Shannon, of Auburn, Alabama, was reviewed and discussed at length. Upon motion made, seconded and unanimously carried, this membership application was disapproved.

The following membership resignations were reviewed and approved:

- |  |  |
|--|--|
| #136 - W. M. Chambliss<br>Cataula,<br>Georgia 31804<br>W. M. Chambliss                     | #215 - David's Drive-In Grocery<br>4233 Thurman Road<br>Conley, Georgia 30027<br>David Brown |
| #242 - Spreng Grocery<br>209 Edgewood Avenue, N. E.<br>Atlanta, Georgia 30303<br>L. Spreng |  |

The financial reports for the month of February and for the year to date were discussed and approved.

The President reported several accounts which are in serious arrears, and

\* new member

outlined measures which have been taken and which will be actively pursued until these accounts are brought current.

(At this time Mr. Sanders left the meeting.)

The minutes of the previous meeting, held February 15, 1977, were read and approved.

The President reported that on March 14, 1977, the Company's security force voted 8 to 2 to join the International Association of Security Guards, Local Union #714.

He also reported that on the evening of March 14, 1977, one of these guards, Damon Parker, left his post unattended after having been advised the afternoon of that same date that the post he would be assigned to that evening was a critical area and that he, nor any member of the security force, was to leave that post for any reason whatsoever until he had been relieved by another security officer. For this dereliction of duty he was laid off for one week, and as a result of this layoff, a charge has been lodged against the company with the National Labor Relations Board. It is felt by management that the Company has sufficient proof of negligence of duty to support this layoff.

It was reported that in accordance with previous reports to the Board, the Company has received and are considering final bids from three outside guard services.

It was reported that K. Z. Hardy, employee, has filed class action with the Equal Employment Opportunity Commission against the Company.

The President reported that Mayfield Dairy Farms, Inc., of Athens, Tennessee, is considering the purchase of Aristocrat Ice Cream Company, and that Mayfield had contacted the Company advising that they would purchase Aristocrat only if they could keep our account since it is Aristocrat's major account. Mayfield presented a proposal which, if approved, would become effective April 1, 1977. After discussion, motion was made, seconded and unanimously carried that this proposal be approved.

The President advised the Board that Elliott Cohen, the Corporation's attorney, had requested permission to attend all board meetings so that he could be more knowledgeable of the activities of the Company and would thus be able to more capably represent the Company. In the discussion that ensued it was the consensus of the Board that this would be a waste of Mr. Cohen's time. Motion was therefore made, seconded and unanimously carried that Mr. Cohen be asked to attend only those meetings when it was felt that legal counsel was needed.

In keeping with the above policy, it was announced that Mr. Cohen will attend the meeting in April 1977 to discuss certain matters in which it is felt legal counsel is needed.

MINUTES.....

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March 22, 1977

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

*Clyde G. Burkett*

Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting  
April 19, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company at 1:00 P.M. April 19, 1977. All members were present. Chester E. Sanders, Treasurer, attended for the purpose of presenting the financial statements.

Jerome S. Merlin, Chairman, called the meeting to order.

Elliott Cohen, of Zusmann, Sikes, Pritchard & Cohen, attended the meeting as counsel in the discussion which was held regarding buying deposits, capital stock and patronage dividends. After this discussion, motion was made, seconded and unanimously carried that this matter be tabled for further discussion at a subsequent meeting. (At this time Mr. Cohen left the meeting.)

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |  |   |
|--|---|
| * #139 - BriarVista Thriftown<br>2153 Briarcliff Road, N.E.<br>Atlanta, Georgia 30329<br>Kenneth E. Campbell | * #216 - Doraville Thriftown<br>Pine Tree Plaza<br>Doraville, Georgia 30340<br>Thomas Wallace |
|--|---|

RESIGNATIONS

- |  |  |
|--|--|
| # 89 - BriarVista Thriftown<br>2153 Briarcliff Road, N. E.<br>Atlanta, Georgia 30329<br>Wm. Brevata & Denver Culpepper | #983 - Tyner's Food Store<br>Pine Tree Plaza<br>Doraville, Georgia 30340<br>Gene Tyner |
|--|--|

The financial report for the month of March and for the year to date was approved as presented by the Treasurer. (At this time Mr. Sanders left the meeting.)

In the interest of time, motion was made and seconded that the reading of the minutes of the previous meeting held March 22, 1977 be dispensed with.

The President reported that the charge\* which was recently lodged with the National Labor Relations Board against the Company by Damon Parker, employee, has been dropped. \*\*Case 10-CA-12667)

The matter of whether the Company needs to stock a second line of spices to meet the needs of some of its members was presented to the Board. After discussion, motion was made, seconded and carried that the Company not add another spice line at this time.

The account of Member #391, Harris Thriftown, owned by Clifford L. Harris, was discussed. The President reported that this account is in serious default, and that its checks are being returned because of insufficient funds; also that this member is in default on its loan from Affiliated Investment Fund, Ltd. (Company subsidiary), and that this matter has been turned over to the Company's attorneys for appropriate action.

MINUTES.....

- 2 -

April 19, 1977

It was reported that the Company is still considering the three proposals for outside guard service, the hourly rates for each of which are much lower than the rates our present guard service is asking. No action is being taken, however, in this matter at this time.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

*Clyde G. Burkett*

Clyde G. Burkett,  
Secretary

/cgb

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting  
May 24, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company at 1:00 P.M. May 24, 1977. All members were present. Chester E. Sanders, Treasurer, also attended for the purpose of presenting the financial statement.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications and resignation were reviewed and approved:

APPLICATIONS

\*#142 - C & H Grocery  
912 Simpson Street, N.W.  
Atlanta, Georgia 30318  
Clifford Hunter

#676 - Piggly Wiggly of Jasper, Inc.  
206 Burnt Mountain Road  
Jasper, Georgia 30143  
Billy Tierce

\*#763 - Robinson Food Store  
4233 Thurman Road  
Forest Park, Georgia 30050  
Chester B. Robinson

RESIGNATION

#906 - Townsend Cash & Carry  
182 N. Main  
Jasper, Georgia 30143  
Ben H. Townsend

In the interest of time, the financial report for the month of April and for the year to date was approved as presented by the Treasurer.

