

**Oneota Community Co-op
Minutes for Regular Board Meeting
April 26, 2012, 5:00 PM
Luther College Campus, Valders Hall, Room 379**

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

New Board Members Present: Anne Dykstra, Lora Friest

GM Present: David Lester

Co-op Staff, Member/Owners, Present: Lynda Sutherland (Bd Admin Asst), Steve Peterson

1. Call to Order

President Pardee called the meeting to order at 5:05 PM

2. Board Learning – None

3. Member Comments:

Steve Peterson thanked Lyle Luzum and Robert Fitton for their service on the Board of Directors.

4. Disposition of Member Comments:

No official Board response was required.

5. Agenda Review

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

6. Approval of Minutes

Line 65 – close of voting should be changed from April 1 to March 31.

Motion: Hensley moved and Cross seconded to **approve the 2012 March minutes as corrected**.

Motion **passed** by a vote of 7 aye, 0 nay.

Summary: A correction was made to the date referenced as the close of voting.

7. Old Board: Action Items

7.1 Certification of Election

Motion: Luzum moved as secretary and Fitton seconded to **approve the certification of the 2012 Board of Directors election. Election is certified** by a vote of 7 aye, 0 nay.

Summary: The Board Secretary is required by Policy G10.2 to certify the results of all elections or referenda put to the members.

7.2 Disposal of Election Ballots

Motion: Fitton moved and Luzum seconded to **dispose of the ballots from the 2012 Board of Directors Election**. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: Consistent with previous practice, once the election is certified the ballots may be disposed of.

7.3 Board Procedures Manual: Election Procedure Recommendations

Motion: the Board Nominations Committee moved to **approve the election procedures as recommended**.

Summary: After each election cycle the Nominations Committee and the Vice President, who is in charge of running the election, reviews the procedures and may make update recommendations. Several were made this year, mostly relating to timelines. One recommendation related to the process the Board uses to determine whether or not to hold a candidate forum. The decision this year to not hold the forum was made by the Board at the January meeting and a summary of that decision is in the minutes for that meeting. The update recommendations contained wording to indicate that the Nominating Committee will henceforth determine each year whether the candidate forum will be held.

Motion to amend: Hensley moved and Fitton seconded to **change the recommended wording to: “The Board Nominating Committee will bring a recommendation to the Board whether or not to hold a candidate forum.”** Motion **passed** by a vote of 7 aye, 0 nay.

Summary: Committees typically bring recommendations to the Board for decision.

Motion as amended **passed** by a vote of 7 aye, 0 nay.

7.4 Board Procedure: Ethics Statement for the Board Administrative Assistant

Motion Luzum moved and Pardee seconded to **approve the addition to the Board Procedures Manual of a proposed Code of Conduct statement for the Administrative Assistant to sign.**

Motion **passed** by a vote of 7 aye, 0 nay.

Summary: Code of Conduct statements exist and are signed by Board members and by Non-board Committee members. Since neither fit well with the Administrative Assistant position, which was added after the other statements were created, this statement covers that gap.

7.5 Motions to Modify L5 (third reading)

Motion A: Pardee moved and Hensley seconded to **approve the proposed changes to GM Policy**

L5.6. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: This was the third and final reading of the proposed changes to policy G5.6. A summary of the rationale is included in the January 2012 minutes (first reading). The revised policy now reads: [The GM will not] “6. Acquire (*through purchase, lease, or gift*), encumber or dispose of real estate.” (addition in *italics*).

Motion B: Pardee moved and Hensley seconded to **approve the proposed additional GM Policy**

L5.11. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: This was the third and final reading of the proposed addition of policy G5.11. A summary of the rationale is included in the January 2012 minutes (first reading). The new policy now reads: [The GM will not] “11. Begin a fundamentally new enterprise without Board approval.”

Lyle Luzum and Robert Fitton, whose terms expired, were excused with thanks of the Board. Newly elected Board members Lora Friest and Ann Dykstra were seated on the Board.

8. New Board: Election of Officers & Composition of Standing Committees

8.1 Election of President

Motion: Hensley moved and Cross seconded to **elect Bill Pardee as President of the 2012 Board of Directors.** Motion **passed** by a vote of 7 aye, 0 nay.

8.2 Election of Vice President

Motion: Cross moved and Dykstra seconded to **elect Gary Hensley as Vice President of the 2012 Board of Directors.** Motion **passed** by a vote of 7 aye, 0 nay.

8.3 Election of Secretary

Motion: Pardee moved and McCargar seconded to **elect Johnice Cross as Secretary of the 2012 Board of Directors.** Motion **passed** by a vote of 7 aye, 0 nay.

8.4 Election of Board Treasurer

Motion: Pardee moved and McCargar seconded to **elect Lora Friest as Treasurer of the 2012 Board of Directors.** Motion **passed** by a vote of 7 aye, 0 nay.

8.5 Appointment to Standing Committees

President is ex-officio member of all committees

Vice President Gary Hensley is automatically head of **Board Development Committee.** Other members: Anne Dykstra, Steve McCargar

Pardee agreed to chair **Member Linkage Committee.** Other members: Johnice Cross, Lora Friest

8.6 Code of Conduct Signing

All directors signed the code of conduct forms.

9. Reports

9.1 GM Report

Financial Snapshot: For the month of March, sales were up 14.5% (\$44,697) compared to 2011. YTD sales through the end of March were up \$96,394 (+11.22%) compared to first quarter of 2011. Average transactions are up about 400 more per week compared to last year. Member percentage of sales remains around 80%. Refocused merchandising and messaging is paying off. Quick ratio is .78. Current balance in savings #3 is \$41,493 plus a \$205,000 CD and Decorah Bank and Trust for a total of \$246,493. Current assets total \$288,680, which is 20% above the same period last year. We have signed up 148 new members in 2012. Member share equity is up 11.7% over 2011. Local sales for month of February were 19% compared to 11.7% for February, 2011. Margin for first quarter was 39.51%, which was greater than budget amount of 39% and above the NCGA suggested range of 34-39%. Total wages budget has been under spent by \$86.00 and total payroll budget has been overspent by \$1,122 (+.48%).

