

**Oneota Community Co-op
Minutes for Regular Board Meeting
February 23, 2015 5:30 PM
Kitchen Classroom, 308 W. Water St.**

Board Members Present: Brita Nelson, Mike Bollinger, Alicia Trout, Maren Beard, Carl Peterson, Steve McCargar, Deneb Woods (via phone)

Board Members Absent:

GM Present: David Lester

Co-op Staff : Larry Neuzil

Member/Owners Present: Jeanine Scheffert (Bd Admin Asst), Hass Zbornik arrived 6pm

1. Call to Order

Brita Nelson called the meeting to order at 5:34 p.m.

2. Board Learning

GM went over the staff's grievance policy with the Board. The grievance policy was put in place in 2009. It was pushed through by the board at the time, shortly before Lester took the GM position.

If a co-op staff member believes that co-op management has taken an employment action affecting their job that was unfair or otherwise in violation of co-op policies, and talking directly to the manager(s) involved does not resolve the issue, the staff member can file a grievance. All employees who have completed their 90 day trial period can file a grievance.

Co-op encourages communication with managers, HR manager, and/or GM. Co-op has thus far never had a grievance filed because problems have always been talked through. The grievance procedure is a last resort, to be used if other avenues don't work.

There are three potential grounds for grievances:

1. To claim violation of existing policies
2. To claim an unfair situation for which no policy exists
3. To claim unfair situation caused by inherently unfair or discriminatory policy

(The grievance procedure is not for interpersonal conflict; there is a conflict resolution policy for that)

If ever needed, a staff advocate may be present to facilitate communication with managers. Staff advocates serve a 3 year term. Right now, our staff advocates are John Klosterboer and Hannah McCargar.

If there is no resolution within the co-op, a mediator steps in. The mediator helps go back and forth, but doesn't have a legal right to enforce an outcome. If no resolution comes through the mediator, staff may ask for arbitration. Choice of arbitrator must be agreeable to grieved staff and GM, although both parties are allowed to say "no" to only two arbitrators. Arbitrators come

from outside the co-op. Arbitrator will make final, legally binding decision. The decision can be a middle ground.

Termination grievances need to be made within 5 business days of termination.

To go through this process would take time and resources and is done at the cost of the co-op, so it is in the co-op's best interest to talk it out.

Having this policy in the PPM is something that a lot of employees have never seen before. When they see it, they realize they have a say in difficult decisions. We're glad to have it; it balances out the negative aspects of being an at-will employer. It gives employees quite a bit of power.

3. Member Comments -

Member-owner, Hass Zbornik commented that he is from the area and is very glad we have a strong co-op. He believes in local business and he believes in organic.

4. Disposition of Member Comments -

Board thanked Zbornik for his comments.

5. Agenda Review

Motion: Beard moved and Peterson seconded to **Approve Agenda**. Motion **passed** by a vote of 7 aye, 0 nay.

Motion: Trout moved and Beard seconded to **Add Attendance for board training to New Business and add Date of the Annual Meeting**. Motion **passed** by a vote of 7 aye, 0 nay.

6. Approve Main Meeting Minutes from January, 2016

Motion: Trout moved and Beard seconded to **Approve Main Meeting Minutes from January**.

Motion: McCargar moved and Peterson seconded to **Amend Main Meeting Minutes from January**. Motion **passed** by a vote of 7 aye, 0 nay. Board **approved** amended January meeting minutes with a vote of 7 aye, 0 nay.

Board suggested the following two amendments to the January main meeting minutes:

1. 3rd paragraph of Board Learning, starting with "patronage dividends..." change "this is because member sales are not taxed" - *add* the following: "this is because *profits attributable to* member sales are not taxed"

2. In consent agenda, identify the monitoring report that was voted on, add "G2 board job description" in parentheses

7. Consent Agenda- none

8. Reports

8.1 GM Report

Financial Snapshot: We're saving money. We're up 50% from last year's cash situation after paying off the \$60,000 line of credit. Sales are down.

Managers are great about watching labor and know how to manage it. Our ratios will keep going up. There is only \$33,000 left of member loans to pay off.

Community/Outreach/Other Store Happenings: New sales focus is creating excitement and bringing in new traffic. People are excited about our ads and the new items we have on sale, including local items.

Physical Store Update: We're down 40% ccf's from last year, mostly due to figuring out tunnel heat. That is a huge carbon footprint difference. Greenhouse gas emissions and energy usage are down.

Marketing/Special Projects: Infinite growth is inherently unsustainable, but there is still business for us to snag. Our sales growth would be a lot less if we weren't addressing affordability. We're working to increase the number of transactions and increase the number of people coming through the door. Local sales were up in January, in large part due to a sale on Schultz eggs. We're helping to educate some local producers about sales. We'd like to have a local sale once a week. We have a spreadsheet showing sales, including how many of an item was sold week the before sale, week of sale, and week after sale. The sale week is always the highest and week after sale is almost always higher than the week before sale.

8.2 L9: GM Succession

Motion: Trout moved and Bollinger seconded to **Approve L9: GM Succession.** Motion **passed** by a vote of 7 aye, 0 nay.