The President reported that within the next six months the Company will need additional financing in the amount of Four Million Dollars (\$4,000,000.00) for the purpose of increasing its inventory to supply Kroger Sav-On Stores and other new high volume members. He stated that Walter E. Heller & Co. of Georgia has agreed to extend the Corporation's revolving line of credit by this amount; however, further resolutions by the Board will be necessary. After discussion, upon motion made, seconded and unanimously carried, the following resolution was adopted:

RESOLVED; that it is in the best interest of the Company to borrow money and obtain credit for the Company in any amount from Walter E. Heller & Co. of Georgia, hereinafter referred to as ("Heller") on such terms as Samuel Weissman, President of the Company, may deem advisable, and such officer on behalf of the Company is authorized and empowered to enter into, execute and deliver to Heller any commitment agreement to borrow money and obtain credit for the Company in any amount, any promissory or collateral note evidencing any indebtedness to Heller, all drafts, acceptances of the Company; to execute power of attorney; to assign accounts receivable as collateral security; to exe-

cute application for letters of credit; to pledge inventory or material as security for any loan; to assign with full recourse to Heller third party promissory notes, conditional sales contracts, chattel mortgage or other third party evidences of indebtedness together with any collateral securing such third party indebtedness; to execute mortgages on real or personal property of the Company to Heller as security for any loan; to execute assignments or satisfaction of any mechanic's liens owned by the Company, to execute security instrument agreements and financial statements pursuant to the Georgia Commercial Code; to assign letters of credit in favor of the Company to Heller as security of any loan; to deliver financial and other statement of the Company to Heller and to make, execute and deliver any and all agreements, security agreements, documents and certificates as may from time to time be required by Heller to carry out and give effect to the above; and as security to pledge and assign and deliver accounts receivable for any other indebtedness or choses in action, stocks, bonds, bills receivable and other negotiable papers, bills of lading, warehouse receipts, insurance policies and certificates or any other property held or belonging to the Company and such officer has full authority to endorse, assign or guarantee the same in the name of the Company.

RESOLVED, FURTHER, that Samuel Weissman, President of the Company, be and he hereby is authorized and empowered to enter into, execute and deliver to Heller any commitment agreement to increase the Company's present line of credit with Heller, Seven Million, Five Hundred Thousand Dollars (\$7,500,000.00), by an additional amount of Four Million Dollars (\$4,000,000.00), to the total amount of Eleven Million, Five Hundred Thousand Dollars (\$11,500,000.00).

RESOLVED, FURTHER, that, pursuant to resolution adopted by the Board of Directors at its meeting held August 19, 1975, the maturity date of the Corporation's loan with Heller shall be November 30, 1978.

(At this time Mr. Sanders left the meeting.)

In the interest of time, motion was made and seconded that the reading of the minutes of the previous meeting held April 19, 1977 be dispensed with.

It was reported that Elliott Cohen, Martin M. Pollock, Jack L. Culbreth and H. Stephen Merlin, attorneys, have separated from the law firm of Zusmann, Sikes, Pritchard & Cohen, with which firm the Corporation has done business since February, 1975, and have opened their own law firm, Cohen, Pollock, Culbreth, Merlin, p.c., and that the Corporation has transferred its account and the accounts of all its subsidiaries to this new firm.

The forthcoming annual convention of the Georgia Retail Food Dealers Ass'n., to be held at Jekyll Island, Georgia August 14, 15, 16, was discussed. Motion was made, seconded and carried that the Company <sup>co-sponsor,</sup> Tuesday's (August 16) luncheon at this convention with the other two Georgia co-ops.

May 24, 1977

The delinquent account of McCoy's Super Markets (Luther Bunge) was discussed. It was reported that this account has been turned over to the Company's attorneys with instructions that they take action to obtain payments necessary to reduce this member's accounts receivables with Associated Grocers to the appropriate level.

The President reported that negotiations have begun with the Teamsters Local Union #528 on the three-year labor contract beginning July 1, 1977, stating that based on the initial meetings with the Teamsters and from the demands being made by the union, this will be a very difficult contract to negotiate. He enumerated numerous demands which he considers completely unreasonable and which would be detrimental to the Company. After a full discussion of this matter, motion was made, seconded and unanimously carried that the President be, and he hereby is, authorized and directed to negotiate this contract at his discretion.

The President reported on negotiations still being held with the Security Guards Local Union #714 regarding the Company's guard service. After discussion, it is still the consensus of the Board that it will be in the best interest of the Company to go to an outside guard service.

The request of Al Solomon, member, that the By-Laws be amended changing the waiting time required for a member to become eligible to serve on the board of directors from a period of three years to immediately upon becoming a member was reported to the board. After discussion, motion was made, seconded and unanimously carried that this change not be made and that the By-laws remain as they are presently written.

A discussion was held regarding amending the By-laws changing the rebate paid to the members at the end of Fiscal Year 1976-77 (June 25, 1977) from 50% to either 80% or 90%, with the increase in rebate to be paid in a ten-year patronage certificate. The amount of the increase will be determined based on analyses of the Company's overcharges for this fiscal period by its accountants and attorneys. Motion was made, seconded and unanimously carried that the By-Laws be amended changing the rebate from 50% to the amount recommended by the Company's accountants and attorneys upon receipt of their findings.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

  
Clyde G. Burkett,  
Secretary

CONSENT IN LIEU OF SPECIAL MEETING  
OF DIRECTORS OF  
ASSOCIATED GROCERS CO-OP, INC.

The undersigned, being the sole Directors of ASSOCIATED GROCERS CO-OP, INC., a Georgia Corporation (the "Corporation"), do hereby, pursuant to Section 22-710 of the Georgia Business Corporation Code, give their written consent (a) to the dispensation of a special meeting of the Board of Directors of the Corporation, and (b) to the taking of the following action, which action could have been taken by them had said meeting been held:

1. The following resolution shall be, and it hereby is, adopted:

RESOLVED: That ARTICLE VII Section 1(b) of the Corporation's By-Laws be amended so that, as amended, subsection (b) reads as follows:

(b) All net overcharges from the sales and services of the corporation to its Members remaining after the expenses of operating the warehouse and other charges and expenses have been ascertained shall be apportioned in the following manner:

Prior to the end of each fiscal year of the Corporation, the President of the Corporation shall consult with the Board of Directors and <sup>they</sup> shall determine what percentage of such overcharges for such

fiscal year shall be retained by the Corporation. The remainder of such net overcharges for such fiscal year shall be distributed on a patronage basis to the Members in accordance with their respective purchases not later than 8-1/2 months following the close of the fiscal period of the Corporation during which patronage occurred with respect to which said distributions are made. In no event shall less than twenty percent (20%) of the total patronage distributions made each year to each Member Stockholder be distributed in cash. The Board of Directors shall determine each year to what extent the remaining portion shall be distributed in cash and in qualified written notices of allocation as defined in Section 1388 of the United States Revenue Code of 1954 and the terms of any such qualified written notices of allocation. The Corporation shall recognize its contractual obligation to make such patronage distributions in its accounting at all times and shall set up on its books and statements a liability for the amount of any unpaid overcharges, including such overcharges as may not have been allocated to the individual accounts of Stockholder Members at the close of any accounting period.

