

CONTACT: Paul Thornton, President, SCAA Board of Directors

Phone: (503) 227-4490

Email: pthornton@coffeebeanintl.com

Ric Rhinehart, Executive Director, SCAA

Phone: (562) 624-4100

Email: executivedirector@scaa.org



DATE: April 2, 2014

TRANSPARENCY REPORT SCAA OFFICER AND DIRECTOR ELECTIONS

Dear Members of the Specialty Coffee Association of America,

The SCAA by-laws provide for a process of nominating and electing board members and certain officers for the organization. Specifically, Paragraph II is dedicated to defining the formation of a nominating committee, the solicitation of candidates to be considered and the process of interviewing candidates towards the end of developing a slate of nominees, one for each open board seat. The by-laws do not provide for the generation of multiple candidates for open positions, encouraging the process of interviewing, selecting and recommending to the board and to the membership the most qualified candidates, with board balance recognized as a desirable outcome.

Paragraph II also provides for the addition of other candidates through a petition process. Under this mechanism, a petition candidate must gather signed petitions for his or her candidacy from 2% of the eligible voting membership. The petition process may not be used for the purpose of becoming a nominee for the position of secretary/treasurer.

The by-laws further provide for a succession of officers, with the 2nd Vice President automatically succeeding the Ist Vice President and the Ist Vice President automatically succeeding the President.

The Nominating Committee and Process

Per the by-laws, The Association's President selects the members of the Nominating Committee. The Nominating Committee is a 5-person committee, which includes:

- The Association's Immediate Past-President, who is also the Chair
- 2 Current Board Members, who are not standing for re-election
- 2 SCAA Members in good standing from the At-Large voting membership

When the Nominating Committee delivers an approved candidate slate to the SCAA Board of Directors, the Nominating Committee is immediately dissolved and its members are discharged of all further obligations. The Nominating Committee selects eligible candidates from the SCAA voting membership for election to open positions on the SCAA Board of Directors. These positions include 2nd Vice President, Secretary/Treasurer, and Director(s).

The Nominating Committee selects one candidate for each open position, and presents this slate to the SCAA Board of Directors for approval according to the election timetable. Before considering any candidate for the election slate, the committee shall first determine the candidate's eligibility.

A candidate must be an employee with voting right of a member company. Candidates from non-voting membership segments are not eligible. Eligibility is defined as a member in good standing from one of six primary membership categories as defined in paragraph 7 of the by-laws. Changes in segment status of a member company are considered effective at the start of the dues year immediately following the change. A standing SCAA Director cannot be re-nominated for a 4th consecutive term as a director. The committee should not consider candidates from membership segments that already have at least 3 representatives on the SCAA Board of Directors.

Candidates are nominated to the SCAA Board with the intention of providing the best possible leadership and oversight of the association. Serving as a director or officer of the association is a serious task with many responsibilities and has legal as well as ethical obligations for the director. By custom and through the by-laws, a calendar is created annually to forward the nomination election process. For the current election cycle the key calendar was as follows:

SCAA Board Election Calendar

(all dates "not later than")

June, 2013

Nominating committee has been appointed

<u>July, 2013</u>

Nominating Committee confirms intentions of incumbents, drafts first list of candidates for interviews

August 13, 2013

Call for recommendations to the nominating Committee goes out to membership in Chronicle, Bulletin and on-line

September 12, 2013

All recommendations are received

October 19, 2013

Nomination committee presents slate for approval

November 16, 2013

Board approves slate. Nominees are notified of the due date for photos and biographies/statements.

November 19, 2013

Slate is published, election process is highlighted and petition candidacy is explained with process and deadlines

January 7, 2014

Deadline for petition candidates to be added to the ballot

February 19, 2014

Ballots are distributed to eligible voting members. If the number of candidates exceeds the number of vacancies on the board, "candidate booklets" containing

photographs, biographies, and written messages from the candidates will be included with the ballots.

March 22, 2014

Ballots are due. If the number of candidates equals the number of vacancies, ballots are returned directly to SCAA. If the number of candidates exceeds the number of vacancies, ballots are mailed to SCAA's accounting firm. All ballots must be postmarked by March 23, 2013 to be counted.

March 29, 2014

The election is "certified" and the results communicated to the BOD and all candidates. Following notification, results are posted by the SCAA at www.scaa.org/chronicle.

<u>April 2014</u>

Election results are announced and new board members attend BOD function at Conference and their first Board meeting.