L9 GM Succession measures compliance in all areas regarding policy and preparedness for a GM absence. Two designated GM Successors, Larry Neuzil and Nate Furler, have been doing in-depth trainings in order to prepare for Lester's upcoming sabbatical. If Lester is gone in January and February, Neuzil will be heavily involved in putting together the L5 report.

There are 23 Confidence of Ability questions measured on a scale of 1-5. Together, Neuzil and Furler scored 4.67. This is a good report to have in place.

8.3 L5: Financial Condition

Motion: McCargar moved and Bollinger seconded to **Approve L5: Financial Condition.** Motion **passed** by a vote of 7 aye, 0 nay.

GM reported compliance in this End of Year report in all areas except 5.1 Sales and 5.3 Ratios. Each quarter of sales had progressively less growth than the one prior until the last quarter. The Community Sale at the end of the year helped the last quarter. We ended with a 2.7% sales

growth for the year compared to 5.88% (budgeted).

Co-op declared a patronage dividend which is included in the last quarter expenses. If we hadn't declared patronage dividend, net income would have been close to our budget. Net income after patronage was \$60,080. Actual net income is \$23,500. We're getting close to above the benchmark on current ratio, which includes our inventory (quick ratio does not include inventory, so it took a small dip). Our debt to equity is looking great; we started with \$1.3 million.

We increased "other revenue" compared to last year through class fees and rent. We had \$10,000 in rent in 2015 that we didn't have the previous year.

The way member sales are reported changed, so it shows up in discounts for the first time this year.

8.4 Year-end Board treasurer report

Motion: Peterson moved and Beard seconded to **Approve Year-end Board treasurer report.** Motion **passed** by a vote of 7 aye, 0 nay.

8.5 D: Global Governance - Management Connection

Motion: Trout moved and Woods seconded to **Approve D: Global Governance - Management Connection.** Motion **passed** by a vote of 7 aye, 0 nay.

This report tells us whether we are in compliance with our own procedures.

9. Action Items

9.1 Patronage Dividend Decision

Motion: Peterson moved and Bollinger seconded to **Approve Patronage Dividend.** Motion **passed** by a vote of 7 aye, 0 nay.

There was a straw poll last meeting but now it is a formal decision.

9.2 Patronage Dividend Donation Options

Motion: Trout moved and Peterson seconded to **Approve Farmers Market Dividend Donation Option.** Motion **passed** by a vote of 6 aye, 0 nay. 1 abstention.
McCargar abstained due to conflict of interest - he is involved with the Farmer's Market.

It is bad for co-op if dividend checks are not cashed because we would have to pay not only for the 20% dividend, but also the rest that it is based on. When we issued the first patronage dividend in the new store, based on 2013 sales, we got great feedback and everyone was excited, but when people got their checks, they were surprised that the checks were so small. We heard

that people wished there was a way to give the money back to the co-op or something else. We couldn't let them sign it over to the co-op. Having the option to give it to the Farmer's Market Food Bank Coupon Program helps support the community and addresses affordability, which is one of the ends we are currently focusing on.

Motion: Trout moved and Peterson seconded to **Approve Limit to One Official Donation Option.** Motion **passed** by a vote of 6 aye, 0 nay, 1 abstention.

McCargar abstained because of conflict of interest due to being part of the Farmer's Market

Board decided having only one option would be less confusing than offering more options.

Zbornik asks board to consider something outside of Decorah, such as the Calmar food shelf, if we set something like this up in the future. Board agrees it is important to include people outside of Decorah and McCargar says that in fact, over 1/2 of the people who use the Farmer's Market Food Shelf Coupon are actually from outside of Decorah.

9.3 Approve GM Bonus for 2015 results

Motion: Bollinger moved and McCargar seconded to **Approve GM Bonus for 2015 results.** Motion **passed** by a vote of 7 aye, 0 nay.

Based on GM's contract, Lester receives a bonus based on co-op's actual net income before patronage dividend, which is \$60,800. Board congratulates GM on a great year. It was a year when profits were down, but GM did a great job. Lester notes that when the income is harder to find, net income could be better because everyone has to buckle down and do it right. Board asks GM to pass congratulations along to co-op staff.

10. New Business

10.1 Membership Linkage Committee present plan for year to board

Membership Linkage Committee presented 2016 plan to engage membership including keeping a calendar of events.

10.2 Board Training Attendance

Board discussed upcoming training options, including one in September that could include new board members.

10.3 Date of Annual Meeting

Annual meeting will be Tuesday, April 19. Patron dividend checks will be issued before the meeting.

11. Next Monitoring & Other

11.1 [G9: Treasurer's Role - Bollinger]

11.2 [G10: Secretary's Role - Woods]

11.3 [G7: Board President's Role - Nelson]

11.4 [G8: Vice President's Role - Trout]

11.5 [Ends - GM]

12. Next meeting: Tuesday, March 22 5:30 p.m.

Nelson will not be there.

13. Executive Session - none

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Beard moved and Trout seconded to **Adjourn Meeting.** Motion **passed** with a vote of 7 aye, 0 nay.

Meeting adjourned at 7:12 p.m.