2. The following resolutions shall be, and they hereby are, adopted:

RESOLVED: That for the fiscal year ending June 30, 1977, ten (10) percent of all net overcharges referred to in ARTICLE VII of the Corporation's By-Laws shall be retained by the Corporation.

RESOLVED: That for the fiscal year ending June 30, 1977, ninety percent (90%) of all net overcharges referred to in ARTICLE VII of the Corporation's By-Laws shall be distributed on a patronage basis to the members of the Corporation pursuant to the requirements of said ARTICLE VII as follows:

(a) Twenty percent (20%) shall be distributed in cash;

(b) Forty percent (40%) shall be distributed in qualified written notices of allocation, which notices shall be represented by non-transferable, non-negotiable, and non-interest bearing patronage dividend certificates; said certificates shall be payable five years from their date, but may, at the discretion of the Board of Directors of the Corporation be redeemed in whole or in part, at any time and from time to time, prior to said date.

(c) Forty percent (40%) shall be distributed in qualified written notices of allocation, which notices shall be represented by non-transferable, non-negotiable, and non-interest bearing patronage dividend certificates; said certificates shall be payable ten (10) years from their date, but may, at the discretion of the Board of Directors of the Corporation, be redeemed in whole or in part, at any time and from time to time, prior to said date.

3. The following resolution shall be, and it hereby is, adopted:

RESOLVED: That the original of this Consent after execution by all of the Directors of the Corporation, be filed in appropriate order in the minute book of the Corporation.

DATED: June 2, 1977

Fred Braswell  
FRED B. BRASWELL

W. Ellis Crook  
W. ELLIS CROOK

W. Anderson Dilworth  
W. ANDERSON DILWORTH

Jerome S. Merlin  
JEROME S. MERLIN

Walter B. Payne, Jr.  
WALTER B. PAYNE, JR.

James D. Rogers  
JAMES D. ROGERS

*Isaac N. Galanti*

ISAAC N. GALANTI

*Zach B. Hinton*

ZACH B. HINTON

*Roger W. Parker*

ROGER W. PARKER

*Marvin P. Greene*

MARVIN P. GREENE

*James M. Hudson*

JAMES M. HUDSON

*Robert A. Smith*

ROBERT A. SMITH

CUBA FAMILY ARCHIVES

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting  
June 21, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the offices of the Company at 1:00 P.M. June 21, 1977. All members were present except James M. Hudson.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership application and resignation were reviewed and approved:

APPLICATION:

\* #145 - Leo's Supermarket  
371 Martin Street, S. E.  
Atlanta, Georgia 30312  
Leo Neuhaus

RESIGNATION:

#520 - Jessie's Groceries  
861 Scott Road  
Riverdale, Georgia 30296  
J. N. Morton, Jr.

In the interest of time, upon motion made and seconded, the reading of the minutes of the previous meeting held May 24, 1977 was dispensed with.

After a short discussion, upon motion made and seconded, the financial reports for the month of May and for the year to date were approved as submitted by the President.

The Board discussed the By-Law change on the patronage refund for this year, and all members were in accord on the 90% refund to the members as recommended by the Company's accountants and attorneys in accordance with the decision of the Board at its May 24, 1977 meeting.

It was reported that to offset delivery expenses on certain shipments Management has recently been able to arrange backhauls of merchandise. It was the consensus of the directors that the Company should follow all such avenues possible to bring in this extra income for the Company.

The Teamsters contract was discussed, and Management reported that no agreement has been reached as of this date.

The President reported that the Company has received a citation from the City of College Park, Georgia demanding that we appear in court on July 8, 1977 as a result of the City's discovery of high chemical content and suspended solids in the water in the sewers leading from our garage. In an effort to correct this problem the Company engaged the services of J. Edward Pinkerton, Chemist, for tests and recommendations. Steps have been taken, and much

\* New member

improvement has been made; however, Mr. Pinkerton recommends the construction of a water treatment plant, which will cost approximately \$35,000 to \$40,000. The Board approved this expenditure if it becomes necessary to construct this plant to correct the problem.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

*Clyde G. Burkett*  
Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP., INC.  
Special Meeting of  
The Board of Directors

June 29, 1977

Immediately following the General Membership Meeting on June 29, 1977, a special meeting of the newly-elected Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company for the purpose of electing officers for the ensuing year. All members were present.

Jerome S. Merlin, Chairman, called the meeting to order.

Upon motion made, seconded and unanimously carried, the following were re-elected to serve in the designated offices of the Corporation during the ensuing year July 1, 1977 through June 30, 1978 and until their successors are elected, and pursuant to the By-Laws:

Chairman of the Board - Jerome S. Merlin  
First Vice Chairman - Walter B. Payne, Jr.  
Second Vice Chairman - James D. Rogers

President - Samuel Weissman  
Secretary - Clyde G. Burkett  
Treasurer - Chester E. Sanders

The following were re-appointed by the President to serve in the designated offices for the ensuing year July 1, 1977 through June 30, 1978 and until their successors are elected, and pursuant to the By-Laws:

Vice President - Chester E. Sanders  
Vice President - Purchasing - Joe King  
Vice President - Meat Operations - Robert E. Monroe  
Vice President - Warehouse Operations - James M. Catel

It was resolved by the Board of Directors to continue with the First National Bank of Atlanta as depository, and that the following are hereby authorized to sign checks, notes, etc. upon the Corporation's bank account, two signatures required:

Samuel Weissman - President  
Chester E. Sanders - Treasurer

It was also resolved by the Board to continue with the present financing agreement with Walter E. Heller & Co. of Georgia.

At this time, upon motion made and seconded, the meeting adjourned.

