

1 Oneota Community Coop  
2 Minutes for Regular Monthly Board Meeting  
3 Tuesday, March 22, 2010  
4 Luther College Campus, Valders Hall, Room 367

5 Board Members Present: Robert Fitton, Joan Leuenberger, Lyle Luzum, Steve McCargar, Bill Pardee,  
6 and Steve Peterson  
7 GM Present: David Lester  
8 Coop member/owners present: 2

9 **1. Call to Order**

10 President Steve Peterson called the meeting to order at 5:05

11 **2. Board Learning: Patterns from our Board Self-Evaluation: Goals for the Future**

12 In preparation for this learning segment, the board evaluated itself in the categories of membership and  
13 overall governance, relationship with management, internal board operations, and business overview.

14 **3. Member Comments**

15 There were no member comments.

16 **4. Disposition of Member Comments**

17 There were no member comments.

18 **5. Agenda Review**

19 **Motion:** Robert Fitton moved and Steve McCargar seconded to approve the agenda as amended to add  
20 item 15 regarding the annual board retreat. Motion **passed** by a 6-0 vote.

21 **6. Approval of Minutes**

22 **Motion:** Bill Pardee moved and Robert Fitton seconded to approve the minutes after changing ballet to  
23 ballot in line 49. Motion **passed** by a 6-0 vote.

24 **7. Consent Agenda**

25 There were no items on the consent agenda.

26 **8. Reports**

27 **8.1 GM Report**

28 Financial: Sales for February were up 6.2% over 2010, but below our budgeted goal of 8.75% growth due  
29 to bad weather. Average sales are running \$69,700 per week. Labor is averaging 17.3% of sales, which  
30 is below our budgeted goal. The quick ratio is .69. The cash balance is \$235,000 with \$133,500 set aside  
31 for paying member loans. 50 new members have joined the Coop this year so far.

32 Community Projects: The Decorah Wellness Committee has recommended that the availability of  
33 chocolate milk in the schools be reduced from three times per day to only once. David Lester has been  
34 asked to be an advisor on the creation of a regional processing plant for local foods.

35 Physical Store Updates: Casper Plumbing has begun installing the second A/C unit to the front of the  
36 store. Bids are being received for the new roof with an emphasis on green building. A new bakery case  
37 was purchased. Many departments within the store are resetting their merchandise and seeing increased  
38 sales as a result.

39 Staff Updates: All staff have acknowledged receipt of the latest Policy and Procedure Manual.  
40 Recent hires include David Babbitt (Deli Cook), Maria Savage (Barista) and Nathan Gates (Front  
41 End/Cashier).

42 Marketing/Special Projects: An Earth Day event will bring people to the lower parking lot on  
43 April 21 for food, fun, and information. Our percent of local food sales decreased from the last  
44 report, but mostly because of the time of the year.

45 Non-Compliant Policy Update: Progress was reported on writing and implementing more L7  
46 policies.

47 GM Schedule: The GM will attend the NCGA All-Corridor meeting April 4-7 and return early  
48 for Oneota's annual meeting.

## 49 **Action Items**

### 50 **9.1 E1 Ends**

51 **Motion:** Joan Leuenberger moved and Lyle Luzum seconded to approve the report on E1 Ends.  
52 **Motion passed** by a 6-0 vote.

53 Summary: The charge to the GM and management for this report in 2011, the first year for  
54 ends monitoring, was to work out interpretations for each of OCC's eight ends statements  
55 and think about what kinds of data could be gathered throughout the year to support  
56 assertions of compliance. David Lester and the management team held a retreat to do just  
57 that and submitted this report of their current thoughts.

58 Pro: The team obviously put a lot of thought into the ends and how to report on them. The  
59 report generates lots of possibilities for board learning, including how GMOs figure into  
60 Oneota's merchandizing policy.

61 Con: Some Coop programs, initiatives, and accomplishments weren't listed in the report.  
62 As much as possible the data reported needs to be the results of initiatives, not just the  
63 efforts expended.

### 64 **9.2 L7 Follow-up Monitoring**

65 **Motion:** Steve McCargar moved and Lyle Luzum second to approve the follow up monitoring  
66 report on L7 Asset Protection. **Motion passed** by a 6-0 vote.

67 Summary: Compliance is now reported in four more areas because procedures have been  
68 written for cash handling and payables processing.

