

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

Board Members Present: Brita Nelson, Alicia Trout, Maren Beard, Carl Peterson, Scott Hawthorn, Flannery Cerbin-Bohach, Bryan Stuart

Board Members Absent:

GM Present: David Lester

Co-op Staff :

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

1. Call to Order

Nelson called the meeting to order at 5:30 p.m.

2. Board Learning

2.1 DOL Rules

Department of Labor has recently announced a new overtime exemption rule in which it doubled the salary required for an employee to be considered exempt from earning overtime. The new threshold salary is nearly \$47,500, which means anyone earning less than that will qualify for overtime pay when working more than 40 hours in a week. This new rule will go into effect on December 1, 2016. This is a short window of time and will have a large impact on businesses.

Lester was at a conference when this was announced and found it interesting to hear what Twin Cities co-op GMs were saying. One Co-op had all managers above that threshold. All others will have to scramble by either bumping up employees already close to that status or think about hourly wages for their now salaried employees. The DOL used the 40th percentile of somewhere in the South for a salary minimum. Those in the central and southern part of US have a different cost of living than CA and east coast and will feel more impact. Overall, it is a positive thing for the salaried worker. The threshold has been \$23,660 for salaried, exempt employees, so all of our salaried employees are above that threshold. We only have two that meet the new threshold: Nate Furler and David Lester. The next closest employee salaries are near \$40,000/year. To move those seven managers to the new minimum threshold, it would cost the Co-op at least \$85,000/year in additional labor cost and about \$5,000 in additional taxes. (Benefits would stay about the same). It isn't possible in our budget. So, plan B is where we think we're headed. From June-Sept, we'll start working with these seven staff to increase efficiency and time management and work with affected departments to make sure all non-management duties are covered by pay grades 1-5.

In the last two months, managers have been filling in for lower pay grades. Furler's and Lester's job require more hours and trips, but most managers are ordering for the store and doing business-hour work. If they can't fit it all in within 40 hours, we'll have to hire part-time people to fill in for their extra work. Beginning in October, we'll start time-clock procedures with these seven staff members as well as working on efficiencies.

As an illustration: If these seven previously salaried managers work one hour overtime each week, it would cost the Co-op an extra \$10,000 a year. We want employees to have a work/life balance. Up until now, if they have a week they are over, they take time off of another week. We're not a company that has expected managers to work 60 hours a week. If they only work 40 hours/week now, they'll be paid the same as they have been.

This will cost the Co-op money. We're already high on labor cost as a percentage of sales.

2.2 G4 Policy: G4.4

Board discussed what is confidential and what is not in regards to board meeting discussions. The current language in Policy G4.4 suggests that until meeting minutes are approved, discussing the board meeting may not be allowed. Board and GM agree that this language should be reconsidered and reworked to allow for open discussion. There are certain things that should remain confidential: "All issues related to personnel, real estate, business strategies and goals, pending litigation, and details of Co-op's financial status will be considered sensitive issues." However, board meetings are open to the public and anyone may come in at any time unless Board is in Executive Session. Therefore, most things in reports and most things discussed are not considered confidential. Board will look at the wording of Policy G4.4 in the June meeting.

3. Member Comments - none

4. Disposition of Member Comments - no member comments

5. Agenda Review

Motion: Trout moved to **Approve Agenda**.

Motion: Peterson moved and Trout seconded to **Amend Agenda to add 9.3 Board Budget Discussion**. Motion **passed** by a vote of 7 aye, 0 nay.

6. Approve Main Meeting Minutes from April, 2016

Motion: Trout moved and Beard seconded to **Approve Main Meeting Minutes from April**. Motion **passed** by a vote of 7 aye, 0 nay.

7. Consent Agenda - L GLOBAL Executive Constraint

Motion: Peterson moved and Trout seconded to **Approve L GLOBAL Executive Constraint.**
Motion **passed** by a vote of 7 aye, 0 nay.

8. Reports

8.1 GM Report

Financial Snapshot: We had a good month of sales, which we haven't seen in awhile. May is up about 4% so far as well. Cash and assets are looking good at 20% of last year. We went up significantly in our risk matrix, which means we're becoming a less risky co-op. NCG's sales average is minus 4-5% and we're +4%, so we're doing considerably better than much of the central corridor. GMs from other coops are interested in our weekly sales deals.

Community/Outreach/Other Store Happenings: Labor is unfortunately still low, but we've made some good hires lately. You'll see us above last year's numbers for a month or more because we have a lot of training to do. However, we have a cushion for the upcoming extra labor. We still have a part time and full time cook position, grocery stocking position, and one cashier position open. We are getting fewer new members, but getting a lot of new people in the store. We hope to change many of them into members some day. We're bringing in 300-400 more transactions per week, which confirms what we're noticing visually.

Physical Store Update: Energy usage is good, but we produced less solar, so that increased electric.

Marketing/Special Projects: Wine and beer is selling well. The week we had SnoPac fries and hash browns for sale - people who had never been in store before were coming in saying, "Where are the fries?" We had to drive to get a second delivery because we didn't have enough. SnoPac fries are local, organic, and SnoPac is a great company. Local sales have gone up to 22% of total sales this April (April 2015 was 21%). We wouldn't have been able to do this without our local vendors coming down in price for the sales week with the promise of more sales volume. Local produce grew 26% from last year and includes an extra week of transplants this year.

Johanna Bergan is coming in as an independent contractor to train staff about whole foods, diets and co-op products on June 12. She'll go through the store and then to the kitchen classroom. The idea is for every employee at every position and pay grade to understand common customer questions. Board may also attend.

8.2 L10: Board Logistical Support

Motion: Beard moved and Cerbin-Bohach seconded to **Approve L10: Board Logistical Support.** Motion **passed** by a vote of 7 aye, 0 nay.

The L10 report shows every policy that GM gets monitored on in the past year, whether he was compliant, any remediation, etc.

8.3 Board Budget Discussion

Peterson presented Board with 1st quarter expenses and compared to board budget. Board pays for the election and the audit. YTD for 1st quarter, board has spent mostly from the member linkage budget, which is related to the board election. Board has overspent by \$604 YTD.

Peterson noted that the budget allows for \$300/board member for member learning, but that may not cover the cost of a conference. Peterson recently went to a conference with a registration fee of \$250, which made staying under \$300 in expenses difficult. Board agreed they are glad Peterson went and want to fully reimburse for expenses. Board learning budget is always underspent and board learning is important. Board will review the \$300/board member learning budget to consider whether it is a realistic budget.

Motion: Trout moved and Stuart seconded to **Approve quarterly expenses, including the variance from typical spending procedure.** Motion **passed** by a vote of 6 aye, 0 nay, 1 abstention. Peterson abstained because he was board member that spent over the per-person budgeted amount on a conference.

8.4 G4: Board Code of Conduct

Motion: Peterson moved and Trout seconded to **Approve G4: Board Code of Conduct.** Motion **passed** by a vote of 7 aye, 0 nay.

9. Action Items - none

10. New Business - none

11. Next Monitoring & Other

11.1 [L1: Customer Treatment - GM]

11.2 [L4: Membership - GM]

11.3 [D1: Unity of Control - Trout]

11.4 [G1: Governing Style - Beard]

12. Next meeting: Tuesday, June 28 5:30 p.m.

13. Executive Session - GM Request (Regional Co-op update/discussion)

Peterson left the meeting at 6:53pm for another obligation.

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Trout moved and Cerbin-Bohach seconded to **Adjourn Meeting**. Motion (**passed**) with a vote of (6 aye, 0 nay).

Meeting adjourned at 7:27 p.m.