

ONEOTA COOPERATIVE BOARD MEETING  
SPECTRUM NETWORK  
August 25, 2009

Board members present: Lyle Luzum, Onita Mohr, Toni Smith, Joan Leuenberger, Birgitta Meade, Georgie Klevar, Steve Peterson

Absent: None

GM present: Troy Bond

Ten co-op member/owners were present.

President Lyle Luzum called the meeting to order at 5:02

Agenda Review: No additional items were added to the agenda.

Member Comments: Steve McCarger provided the board with a copy of a letter he addressed to Troy Bond. A member expressed concern about the future of co-op and the direction it is headed. Another member was concerned about some of the items carried in the store. The in-store fresh mozzarella is not hormone free. She would like to see the merchandising policy made public so members can see if they agree with decisions being made.

Board Member Comments: None.

Approval of July 28, 2009 Minutes: Toni moved to approve the regular and executive session minutes. Joan seconded. Motion carried, with six voting to approve and Steve P. abstaining, since he was absent from that meeting.

Policy Monitoring: Birgitta moved to take agenda item 6.4, the Policy L3 Compensation and Benefits report, off the consent agenda. Toni seconded. No discussion. Approved unanimously. The report was deferred to later on the agenda for consideration.

Toni moved to approve the consent agenda with the exception of agenda item 6.4. Georgie seconded. Approved unanimously. The reports approved on the consent agenda were Policy L5, Financial Condition (update), Policy G7, President's Role, and Policy G8, Vice President's Role.

The Policy L5 Financial Condition update reported that sales were up 4.4% year-to-date compared to last year. The year-to-date net income is approximately \$22,000. Labor costs continue to decline. The liquidity ratios are slowly recovering and the debt-to-equity ratio is improving.

The Policy G7, President's Role, states as a general policy that the board president assures the integrity of the board's process and the integrity of the Board's relationship with the General Manager. The president also represents the board to outside parties. Compliance was reported.

The Policy G8, Vice President's Role, states as a general policy that the vice president role is to help the board maintain the relationship between the board and the member-owners. As part of that function, the vice president ensures the election and referenda processes follow board policies and performs the duties of the president in the president's absence. Compliance was reported.

GM Monthly Report: Troy reported that the OCC was dissolved as a corporation by the Iowa Secretary of State for failure to file its biennial report. The Co-op had not updated its change of business address with the Secretary of State's office, so the notices about filing the report had not been received. The OCC's corporate status was reinstated after filing the report and paying a fine. Future reporting notices will go to the board president.

The insurance coverage was updated to include the GM.

October will be the start of "back to cooking school." Troy said the Co-op was looking for local cooks to teach cooking classes.

Steve P. had a question about the deadlines for submitting articles to the Scoop so that he could coordinate the election process. The first week in September will be the deadline for the October/November issue, and the first week in December for the January/February issue. Troy said there will be an extra holiday issue of the Scoop.

Committee Report – Board Development: Steve P. reported. The committee would like to get the election process nailed down and a time-line out for publication. Georgie noted that the committee that reviewed the recent election cycle thought the balloting time was too long, because ballots were sent with the Scoop. The recommendation is to mail out ballots to members who are in good standing and enclose an envelope, with the signature and member number required on the envelope. Someone can check off that the member has voted, then put the ballot in a container to be counted later. This process should guarantee both privacy and accuracy.

The board thought it would be satisfactory to send out the candidate statements along with the mailed ballots. The election process and deadlines should be publicized a number of times in various ways, in the Scoop and Comm Post, on the board board and at the customer service desk.

The annual meeting in 2010 will be April 1. Steve P. wondered if there would be enough time to count ballots if the balloting ended on March 30. That would allow only one day. The balloting deadline will be changed to March 29.

Steve P. asked for board input on the nomination process. The committee suggested that the board as whole, rather than just the committee, work together to interview candidates for nomination. Georgie thought it was a good idea. Toni said that would mean a separate meeting in early January if the board is to announce its nominations at the January meeting. Birgitta thought this would allow time for persons to self-nominate if they were not nominated by the board.

Toni asked what the committee had in mind for a candidate forum. Steve P. said it would be a public meeting for members to meet candidates face to face, to allow the candidates to say what they think and members to ask questions. The candidate forum would need to happen between the February 10 deadline for self-nominations and March 1 when the ballots will be mailed out.

Birgitta noted that the Co-op's method of communication with members has changed. The Scoop no longer goes to members by mail. It is a supplement in the Decorah Newspapers. Other information is sent to members through the weekly Comm Post. Members who do not subscribe to the paper and have no Internet access at home have to be proactive to gather information. Perhaps there should be a

survey to ask members how they prefer to receive OCC communications and confirm current addresses and e-mail addresses. The Member Communication committee had mentioned the possibility of a survey. Steve P. said he was not sure if the committee was ready to pursue a survey just yet, but the questions are important.