### 69 **9.3 G7 Board President's Role**

70 **Motion:** Robert Fitton moved and Lyle Luzum seconded to approve the G7 Board President's  
71 Role monitoring report. **Motion passed** by a vote of 5 ayes to 1 abstention (Steve McCargar).

72 Summary: Compliance is reported in chairing board meetings, representing the board to  
73 outside parties, appropriately delegating work to others, relating to the GM, and performing  
74 duties listed in the by-laws but non-compliance is reported in board meeting management  
75 and assuring board members carry out their duties.

76 Pro: A remediation plan is provided.

77 Con: Determining compliance as a score of 4 out of 5 points on the performance survey of  
78 other board members seems too stringent. An "inadequate/adequate /super" seems a better

79 indicator. It was disappointing that not all board members voted so one person's opinion  
80 wasn't taken into consideration.

#### 81 **9.4 G8 Vice President's Role**

82 **Motion:** Bill Pardee moved and Joan Leuenberger seconded to approve the monitoring report on  
83 G8 Vice President's Role. **Motion passed** by a 6-0 vote.

84 Summary: Compliance is reported on the vice-president's role in conducting the board  
85 election and fulfilling duties listed in the by-laws. Non-compliance is reported in compiling  
86 a summary of monitoring reports because only the GM reports were summarized last year.

#### 87 **9.5 G9 Board Treasurer's Role**

88 **Motion:** Steve McCarger moved and Lyle Luzum seconded to approve the G9 Board Treasurer's  
89 Role monitoring report. **Motion passed** by a 6-0 vote.

90 Summary: Compliance is reported on monitoring the board budget and non-compliance  
91 reported on performing the duties listed in the by-laws because the oversight of tax  
92 payments and other government required payments was not done throughout the year. That  
93 oversight was remedied before the monitoring report was submitted.

#### 94 **9.6 G10 Board Secretary's Role**

95 **Motion:** Lyle Luzum moved and Bill Pardee seconded to approve the G10 Board Secretary's  
96 Role monitoring report. **Motion passed** by a 6-0 vote.

97 Summary: Compliance is reported because board documents were filed, meeting work  
98 including minutes were completed, the policy register is up-to-date, the election results were  
99 certified by the former secretary, excessive staff time was not used, and duties from the by-  
100 laws were completed.

#### 101 **9.7 Board Development: Election Procedure Recommendations**

102 **Motion:** Bill Pardee moved and Steve McCargar seconded to postpone consideration of  
103 recommendations to the election procedures until the April meeting. **Motion passed** by a 6-0  
104 vote.

105 Pro: The document marked up with proposed changes was not posted to the website for  
106 review.

#### 107 **9.8 Financial Review Committee Report and Recommendations**

108 **Motion:** Bill Pardee moved and Joan Leuenberger seconded to approve the recommendations  
109 from the Financial Review Committee.

110 Summary: 1. The committee recommended the following regarding the conduct of the financial  
111 review/audit and relations with the outside financial firm: a. The board adopt a set of two years  
112 for financial reviews and one year for a full audit. b. The board not use an audit review  
113 committee, but the board as a whole. c. The board either hire the auditor/financial reviewer itself,  
114 or create a set of criteria that the GM could use to hire the auditor or financial reviewer. d. The  
115 reviewer/auditor send their findings directly to the board of directors; e. The board ask questions  
116 of the auditor/reviewer in a manner that is thought out by the board as a whole.  
117 2. The committee recommended that the auditor/reviewer be asked specific questions about our  
118 L5 financial policies to be used in monitoring those policies.

119 3. The committee recommended the addition of two policies to spell out in more detail when  
120 monitoring data will be acquired from outside sources, specifically: D4.2.1 An external audit  
121 will be conducted at least every third year with financial reviews in the intervening years, and  
122 D4.2.2 An external staff survey will be conducted every other year.

123 Pro: Since the interpretation of our L5 policies is set, we can now ask questions to get impartial  
124 compliance data.

125 **Amendment**: Steve McCargar moved and Bill Pardee seconded to delete proposed policy  
126 change D4.2.2 for further consideration. Amendment **passed** by a vote of 4 ayes to 2 nays  
127 (Joan Leuenberger, Bill Pardee)

128 Pro: It would be better to conduct an external staff survey within the first year of a new  
129 GM's starting.

130 Con: Adding this policy puts more responsibility on the board to see that an external staff  
131 survey is conducted. The standard within this policy addition matches the expectation in  
132 the GM's L policy.