  
Clyde G. Burkett,  
Secretary



The minutes of the regular monthly meeting held June 21, 1977 were read and approved. In the interest of time, upon motion made and seconded, the reading of the minutes of the special meeting held June 29, 1977 was dispensed with.

The President reported that the three-year labor contract with the Teamsters Local Union No. 528 to commence July 1, 1977 has been settled.

It was reported to the Board that Walter E. Heller & Co. have agreed to increase the Company's line of credit Four Million Dollars (\$4,000,000.00), to a total of Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00), with the stipulation that the maturity date of the Corporation's loan with Heller be extended to July 5, 1980. This necessitated amending the resolution adopted by the Board at its meeting held May 24, 1977. Motion was therefore made, seconded and unanimously carried that the following resolution be, and it hereby is, adopted:

"RESOLVED, that it is in the best interest of the Company to borrow money and obtain credit for the Company in any amount from Walter E. Heller & Co. of Georgia, hereinafter referred to as ("Heller") on such terms as Samuel Weissman, President of the Company, may deem advisable, and such officer on behalf of the Company is authorized and empowered to enter into, execute and deliver to Heller any commitment agreement to borrow money and obtain credit for the Company in any amount, any promissory or collateral note evidencing any indebtedness to Heller, all drafts, acceptances of the Company; to execute power of attorney; to assign accounts receivable as collateral security; to execute application for letters of credit; to pledge inventory or material as collateral security for any loan; to assign with full recourse to Heller third party promissory notes, conditional sales contracts, chattel mortgage or other third party evidences of indebtedness together with any collateral securing such third party indebtedness; to execute mortgages on real or personal property of the Company to Heller as security for any loan; to execute assignments or satisfaction of any mechanic's liens owned by the Company, to execute security instrument agreements and financial statements pursuant to the Georgia Commercial Code; to assign letters of credit in favor of the Company to Heller as security of any loan; to deliver financial and other statement of the Company to Heller and to make, execute and deliver any and all agreements, security agreements, documents and certificates as may from time to time be required by Heller to carry out and give effect to the above; and as security to pledge and assign and deliver accounts receivable for any other indebtedness or choses in action, stocks, bonds, bills receivable and other negotiable papers, bills of lading, warehouse receipts, insurance policies and certificates or any other property held or belonging to the Company and such officer has full authority to endorse, assign or guarantee the same in the name of the Company

"RESOLVED, FURTHER, that Samuel Weissman, President of the Company, be and he hereby is authorized and empowered to enter into, execute

and deliver to Heller any commitment agreement to increase the Company's present line of credit with Heller, Seven Million, Five Hundred Thousand Dollars (\$7,500,000.00), by an additional amount of Four Million Dollars (\$4,000,000.00), to the total amount of Eleven Million, Five Hundred Thousand Dollars (\$11,500,000.00).

"RESOLVED, FURTHER, that, pursuant to resolution adopted by the Board of Directors at its meeting held August 19, 1975, the maturity date of the Corporation's loan with Heller shall be July 5, 1980."

The President reported that Associated Grocers of Greenville, S. C., which has been operating under Chapter XI of the Bankruptcy Act for several months, is now for sale. This matter was discussed, after which it was decided that the Board of Directors should visit this co-op to determine if there is any interest in the Company acquiring this cooperative.

(Mr. Parker entered the meeting at this point.)

The delinquent account of Luther J. Bunge (McCoy's Super Markets) was discussed. The President reported that Mr. Bunge is making one final effort to raise funds to bring this account to a satisfactory level, but that if he is not able to do this it appears that it may now be necessary to foreclose on this account. After discussion, motion was made, seconded and unanimously carried that the President be authorized and empowered to take whatever action on this account he deems in the best interest of the Company.

The account of Gene Tyner was also discussed. The President reported that this account has deteriorated to such an extent that he now recommends that Mr. Tyner be asked to resign, and that in the event he will not do this that the Company terminate his membership in accordance with the provisions contained in Section 11 (a) of ARTICLE VI of the By-Laws.

The annual General Membership Meeting, at which patronage payments are distributed, was discussed. It was concluded that this meeting shall be held on September 4, 1977 at a location other than on Company premises, and that at this meeting an incentive travel program to either Greece or London will be presented to the membership.

The annual request from Georgia State University for a contribution of \$600.00 to its Foundation Recognition Fund was presented to the Board. After discussion, it was concluded by the Board of Directors that the Company shall not make this contribution this year.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

  
Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting

August 30, 1977

The delayed monthly meeting of the Board of Directors of Associated Grocers Co-Op, Inc. was held at the office of the Company at 1:00 P.M. August 30, 1977. All members were present. Chester E. Sanders, Treasurer, and Irwin A. Siegel, of Touche Ross & Co., also attended the meeting.

Jerome S. Merlin, Chairman, called the meeting to order.

Irwin A. Siegel rendered in detail the complete financial reports for the fiscal year ended June 25, 1977. In his remarks, Mr. Siegel stated that in view of the drastic increases in fuel, taxes, utilities, labor, etc. during the past year this report reflected that the Company has experienced a very good year; however, in view of the fact that gross margins for the past three years have been constant, with operating expenses moving upward to the extent that on this fiscal period earnings before patronage have dropped to less than one-tenth of one per cent (1/10 of 1%), he recommended that a means of alleviating this squeeze between gross margin and profits be considered. He commended the Board of Directors and Management for their accomplishments in holding expenses to a minimum, and reflecting a good profit under difficult economic and marketing conditions.

(At this time Mr. Siegel left the meeting.)

