

**Oneota Community Co-op
Minutes for Regular Board Meeting
February 24, 2014 5:30 PM
Kitchen Classroom, 308 W. Water St.**

Board Members Present: Brita Nelson, Steve McCargar, Mike Bollinger, Deneb Woods, Lora Friest arrived at 5:42 p.m.

Board Members Absent: Alicia Trout, Anne Dykstra

GM Present: David Lester

Co-op Staff : Larry Neuzil

Member/Owners Present: Jeanine Scheffert (Bd Admin Asst)

Other: Hacker and Nelson CPA, Brent Berns

1. Call to Order

Steve McCargar called the meeting to order at 5:37 p.m.

2. Board Learning - Financial Statements

Summary: Board had an audit done by Hacker, Nelson & Co. Everything looks good. They made some suggestions to segregate duties; however these are similar suggestions as they've made in the past and they acknowledge that with the size of our business, they are not worried about us changing our internal controls. We've been working on bringing inventory numbers down. Our total assets are down, but that is largely due to member loan repayment. We've cut our debt by 30% in one year, which is very good. In the near future, we may have to authorize more shares. We've increased our sales by almost \$2 million since 2008 and our gross profit has been going up by 10% per year. 99% of income comes from sales. Our member loans will all be due by the end of 2017. Our mortgage goes through 2024.

There are number of key indicators that boards look at when evaluating the health of an organization. One extremely effective indicator is looking at margins by department and the net margin for store. We have a really healthy indicator. Board has total confidence in management team. We have a very healthy margin at 39.5%. We can reduce it some and still have a really healthy store.

We still have tax credits from solar that we moved forward to use in 2015. 2014 was our second-best income in the store's history.

3. Member Comments:

4. Disposition of Member Comments:

no member comments

5. Agenda Review

Motion: Nelson moved and Friest seconded to **Approve Agenda.** Motion **passed** with a vote of 5 aye, 0 nay.

6. Approve Minutes from January

Motion: Bollinger moved and Nelson seconded to **Approve Minutes from January.** Motion **passed** by a vote of 5 aye, 0 nay.

7. Consent Agenda

none

8. Reports

8.1 GM Report

Financial Snapshot: January landed at 7.5% - a good way to start the year.

Community/Outreach/Other Store Happenings: Class fees continue to be a rising part of the store's profits. We have classes booked through May. We will be restructuring the classes and have more members teaching classes.

Physical Store Update: We'll be hiring a few more people soon.

Marketing/Special Projects: We may end up purchasing a liquor license with the expansion.

8.2 L9: GM Succession

Motion: Nelson moved and Woods seconded to **Approve GM Succession.** Motion **passed** with a vote of 5 aye, 0 nay.

Summary: The GM Succession is a policy put in place to assure things will operate smoothly in the event something sudden would happen that made the GM unable to perform his duties. Nate and Larry know their duties well and did well on the test. Everything is in place.

8.3 L5: Financial Conditions

Motion: Bollinger moved and Friest seconded to **Approve L5 Financial Conditions.** Motion **passed** by a vote of 5 aye, 0 nay.

2014 ended above expectations with sales at 9.18%, close to 2.5% above what we expected. We made the decision to invest in staff, equipment and new space, which took the net income down. Our current ratios will keep going up as we set aside \$200 a day until expansion. The kitchen classroom cost a little more than we expected. At this point our main goal is to build up our cash.

Margin management is really important and is especially difficult in the deli. We continue to work on improvement in this area.

8.4 D: Global Governance - Management Condition

Motion: Bollinger moved and Woods seconded to **Pass D: Global Governance.** Motion **passed** with a vote of 5 aye, 0 nay.

All compliant

9.5 Year-End Treasurer Report

We kept our expenditures under \$16,500, as budgeted. We were able to give employee gift cards for the second year in a row. We will draft a new budget for next year.

9. Action Items

9.1 Patronage Discussion

Motion: Friest moved and Nelson seconded **Board's decision not to issue patronage dividend for year ending 2014.** Motion **passed** with a vote of 5 aye, 0 nay.

9.2 Final Approval of Board Procedures Manual

Motion: Nelson moved and Bollinger seconded to **Table Discussion.** Motion **passed** with a vote of 5 aye, 0 nay.

Discussion Tabled

9.3 GM Bonus Discussion/Approval

Motion: Friest moved and Bollinger seconded to **Pay GM Bonus Based on Contract.** Motion **passed** with a vote of 5 aye, 0 nay.

GM's contract provides for a bonus because net income is 1.24% of sales.

10. New Business

10.1 Member Linkage Committee

Trout presented a list of ideas for the Member Linkage Committee to work on including surveys and events to help bring board members and member owners together.

10.2 Annual Meeting - April 16

10.3 Election Update (Candidate Forum, other activities)

There will be a Meet the Candidate Discussion from 6:30 - 8:00 p.m. in the Cafe seating area Feb 25. All candidates will be there, as will McCargar. There will be light refreshments.

We have a great slate of candidates. Nelson organized ballot stuffing and ballots are ready to go. Ballot box will be up at the Customer Service Desk March 3 - 31. Ballots will be counting April 3 or 4. We will communicate results with candidates and then members.

11. Next monitoring

11.1 G9: Treasurer's Role - Friest

11.2 G10: Secretary's Role - Woods

11.3 G7: Board President's Role - McCargar

11.4 G8: Vice President's Role - Nelson

11.5 E1: Ends - GM

11.6 Annual Meeting Agenda -

11.7 Board Member Committee Meets - Plans what to say at annual meeting with President

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

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Nelson moved and Bollinger seconded to **Adjourn Meeting.** Motion **passed** with a vote of 5 aye, 0 nay.

Meeting adjourned at 7:08 p.m.