

ONEOTA CO-OP BOARD MEETING  
Oneota Co-op Meeting Room  
October 28, 2008

Board Members present: Steve P., Onita M., Keith L. and Lyle L., Georgie K. and Joan L. and Toni S.  
General Manager present: Christopher DeAngelis.  
Guest: Jana Klosterboer

Board President Steve P. called the meeting to order at 5:07 p.m.

Review Agenda – The board added the following items: 1) a quick update on the board scribe position and 2) an executive session on personnel issues. Lyle moved to approve the amended agenda. Toni seconded. Approved unanimously.

Approval of Minutes of September 28, 2008 regular meeting and October 14, 2008 special meeting – Lyle moved to approve the September 9, 2008 regular meeting minutes. Keith seconded. Approved with 4 votes aye. Georgie, Toni and Joan abstained, as they were not at the meeting last month. Toni moved to approve the October 14, 2008 special meeting minutes (public and executive session). Georgie seconded. Approved with 6 votes aye. Keith abstained as he was not at the meeting.

Ends Discussion – The board reviewed the revisions to the draft “Global Ends Statement.” IN the first section, the opening line was amended to “The Oneota Community Coop serves the following stakeholders.”

The board discussed whether there should be any changes in the second section, specifically, whether Item 6 (employment/business practices function) should be omitted or incorporated into Item 3 (local economy function). The “employment with good pay” portion of Item 6 would be monitored under the executive limitation policy on employee compensation (L3). There was discussion about whether the term “collaboration” would limit the authority of the GM. The board agreed that it need not be interpreted to do so. Responsibility for the financial success of the coop rests with the GM, and it will be up to that person to determine the role of workplace collaboration in achieving goals. The board agreed to leave Item 6 as is and see how it works. Joan moved to approve the revised ends statement as a working draft to be presented to members. Toni seconded. Approved unanimously.

The board discussed membership linkage on the ends policies: how to inform members of the purpose of the policies, how the policies were developed, how they will be implemented, monitored and revised, and how members can give feedback on them. The board will provide information on the ends policies in the next Scoop and invite member comment through at least two conversation cafes in January and February. The GM's interpretations of the ends policies will be part of the annual business plan. The board will need to decide how it wants to monitor the ends policies (all at once or in segments).

Progress on Board Priorities – Steve P. did a spreadsheet on the board's progress on the priorities it had identified for itself. A draft version of the ends policies has been completed, the board candidate nomination process is mostly done, board education is ongoing, and the board's policy monitoring is ongoing. Steve P. reported that there is an updated template for the executive limitation policies, which

he would like the board to review next year. Lyle and Steve P. will look at Google docs as a way to organize the monthly board packets. The board wants to explore additional ways to link with members. Those ideas and activities will be added to the board calendar. The board also wants to determine what external or direct reports it will need in its monitoring process. The cost of those reports will need to be added to the board budget (except for a general store audit, which is an operational cost).

Ad Hoc Committee – Draft Board Budget – This is the first year the board has created its own budget. The most costly item is the tuition for the Cooperative Board Leadership Development (CBLD) training program. Part of this tuition may be covered by scholarships. Minor adjustments were made in several line items. An audit is recommended for 2009. This is an external report done at the board's request but which comes out of the operational budget, not the board budget. The board will be responsible for keeping its expenses within budget.

Policy Monitoring: G2 (partial) – Board Job Description, D4 – Board Role in Monitoring GM Performance – Steve P. provided the monitoring reports in time for the board to review them. All board members were ready to proceed. With regard to Policy G2, noncompliance was reported on G2.2 (enacting written policies that address Ends, Governance Process, Board-GM Delegation and Executive Limitations). The board has adopted written policies for all areas except Ends. Draft Ends policies were adopted at this meeting and will be presented to the membership for comment and input in the next Scoop and at informal meetings in January and February 2009. Noncompliance was also reported on Policy G2.3 (the board monitors GM performance by monitoring Ends and Executive Limitations policies). The board has been monitoring the GM through the Executive Limitations policies, but not Ends policies, as those have not been completed. Compliance was reported on all other sections of G2.

The board agreed the severity of the noncompliance was moderate. The remediation plan was adequate. Lyle moved to accept the G2 monitoring report. Joan seconded. Approved unanimously.

With regard to the D4 monitoring report, noncompliance was reported on policy D4.2 (monitor by one or more of three methods: internal report, external report or direct board inspection). Noncompliance was reported because the board has so far been relying primarily on internal reports (there was an external report for the Staff Treatment monitoring, done at the GM's request). After discussion, the board agreed that it would only need external reports or direct inspection if it wanted to confirm the internal report. Joan moved to accept the D4 monitoring report with all sections being in compliance. Toni seconded. Approved unanimously.

Policy Monitoring: Progress on Noncompliance on L1.2 (carts), L2 and L2.2 (grievance procedure) L5.3 and L5.4 (financial condition) – Christopher provided the monitoring report updates. Board members received the reports in time to review them, and all board members were ready to proceed.

The policy L1.2 noncompliance was in regard to potentially unsafe shopping carts. Christopher had planned to purchase replacements. After reviewing the coop's short-term cash flow, he will instead install seat belts in all of the existing carts and budget for new carts for next year. Toni moved to accept the report. Georgie seconded. Approved unanimously. The board would like a confirmation next month that the belts have been installed.

