

**Oneota Community Co-op
Minutes for Regular Board Meeting
July 26, 2016 6:00 PM
Kitchen Classroom, 308 W. Water St.**

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

Board Members Absent: Bryan Stuart

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 6:00 p.m.

2. Board Learning - none

Note: Board members receive subscription of Cooperative Grocer magazine. It is an excellent resource. Many Cooperative Development Services (CDS) consultants write articles, there is a lot of good info on trends and board development work. The magazine has great current information that would be good for board learning. CDS is a separate entity that works alongside NCG.

3. Member Comments - none

4. Disposition of Member Comments - no member comments

5. Agenda Review

Motion: Peterson moved and Trout seconded to **Approve Agenda**. Motion **passed** by a vote of 6 aye, 0 nay.

6. Approve Minutes

6.1 Approve Main Meeting Minutes from June, 2016

Motion: Trout moved and Peterson seconded to **Approve Meeting Minutes from June**. Motion **passed** by a vote of 6 aye, 0 nay.

6.2 Approve Executive Session Minutes from May, 2016

Motion: Peterson moved and Trout seconded to **Approve Executive Session Minutes from May, 2016**. Motion **passed** by a vote of 6 aye, 0 nay.

7. Consent Agenda - none

8. Reports

8.1 GM Report

Financial Snapshot: June is still positive in sales. We recently spent money on equipment, so cash is not as high as expected, but equipment was a good investment and cash will grow again in a couple of months. Labor is starting to go up. We're well staffed on front end now. The only department still looking to hire is Deli, but we hope to have a new deli manager soon. Because of losing a few people with benefits, total labor has stayed well within budget. We are in the top third of co-ops in sales growth right now. Regionally, co-ops are averaging -4% sales growth.

Community/Outreach/Other Store Happenings: Membership is low this year. We expect this to be the bottom of a trend with membership going back up next year. Leah and Keri are now gone. Lauren stepped up to Keri's position and we're training her by sending her to Seattle with Nicole, our produce assistant. The staff survey is done and had an almost 100% return rate.

August is a slower month. Starting in August, we'll have the L team track their hours so they get a good idea of a hours spent in a normal week. We've made extra hires lately, so we'll have part time on-call help. We'll figure out how to utilize them the best way we can, doing things like bagging, wiping off coolers, stocking beverage coolers. Starting in September, we'll have them start logging their hours. There is proposed legislation to kill the new overtime regulations with the new election, but we're preparing for it to stick.

Physical Store Update: Purchased new refrigerator and panini oven. Doors are now completely closed with tunnel fans running at 100%. Hawthorn and Caspers both assessed the situation with the compressors. They found that the sheet metal control was stuck open and it should've only been open in the winter. Caspers was prepared to come in to fix the control in order to bring the door closed, but John Klosterboer trimmed it and now the doors close. This change has the potential to save tens of thousands of dollars. We have dealt with major humidity issues that make us run air conditioners and heaters simultaneously. Won't have to do that anymore and the 6" of ice that had developed on the produce coolers is now gone.

Marketing/Special Projects: Local sales growth is not as high as previous months. Local wine and beer saw a 413% increase in June, mostly due to Toppling Goliath sales. Toppling Goliath will soon change to not being local because their cans will be bottled in FL.

Classroom use will need to be discussed. Although the classroom works with our mission well, when we look at square footage and time + resources, the classroom is a money loser. The space may be more important to use as a retail space and we may need to look to partnerships elsewhere for classroom space.

Lester went to the Street Committee on Monday to talk about the Oktoberfest event concept. After asking lots of questions, all were in favor. The street in front of the Coop will be blocked off for Water Street Music and there will be wristbands, and a different liquor license for the day. Both local breweries will take part in the event so there will be local music and local beer. Event will be the same day as loop-the-loop and the New Minowa Players fundraiser at the Elks.

The Coop Kitchen Classroom is used for the lefse stand at Nordicfest now. This has proven to be a good partnership and the lefse folks seem to appreciate the access to indoor space.

8.2 D2: Accountability of GM

Motion: Beard moved and Trout seconded to **Approve D2: Accountability of GM.** Motion **passed** by a vote of 6 aye, 0 nay.