Birgitta mentioned that someone had approached her about running for the board. The person's spouse works for another grocery store in town. Lyle said anyone on the board who had a conflict of interest must declare it. The person would be responsible for not revealing confidential information to the spouse.

The board expressed consensus agreement on the election process proposal. It authorized the committee to proceed with finalizing it.

Committee Report – Ad Hoc Bylaw Review: Lyle reported that the committee had not met since July.

Committee Report – Ad Hoc “member in good standing”: Georgie reported. The bylaws are quite vague about what a member in good standing is. The board is not at the point of doing bylaw revisions yet, but some clarification needs to be done. It is the board's duty to interpret the bylaws and establish a procedure that is clear and fair.

The proposal would allow members two months from the anniversary date of their share purchase agreement to make their installment payment. They will be reminded at the register. After two months, a written notice will be sent advising that if payment is not made within 30 days, the membership privileges will be ended. After that, a member wishing to be reinstated will need to pay a \$5.00 administrative fee and catch up on all missed installment payments.

Toni and Birgitta asked if this meant that a lot of written notices would be mailed out. Georgie did not know how many members might be affected.

The second bullet point in the written proposal was amended to be “After two months, a postcard will automatically be sent to *all* lapsed members...” Toni suggested the the postcard could ask the member, “How would you prefer the Co-op communicate with you? Scoop, email?”

Joan moved to approve the proposed clarification of “member in good standing.” Steve seconded. Discussion. Birgitta asked how members would learn of this interpretation and procedure. Steve P. thought it should be publicized in the Scoop, Comm Post, on the board board and in the written materials for new members. There should be a period of publicizing the clarified definition and procedure before it goes into effect. The committee will do an article for the October/November Scoop explaining why the clarification is being done. The board thought the plan could go into effect beginning November 1.

The motion was approved unanimously.

Policy change recommendation, Policy G4.4, Board Code of Conduct: The board had received a revised draft for the amended version of Policy G4.4 regarding disclosure of quarterly financial information. There were no comments or additional discussion. The matter will be put on next month's agenda for final reading and approval.

GM Policy Monitoring Policy L3, Compensation and Benefits: Lyle suggested the board consider whether the report should be discussed in executive session. Birgitta asked if there were not some aspects of the report that could be discussed in general terms. Lyle thought that could be determined in executive session. Georgie moved to go into executive session to discuss employee compensation and benefits. Joan seconded. Discussion. Birgitta did not think the issues in the report rose to the level of concern that would require executive session. The motion was approved, six members voting to approve and Birgitta abstaining. The board entered executive session in a separate room at 5:55 p.m.

The board discussed the report on Policy L3, Compensation and Benefits. The general policy states that with respect to employment, compensation and benefits, the GM will not cause or allow conditions that are illegal, unfair or that jeopardize the co-op's fiscal integrity or public image. There are expectations for the GM to establish wage schedules, based on job responsibilities and the labor market, and not create obligations over a longer period of time than revenue can be safely projected. Troy reported compliance on all sections of Policy L3.

Georgie moved to leave executive session. Toni seconded. The board left executive session at 6:20 p.m. and returned to the general meeting room.

Joan moved to accept the Policy L3 report as having reasonable interpretations, data and conclusions. Toni seconded. Discussion. Birgitta commented that her experience of the policy monitoring process feels like the board was moving to governance by lawsuit. She would like the board to be able to speak more openly. Steve P., Lyle and Toni disagreed. Joan said she thought the monitoring process was better documented than it ever had been before. The motion was approved unanimously.

Next month's board monitoring: The GM monitoring will be an update on Policy L5, Financial Condition, and Policy L2, Staff Treatment. Birgitta asked if there would be a staff survey as part of the report. Lyle said it would be up to the GM unless the board felt that additional data needed to be sought.

The board monitoring reports will be G9, Treasure's Role and G10, Secretary's Role.

Next meeting: September 22, 2009 at 5:00 p.m. at Spectrum Network.

Georgie moved to adjourn. Birgitta seconded. Approved unanimously.

Onita Mohr, board secretary  
Rachel Breitenbach-Dirks, scribe

Documents reviewed:

Agenda  
Minutes, July 28, 2009, regular meeting and executive session  
Policy L5 report, Financial Condition (update)  
Policy L3 report, Compensation and Benefits  
Policy G7 report, President's Role

Policy G8 report, Vice President's Role  
Policy G4.4, Board Code of Conduct, proposed changes  
Proposed clarification, "Member in Good Standing"  
Proposed Election Time-line