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**Oneota Community Coop**  
**Minutes for Regular Monthly Board Meeting**  
**Tuesday, April 26, 2011, 5PM**  
**Luther College Campus, Valders Hall, Room 367**

**Board Members Present:** Johnice Cross (incoming), Robert Fitton, Gary Hensley (incoming), Jon Jensen, Joan Leuenberger (outgoing), Lyle Luzum, Steve McCarger, Bill Pardee and Steve Peterson (outgoing)

**GM Present:** David Lester

**Coop member/owners Present:** None

**1. Call to Order**

President Steve Peterson called the meeting to order at 5:03.

**2. Board Learning**

There was no board learning session.

**3. Member Comments**

There were no member comments.

**4. Disposition of Member Comments**

There were no member comments.

**5. Agenda Review**

**Motion:** Joan moved and Robert seconded to approve the agenda. Motion **passed** 7-0.

**6. Approval of Minutes**

**Motion:** Pardee moved and Luzum seconded to **amend the minutes** to delete all but the first sentence of the Board Learning section. Motion passed by a vote of 6 ayes to 1 nay (McCargar).

Summary: Discussion within submitted minutes wording gives an overall negative impression to what was actually a subtle conversation. This Learning session was an attempt to review the survey and its meanings. No official conclusions were drawn and no action was taken. Since the current minutes format was adopted the Board Learning section has primarily described the topic discussed, not presented the content and tone of the discussion.

Pro: Board Learning is for edification of the Board and others in attendance and not a place for decision or board action. The discussion that takes place is just that and often exploratory in nature, and board members need to be able to freely express their thoughts as they consider and reflect on what they are learning without those thoughts being reflected in official minutes, as board members' thoughts are subject to change after further consideration. The minutes, therefore, should not attempt to interpret the actual discussion that took place, as that may distort what took place and threaten to stifle future exploratory discussion.

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Con: None expressed

**Clarification**: McCargar questioned why original line 85 (in the Con argument of the President's Role Monitoring Report) indicated that compliance on survey items was based on a receiving a 4 out of 5. There are 7 board members. Peterson stated that this was meant to mean an average score of 4 out of 5 for each question and not how many answered the question a certain way.

**Motion**: McCargar moved and Pardee seconded to **amend** the minutes to change the wording to: "Determining compliance only with a **score of 4** out of 5....". Motion **passed** by a 7-0 vote.

Summary: This clarifies that the criterion used was the average rating score regardless of how many board members responded to any given question.

**Motion**: McCargar moved and Jensen seconded to **amend** the minutes by adding to the Con argument in the motion to grant a member's request to redeem 15 shares of preferred stock, original Line 239&240, by adding "We need a policy in place before responding to a specific request."

Summary: While that extra sentence clarifies the vote against the motion, "we need" was not necessarily a board sentiment and does not have the syntax of an argument – rather a conclusion. Luzum suggested changing the wording to "Because there is no existing policy for granting redemptions, we don't want to appear to be playing favorites by using a case-by-case or first come-first method.", which takes the form of an argument. Sensing consensus, Peterson declared that the sense of the board rather than voting.

**Motion**: Pardee moved and Jensen seconded approving the amended minutes. Motion **passed** by a vote of 7-0

## **7. Consent Agenda**

There were no items on the consent agenda.

## **8. Outgoing Board: Action Items**

### **8.1 Board Procedure Manual: Election procedures recommendations**

**Motion**: Fitton moved and Pardee seconded to approve the election procedures as presented and add them to the Board Procedures Manual. Motion **passed** by a vote of 7-0.

Summary: The election procedures appeared to work well. McCargar asked when it would be appropriate to discuss a write-in line on the next ballot. Peterson responded that the question would be for the next board prior to the next election cycle. This would take a bylaw change and a legal consult previously suggested that this concept may have some issues.

