

1 Oneota Community Coop
2 Minutes for Regular Monthly Board Meeting
3 Tuesday, September 28, 2010
4 Luther College Campus, Valders Hall, Room 367

5 Board Members Present: Robert Fitton, Jon Jensen, Joan Leuenberger, Lyle Luzum, Steve McCargar, Bill
6 Pardee, and Steve Peterson
7 GM Present: David Lester
8 Coop member/owners present: 3

9 **1. Call to Order**

10 President Steve Peterson called the meeting to order at 5:02.

11 **2. Board Learning: What is the Board's Fiduciary Responsibility?**

12 In preparation for the meeting, board members read an article on understanding the balance sheet from *Coop*
13 *Grocer* and a summary written by Steve Peterson on how our current board policies aid the board in fulfilling
14 its fiduciary responsibility. Essentially, in our policies we have said that we are fulfilling our responsibility in
15 the financial conditions area if we can be assured that the GM "does not cause or allow the development of
16 fiscal jeopardy." Fiscal jeopardy is then defined in sub-policies related to sales, net income, liquidity, and
17 solvency that limit the actions of the GM. Discussions then centered on two main areas. First, whether the
18 board should consider fiduciary responsibility to go beyond ensuring financial health of the Coop to also
19 encompass ensuring accuracy in financial reporting and the absence of illegal activities. Second, there was a
20 discussion of where the dividing line is between governance and operational activities. Determining this is
21 important so board action doesn't infringe on the authority properly delegated to the general manager.

22 **3. Member Comments**

23 Birgitta Meade commented that she enjoyed listening to the board learning segment and encouraged the board
24 to continue exploring the balance between fiduciary activities and micromanaging the GM. In her opinion,
25 mere avoidance of fiscal jeopardy is too far on the spectrum and encouraged taking a more hands on
26 orientation.

27 David Cavagnaro (brought by Bill Pardee) is upset that there is no bulk pasta for sale in the store now.

28 **4. Disposition of Member Comments**

29 Birgitta's comments were referred to the board linkage committee and the concern for bulk pasta was referred
30 to the general manager.

31 **5. Agenda Review**

32 **Motion:** Jon Jenson moved and Robert Fitton seconded to approve the agenda as presented. Motion **passed**
33 by a 7-0 vote.

34 **6. Approval of Minutes**

35 **Motion:** Steve McCargar moved and Bill Pardee seconded to approve the minutes. Motion **passed** by a 7-0
36 vote.

37 Con: Klevar is misspelled in line 21.

38 **7. Consent Agenda**

39 There were no items on the consent agenda.

40 **8. Reports**

41 **8.1 GM Report**

42 Financial: Sales in August were up 11.44% over the prior August and the past four week average sales have
43 been even better than that. Labor as a percent of sales is right at budget, and down from the prior year. With

44 higher sales, that means that more is being spent on labor especially in the front end to check customers out.
45 The quick ratio is .95, but that will go down at the end of the quarter. The balance in savings #3 is over
46 \$100,000. Cash on hand through July 30 is up 113% over the same period last year.
47 Physical Store Update: A floor scrubber that uses electrolyzed water will be purchased because of the cost
48 and environmental savings. The cooler weather will be good for the HVAC system and should allow us to
49 see efficiency improvements in heat reclamation. The capital budget for next year will include further HVAC
50 improvements. Because of interruptions in internet service, quotes are being gathered from other providers.
51 Staff Updates: Gabrielle McNally has joined the Water St. Café staff.
52 Update from General Assembly in Boston: David heard good comments on Oneota's rapid financial
53 improvements from numerous GMs, NCGA and CBLD staff members. The NCGA has received membership
54 applications from so many new coops, the NCGA staff is overwhelmed. Therefore, they have created criteria
55 to be met before a coop can join and receive full membership benefits. There may be an associate member
56 level that would allow some benefits for new coops. Oneota Coop would meet the new criteria if it was
57 applying for membership under the new conditions.
58 Marketing/Special Projects: The member survey is finished, but participation was less than anticipated. 67
59 new members have joined the Coop since Aug. 25. Sales of local products will be tracked monthly and is
60 currently 20.7%. David Lester has visited the coop in Viroqua and has plans to visit three others in the next
61 couple months. A college student organized "Groceries Gone Local" for fellow students to tour the Coop,
62 Farmer's Market, and other places featuring local food.
63 GM Schedule Notes: The last CCMI meeting is in early Oct. Coop events include Taste of the Local Harvest
64 and Halloween Trick or Treating.

