

**Oneota Community Coop
Minutes for Regular Monthly Board Meeting
Tuesday, June 28, 2011, 5PM
Luther College Campus, Valders Hall, Room 367**

Board Members Present: Johnice Cross, Robert Fitton, Gary Hensley, Jon Jensen, Lyle Luzum, Steve McCarger, and Bill Pardee

GM Present: David Lester

Coop member/owners Present: None

1. Call to Order

President Bill Pardee called the meeting to order at 5:00pm.

2. Board Learning

Summary: The Board Learning Committee led a discussion of roles and relationships of boards and management, addressing these questions, as time allowed: 1. Can you identify what decisions your board needs to make in order to fulfill its leadership role? 2. What constitutes micromanagement? What is the boundary between micromanagement and appropriate oversight? 3. Which paradigm does it make sense for your board and GM to build into your culture? Can you improve role clarity for the board and GM? What tools do you already have at your disposal?

The foundation for the discussion was an article in Cooperative Grocer, entitled "Power Triggers, Seesaw Battles, Handcar Cooperation – Developing healthy board-general manager working relations".

3. Member comments

There were no member comments.

4. Disposition of Member comments

There were no member comments.

5. Agenda Review

Item 7.3 – Board Development Committee report was officially added to the agenda (One version had it, another did not.)

6. Approval of Minutes

Motion: Luzum moved and Hensley seconded to **approve the minutes as presented**. Motion **passed** by a vote of 7 aye, 0 nay.

(A typo was noted and corrected in official minutes.)

7. Reports

7.1 GM Report

Financial: May sales were up 7.46% (\$23,023) from 2010. Four-week average sales of \$71,623 is an 8.8% increase over 2010. Four-week labor as percent of sales averaged 17.76%, up from 17.54% in 2010, but below budgeted goal of 18.07%. Quick Ratio is .84. Savings (for future paying off member loans) is \$177,029. Current assets is up 65.36% from 2010. Ninety four new members have signed up in 2011 (6 college cooperators).

Community Projects: Mteam and GM met with 4 individuals who are involved in starting a co-op in West Des Moines. GM and Marketing manager met with a couple who have started a food co-

op in Algona. The Water Street Park project is under way. Sales have not slowed because of the project in spite of parking lot disruption.

Physical Store Update: The roofing contractor is behind schedule due to weather. Due to new HVAC unit, in the first month we used over 2,000 kwh less electricity and 46 ccfs of gas than last year. Many of the low hanging fruit identified in the energy audit have been implemented.

Staff Updates: A new barista position in the Cafe has been filled. Francis Kittleson (Grocery Dept) will be going to an NCGA Grocery and Wellness workshop. Betsy Peirce (Produce Dept) participated in the Rising Stars 2 program for advanced managers. Staff were surveyed via Survey Monkey about their feelings about a proposed board policy banning firearms. A preponderance of those taking the survey supported the idea, but an almost equal number did not feel comfortable enforcing the policy.

Marketing/Special Projects: Our percentage of local-product sales for May was 21% of total sales. Biggest increases were in Deli, Produce, and Cheese. Lots of great classes coming up in June. The informational letter to our local vendors asking for proof of liability insurance and asking that OCC be added as an additional insured has been well received by the vendors. We have not lost a vendor because of this.

7.2 Member Linkage Committee Report

The committee has not formally met, but a report was presented by 2 members noting various comments made during discussions with members at the Meat and Greet event in May.

7.3 Board Development Committee Report

A panel discussion is being planned around the topic of sustainability to assist the GM in clarifying those statements in the Ends policy as they relate to store operations. Since this such a broad subject, discussion was held as to whether to focus on sustainability as it relates to food production or more broadly, such as climate change and the economy, and what those impacts may have for the co-op in the future. Further discussion was held to determine the audience (board/GM, staff, membership, public?). It was decided that the target audience should be co-op membership and staff, the topic should be more encompassing than just the definition of sustainable food, and that the panel discussion (led by board member Jon Jensen, who also teaches these topics at Luther) would be held following the July board meeting, beginning at 7:00pm.