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |   |  |
|---|--|
| * #102 - Burger's Fruit Market<br>1395 Canton Road<br>Marietta, Georgia<br>Truman W. Burger | #954 - Kroger Sav-On #954<br>1310 Bush River Road<br>Columbia, S. C. 29210<br>The Kroger Co. |
| #955 - Kroger Sav-On #955<br>2500 Decker Road<br>Columbia, S. C. 29206<br>The Kroger Co.    |  |

RESIGNATIONS

- |   |   |
|---|---|
| # 68 - Bill & Nat's Food Center<br>1547 Roswell Road<br>Marietta, Georgia 30062<br>Warren Hardage                 | #103 - Buehler Super Market<br>90 Broad Street<br>Atlanta, Georgia 30303<br>Phoebe B. Buehler Trust |
| #157 - Cloudt's Food Shop, Inc.<br>1937 Peachtree Road, N.E.<br>Atlanta, Georgia 30309<br>F.W. & M.A. Cloudt, Jr. | #212 - D & G Food Store<br>Moreno Street<br>Buford, Georgia 30518<br>H.P. and J.O. Duncan           |

\* New member

- |   |   |
|---|---|
| #216 - Doraville Thriftown<br>Pinetree Plaza<br>Doraville, Georgia 30340<br>Thomas Wallace            | #369 - M. P. Greene<br>1552 Murphy Avenue, S.W.<br>Atlanta, Georgia 30310<br>M. P. Greene               |
| **#582 - McCoy's Super Market #1<br>925 Broad Street<br>Columbus, Georgia 31901<br>Luther J. Bunge    | ** #584 - McCoy's Super Market #3<br>Bull & Broom Streets<br>LaGrange, Georgia 30240<br>Luther J. Bunge |
| **#585 - McCoy's Food Store #4<br>1034 Talbotton Road<br>Columbus, Georgia<br>Luther J. Bunge         | ** #586 - McCoy's Thriftown<br>Smiths Station Plaza<br>Smiths, Alabama 36877<br>Luther J. Bunge         |
| **#587 - McCoy's Food Store, Inc.<br>6100 Hamilton Road<br>Columbus, Georgia 31904<br>Luther J. Bunge | #588 - McCoy's Food Store #7<br>3720 Woodruff Road<br>Columbus, Georgia 31904<br>Luther J. Bunge        |
| #829 - Thriftown<br>3 Lion Street<br>Commerce, Georgia 30529<br>H. Duncan & C. Godfrey                | #980 - White Rock Super Market<br>Route 3 - Box 5<br>Phenix City, Alabama 36867<br>Jesse C. Fincher     |

\*\* These five stores were repossessed by the Company from McCoy's Food Stores by voluntary consent of the owner, and the Corporation will operate them until the stores can be sold.

After a short discussion, the financial report for the month of July was approved as submitted by the treasurer.

The account of Albert N. Solomon (So-Lo Foods) and his request for financial assistance and special upcharge fee were discussed. After discussion, motion was made, seconded and unanimously carried that no special concessions be made for this account: that this account is to be governed exactly as other accounts are governed, in accordance with the By-Laws.

(At this time Mr. Sanders left the meeting.)

In the interest of time, motion was made and seconded that the reading of the minutes of the previous meeting held July 19, 1977 be dispensed with.

The President reported that he had been advised by the Internal Revenue Service ("I.R.S.") that the I.R.S. will do an audit of the Company's records sometime during the month of September 1977.

The resignation of M. P. Greene from the Board of Directors was read and approved.

At this time the meeting proceeded to the election of a director to serve the unexpired term of Mr. Greene. The name of J. D. Gray was placed in nomination,

August 30, 1977

after which, upon motion made and seconded, nominations were closed. With no vote necessary, Mr. Gray was thus elected to serve as a director the unexpired term of M. P. Greene ending June 30, 1978.

The President reported that as of this date (August 30) Thomas L. White has been appointed Vice President-Sales, Merchandising and Advertising.

The President also made a report on the Annual Management Conference of the Cooperative Food Distributors of America which he attended August 24-26, 1977.

After a short discussion under Good & Welfare, upon motion made and seconded, the meeting adjourned.



Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP, INC.  
Special Board of Directors Meeting

September 11, 1977

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A special meeting of the Board of Directors of Associated Grocers Co-Op, Inc. was held at 2:00 P.M. September 11, 1977 at the Royal Coach Inn, located at I-75 and Howell Mill Road, N.W., Atlanta, Georgia. All members were present.

Jerome S. Merlin, Chairman, called the meeting to order.

Samuel Weissman, President, acted as Secretary of the meeting.

This meeting was called for the purpose of considering for adoption an increase in up-charge to alleviate the constantly tightening squeeze between gross margins and operating expenses which this Board has discussed for the past several months.

After lengthy deliberation, motion was made, seconded and unanimously carried that effective on all orders delivered on or after September 26, 1977, the cost-plus fee on groceries, frozen food and dairy be increased three-fourths of one per cent ( $3/4$  of 1%).

There being no further business to be considered at this time, upon motion made and seconded, the meeting adjourned.

  
Samuel Weissman,  
President

SW/cb

ASSOCIATED GROCERS CO-OP., INC.  
Board of Directors Meeting

September 20, 1977

The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op., Inc. was held at the office of the Company at 1:00 P.M. September 20, 1977. All members were present except Zack B. Hinton. Chester E. Sanders, Treasurer, also attended for the purpose of rendering the financial statement.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |  |  |
|--|--|
| # 59 - Kroger Sav-On #959<br>820 S. College Road<br>Wilmington, N. C. 28401<br>The Kroger Company    | #656 - One Stop Food Store #1<br>1885 Jonesboro Road, S. E.<br>Atlanta, Georgia 30315<br>J.W. Tanner & L.L. Dailey |
| #840 - So-Lo Foods Pinetree<br>Pinetree Plaza<br>Doraville, Georgia 30340<br>Albert N. Solomon & Co. | * #891 - Thrifty Lady Market<br>1402 Peachtree Street, N.E.<br>Atlanta, Georgia 30309<br>Rebecca C. Lee            |

RESIGNATIONS

- |   |  |
|---|--|
| #653 - Oxford Foods<br>6125 Roswell Road<br>Atlanta, Georgia 30328<br>Pete Totis & Walter Rodgers | #685 - Newman's Thrifty Lady<br>1402 Peachtree Street, N.E.<br>Atlanta, Georgia 30309<br>Mrs. Phyllis Newman |
|---|--|

After a short discussion, upon motion made, seconded and unanimously carried, the financial report for the month of August was approved as submitted by the Treasurer. (At this time Mr. Sanders left the meeting.)

In the interest of time, upon motion made and seconded, the reading of the minutes of the previous two meetings held August 30, 1977 and September 11, 1977 was dispensed with.

