

**Oneota Community Co-op
Minutes for Regular Board Meeting
January 26, 2015 5:30 PM
Kitchen Classroom, 308 W. Water St.**

Board Members Present: Steve McCargar, Deneb Woods, Brita Nelson, Alicia Trout, Lora Friest, Mike Bollinger

Board Members Absent: Anne Dykstra

GM Present: David Lester

Co-op Staff : Larry Neuzil (Finance Manager)

Member/Owners Present: Rob Fischer, Sue Otte, Lyle Otte, Ashley Keul, Beth Bundy, Bob, Kristine Jepsen, Eliza Jepsen, Jeanine Scheffert (Bd Admin Asst)

1. Call to Order

Steve McCargar called the meeting to order at 5:33 p.m.

2. Board Learning - Member Listening Session Regarding Upcoming Strategic Planning

Summary: Board invited member comments, questions, and ideas regarding board's upcoming strategic planning & building expansion. See (#3) Member Comments.

3. Member Comments:

(In reference to the expansion) it was asked if there is the possibility of opening the new space, using the new space for anything in addition to education, and whether the plan is a "done deal" yet.

A member shared how excited she is about the expansion. She reflected on when the Coop first moved into its current building thinking "wouldn't it be nice to get the space next to it too." She loves that there is window space and says visibility is important, especially when doing education so people can look in and think, "Oh, that is cool."

It was asked why the board had decided against opening a store in Lanesboro, noting that there is no grocery store there and people seem to want one.

It was brought up that the Coop continues to look at what it means to be a good business and good employer as part of a plan for employee retention. People say that food is expensive, but we have to focus on the "real cost of food" - sure you can buy it cheaper at Wal-Mart - but here we care about the producers, environment, etc. If we combine that idea with being a model employer by continuing to offer more and more to employees so they feel they have good benefits, we will be able to train and keep the people we need. We can also let people who shop at the Coop know we're doing all of this and by shopping here, they are a part of all of it too.

Another member is excited to see the Coop expand into a new building and is excited about the possibility of a meat counter with local, fresh, grass fed meat. She's also excited about sausage

and would like to see meat cookery classes, especially about small bits that aren't usually used such as bones, neck, and organ meat.

There was agreement surrounding the excitement of a meat counter and it was said that the fragile Driftless region would benefit from more pastured animals instead of row crops. It was also asked if the Board has been working with consultants and market surveys to see what the expansion would support and how to divide the space.

What is the square footage is of our new space?

Is the roof of the new space capable of supporting solar panels?

4. Disposition of Member Comments:

There is a strong potential to expand the existing storefront. Some of the uses will be determined through assistance of consultants as the expansion is planned, but there is more than solely education potential. We may have more retail space on one side of a glass wall and cooking classes on the other. People can be shopping and see kids cooking on the other side. This would create excitement about what is going on in the kitchen space. The new basement is 1500 square feet and is structurally sound. There is potential for a bakery space. The upstairs may be offices. Each level of the new space is 1500 square feet. Right now we have 6000 square feet of retail, 8000 square feet including bathroom, storage, etc. With the expansion, we would probably also expand deli seating area to accommodate that need.

We'll take our time with the expansion and make sure we have the cash built up before moving forward with it. We've paid off a significant amount of debt this year and are in a position to continue to save cash and be fiscally conservative, taking out as small of a loan out as possible. This is a great space for us because it solidifies our position downtown for a long time and has a big parking lot right behind it.

We've already met many of our strategic goals developed in 2013: (1) Assist in development of local food hub facility, (2) expand facility with kitchen classroom, (3) increase purchases with local vendors by establishing percentage goals, and (4) implementing a patronage dividend program. Our ongoing commitments are not as big, but also important: (1) to reduce the carbon footprint of the organization (we put up the solar project and are now focusing on more efficient equipment), (2) increase average retention of employment (this is our number one priority now - it has been a challenge for us - when the economy gets better, people move around more, so we are trying to keep creating positive opportunities for employees), and (3) evaluate and develop off-site presence (we looked at Lanesboro before the kitchen classroom building came up for sale. We met with owners there, toured the building and discussed it heavily with outside help from other GMs. In the end it wasn't the best thing for us and immediately the kitchen classroom space came up for sale and we went for it.)

People in Lanesboro are still running a store. We help them out by adding their order to ours. They come down once a week and pick up their order. They are getting a good deal on food and we are happy to help them because we want to see them thrive. We also are helped by the

arrangement because it allows us to make a larger order with our suppliers. There were a number of reasons we didn't take on the Lanesboro store including the increased stress to management and the complication of dealing with different laws in Minnesota.

Increasing employee retention will be a top priority for years to come. We want to be creative beyond just what wages we can offer and still be financially healthy. We tossed around ideas of how to make food purchases cheaper for employees. People look to buy things from businesses that do treat employees well.

