

ONEOTA COOPERATIVE BOARD MEETING
SPECTRUM NETWORK
November 24, 2009

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

Absent: None

GM present: No

Six co-op member/owners were present.

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

Agenda Review and Approval: The agenda was amended to include a brief unofficial financial report. Georgie moved to approve the agenda as amended. Toni seconded. Approved unanimously.

Delegations, Petitions, Communications: Lyle asked speakers to state in advance how long they wished to speak.

A member expressed concern that the board would appoint someone to fill Birgitta Meade's' vacant term without having asked Andy Johnson to do so, considering that he received 229 votes in the last election. The member noted that there is some precedent for unsuccessful candidates to be appointed to the board to fill a vacancy. If the board does not appoint Andy Johnson, the member would like the board to make the position available for election in March and have member/owners elect someone.

A member requested that the board engage in mediation for conflict resolution with those who were targeted for criticism in the board's recent letter to the membership. The board has heard things, but it has not talked directly to the people involved. It does not know the whole story. Communication and dialog are the only way the Co-op will get through this. The member thought victory would be a breakthrough in communication, open minds, curiosity instead of fear, and honoring a process of reconciliation.

A member noted that at last meeting, he had raise the issue of whether the Co-op was violating the fair labor standards act. He wanted to know if board is investigating this situation.

Approval of Minutes: Joan moved to approve the minutes for October 21 and October 27, 2009. Toni seconded. Approved unanimously.

CONSENT AGENDA: The following items were on the consent agenda: the GM's reports on Financial Condition (update on Policies L5.1 through L5.4) and Asset Protection (Policy L7) and the board's report on Agenda Planning (Policy G3). Georgie clarified that there were no official GM reports due to the absence of a permanent general manager. The board has received weekly updates from the interim GM on sales, labor, quick and current ratios and other relevant financial issues. Board member Steve P. provided a written financial summary which will be covered in the "Reports" section. The board did a summary of asset protection issues that it expects the GM to monitor, which constitutes the report for Policy L7.

Georgie moved to accept the monitoring reports. Toni seconded. Approved unanimously.

Summary of reports. Policy L5 (see "Reports"). For Policy L7, Asset Protection, the board noted that management has reported concerns about inventory controls, the use of personal computers for Co-op work, and maintaining the accuracy and confidentiality of Co-op electronic information, such as e-mail addresses. The board expects that managers will continue to be watchful in these areas.

For policy G3, Agenda Planning, the global policy statement is that the board will follow an annual agenda that 1) completes a re-exploration of the ends policies and links with members and 2) continually improves board performance through education, and enriched input and deliberations.

Each year the board will create a calendar of governance activities, which includes monitoring all policies at least annually, planning for and carrying out board education and member linkage, seeing to the board election cycle and creating the board's budget. Throughout the year, the board will attend to consent agenda items as expeditiously as possible. It will limit the amount of meeting time taken up by monitoring reports unless the reports indicate policy violations, or the policy criteria themselves need to be reviewed.

The board interpreted this to mean that it will govern the Co-op through established policies that are monitored annually and systematically. The board will strive to improve its performance through education, self-review and member input.

Data. The board has maintained a schedule of policy monitoring and a board calendar of governance activities each year since the adoption of the current Policy Register. It began mid-year to move monitoring reports to a consent agenda. Consent agenda items have been reviewed by the board in advance of the meeting. Reports that need discussion can be pulled from the consent agenda. The board's calendar for 2009 had anticipated seeking member input for completing the Ends policies in the spring. Other urgent membership topics arose, and the Ends policies are just now being completed. The board has sought member input at its regular monthly meetings and through special board meetings. It was only able to participate as a group in one board education session, on change and transition, due to other demands on board time. However, CBLD (Cooperative Board Leadership Development) webinars are available for board members to view individually at home. Compliance was reported on all sections of Policy G3.

REPORTS:

Financial Summary: Steve P. reported that sales so far in the 4th quarter are up 3.32% over last year at this time. Third quarter sales were up 8.6% over 3rd quarter 2008, 2nd quarter up 4.4% and 1st quarter up 3.5%. Michelle Campe reported that the La Crosse and Viroqua coops are seeing flat to negative sales so far this quarter. Wages were 19.41% of sales at the end of the 3rd quarter. So far in the 4th quarter they are running at 19.26%. Cash on hand as of November 23, 2009 was \$104,000, which is typical for this time of the quarter. With sales in the low \$60,000 per week range, the Co-op is not likely to increase cash very quickly. However, as long as labor and other costs are kept in line, the Co-op should not lose ground, either.

In response to a member question from last month about whether store operations are meeting the Co-op's cash needs, Joan reported that in the 3rd quarter the Co-op increased cash from operations by \$3200. In the same quarter in 2008, the Co-op lost \$37,200 in cash from operations. Approximately

\$16,000 in the swing from 2008 to 2009 was due to reduced labor costs.