Motion: Hensley moved and Cross seconded to **have the President of the Board write a letter on behalf of the entire board of directors to David Lester, thanking him and congratulating him, his management team and staff on a fantastic job for Q1 2012, to be signed by all directors at the Board retreat.** Motion **passed** by a vote of 7 aye, 0 nay.

NCGA/Central Corridor Info: David attended the Spring 2012 meeting in Albuquerque and has been asked to consider running for the NCGA board of directors. He would be representing the smaller stores, and will make a decision soon on whether to run for the position. Mark Mulcahy, CDS Consulting merchandising specialist was in the store March 24 - 26 and worked with staff on store merchandising. A direct impact can be seen on implementation of the ideas presented.

Store Happenings: Earth Day celebration was a success in the new Water Street Park. Class participation is up over 400% through the end of April. Increase in radio advertising to KVIK and KPVL. Cashiers are noticing an increase in number of customers they haven't seen before.

Community/Outreach/Other Co-op Projects: Marketing Manager, Nate Furler, is working with Decorah Schools Food Service Director to develop new menus with more whole foods.

Physical Store Update: From mid-March through mid-April, electrical usage was up 6% compared to same period in 2011, due to warmer weather. Gas usage is down almost 50% compared to last year.

Staff Updates: Jana Klosterboer has been hired as Front End Manager. Johanna Bergen will begin a part-time position as Education and Outreach Coordinator in early May. We are close to hiring a wellness assistant.

Marketing/Special Projects: Ongoing classes throughout the month, with good attendance especially for "How to Boil Water" series.

9.2 Board Treasurer's Report

Summary: Board actual expenses for the first quarter are well below the amount available per quarter.

10. Action Items

10.1 L5 Financial Conditions: Quarterly Report

Motion: Hensley moved and Jensen seconded to **approve the L5 Report**. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: We commend David for beating his target margin by over a half a percent.

Motion: McCargar moved and Friest seconded to **have GM provide sales and margins by department on a quarterly basis..** Motion **passed** by a vote of 4 (McCargar, Jensen, Cross and Friest) aye, 3 (Pardee, Dykstra and Hensley) nay.

Discussion: There was some question as to whether this motion was in order, since this information is not required by L5. After some discussion, the feeling of the Board was that this motion was within the scope of the present discussion.

Jensen moved to postpone the discussion and vote on this motion at the June Board meeting.

Motion to postpone died due to lack of a second; most board members seemed prepared to vote. It was mentioned that the board has two additional options: 1) change the policy so it mandates certain data coming in, or 2) to say as a board it's not required but we feel it would be valuable, so we are requesting additional information.

Pros:

Though we are constrained by our policy governance language, we are elected representatives of the membership, and we have a financial, or fiduciary, responsibility.

The board has the opportunity to ask for certain financial information to provide additional context and it is the board's right to expect that information.

The Board, as the entity responsible for the financial health of the co-op and its mission, has a right to as much detailed financial information as it needs to inform its oversight.

Other people outside our organization are seeing this information and we are not.

The auditors have given us this information on an annual basis two years in a row; that information is obviously important for us to see. But it is much more useful to receive it quarterly than annually.

We have a right to ask for information despite the specific utility of this information to us as a Board.

Cons:

We have a policy in place (L5) that tells the GM exactly what he needs to do to stay in compliance.

It's completely operational information, which is something David and the staff watch carefully.

It is useful to the GM to share that type of information with other GMs, but it would not be useful to the board.

If we are to expect rather than request extra information, it should be an amendment to the L5 policy.

It may make meetings longer and may exacerbate the tendency to micro-manage. It opens up to a lot of discussion around minutiae.

If we vote in favor of this it should be with the understanding that we need to be responsible in not spending too much time discussing or micro-managing the store operations that the data represents.

If we pass this motion, we need to have sufficient discussion with David to make sure this will not have a negative impact on the relationship between the board and the GM.

10.2 Global Governance Commitment

Motion: McCargar moved and Cross seconded to **approve D-Global Governance Commitment Report**. Motion **passed** by a vote of 7 aye, 0 nay.

Summary: This report monitors the connection between the board and the operational organization through the general manager. There were no reports of noncompliance.

11. Next Monitoring

G4: Board Code of Conduct (Pardee)

L10: Board Logistical Support (GM)

L: Global Executive Constraint (GM)

12. Next Meeting & Current Meeting Evaluation

Next Meeting Tuesday, May 22, 2012

12.1 Meeting self-evaluation forms

Self-evaluation forms were completed for this meeting.

13. Executive Session (optional)

None

14. Adjourn

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

Meeting adjourned at 6:58.

Documents Reviewed:

Agenda

Minutes of previous meeting

2012 Election Certification

Board Procedures Manual: Election Procedure Recommendations – Changes for 2013

Board Procedure: Ethics Statement for AA - Code of Conduct to Sign for Board AA

Motions to Modify L5 v2.docx

L5 Financial Conditions-Revised 4-12

GM Report April

L5 Financial Conditions

Balance Sheet March 2012

Condensed 2012 March YTD Budget

Condensed Profit and Loss 2012 Q1

Larry Neuzil No Real Estate

2012 Board Tax Reporting

2012 02 Global_MonRpt

Previous Board Meeting Survey Report