65 **8.2 Member Linkage Committee Report**

66 The committee reported on progress to date to improve board communications with member/owners. The
67 focus has been on improving procedures for member comments at board meetings and holding quarterly
68 board/member feedback forums with one being held so far. Future efforts will focus on the annual meeting
69 and the web site.

70 **9. Action Items**

71 **9.1 L2 Staff Treatment**

72 **Motion:** Lyle Luzum moved and Steve McCargar seconded to approve L2 Staff Treatment monitoring report.
73 Motion **passed** by a 7-0 vote.

74 Summary: Compliance is reported because four tests were met for each sub-policy: an appropriate
75 personnel policy existed, supervisors received training on the personnel policy, staff perception measured
76 favorably compared to other coops by third-party survey, and any reports of violations of personnel
77 policies were investigated. Safety of workplace was judged in compliance because the data showed a
78 favorable comparison to other grocery stores, staff perceive the Coop as safe, and a system to identify
79 and remedy problems exists.

80 Pro: Mary Courteau, an HR expert with CDS Consulting Coops, conducted a third-party survey of staff
81 and set the threshold for indicating compliance with policies. Responses indicate compliance on all but
82 one question. Decrease in staff survey results between 2008 and 2010 were small with a small standard
83 deviation, meaning most staff felt the same way about the questions asked. Some staff comments
84 indicate the GM is doing things right. The grievance policy is new and improved including better staff
85 training on how to use it, but the new procedure hasn't been tested. Five days for filing a grievance is
86 standard practice and therefore is a reasonable interpretation of our policy. Oneota possibly reports a
87 lower severity of incident as a safety violation, especially given the lower than average level of lost work
88 days reported and lower work comp insurance rating.

89 Con: Data under Safety Record show Oneota has 8 incidents for 40 employees while the average is 8.4
90 for 100 employees. Some staff survey comments indicate residual concerns from past actions affecting
91 current perceptions. Five days doesn't seem like a reasonable period to register a grievance.

92 **9.2 L2 Compensation and Benefits**

93 **Motion:** Lyle Luzum moved and Jon Jensen seconded to approve GM monitoring report on L2 Compensation
94 and benefits. Motion **passed** by a vote of 6 ayes to 1 abstention (Steve McCargar).

95 Summary: Based upon answers to the staff survey conducted by Mary Courteau, comparability of
96 compensation at Oneota Coop compared to our region, and comparability of benefits to other coops,
97 compliance is reported.

98 Pro: Survey results on perceived wage disparities may have been different if conducted after the raise
99 was announced.

100 Con: Answers to one staff survey question indicated an out of compliance situation: "My pay increases
101 reflect the quality of my performance and level of my responsibility." Data indicate that assistant
102 managers and department managers are paid around the 25th percentile for similar positions in our area.
103 Vacation doesn't rise with seniority as fast as at some larger coops. Some employee benefits such as
104 staff discount aren't monitored yet.

105 **9.3 Board Committee Principles**

106 **Motion:** Steve McCargar moved and Bill Pardee seconded to approve Board monitoring report G5: Board
107 Committee Principles. Motion **passed** by a 7-0 vote.