The President reported that the Company's revolving line of credit with Walter E. Heller & Co. of Georgia ("Heller"), which Heller has agreed to increase from Seven Million Five Hundred Thousand Dollars (\$7,500,000) to Eleven Million Five Hundred Thousand Dollars (\$11,500,000), requires adoption of further resolutions. Motion was therefore made, seconded and unanimously carried that the following resolution be, and it hereby is, adopted:

\* New member

RESOLVED: that it is in the best interest of the Company to borrow money and obtain credit for the Company in any amount from Walter E. Heller & Company of Georgia, hereinafter referred to as ("Heller"), on such terms as the President of the Company may deem advisable, and such officer on behalf of the Company is authorized and empowered to enter into, execute and deliver to Heller any commitment agreement to borrow money and obtain credit for the Company in any amount, any promissory or collateral note evidencing any indebtedness to Heller, all drafts, acceptances of the Company; to execute power of attorney; to assign accounts receivable as collateral security; to execute application for letters of credit; to pledge inventory or material as collateral security for any loan; to assign with full recourse to Heller third party promissory notes, conditional sales contracts, chattel mortgage or other third party evidences of indebtedness together with any collateral securing such third party indebtedness; to execute mortgages on real or personal property of the Company to Heller as security for any loan; to execute assignments or satisfaction of any mechanic's liens owned by the Company, to execute security instrument agreements and financial statements pursuant to the Georgia Commercial Code; to assign letters of credit in favor of the Company to Heller as security of any loan; to deliver financial and other statement of the Company to Heller and to make, execute and deliver any and all agreements, security agreements, documents and certificates as may from time to time be required by Heller to carry out and give effect to the above; and as security to pledge and assign and deliver accounts receivable for any other indebtedness or choses in action, stocks, bonds, bills receivable and other negotiable papers, bills of lading, warehouse receipts, insurance policies and certificates or any other property held or belonging to the Company and such officer has full authority to endorse, assign or guarantee the same in the name of the Company; and

RESOLVED: that any officer, or duly authorized agent or nominee of Heller is hereby authorized and empowered to endorse the name of this Corporation to any and all checks, drafts and other instruments or orders for the payment of money payable to this Corporation or its order, to deposit the same in any account or accounts of Heller with any bank or trust company, and to deal with any and all checks, drafts or other instruments or orders, for the payment of money, and proceeds thereof as the property of Heller; provided, however, that Heller shall be authorized and empowered to take such action or actions only so long as such action or actions are specifically agreed to between this Corporation and Heller under the terms and conditions of any one or more of the documents or agreements to be entered into between this Corporation and Heller pursuant to the loan between this Corporation and Heller to be

September 20, 1977

dated September 21, 1977 and for any extensions or renewals thereof; and

RESOLVED: that any bank or trust company be, and it hereby is, authorized and requested to receive for deposit to the credit of Heller without further inquiry, all such checks, drafts and other orders or instruments for the payment of money, payable to this Corporation or its order, and that said bank shall be under no liability to this Corporation for the disposition of which Heller may or shall make of said instruments or the proceeds thereof.

Pursuant to previous discussions regarding the Company's guard service, the President reported that on September 6, 1977 a certified letter was forwarded to Johnny Carson, President of International Association of Security Guards, Local #714, notifying him of the Company's intentions to continue negotiations to reach a settlement with the present guard service, and that should he fail to notify us of their intentions to continue these negotiations by September 16, 1977 we then would assume that he had no further interest in this guard unit. Not having heard from Mr. Carson, on September 19, 1977 the Company moved to accept a proposal from Loss Prevention Services Corp., with the transition to their service on September 30, 1977.

The account of Gene Tyner was again discussed. In view of the fact that Mr. Tyner is not presently buying from the Company at all, and pursuant to discussion by this Board (see minutes of July 19, 1977), motion was made, seconded and unanimously carried that Mr. Tyner be asked to voluntarily resign the membership of all his stores, and that in the event he will not comply with this request, that the Company terminate his membership in accordance with the provisions contained in Section 11 (a) of ARTICLE VI of the By-Laws.

It was reported to the Board that starting December 1, 1977 Shurfine Sugar will be packed in Savannah, Georgia, which will afford the Company haulbacks on shipments to its members in the Savannah area.

It was reported that the January 1978 meeting of the Board of Directors will be held at the Xanadu Princess Hotel, Freeport, Bahama Islands. The directors will bear a portion of their expenses to this meeting.

At this time, upon motion made and seconded, the meeting adjourned.

  
Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP, INC.

Board of Directors Meeting  
October 18, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op, Inc. was held at the office of the Company at 1:00 P.M. October 18, 1977. All members were present except Roger W. Parker.

Chester E. Sanders, Treasurer, also attended for the purpose of rendering the financial report.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership application and resignations were reviewed and approved:

APPLICATION

\* #828 - Thriftown  
1034 Talbotton Road  
Columbus, Georgia  
James H. Hurston

\* New member. This is one of five stores repossessed by the Company from McCoy Grocery Co., Inc. on August 8, 1977 (see minutes of August 30, 1977). It was also reported that Louis Borgh, Member #31, whose store in Atlanta was recently destroyed by fire, has bought the fixtures and inventory in, and will operate, another of these stores located at 925 Broad Street, Columbus, Georgia. This was also approved by the Board.

RESIGNATIONS

# 19 - ABC Beer and Wine  
925 Spring Street, N.W.  
Atlanta, Georgia 30309  
Seymour Cristal

#435 - Independent Foods of Georgia  
22 Moreland Avenue, S. E.  
Atlanta, Georgia 30316  
Independent Foods of Georgia, Inc.

#625 - Marble Valley Super Market  
Tate,  
Georgia  
Hazel C. White and W. G. Cochran

#904 - Tom Hogan Supermarket  
Atlanta Highway  
Flowery Branch, Georgia 30542  
Tom Hogan

In accordance with the decision of the Board of Directors on September 20, 1977, and in view of the fact that Gene Tyner had not responded to the Company's notice of termination and request that he meet with us to net out his accounts, the President reported that Management has today (October 18, 1977) terminated Mr. Tyner's membership (all stores as listed below). This action was unanimously ratified by the Board.

## RESIGNATIONS - Continued:

#921 - Gene Tyner Food Store  
Atlanta Highway  
Gainesville, Georgia 30501  
Gene Tyner

#933 - Gene Tyner Food Store  
Athens Highway  
Gainesville, Georgia 30501  
Gene Tyner

#935 - Gene Tyner Food Store  
Williamsburg Village  
Atlanta, Georgia  
Gene Tyner

#937 - Tyner Big Buy  
2221 Austell Road  
Marietta, Georgia 30060  
Gene Tyner

#938 - Gene Tyner Big Buy Food Store  
Highway 19  
Cumming, Georgia 30130  
Gene Tyner

#940 - Gene Tyner Food Store  
Main Street  
Winder, Georgia 30680  
Gene Tyner

After a short discussion, upon motion made, seconded and carried, the financial report for the month of September, 1977, and for the year to date, was accepted as submitted by the Treasurer. (At this time, Mr. Sanders left the meeting.)