The last two surveys have indicated a meat counter to be at the top of member requests. The leadership team is excited about expanding into small organic pasture raised meat and seafood. If things go well, it could happen this year.

A market survey costs about \$12,000 so we don't take it lightly and it is a really good idea to have one done with a major expansion. We'll have to decide if we consider this a major expansion and use that resource or not.

The new roof is flat and would accommodate solar panels well.

In regards to the idea of being more expensive than Hormel meats (for example), we can play the price game a little bit, but our meat will always be more expensive than Hormel. Our main focus is why we're spending the money we are.

5. Agenda Review

Motion: Friest moved and Nelson seconded to **Amended Agenda: Move 11.3 2014 Patronage Discussion/Straw Poll to #6.** Motion **passed** with a vote of 6 aye, 0 nay.

Motion: Friest moved and Woods seconded to **Amended Agenda: Eliminate Consent Agenda and Delete G3 Agenda Planning.** Motion **passed** with a vote of 6 aye, 0 nay.

6. Approve Minutes from December

Motion: Friest moved and Nelson seconded to **Approve Minutes from December.** Motion **passed** by a vote of 6 aye, 0 nay.

7. 10.3 2014 Patronage Discussion/Straw Poll

Board President, GM and Financial Manager met last Wednesday to discuss whether a patronage dividend is a good idea this year. Although we are doing well and are above the budgeted net income this year at \$65,000, we are not at the \$90,000 we had last year. If we declared patronage dividend this year, it would take our net income down and we'd be flagged by NCG for that. Typically, a patronage dividend would help the Coop receive tax benefits, but this year we'll be receiving so many tax benefits from installing the solar that we would not receive additional benefits from a patronage dividend. The patronage dividend checks would be small with only five checks over \$40 and 420 checks under \$10. If we don't do patronage dividends, we'll have

\$8,000 more for our cash flow, which would help us in this tight year. In order to make the most financially healthy decision, Board decided against patronage dividends for this year.

8. Reports

8.1 GM Report

Financial Snapshot: January and February are always difficult months and Coops everywhere are finding it hard right now because of a lot of new competition.

Community/Outreach/Other Store Happenings: We are working on a new staff training guidebook that will be filled with fun activities. We are also introducing NCG recipes for the deli so new people don't have to continuously be trained in and recreate unwritten recipes.

Physical Store Update: We will find a place to hang our new weekly newspaper ad in the store.

Marketing/Special Projects: We are introducing a weekly newspaper ad highlighting products that have the town's lowest prices. We will show mostly organic produce and explain what "organic" means. It will be 3/4 pictures of products and prices and 1/4 upcoming classes. With the first ad highlighting a sale on blackberries, it tripled blackberry sales.

9. Action Items

9.1 G2 Board Job Description

Motion: Woods moved and Bollinger seconded to **Approve G2 Board Job Description.**
Motion passed with a vote of 6 aye, 0 nay.

Board and GM agree the G2 Board Job Description works well as is. It was brought up that the bylaws, articles of incorporation, and board calendar are not very accessible on the Coop's website. It was suggested that the Board's pages be reorganized so the documents are more easily accessible.

9.2 L8 Communication and Counsel to the Board

Motion: Friest moved and Nelson seconded to **Approve L8 Communication and Counsel to the Board.** Motion **passed** with a vote of 6 aye, 0 nay.

10. New Business

10.1 Board Calendar

Board authorized the calendar to be available on website.

10.2 Board Candidate Information and Nominations

Motion: Nelson moved and Friest seconded to **Approve Board Candidate Information and Nominations.** Motion **passed** with a vote of 6 aye, 0 nay.

We have a strong group of Board Member candidates: Kristine Jepsen, Carl Peterson, Nick McCann, Maren Beard (Stumme-Diers).

Anne Dykstra is not running for another term. There are two open seats. Board will host a "meet and greet" for candidates in late February. Election is open for the month of March.

11. Timing for Strategic Planning -

Board would like to meet with Jeff Schott to develop a new strategic plan in April. Both outgoing and incoming board members are asked to attend that meeting. Lester will finalize the dates. Schott's work with the board will span 2-3 sessions and will deal with Strategic Priorities. We will not revisit the Missions or Ends during this time.

12. Next monitoring

[D: Global Governance - Management Condition - Trout]

[L9: GM Succession - GM]

[L5: Financial Conditions - GM]

(Quarterly Report, End of Year Financials)

[Plan for Year Presented to Board - Board Member Linkage Committee]

[Patronage Dividend/Preferred Share Decision - Board]

[Year-End Board Treasurer Report - Friest]

13. Next meeting: Tuesday, February 24th, 5:30 p.m.

14. Executive Session - none

15. Self-Evaluations - done via internet

16. Adjourn

Motion: Friest moved and Trout seconded to **Adjourn Meeting.** Motion **passed** with a vote of 6 aye, 0 nay.

Meeting adjourned at 7:20 p.m.