8. Action Items

8.1 GM Monitoring Report – L1 Customer Treatment

Motion: Luzum moved and McCargar seconded to **approve the L1 monitoring report**. Motion **passed** by a vote of 7 aye, 0 nay .

Summary: This policy exists to assure that the GM will put into place procedures that ensure that our customers receive high value in our products and services. Various operational procedures are in place to ensure such results and to assess customer perceptions, including such things as customer service training programs for staff, mystery shopper reporting, customer surveys, trends of customer counts and sales growth, safety and regulatory compliance, analysis of existing and potential communication channels, and presence and use of a store merchandising policy. Based upon details within the sub-policies, the policy was reported as in compliance.

8.2 GM Monitoring Report - L4 Membership

Summary: The policy states that the GM shall not fail to establish, maintain and promote a vital membership program that builds a sense of ownership among members. Sub-policies clarify that

information shall not be elicited for which there is not clear necessity; opportunities for member participation shall be provided; means are to be made available so members are aware of Board actions, meetings, activities, and events; the GM shall not change membership equity requirements; and expectations of membership shall be made available to members.

Motion: McCargar moved and Jensen seconded to **extract L4.4 for further consideration**. Motion **passed** by a vote of 7 ayes to 0 nay.

Summary: Concern was expressed that there may be insufficient clarity (especially when reporting membership numbers) that the college cooperator “membership” is not an equity membership, but is a means of allowing this class of customers to have a non-voting, non-equity affiliation with the co-op during their college career in exchange for a discount and, hopefully, customer loyalty and deepening interest in what the co-op brings to the community. This clarification was acknowledged by all.

Motion: McCargar moved and Jensen seconded to **approve L4.4**. Motion **passed** by a vote of 7 aye, 0 nay.

Motion: McCargar moved and Cross seconded to **approve the L4 Report**. Motion **passed** by a vote of 7 aye, 0 nay.

8.3 Board Monitoring Report - D1 Unity of Control

Motion: Luzum moved and Hensley seconded to **approve the D1 monitoring report**. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: This policy states that only officially passed motions of the Board are binding on the GM. Individual board members do not give direction to the GM as individuals and the GM is not bound to respond to individual board member requests for information or use Co-op resources unless received through board action or authority granted by the board. Compliance was reported.

8.4 Board Monitoring Report - G1 Governing Style

Motion: Cross moved and Fitton seconded to **approve the G1 monitoring report**. Motion **passed** by a vote of 7 ayes to 0 nay.

Summary: This policy directs that the Board will govern in a way that emphasizes future (more than the present or the past), emphasizes initiative and strategic leadership (not operational detail), provides clear distinctions of Board and management roles, and deliberates in many voices but governs in one voice. Interpretation and data presented for the sub-policies resulted in a report of compliance for the policy as a whole. Discussion ensued regarding G1.3. The point of the discussion was not, however, to challenge the report of compliance, but rather to approach the question: “Is this the policy we want?” This discussion resulted in the following motion:

Motion: Hensley moved and Jensen seconded to **delete policy G1.3**. Motion **failed** by a vote of 0 aye, 7 nay.

Summary: Policy G1.3 states that “The Board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, policy-making principles, respect for roles and ensuring the continuance of governance capability.”, but the Code of Conduct provides no disciplinary teeth. It was noted that previous Codes of Conduct did provide for disciplinary processes, including removal, but they were removed in 2010. Rather than delete the policy, President Pardee appointed Hensley, Luzum, and Pardee to examine our policies and procedures and propose new disciplinary words for a procedure (not a policy word change) to address this concern, for discussion at the August meeting.

Pro: What alternatives exist for board self-discipline and how can we measure compliance if no path for discipline exists? If there is no disciplinary process, what options does the Board have if a board member is found in violation of fundamental board behavior? Having words that require the Board to “enforce discipline” when there is not possibility of actually doing so is useless. It should be deleted if it serves no function and yet requires us to determine if we're compliant.