93 **8.2 Certification of Election**

94 Vice President Fitton reported the official ballot count. The results were:

95 Johnice Cross = 470

96 Gary Hensley = 313

97 Alison Dwyer = 307

98 Jenna Sicuranza = 155

99

100 **Johnice Cross and Gary Hensley were elected to the Board**

101

102 **Motion:** Leuenberger moved and Luzum **seconded** to certify the election results. Motion  
103 **passed** by a vote of 7-0.

104

105 **8.3 Disposal of 2011 Ballots**

106 **Motion:** Fitton moved and McCargar seconded to dispose of the ballots. Motion **passed**  
107 by a vote of 7-0.

108

109 Summary: There is no known procedure for dealing with cast ballots. Once the  
110 election is certified, there is no reason to keep them. They are anonymous, so they  
111 shouldn't need shredding. Jensen suggested modifying the motion to include past  
112 years ballots if they are still being kept. McCargar seconded. This procedure was  
113 approved by consent.

114

115 **8.4 Report: Board Administrative Assistant**

116 Peterson reported that Blythe Landsman has been hired as board administrative assistant. Salary  
117 disclosed in email to board. Luenberger added that training has been started and will continue  
118 through Board transition.

119

120 **9. New Board: Election of Officers / Composition of Committees**

121 **9.1 Election of President**

122 The Board transition procedure directs that the new board be seated and outgoing board members  
123 be relieved of their position. The outgoing President conducts the election of the new President.

124 **Motion:** Luzum moved and Hensley seconded the nomination of Bill Pardee for  
125 President. Motion **passed** by a vote of 7-0.

126

127 President Pardee thanked Steve Peterson and Joan Leuenberger for their outstanding  
128 service.

129

130 **9. 2 Election of Vice President**

131 **Motion:** Hensley moved and Pardee seconded the nomination of Robert Fitton for Vice  
132 President. Motion **passed** by a vote of 7-0.

133

134 **9.3 Election of Secretary**

135 **Motion:** Fitton moved and Hensley seconded the nomination of Lyle Luzum for  
136 Secretary. Motion **passed** by a vote of 7-0

137

138 **9.4 Election of Board Treasurer**

139 **Motion:** Luzum moved and Cross seconded the nomination of Steve McCargar for

140 Treasurer. Motion **passed** by a vote of 7-0

141

## 142 **9.5 Appointment to Standing Committees**

143 With their consent, President Pardee appointed the following board members to the standing  
144 committees:

145

146 **Member Linkage Committee:** McCargar(chair), Cross, Pardee (as President)

147

148 **Board Development Committee:** Fitton (as Vice President), Hensley, Jensen  
149 President Pardee discussed this committee's responsibilities. In addition to being  
150 responsible for candidate recruitment and screening, this committee is taking over  
151 primary responsibility for "board learning". Pardee suggested, and consensual discussion  
152 followed, that the next topic for board learning be to clarify for the Board the nature of  
153 our debt and how those obligations will be met. This information is especially needed  
154 now for two reasons: 1) Most of the current board is new since the debt was incurred, so  
155 the previous understanding no longer exists, and 2) Without a good understanding of our  
156 debt obligations it is hard for us to be realistic in planning for the future. Further  
157 discussion indicated a desire to also know more about the nature and status of preferred  
158 shares. GM Lester will provide that information at the next meeting's board learning  
159 session.

160

## 161 **9.6 Code of Conduct signing**

162 The Code of Conduct as found in the Board Procedures Manual was signed by all board  
163 members.

164

## 165 **9.7 Public events sign-up: Member linkage**

166 A sheet with Coop events was passed around. President Pardee requested that each board  
167 member sign up for at least two.