<u>Implementation of the Nominating Committee and Election Process</u>

In June of 2013, following the custom and practice of the organization, as President I appointed a nominating committee to be chaired by Immediate past President Max Quirin. The members of this committee included two seated board members, Guy Burdett and Heather Perry, and two members at large, Christy Thorns and Trish Rothgeb.

The committee chair determined the intent of the eligible, incumbent directors to stand for re-election. All three of those incumbent directors voiced their intent to stand for re-election, but two of them, Willem Boot and Carolyn Fairman, subsequently resigned their positions. Ms. Fairman resigned in order to accept a staff position with the association and Mr. Boot resigned citing other commitments. Subsequently, the nominating committee, at the request of the President and the governance committee, took on the task of recommending two members to fulfill the terms of the resigning directors, with an eye towards identifying two suitable directors who would be willing to stand for election in the subsequent (current) cycle.

Those two members, Aida Battle and Rachel Peterson, were appointed to fill the open director seats by unanimous vote of the Board of Directors in meetings held September 22, 2014 and November 26, 2013 respectively. At the meeting of November 26, 2013 the entire slate of nominees as presented by the nominating committee, was voted on and accepted by the Board, acknowledging that the need to fill the two vacancies on the board pushed the timing of the slate back slightly. The entire slate of nominees was published in the on-line edition of the Chronicle on November 29, 2013.

Subsequent to the announcement of the slate of nominees endorsed by the board of directors, a member in good standing announced his intention to run as a petition candidate and in conformance with the provisions of the by-laws, Marty Curtis provided the requisite number of properly executed petitions and was added to the ballot.

As provided for in Paragraph II(d) of the by-laws, Mr. Curtis was given access to the ballot and the official notices of the association to promote his candidacy and provide a biography and written statement. He was also provided a list of eligible voting members upon his request.

On February 14, 2014 the announcement of the election was made in the digital version of The Specialty Coffee Chronicle, and the official distribution of the electronic ballot was made by e-mail on February 19, 2014 to the primary contacts and/or member company e-mail addresses provided by the members to the SCAA. This ballot distribution is provided for in the by-laws under Paragraph II(e). Ballots were accepted from 8:00 am PST of February 19, 2014, until 4:00 pm PDT of March 22, 2014. All ballots were automatically forwarded to the e-mail account of the independent auditor hired to tally the votes in accordance with the by-laws. It should be noted that the original intention of the association was to accept votes until 5:00 pm PDT of March 22, 2014, but a set up error in the ballot form inadvertently lead the form to close at 5:00 pm MDT of the same date. Subsequently, in a meeting with the President and the Executive Director of the SCAA, both candidates for 2nd Vice President, Mr. Pitts and Mr. Curtis agreed to accept the early cutoff and elected not to ask for the ballot to be reopened.

All ballots submitted were tallied by Michael Pomerleau, CPA, an independent auditor who also provided this service in the last SCAA election in which there was a petition candidate. Mr. Pomerleau provided the results of that tally to the Executive



Director on March 27, 2014. As previously instructed, the auditor confirmed that each vote was from an eligible voting member company, and that the person casting the ballot affirmed their right to do so as a representative of that company. In cases where multiple ballots were cast by the same member or member company, only the first ballot cast was counted. In cases where the member company casting a ballot was not eligible, either due to membership class or lack of standing, the ballot was discarded.

Mr. Pomerleau reports that in total, 519 ballots were cast. Of these, 57 were determined to be ineligible due to membership class or current standing. Another 76 ballots were cast after an initial ballot had already been counted from an eligible member company, and these were not counted. In total, 386 ballots were identified as the first ballot of eligible voting members. Of these ballots, 195 were votes for Mr. Pitts, 186 were votes for Mr. Curtis and 5 did not include a vote for either candidate. All other nominees on the slate were affirmed by a majority of the votes cast. The Board of Directors met in an extraordinary session on Monday, March 31, 2014 and voted to accept and certify the results of the election as tallied by the auditor.

It should be noted that a robust campaign was carried out by both candidates for 2nd Vice President, and the e-mail lists were obtained by both candidates who broadly promoted their positions. This lead to a significantly larger than normal voter turnout, and it is clear that there is a significant interest on the part of membership in the current and future leadership and direction for the association. In order to facilitate a more active dialog with those interested in communicating directly with the President, officers of the Board and the senior staff, the Executive Director will host two open discussion forums at the upcoming SCAA Event in Seattle, Washington. Please feel free to join us at either of these sessions, to be held in room 6B of the Washington State Convention Center on Friday, April 25, 2014 at 1:30 pm PDT and in the same room on Saturday, April 26, 2014 at 2:00 pm PDT.

Best Regards,

Paul Thornton, SCAA President