Con: There still exist Board-determined actions short of removal, such as censure or Board resolution. There is pressure that can be exerted in executive session via personal contact. While not explicitly stated and lacking in the ability to remove a board member, there are still actions that could be called moral suasion, so the statement is not useless. Lacking current sufficient disciplinary words does not make the policy useless. We could fix this apparent gap by adding a board procedure that identifies steps that might be taken to mitigate the problem, if one should occur, (rather than complicate a monitored policy with those implementation details).

8.5 Ad Hoc Committee Resolution on Preferred Share Redemption and Early Loan Repayment

Motion: McCargar moved on behalf of the committee (committee motion - no need for a second) to **approve the resolution as presented.** Motion **passed** by a vote of 7 aye, 0 nays.

Summary: The Ad Hoc committee (McCargar and Luzum) appointed in April, in consultation with GM Lester, presented a resolution which would act as a guideline for management when faced with requests for possible early repayment of member loans or for redemption of Preferred Shares. These had previously been left to board discretion, but no guidelines existed.

8.6 Policy L1.2.1 Addition - Second Reading - Firearms Ban

Motion: McCarged moved and Jensen seconded to **approve the L1.2.1 policy addition proposal for a third reading next month.** Motion **failed** by a vote of 1 aye (McCargar), 6 nay.

Summary: The proposed policy would add to our L1.2 Customer Treatment policy specifying that the GM shall not ... “Allow an unsafe or unpleasant shopping experience for our customers.” by adding another level of specificity: “L1.2.1 - Ensure that customers and staff are aware that firearms are not permitted in the store”. The exact process would be up to management. Staff had expressed support (in a survey) but were concurrently uncomfortable enforcing it. After consideration, the motion was defeated and the policy will not be amended.

Pro: The new Iowa law allowing concealed carry of firearms puts our customers at risk. We need to make it clear to those entering the store that firearms are not allowed in the store. Our members would be supportive of such an effort because it amplifies and specifies how we're going to create safe, pleasant shopping experience because some people don't want to shop near concealed weapons.

Con: Our policies should only be aimed at achieving our Ends, not at making a non-related political statement. Even if we agree with the political statement, it has no place in our policies, and it could be potentially harmful to our best interests if people perceive we are hostile to them if they happen to support the law. We need to remember that one thing that destroyed the Berkeley co-op was taking positions that had nothing to do with their business objectives. We should learn from that lesson. We can't assume that all Co-op shoppers are opposed to the law and there is no reason to turn ourselves into a lightning rod for this non-related cause, however much we personally support it. It would put staff in a very stressful situation to identify “carriers”. Should a

weapon being legally carried become un-concealed the police should be called. The policy would have no actual prevention effect. There is no evidence to suggest that a sign stops someone legally carrying a concealed weapon from entering a building.

9. Next Monitoring

Board D2 - Accountability of General Manager (McCargar)

Board D3 - Delegation to the General Manager (Hensley)

GM L5 - Financial Condition

10. Next Meeting Tu, July 26, 2011

Meeting self-evaluation forms were completed by board members.

11. Executive Session (optional) - None

12. Adjourn

Motion: Cross moved and Hensley seconded to **adjourn the meeting**. Motion **passed** by a vote of 7 aye to 0 nay.

Meeting adjourned at 7:15.

Documents Reviewed:

Agenda

Power Triggers, Seesaw Battles, and Handcar Cooperation – Article from Cooperative Grocer (Board Learning)

OCC Board Learning Committee Report (Board Learning)

May 31, 2011 Regular Meeting Minutes

GM Report

Report of the Member Linkage Committee

GM Monitoring Report L1

GM Monitoring Report L4

Board Monitoring Report D1

Board Monitoring Report G1

Board Resolution – Ad Hoc Early Loan Repayment/Preferred Share Redemption Guidelines

Proposed Board Policy Addition – L1.2.1 (Firearms)

Extra Information RE: Proposed L1.2.1

Previous Meeting Survey Results