8.3 D3: Delegation to the GM

Motion: Peterson moved and Cerbin-Bohach seconded to **Approve D3: Delegation to the GM.** Motion **passed** by a vote of 6 aye, 0 nay.

8.4 L5: Financial Condition

Motion: Beard moved and Peterson seconded to **Approve L5: Financial Condition.** Motion **passed** by a vote of 6 aye, 0 nay.

Second quarter sales are typically the biggest (with fourth quarter being second biggest). We are up 2.21% YTD. We almost hit 3%, which is an NCG benchmark for risk matrix points. This is especially good because Central Corridor average is -4%. We've put a lot of work into sales. Because of lower labor and depreciation, we're well-ahead of net income for the year: we're up 1.61% and trying to hit our target of 1% by end of year. The next two quarters are budgeted to be positive, so there is no reason why we won't hit our goal, even with labor going up. Our current ratio is good, our debt-to-equity is very good. When we're looking to borrow money, that debt-to-equity is a ratio that will be important. When we look at our debt, we see our original loan amounts and how much we currently owe. That is also looking good.

Notes in supporting documents: Team did a really good job on margins. Our goal was a margin of 39.1 & we came in at 39.24. Margins are really difficult to work with. If a meat cooler goes down, that goes against your margin and you need to find way to make up the margin. Co-op Basics, Natural Value, and Field Day all help our margin. Even though they are priced low, NCG has negotiated a good deal for them. NCG has expanded a deal for specific Organic Valley products through UNFI.

We are 302% over budget for education expenses. Classroom expense items + staff time add up to more than the class fees bring in. However, the classroom fits well with our mission and we can't measure how it is impacting our sales.

Maintenance and Repairs does not include equipment purchase; only maintenance. It is a category that is hard to predict and it is important to keep our equipment running well. We have good regular maintenance, but we had a few extra things come up this year.

Inventory is up about 20% on balance sheet while sales are only up 2-3%. This is because in order to get these good deals, we need to order in more volume. We're trying to do that with non-perishable products. There are now palettes of non-perishables sitting in the basement that weren't there last year. Also, making orders right before taking inventory increases inventory and decreases cash, but all remain within our total assets.

8.5 Board Treasurer's Report Q2

Motion: Trout moved and Cerbin-Bohach seconded to **Approve Board Treasurer's Report Q2.** Motion **passed** by a vote of 6 aye, 0 nay.

Staff appreciation coupons will be added to Board's budget in July.

9. Action Items

9.1 G4.4 Review and Approve

Motion: Trout moved and Hawthorn seconded to **Table Discussion G4.4 Policy**. Motion **passed** by a vote of 6 aye, 0 nay.

10. New Business

10.1 Electronic Balloting Update

We asked for a demo from the electronic balloting company we're looking into, but they said they don't do demos. However, we can log in and create fake ballots and have 10 fake voters. Nelson attempted to do this, but found it to be less than straightforward; it hasn't worked. Based on Lester's recommendation, we're involving Theresa from IT and she reached out to Central Corridor IT boards. A couple gave feedback that they found this software too expensive and were looking elsewhere. Another said they used it and it was great. Another said data dump was difficult. Some said voter turnout went up significantly. Sometimes said multiple family members voted without realizing it. No alternative solutions were provided. One person thought the support from this company wasn't great. Now we're waiting until after Nordic Fest so Theresa will have more time to look into it. We will know more for August meeting.

10.2 Spectrum Network Request

Spectrum Network is raising money to convert part of their building into a space to process local produce in 2017. Phase I of their project is to create a processing place. Phase II will be creating a classroom and meeting space. Lester has helped by giving them equipment purchasing information. Lester believes the project would be a good one to donate to, but wants to wait until the end of the year so we know our own financial condition better.

This could be really good timing if we decide our classroom space is better used as retail space. The idea of potentially using their classroom space isn't tied to making a donation, but Lester says both seem to be a good idea.

10.3 Ends - Copy and Replace

Trout printed new copy for binders. Ends are now in Google Drive, in board members' binders, and on website.

11. Next Monitoring & Other

11.1 [G5: Board Committee Principles - Hawthorn]

11.2 Scoop Deadline - Early August

13. Next meeting: Tuesday, August 23 6:00 p.m.

14. Executive Session - none

15. Self-Evaluations - done via internet

16. Adjourn

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

Meeting adjourned at 7:09 p.m.