ACTION ITEMS:

Bylaw Change Recommendations: The board reviewed the bylaw changes to Bylaws 1.1, 2.7, 5.1, 6.2, 7.2, 8.1 and 8.7. The changes involved updates to language and clarifications. The board confirmed that the proposed change to the treasurer's role had been deleted. There were no further member comments. Toni moved to approve bylaws changes as approved after the second reading on October 27, 2009. Joan seconded. No discussion. The board approved unanimously, each member having been polled and voting aye.

Ends Policies: The board at the last meeting approved a change in the location of the term "affordable" to the end of the first numbered sentence. The version of the Ends policies provided to the members present at this meeting did not reflect that change. It was an oversight.

Georgie noted that some of the comments from last month had to do with the Ends policies being written in the passive voice. She said she had disliked the passive language, too, at first, but it has a purpose, to allow the board to better monitor the policies. The board's CBLD consultant said it was fairly standard for coops to create Ends policies using passive language.

Joan said the GM's interpretation of the Ends policies will be things that are measurable.

Steve P. said board members are generally people who are in the "active voice" community. In the case the co-op's ends, the actor is the co-op and it's community. The passive voice allows action to be developed by the cooperative and people who participate in or create programs.

Lyle pointed out that there are ends and means. "Ends" are the end result. "Means" are activities. Means are active. Ends are what the activity results in, what the organization hopes to achieve.

Member comment: When the founders incorporated the coop, they incorporated in the active voice. They had more narrow view of what the coop was about. Things change over time, but this language diminishes the purpose for which the organization exist. The internationally recognized principles of cooperation need to go back in the document for people to read. The document before existed in three parts, the Mission Statement, the Vision and Values Statement and the Cooperative Principles. It is not clear how the principles will be documented and presented to the people and the community down the road. The member was still concerned about the active vs. passive voice. How are the Ends policies measured? Will the product selection offered at the Co-op include more conventional and genetically engineered products? Will the Ends policies be more of a slippery slope than the current Mission and Vision and Values Statements?

The board and member/owners had an exchange views about what the proposed Ends policies might mean for the store's product selection. Some members thought the Ends policies were vague, and the GM might choose looser standards. Board members disagreed with that assessment and pointed out that the GM's interpretations of the Ends policies will be subject to board review. That has never happened before.

Steve P. said the board could limit the GM's ability to source products if it wanted to. There would be a

cost to do that, however. The more limitations that are put on management, the more difficult it becomes to accomplish the organization's goals.

There is a balancing that always goes on in the store's product mix, taking into account price image, quality, sourcing considerations (fair trade, certified organic, not certified but following organic standards, locally grown), etc. Numbered paragraph 1 says "to the greatest extent possible" there will be organic, local, sustainably produced, affordable food and products at the Co-op. Lyle said the board could change "to the greatest extent possible" to "only," but that would create its own set of problems.

Georgie moved to approve the second reading of the ends policies as amended at the October 27, 2009 meeting. Joan seconded. Discussion. Once the Ends policies are adopted, they will replace the Mission Statement and Vision and Values Statement. The Cooperative Principles will continue to be part of the Ends policies as a separate, referenced document. On the web-based version, they will be hyperlinked. The board unanimously approved the second reading.

Appointment to Vacant Board Seat: Steve P. said the board had a duty to appoint an interim board member to fill the vacant position for the remainder of that term, which will be to 2012. Steve P. moved to have the board appoint Robert Fitton to the board, effective immediately and for the remainder of the three-year term. Georgie seconded. Approved unanimously.

The Nomination Committee reported that they are talking to several possible candidates. There are three board seats up for election.

Ratification of Board Decisions Made Outside of a Meeting: Pursuant to Bylaw 7.5, all six board members signed a memorandum of board decisions that were made without a meeting. Those decisions were to accept the resignation of general manager Troy Bond, to approve a budget of \$5000 for the search for a new general manager, and to authorize the board to discuss confidential board information with a potential interim board member.

Next Month's Monitoring: Board report on Policy G6, Governance Investment (Steve P.), GM report on L6 Financial Planning, Budgeting and L5 Financial Condition

Next Meeting: Dec. 17, 5:00 pm at Spectrum Network.

Executive Session – Personnel: Georgie moved to enter executive session to discuss personnel issues. Toni seconded. Approved unanimously. The board entered executive session at 5:48 p.m. in a closed room. It discussed personnel matters, including the GM search. Joan moved to leave executive session. Toni seconded. Approved unanimously. The board left executive session at 7:35 p.m.

Joan moved that the signature cards on all bank accounts be changed to remove formerly authorized staff who were no longer employed at the OCC. Toni seconded. Approved unanimously.

Georgie moved to authorize the engagement of mediation services as discussed in executive session. Steve P. seconded. Approved unanimously.

Adjournment: Georgie moved to adjourn. Toni seconded. Approved unanimously. Meeting adjourned at 7:40 p.m.

Respectfully submitted,

Onita Mohr, board secretary

Rachel Breitenbach-Dirks, scribe

Documents reviewed:

Agenda

Minutes, October 21, 2009, special meeting and executive session

Minutes, October 27, 2009, monthly meeting, regular and executive session

Policy L5 unofficial report, Financial Condition

Policy L7 unofficial report, Asset Protection

Policy G3 report, Agenda Planning

Draft bylaws revisions

Draft ends policies