133 **Amendment**: Bill Pardee moved and Steve McCargar seconded to have the auditor/reviewer  
134 check whether all taxes and government-mandated payments were made in compliance with  
135 policy L5.7.

136 Pro: Questions about filing and payment of taxes aren't included. Testing by an auditor  
137 adds a level of assurance.

138 Con: The auditors would only test a sample of all payments, which wouldn't add much  
139 comfort to the assertion that all are paid.

140 **Amendment to the Amendment**: Steve Peterson moved and Lyle Luzum seconded  
141 to change the wording so it is consistent with the format in the recommendation, i.e.  
142 to say: "L5.7 Allow tax payments or other government-ordered payments or filings  
143 to be overdue or inaccurately filed. Request to the Auditor: Please test that all taxes  
144 and other payments have been made as confirmed by the GM." Amendment **passed**  
145 by a 6-0 vote.

146 Pro: Verifying all transactions would be too costly because there are so many.  
147 Amendment to add a check on L5.7 **passed** by a 6-0 vote.

148 Motion to approve the recommendation of the Financial Review Committee as amended **passed**  
149 by a 6-0 vote.

150 **Motion**: Bill Pardee moved and Steve McCargar seconded to add the review questions for the  
151 auditor/reviewer to the Procedure Manual. Motion **passed** by a 6-0 vote.

152 Pro: The board needs to know where to find the questions in the future.

### 153 **9.9 PV Report and Recommendations**

154 **Motion**: Steve McCargar moved and Lyle Luzum seconded to have the OCC board of directors  
155 encourage David Lester to complete the energy audit process with Alliant Energy and create a  
156 sub-committee of the board to evaluate the question of solar PV installation.

157 Pro: We would qualify for the maximum tax credit if Alliant conducts the audit. Adding solar  
158 energy is consistent with our ends. As a board we can conduct fund-raising for special projects if  
159 the GM agrees.

160 **Amendment**: Steve Peterson moved and Bill Pardee seconded to delete “with Alliant  
161 Energy and create a sub-committee of the board to evaluate the question of solar PV  
162 installation.” Amendment **passed** by a vote of 4 ayes to 2 nays (Lyle Luzum and Steve  
163 McCargar.)

164 Pro: This initiative would require staff time and board time that may be better spent  
165 elsewhere. Dennis Pottraz’s report demonstrates a poor return on solar energy even with  
166 his optimistic assumptions. We won’t know which direction to go with energy usage  
167 improvements until we get the energy audit back. There are many ways to reduce energy  
168 consumption so we shouldn’t favor solar over other methods. We may qualify for the  
169 maximum credit with a Black Hills Energy audit.

170 Con: David has already scheduled an energy audit using Black Hills through the  
171 Winneshiek Energy District so there’s little point in further encouraging him.

172 Motion to encourage David to conduct an energy audit **passed** by a vote of 4 ayes to 1 nay  
173 (Steve McCargar) and 1 abstention (Lyle Luzum).

#### 174 **9.10 Board Administrative Position Report/Recommendation**

175 **Motion**: Lyle Luzum moved and Bill Pardee seconded to approve a stipend of \$1,200 per year  
176 for an administrative assistant paid through the store but running through the board budget.

177 Motion **passed** by a 6-0 vote.

#### 178 **9.11 L1 Policy Change: No Weapons on Premises Posting (Second Reading)**

179 **Motion**: Lyle Luzum moved and Bill Pardee seconded to postpone consideration of the policy  
180 change regarding weapons for three months until the June meeting. Motion **passed** by a vote of  
181 5 ayes to 1 nay (Steve McCargar).

182 Pro: This gives the new board time to consider this change instead of having the old board  
183 conduct the first two readings and the new board having the third, gives the GM time to  
184 interpret the new law, and gives the Decorah business community time to organize its  
185 response to the Iowa law change.

#### 186 **9.12 2003-2004 Patronage Dividend Issue**

187 **Motion**: Steve Peterson moved and Bill Pardee seconded to retain the 2003 & 2004 unpaid  
188 patronage dividend in equity indefinitely. Motion **passed** by a vote of 5 ayes to 1 nay (Steve  
189 McCargar).