168

## 169 **10. Reports**

### 170 **10.1 GM Report**

171 Financial: Sales were up 3.3% over March 2010, although below expectations, primarily  
172 because of a colder March, with 4-week sales averaging \$70,289 per week. Labor  
173 averaged 18.07% of sales, slightly above expectations. The Quick Ratio is .79. Cash on  
174 hand is \$240,646, up 98.9% from a year ago. 64 new members have signed up since Jan  
175 1. Margin for Q1 is 38.61% compared to a budgeted margin of 38.94%. Slightly lower  
176 margin is currently by design, partly to assist price-sensitive shoppers and attract some  
177 who are increasingly interested in healthy food but have not previously seen the coop as  
178 viable alternative. This practice is also a recommendation of the NCGA at this time.

179

180 Community Projects: Partnered with 7 different organizations/businesses plus several  
181 CSAs on Earth Day event. Attendance better than anticipated. Held tours and tastings for  
182 Decorah Kindergarten classes in March. That was a huge success and several parents  
183 signed up as a result. OCC represented at the Food & Fitness Conference at Luther.

184

185 Physical Store Update: Work on installing HCAV #2 has begun. Energy audit through  
186 Black Hills Energy was completed and we are awaiting their analysis. Quite of bit of  
187 “low hanging fruit”. KJ Roofing and Construction has been chosen for the roof  
188 replacement (\$37-45K, depending on roof insulation to be determined by energy audit  
189 results. Insulation will be reclaimed waste from larger roofing jobs. We have been  
190 participating in the Energy Star program of the EPA and qualify as an Energy Star  
191 business, rating 98 out of 100 compared to all grocery stores.  
192

193 Staff Updates: Two new staff have been hired (Megan Buckingham and Laura  
194 Mertenich). An all-staff meeting was held at which the Coop's Ends were extensively  
195 discussed and how those Ends relate to staffs' daily decisions. A new benefit was  
196 announced: the Coop bought two bikes for staff to use to take bike rides during breaks.  
197

198 Marketing/Special Projects: Our Meat Department was recognized as one of the top 10 in  
199 the NCGA based on sales per sq ft and margin minus labor. Percentage of “local” sales  
200 was 18% (March is a tough time for local product.) We are sponsors for Gunderson  
201 Clinic's Bike and Trail Safety Clinic May 14. The spring Member Appreciation Day is  
202 May 12. Several cooking classes are scheduled for May.  
203

204 Also, several staff will be attending coop store openings in the Central Corridor to help  
205 stock shelves, setup IT, and provide other assistance.  
206

## 207 **10. 2 Board Treasurer’s Report**

208 The Board Treasurer's report indicated that of the Board annual budget of \$16,730, Q1  
209 expenditures were \$3,985, consisting of election expenses, CBLD-related expenses, and  
210 allocations to board compensation (that's our member volunteer discount – board members are  
211 volunteers). Brief discussion was held that we may need a consensus agreement or procedure  
212 about when a board member can charge something to the board account (not currently a  
213 problem). The Treasurer also included a report of the tax reporting status of the coop (a Treasurer  
214 responsibility).  
215

## 216 **11. Action Items**

### 217 **11.1 L5 Financial Conditions: Quarterly Report (GM)**

218 **Motion:** Fitton moved and McCargar seconded to approve the L5 GM Quarterly  
219 Financial Conditions Report. Motion **passed** by a vote of 7-0.  
220

221 Summary: Sales for Q1 2011 were \$859,363, up 6.73% from Q1 2010, compared  
222 to the NCGA 3% benchmark goal and our 8.75% budgeted goal, thus reporting  
223 non-compliance on sales growth relative to our budgeted goal. (Note: While the  
224 budgeted goal was 8.75% and was not met, expenses were managed accordingly  
225 and on net outperformed our goal.)  
226

227 Net Income was reported in compliance with \$8074 (.98%) reported. This  
228 compares to the NCGA benchmark of .50%.  
229

230 Compliance is reported on our current ratio and quick ratio, as they have

231 rebounded from Q4 2010's drop due to end of year accounting adjustments. Both  
232 ratios are above the NCGA benchmarks.  
233