The policy L2 and L2.2 noncompliance was in regard to the personnel policies lacking a provision for how to handle grievances against the GM. Christopher had drafted a proposed policy that allowed for binding arbitration. He was concerned that the draft policy could pose financial challenges in the future, for the cost of arbitration. The board wanted to know what issues could be arbitrated. It did not want to have arbitration interfere with the board's prerogatives under the governance structure. While evaluating the GM is the board's responsibility, the board did not want to be in the position of being a tribunal for grievances against the GM. Grievances can be filed for supervisory conduct that is contrary to personnel policies, for conduct where no policy exists, or for conduct where the employee wishes to contest a policy. Grievances can also be filed for harassment or violations of employment law.

After discussion, the board recommended that the grievance policy provide for non-binding arbitration and that there be an allocation of costs to the "losing" party. The board will treat the arbitration report as an "external report" (per policy D4.2 discussed above), and will review it to see if there is a violation of the Executive Limitations or other policies (such as L2, Staff Treatment). The board will take up the matter, regardless of the board's regular policy monitoring schedule, whenever there is an arbitration report after a grievance. Christopher will revise the grievance policy and provide a new version at the next board meeting.

Christopher provided an update on Policies L5.3 (liquidity) and L5.4 (net income), along with charts for the three fiscal quarters of 2008 on labor expense, debt to equity ratio, quick ratio, current ratio and EBIDTAP (Earnings Before Interest, Taxes, Depreciation, Amortization, And Patronage). Noncompliance is still being reported. Labor as a percent of sales is coming down, and EBIDTAP is improving, but neither has achieved its benchmark. The other financial ratios were farther away from the benchmarks than in the last quarter. Christopher is taking steps to implement the NCGA audit recommendations to contain costs and increase sales. He and the management team have reviewed the preliminary recommendations. A whole-store labor schedule has been implemented, along with targets for sales per labor hour for each department. Christopher is working on sales growth targets for 2009. Store hours may be changed. Inventory will be reduced. Cash flow budgets for the remainder of 2008 and for 2009 need to be completed. Steve thanked Christopher and the staff for taking the audit results seriously. Toni moved to accept the L5.3 and L5.4 monitoring reports. Joan seconded. Approved unanimously. Christopher will continue to report on L5.3 and L5.4 on a monthly basis until further notice from the board.

Policy Monitoring: L4 – Membership and L7 – Assets – Christopher provided the monitoring reports. Board members received the reports in time to review them, and all board members were ready to proceed. With regard to Policy L4 on the membership program, the board agreed that the policy interpretations were reasonable, the data was adequate to determine compliance and demonstrated compliance. Joan moved to accept the L4 monitoring report. Toni seconded. Approved unanimously.

With regard to Policy L7 on protecting the coop's assets, Christopher reported noncompliance with Policies L7.1 and L7.8 because the coop does not have a set of written shoplifting policies or procedures. The board agreed that the policy interpretations were reasonable. The board disagreed with two items of data identified as demonstrating noncompliance, namely the lack of a purchasing budget or 2009 operating and cash flow budgets. The board thought the only noncompliance item relevant to asset protection was the shoplifting policy. The other items under the section "Data denying

Compliance” should be deleted. Georgie moved to accept the restated monitoring report. Toni seconded. Approved unanimously.

The board received Christopher's report on the four-point plan for addressing board expectations. No action was needed on it.

Board Development Committee – Georgie reported. Lyle will run for re-election. Keith will not. The board has heard from one person who wants to run for the board.

Georgie knows someone who can do a board training on discontinuous (as opposed to continuous) change. The presenter could do the training for the cost of mileage. This training would be scheduled for sometime in the spring 2009.

Scribe Position – There are two applicants. Onita will invite each one to do one month of notes, and the board will make a decision after that. The scribe will only take notes during the regular session of the board meetings, not executive session.

Meeting dates for November and December – The regular board meetings will be held one week early for the next two months due to board member absences for the holidays in the fourth week of those months. Meetings will be November 18 at Spectrum and December 16 at the Coop.

Future Board Policy Monitoring – Joan will do the board policy monitoring report for November (Agenda Planning) and Toni will do the report for December (Governance Investment).

Personnel Discussion – Executive Session – Georgie moved to go into executive session to discuss personnel issues. Joan seconded. Approved unanimously. The board discussed confidential personnel issues. Georgie moved to leave executive session. Joan seconded. Approved unanimously. Toni moved to authorize Steve P. to pursue action on behalf of the coop as discussed in executive session. Joan seconded. The board will have a special meeting October 31, 2008, at 4:00 p.m. at the Spectrum meeting room to follow up on the discussion.

Joan moved adjournment. Lyle seconded. Approved unanimously. Adjourned at 9:10 p.m.

Respectfully submitted:  
Onita Mohr, secretary

Documents Reviewed:

- Agenda
- Minutes, September 23, 2008, regular session
- Minutes, October 14, 2008, executive session
- Policy G2 Monitoring Report, Board Job Description
- Policy D4 Monitoring Report, Board Role in Monitoring GM Performance
- Policy L1, L2, L2.2, L5.3, L5.4 remediation reports
- Policy L4 Policy Monitoring Report, Membership
- Policy L7 Policy Monitoring Report, Asset Protection
- Plan for Addressing Board Expectations

Ends Policies draft documents

Sales recap, September 28 – October 25, 2007 and 2008

Cash Flow Statement, Profit and Loss, and Balance Sheet, through 3<sup>rd</sup> Quarter 2008