190 Pro: The unpaid dividend is already in the equity section of the balance sheet after Hacker  
191 Nelson reclassified it this year. There is nothing in the minutes from those meetings where  
192 patronage dividends were declared to indicate there was intent to pay the remainder out in  
193 2011 and much to indicate that the intent was to retain them indefinitely. Specifically, they  
194 wanted to use the cash to further the business. Because part was used to buy a bigger  
195 building, those funds are still tied up in capital assets. Onita Mohr, the secretary who wrote

196 those meeting minutes, said it was the board's intent to retain the remaining 80%. Patronage  
197 dividends ranked at or near the bottom of the list of member benefits on the latest member  
198 survey. Retention is prudent because it is consistent with member values to build the  
199 business. It is best practice to retain member patronage. This sets a precedent that Oneota  
200 will disburse 20% of declared patronage dividends and retain the remaining 80%.

201 Con: When the board told management to switch from member discounts to a patronage  
202 dividend system, management pitched the change to members saying they would receive  
203 dividends and now we're backing away from that. We don't know how members feel about  
204 this issue, or what they remember about those years.

### 205 **9.13 2010 Patronage Dividend/Preferred Share Decision**

206 **Motion:** Steve Peterson moved and Steve McCargar seconded to not issue dividends this year.  
207 Motion **passed** by a 6-0 vote.

208 Pro: David Lester recommends not paying patronage dividends this year and to learn more  
209 about the issues involved over the next year. There's too much to figure out first, then  
210 educate the members and implement the necessary systems. Paying 20% of a dividend or  
211 paying taxes uses about the same amount of cash. We have to balance patronage dividends  
212 with preferred dividends and determine whether we can issue dividends at all since our  
213 bylaws say we can't if we have outstanding financial obligations, which may mean loans.

### 214 **9.14 Annual Meeting Agenda**

215 **Motion:** Lyle Luzum moves and Joan Leuenberger seconded to approve the draft annual meeting  
216 agenda. Motion **passed** by a 6-0 vote.

217 Pro: The agenda includes all items required by the by-laws

### 218 **9.15 Annual Board Retreat**

219 **Motion:** Lyle Luzum moved and Robert Fitton seconded to hold the annual retreat at Bill  
220 Pardee's residence from 8:30 to 5:00 on April 16. Motion **passed** by a 6-0 vote.

221 Pro: Bill would be happy to offer hospitality. It's a comfortable setting.

### 222 **9.16 Request to Redeem Preferred Shares**

223 **Motion:** Steve Peterson moved and Lyle Luzum seconded grant a member's request to redeem  
224 15 preferred shares. Motion failed by a tie vote of 3 ayes (Steve Peterson, Joan Leuenberger,  
225 Lyle Luzum) and 3 nays.

226 Pro: The board has approved a loan payment to an individual in the past and redeeming  
227 preferred shares is at the board's discretion according to the issuing documents. Requests  
228 don't come too often; this is only the third. The policy could be that we grant requested  
229 payouts as long as it doesn't put the Coop in financial jeopardy. Management believes we  
230 could make this \$750 payout in April without negative financial consequences.

231 Con: Because there's no existing policy for granting redemptions, we need a policy in place  
232 before responding to requests. We don't want to appear to be playing favorites by using a  
233 case-by-case or first come-first served method.

234 **10. Consideration of Items Pulled from Consent Agenda**

235 No items were pulled from the consent agenda.

236 **11. Next Monitoring**

- 237 • L5 Financial Conditions
- 238 • G Global Governance-Lyle Luzum

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

240 **13. Executive Session**

241 There was no executive session.

242 **14. Adjourn**

243 **Motion:** Robert Fitton moved and Joan Leuenberger seconded to adjourn. Motion **passed** by a  
244 6-0 vote.

245 Meeting adjourned at 8:45.

246 Respectfully submitted,  
247 Joan Leuenberger, board secretary

248 Documents reviewed:

- 249 OCC Board Self-Evaluation Results
- 250 Board Self-Evaluation Discussion Questions
- 251 Agenda
- 252 Minutes, February 22 regular monthly meeting
- 253 GM Report
- 254 E1 Ends GM Monitoring Report
- 255 G7 Board President's Role Monitoring Report
- 256 G8 Board Vice President's Role Monitoring Report
- 257 G9 Board Treasurer's Role Monitoring Report
- 258 G10 Board Secretary's Role Monitoring Report
- 259 Financial Audit Ad Hoc Committee Recommendations
- 260 Board Administrative Assistant Position Job Description
- 261 Excerpts from the 2003 and 2004 May minutes regarding Patronage Dividends
- 262 Draft Annual Meeting Agenda