234 Compliance is reported on the debt-to-equity ratio, and is below the NCGA  
235 benchmark, as we continue to pay off debt on schedule and because we moved  
236 retained patronage dividends from the liabilities to the equity section of the  
237 balance sheet as required by the auditors following the Board decision in March to  
238 retain those dividends indefinitely.  
239

240 Compliance was reported on various other policies. We incurred no additional  
241 debt, loan repayments are continuing on schedule and a savings account is steadily  
242 accumulating funds to be able to repay member loans when they start becoming  
243 due in 2014, no real estate was acquired or disposed of, tax and other government-  
244 required filings were made on time, all financial obligations were met, no  
245 "restricted" funds were used improperly (we have none), and the financial review  
246 by Hacker & Nelson dated Jan 31, 2011 indicates that our financial statements are  
247 in line with US GAAP.  
248

249 The NCGA is very happy with our results and quick progress in the last year.  
250

## 251 **11.2 Global Governance Commitment (BD)**

252 **Motion:** Luzum moved and Fitton seconded to approve the Monitoring Report for policy  
253 D-Global Governance commitment. The motion **passed** by a vote of 7-0.  
254

255 Summary: The Board's official connection to coop operations is only through the  
256 GM; the board does not supervise or pass judgement on other staff members; the  
257 board only will supervise the GM, not individual board members; the GM  
258 implements policies via a "reasonable interpretation", which the board accepts  
259 unless there is reason not to; and the board may gather information in a variety  
260 specified methods. The board monitors the D-Governance sub-policies through its  
261 annual policy monitoring schedule. Compliance of this Global policy was reported  
262 since compliance of the sub-policies was previously monitored on the designated  
263 schedule.  
264

## 265 **11.3 Formation of Ad hoc Committee: Preferred share repayment**

266 President Pardee appointed an Ad Hoc Preferred Share Repayment Committee (**McCargar -**  
267 **chair, Luzum**) to propose to the board a simple policy for acting on requests to repurchase  
268 preferred shares or early repayment of loans. This committee is to provide guidelines for the  
269 board to follow to respond to specific requests, within the context of analysis by the GM as to the  
270 affordability of such requests and how they fit into his overall budget planning. McCargar and  
271 Luzum were selected, as they have the historical knowledge about both the preferred shares and  
272 the member loans.  
273

## 274 **10 (should be 12). Consideration of Items Pulled from Consent Agenda**

275 There was no consent agenda.  
276

277 **11 (should be 13). Next Monitoring - May**

278 • L10 Board Logistical Support (GM)

279 • L Global Executive Constraint (GM)

280 • G4 Code of Conduct (BD) – (Fitton)

281

282 **12 (should be 14). Next Meeting**--Tuesday, May 31 , 2011, Room 367 Valdars Hall, Luther  
283 College Campus

284 **Motion:** Due to conflicts with the schedules of two board members, Hensley moved and  
285 Fitton seconded to change the next regular meeting to the 31<sup>st</sup> of May. Motion **passed** by  
286 a 7-0 vote.

287

288 **13 (should be 15). Executive Session**

289 There was no executive session.

290

291 **14 (should be 16). Adjourn**

292 **Motion:** Hensley moved and McCargar seconded to adjourn. Motion passed by a vote of  
293 7-0

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295 Meeting adjourned at 6:10.

296

297 Respectfully submitted,

298 Lyle Luzum, board secretary

299

300 Documents reviewed:

301 Agenda

302 Minutes, March 23, 2010 Regular Meeting

303 Board Procedures Manual with updated election procedures added

304 Code of Conduct

305 GM Report

306 Board Treasurer's report

307 2011 Board Tax Monitoring Reporting

308 L5-Financial Conditions Quarterly Monitoring Report

309 Balance Sheet March 2011 YTD Comparisons

310 Condensed 2011 March YTD Budget vs Actual Profit and Loss Statement

311 Condensed Profit and Loss 2011 Q1 Comparison

312 D-Global Governance Monitoring Report