108 Summary: Because there have been no reported instances of non-compliance, the board reports
109 compliance with G5.

110 Con: There is insufficient data presented for G5.1 to confirm existence of charters or board charges for
111 each committee. The table provided later showing that data should have been referenced here. In the
112 future, each charter could be examined to confirm that it limits/defines the committee's charge and
113 duties.

114 **9.4 Consideration of Member Linkage Recommendations**

115 **Motion:** The member linkage committee moved to accept the recommendations to couple the feedback
116 session with the monthly potluck and to better utilize the Scoop for member communication. Motion **passed**
117 by a vote of 6 ayes to 1 abstention (Lyle Luzum).

118 Pro: What the board has accomplished should be reported in the Scoop. Committed members will attend
119 both the potluck and the member feedback session.

120 Con: Need to remember that the Scoop now goes to more than members when writing articles. The
121 potluck was rated really low as a member service in the recent member survey so people may not attend.

122 **9.5 Consideration of Jensen *ad hoc* Committee Recommendations**

123 **Motion:** Bill Pardee moved and Steve McCargar seconded to proceed with the Jensen Committee process for
124 learning from the events of the past two years while moving forward. Motion **failed** by a tie vote of 3 ayes
125 (Steve McCargar, Bill Pardee, Jon Jensen), 3 nays, and 1 abstention (Steve Peterson).

126 Pro: Some member comments on the recent member survey indicate these issues are still around. There
127 may be more to learn from our past. The process could lead to some good changes to policies and
128 procedures. Democracy is turbulent so we shouldn't care too much what the wider community thinks of
129 the process. The work that this process would create is the most important work the board can do.
130 Reporting back to members on board actions in response to our past is important. The process could
131 possibly lead to healing for some. The focus would be on policy, not investigation of actual facts.
132 Hypotheticals would be distilled out of the comments generated. The process would not involve a public
133 forum.

134 Con: Questions were raised on how this moves us forward. The greater community could conclude our
135 internal troubles aren't being resolved and stay away from the Coop. The process adds a lot of work and
136 possible distraction to the board, which has other work to do. The wording of the written proposal
137 preamble is inflammatory. The process could also be hurtful to some, especially former board members,
138 and general managers aren't available to defend themselves or provide their point of view. The board
139 has already gotten lots of member input and has acted on it. The facts presented might not be true. It's
140 impossible to recreate the past to get an accurate picture of why decisions were made the way they were.
141 We already have a policy review procedure in place with monitoring reports.

142 **9.6 Appoint ad hoc GM Compensation RFP Committee**

143 Steve Peterson, Bill Pardee, and Joan Leuenberger were appointed to the committee to prepare a request for
144 proposal from David Lester for a compensation package.

145 **10. Consideration of Items Pulled form Consent Agenda**

146 No items were pulled from the consent agenda.

147 **11. Next Monitoring**

- 148 • L5: Financial Conditions-David Lester
- 149 • D4: Monitoring GM Performance-Steve Peterson

150 **12. Next Meeting--**Tuesday, October 26, Room 367 Valders Hall, Luther College Campus

151 **13. Executive Session**

152 There was no executive session.

153 **14. Adjourn**

154 **Motion:** Joan Leuenberger moved and Lyle Luzum seconded to adjourn. Motion **passed** by a 7-0 vote.

155 Meeting adjourned at 8:40.

156 Respectfully submitted,

157 Joan Leuenberger, board secretary

158 Documents reviewed:

159 *Balance Sheets: Getting the picture of your coop's financial health* by Mark Goehring

160 *How does the Board exercise its fiduciary responsibility?* by Steve Peterson

161 Agenda

162 Minutes, August 24 regular monthly meeting

163 GM Report

164 Member Linkage Committee Report

165 8/20/10 Memo from the Jensen *ad hoc* Committee

166 Policy L2 Staff Treatment Monitoring Report

167 Policy L3 Compensation and Benefits Monitoring Report

168 Policy G5 Board Committee Principles Monitoring Report