

**Oneota Community Co-op
Minutes for Regular Board Meeting
February 24, 2014 5:30 PM
Luther College Campus, Valders Hall, Room 367**

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

GM Present: David Lester

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

Staff Present: Larry Neuzil

1. Call to Order

Steve McCargar called the meeting to order at 5:35 PM

2. Board Learning - Open

Summary: The board reviewed general information on patronage dividends including the process & implications of declaring/not declaring dividends.

3. Member Comments: None

4. Disposition of Member Comments:

No disposition required - No comments.

5. Agenda Review

Motion: Friest moved and Bollinger seconded to (amend the agenda by 1) removing 7.1D Global Governance - Management Connection 2) removing 9.2 L9 GM Succession Planning and add to March's meeting and 3) to add 10.2 Vote on Issuance of Bonus for GM Based on Net Profits in 2013, Per Contract Agreement).

Motion **passed** by a vote of 5 aye 0 nay.

6. Approve Minutes from January

Motion: Bollinger moved and Woods seconded to **approve January minutes.**

Discussion: Need to delete "self-evaluation."

The notes on board learning is more detailed than necessary (board learning is for board to learn, not specifically to report to public), but isn't a problem.

Motion **to approve amended minutes passed** by a vote of 5 aye, 0 nay.

7. Consent Agenda

No Consent Agenda

8. Reports

8.1 GM Report -

Financial Snapshot: The year has been off to a great start. We expect big things once spring brings warmer weather.

NCGA/Central Corridor Info: We are on track. NCGA keeps tabs on each store to make sure no one poses a greater risk to the other stores. If you are seen as more of a risk, you pay more. We no longer pay that accelerated rate.

Store Happenings: We plan to discuss expanding our kitchen and classroom. There is an investor interested in helping us with this project and we need to let him know by April if we are interested.

Community/Outreach/Other Store Happenings: A couple in Lanesboro has opened a grocery store and wants to partner with our coop. There are 180 current Coop members that live within 15 miles of Lanesboro. They've just opened their store and have been doing very well. They have a great location and have been very busy. If we decide to work with them, it would be low risk. There are several models we could use and this store may be our first satellite store. Lester will put together more information next month and we will discuss it further.

Physical Store Update: We hired our snow removal service to clean snow off the roof. This was a concern because of the weight of the snow; we didn't want to test the load limit. They also cleared off the solar panels and we have been producing a lot of energy since that day. Installing the LED lights affected the net income in 4th quarter, but it made a lot of sense to do store improvements when we had the money to do it.

Marketing/Special Projects: We are assisting the development of a local food hub processing facility. It is still in the discussion phase.

9. Action Items

9.1. Board Members' Report on Recruiting and Envelope Stuffing Plans

While this item was left on the agenda, it was not discussed.

9.2. L5 Financial Condition

Motion: Friest moved and Bollinger seconded to **approve L5 Financial Condition.**

Motion **passed** by a vote of 5 aye, 0 nay.

Summary: We had over \$4.5 million in sales in 2013. This is very good. Other downtown Decorah businesses have reported low growth or no growth, so we are in a rare spot. We have paid off much of our debt. In a two year period, we'll reduce our debt by a half

million dollars, which is amazing for a business our size. After we repay our loans in 2014, we will have about \$35,000 left to repay in the next three years. It is exciting and puts us in a great place to focus more on our strategic priorities. This report shows great management. The margins are extremely accurate and each department holds one another accountable. The financials look really strong and it is fun to show the membership this. Also, our new LED lights use 76% less energy than the previous lights and highlights products really well. There has been a leap in freezer sales since the new lights were put in.

10. New Business

10.1 Vote on Patronage Dividend for 2014

Motion: Nelson moves and Friest seconds to **allocate 100% of eligible profits to patronage dividends (\$63,188) to members and that 20% of those patronage dividends (\$12,638) be distributed to fully-paid members in the form of a check mailed to the member or as a credit applicable to the member's share obligation. Any distribution that would be less than \$4.00 shall not be distributed nor credited to a member's share balance and the related profits shall not be allocated. At the discretion of the board, the remaining 80% of the patronage dividend is available to the coop for future capital needs.**

Motion **passed** with a vote of 5 aye, 0 nay.

Summary: This is momentous. The Board is excited and proud that we can offer patronage dividends. We are really lucky to have Larry Neuzil helping us figure this all out. The entire management and staff at Coop have done a great job. Coops have historically been capital poor. The money retained gives the Coop more potential to take advantage of opportunities as they presents themselves.

10.2 Vote on Issuance of Bonus for GM Based on Net Profits in 2013, Per Contract Agreement

Motion: Nelson moves and Woods seconds to **Offer GM David Lester a \$3000 Bonus, Per Contract.** Motion **passed** with a vote of 5 aye, 0 nay.

Summary: In Appendix Schedule B of GM contract, there is a description of a bonus available to the GM when net income is above 1.5%. Our net income was almost 2%.

11. Next Monitoring

[11.1 E1 Ends - Lester]

[11.2 L9 - GM Succession Planning - Board]

[11.3 D4 - Nelson and McCargar]

[11.4 G9 Treasurer's role - Friest]

[11.5 G10 Secretary's role- Dykstra]

[11.6 G7 Board President's role - McCargar]

[11.7 G8 Vice President role - Hensley]

12. Next Meeting - Tuesday, March 25th, 2014 @ 5:30pm

Motion: Bollinger Moved, Woods Seconded to **adjourn this part of the agenda.**

Motion **passed** 5 Aye, 0 Nay.

Motion: Bollinger moved, Friest seconded **to go into executive session.**

Motion **passed** 5 Aye, 0 Nay.

13. Executive Session

Summary: Executive session held.

Motion: Bollinger moved, Friest Seconded **to reconvene regular session.**
Motion **passed** 5 Aye, 0 Nay.

Motion: Bollinger moved, Woods Seconded to **approve GM employment contract.**
Motion **passed** 5 Aye, 0 Nay.

14. Adjourn Meeting

Friest Moved, Woods seconded to adjourn meeting @ 7:18 PM.

Respectfully submitted,
Brita Nelson, Subbing for Oneota Coop Board Secretary