The president reported that Albert N. Solomon Company, Inc. (So-Lo Foods) is not meeting its contractual obligations with the Company, even though management has discussed this matter with Mr. Solomon on numerous occasions. After discussion, motion was made, seconded and unanimously carried that Mr. Solomon's membership be terminated by the Company.

The account of Roger W. Parker was discussed. Management advised that the status of Mr. Parker's accounts receivable is such that it would be wise to secure collateral to cover same. The members of the Board concurred, and directed the President to secure collateral sufficient to cover the amount of his accounts receivable.

In the interest of time, motion was made and seconded, that the reading of the minutes of the meeting of September 20, 1977 be dispensed with.

After a short discussion under Good and Welfare, the meeting adjourned.

  
Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP., INC.

Board of Directors Meeting  
November 15, 1977

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The regular monthly meeting of the Board of Directors of Associated Grocers Co-Op, Inc. was held at the office of the Company at 1:00 P.M. November 15, 1977. All members were present except Roger W. Parker.

Chester E. Sanders, Treasurer, and Elliott Cohen, of Cohen, Pollock, Culbreth, Merlin, p.c. also attended the meeting.

Jerome S. Merlin, Chairman, called the meeting to order.

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |   |  |
|---|--|
| #173 - The Cupboard Store #2<br>3279 Stewart Avenue<br>Hapeville, Georgia 30354<br>C. D. Nash | #567 - Little Five Points Thriftown<br>1111 Euclid Avenue, N.E.<br>Atlanta, Georgia 30307<br>Albert Mizell & Stanley Ney |
|---|--|

RESIGNATIONS

- |  |  |
|--|--|
| #326 - Garner's Thriftown<br>102 S. Fairground Street<br>Marietta, Georgia 30062<br>W. S. Garner, Jr.          | #600 - Li'l Mac<br>3106 Crawford Road<br>Phenix City, Alabama 36867<br>McCoy Grocery Company     |
| #814 - So-Lo Foods Cheshire Bridge<br>2325 Cheshire Bridge Road<br>Atlanta, Georgia 30324<br>Albert N. Solomon | #825 - So-Lo Foods Marietta<br>1440 Roswell Road<br>Marietta, Georgia 30060<br>Albert N. Solomon |
| #840 - So-Lo Foods Pinetree<br>Pinetree Plaza<br>Doraville, Georgia 30340<br>Albert N. Solomon                 | #912 - Tom's Nite Owl<br>3279 Stewart Avenue<br>Hapeville, Georgia 30354<br>Tom Welch            |

The recent audit of the Company by the Internal Revenue Service was discussed. Elliott Cohen attended the meeting as counsel in the discussion. (At this time Mr. Cohen left the meeting.)

After a short discussion, the financial report for the month of October and for the year to date was approved as submitted by the Treasurer. (At this time Mr. Sanders left the meeting.)

The minutes of the previous meeting held October 18, 1977 were read and approved.

The President reported that pursuant to motion of this Board on October 18, 1977, the account of Albert N. Solomon (So-Lo Foods) was terminated by the Company on October 20, 1977, and that notice was subsequently received of his filing under

Chapter XI of the Bankruptcy Act on November 7, 1977.

The President reported that on November 14 he was advised by Walter W. White, Vice President of Kroger Food Stores, that within the next four to five weeks the Kroger Sav-On Stores will discontinue doing business with Associated Grocers and will be supplied by Kroger. As of this date, however, their resignation has not been received.

It was reported that due to the increased costs in doing business, it has become necessary to increase the fee on Kroger's perishables (dairy) from 26¢ to 28¢ per unit. This increase will become effective January 1, 1978 for a period of one year.

The President reported that the Company's contract with Flowers Baking Company will expire on December 31, 1977, and presented proposals from both Flowers Baking Company and Colonial Baking Company. Both were discussed, but no decision in the matter was made at this time.

After a short discussion under Good and Welfare, upon motion made and seconded, the meeting adjourned.

*Clyde G. Burkett*  
Clyde G. Burkett,  
Secretary

ASSOCIATED GROCERS CO-OP, INC.

Board of Directors Meeting  
December 13, 1977

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The regular monthly meeting and annual Christmas Party of the Board of Directors of Associated Grocers Co-Op, Inc. was held at the Standard Club, Atlanta, Georgia, at 6:30 P.M. December 13, 1977. All members were present except James M. Hudson.

Chester E. Sanders, Treasurer, also attended the meeting.

Jerome S. Merlin, Chairman, called the meeting to order.

In the interest of time, upon motion made and seconded, the reading of the minutes of the previous meeting held November 15, 1977 was dispensed with.

After a short discussion, the financial report for the month of November and for the year to date was approved as submitted by the Treasurer.

The following membership applications and resignations were reviewed and approved:

APPLICATIONS

- |  |  |
|--|--|
| #381 - G & G Grocery<br>2192 Roswell Road<br>Marietta, Georgia 30062<br>Bobby Grant                      | * #570 - James Superette<br>Route 1 - Highway 85<br>Woodbury, Georgia 30293<br>Hollis Uel Pearce |
| * #612 - Martin's Grocery<br>Highway 23 - Box 8<br>Alto, Georgia 30510<br>Willie Cowart & Thomas Barrett |  |

RESIGNATIONS

- |  |  |
|--|--|
| # 67 - Bill's Best Buy<br>111 S. McIntosh Street<br>Elberton, Georgia 30635<br>Billy and Lenora Colquitt | #112 - Byrd's Grocery<br>524 - 38th Street<br>Columbus, Georgia 31904<br>James O. Byrd |
| #507 - James Superette<br>Route One<br>Woodbury, Georgia 30293<br>James A. Brown                         |  |

Upon motion made, seconded, and unanimously carried, the following resolution shall be, and it hereby is, adopted:

RESOLVED: That ARTICLE VII, Section 1 (b) of the Corporation's By-Laws be amended so that, as amended, Sub-section (b) reads as follows:

(b) All net overcharges from the sales and services of the Corporation to its Members remaining each fiscal year after the expenses of operating the warehouse for such fiscal year shall be apportioned in the following manner:

\* New member  
Miss 70, Associated Grocers Co-Op Inc. Records, Cuba Family Archives for Southern Jewish History at the Breman Museum

The Corporation shall retain Seventy-Five Thousand Dollars (\$75,000.00) of such net overcharges for such fiscal year. The remainder of such net overcharges for such fiscal year shall be distributed on a patronage basis to the Members in accordance with their respective purchases not later than eight and one-half (8½) months following the close of the fiscal period of the Corporation during which patronage occurred with respect to which said distributions are made. In no event shall less than twenty percent (20%) of the total patronage distributions made each year to each Member Stockholder be distributed in cash. The Board of Directors shall determine each year to what extent the remaining portion shall be distributed in cash and in qualified written notices of allocation as defined in Section 1388 of the United States Revenue Code of 1954 and the terms of any such qualified written notices of allocation. The Corporation shall recognize its contractual obligation to make such patronage distributions in its accounting at all times and shall set up on its books and statements a liability for the amount of any unpaid overcharges, including such overcharges as may not have been allocated to the individual accounts of Stockholder Members at the close of any accounting period.

Upon motion made, seconded, and unanimously carried, the following resolution shall be, and it hereby is, adopted:

WHEREAS, the Corporation currently maintains funds in reserve to offset expenses of group trips, sponsored by the Corporation;

RESOLVED: that all such funds currently, or in the future, held in reserve to offset expenses for membership group trips, and activities related thereto, sponsored by the Corporation be segregated in a "Trip Escrow Account;"

BE IT FURTHER RESOLVED: that the Corporation consider a group trip in 1979 to celebrate the Corporation's Fiftieth Anniversary;

BE IT FURTHER RESOLVED: that in the event the Corporation shall cease to sponsor group trips by its members, any funds then held by the Corporation in the aforesaid escrow account shall be distributed to the then current members of the Corporation based upon a formula to be determined by the Board of Directors at the time such distribution is to be made.

The Annual Convention of the Cooperative Food Distributors of America to be held in Hollywood, Florida February 12-15, 1978 was again discussed. All members registered for the convention except Ellis Crook and J. D. Gray.

The President reported the request of the Sts. Peter and Paul Conference Society of St. Vincent de Paul ("Society") that Associated Grocers consider subscribing to its food voucher system whereby the Corporation's member stores would accept

food vouchers issued to customers for redemption by the Society. After discussion, motion was made, seconded and carried that the Company subscribe to this voucher system.

At this time, upon motion made and seconded, the meeting adjourned to be reconvened at 10:00 A.M. January 11, 1978.

On January 11, 1978, at 10:00 A.M., the meeting reconvened at the office of the Company. All members were present. Mr. Chester Sanders, Treasurer, also attended for the purpose of rendering the financial report.

Elliott Cohen, of Cohen, Pollock, Culbreth, Merlin, p.c., and Irwin A. Siegel, of Touche-Ross & Co., also attended for counsel in certain matters to be considered by the Board.

Jerome Merlin, Chairman, called the meeting to order.

The following membership application and resignation were reviewed and approved:

APPLICATION: \* #338 - Gilstrap Food Store  
104 Pirkle Ferry Road  
Cumming, Georgia 30130  
Earl Gilstrap

RESIGNATION: #331 - Georgia Wholesale Grocery Company  
267 Peters Street, S. W.  
Atlanta, Georgia 30313  
Harold Vrono and S. J. Shavin

\* New member

The President reported on the status of the audit of the Company's records presently being made by the Internal Revenue Service for the fiscal years ending June, 1977 and 1976, and advised that we have received notice that the Internal Revenue Service will also audit the records for Fiscal 1975.

He also reported that the Company has entered suit against the State of Georgia to recover \$25,456.57 in delinquent state sales tax and other taxes owed by McCoy Grocery Company ("McCoy's"), Columbus, Georgia, which the Company was required to pay in connection with the repossession and sale of two stores from McCoy's, and for relief from assessment by the State of an amount of \$30,984.93 similar delinquent taxes in order to dispose of still two other stores repossessed from McCoy's. The Board was in complete agreement that this law is "lopsided" and that this assessment should be protested. They unanimously approved this action by Management.

At this time Mr. Cohen and Mr. Siegel left the meeting.

Upon motion made and seconded the financial report for the month of December and for the year to date was approved as submitted by the Treasurer.

At this time Mr. Sanders left the meeting.

It was reported that the Company did not renew the contract with Atlanta Baking Company on Shurfresh private label bread products which expired on December 31, 1977 - and that a proposal had been accepted with Colonial Baking Company, effective February 1, 1978, to supply these products at a higher discount. This proposal was unanimously approved by the Board, and it was unanimously agreed that all board members would subscribe to this private label program, and would also handle Colonial's products.

The President reported that on January 9, 1978 the Company presented a positive five-point program to Cagle's, Inc., which it was felt would have produced a minimum of 25% increase in volume the first year, thereby making it mutually profitable to both the Company and to Cagle's. Cagle's rejected the proposal in its entirety. After further thought, management moved to discontinue doing any business with Cagle's and to present the plan to other suppliers - also that the Company would cease the billing of any Cagle products delivered to its members through the Company. The Board readily approved this action and pledged full support of replacement programs through new suppliers.

It was reported that Kroger Food Stores wish to lease the Company's banana rooms. Management stated that the Company will not take any responsibility for the processing of bananas for Kroger; would charge a fee per box for bananas processed; and that the Company would be responsible only for moving the product into and out of the area for Kroger. Management was authorized and instructed by the Board to negotiate this proposal at its discretion.

Jerome Merlin, Chairman of the Nominating Committee, appointed the following to the 1978 Nominating Committee, to serve along with three other members which are to be elected by the membership at the General Membership Meeting to be held January 31, 1978:

Anderson Dilworth, Isaac Galanti, Walter Payne, James Hudson.

The matter of a celebration of the Company's Fiftieth Anniversary in 1979 was discussed. Management was instructed to use its discretion in formulating plans for this affair and report its recommendations at a subsequent meeting.

Under Good and Welfare a discussion was held regarding the importance of the members of the Board fully supporting all programs of the warehouse. The members pledged to buy 100% from the Company except in instances where, because of geographic location, etc. it would be to the disadvantage of the member to do so.

At this time, upon motion made and seconded, the meeting adjourned.



Clyde G. Burkett,  
Secretary