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Oneota Community Co-op
Minutes for Regular Board Meeting
May 22, 2012, 5:00 PM
Luther College Campus, Valders Hall, Room 379

Board Members Present: Bill Pardee, Gary Hensley, Johnice Cross, Lora Friest, Steve McCargar

Board Members Absent: Jon Jensen and Anne Dykstra

GM Present: David Lester

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

1. Call to Order

President Pardee called the meeting to order at 5:08 PM

2. Board Learning – Directors and Officers Insurance

Summary: Dane, our insurance agent, is available on the phone. We have a D&O insurance policy with \$500,000 coverage and \$5,000 deductible. Most of the lawsuits fall into the “wrongful acts” category. We summarized the 17 most common types of claims on this type of policy. This is basically a team type insurance policy, and probably does not cover individuals who might act alone and make a mistake. There is another insurance policy that covers Dave and the other employees. Illegal acts are not covered. Don’t break contracts and don’t break the law, and you will probably be OK. We have some technical issues we can ask Dane. On top of this “flexi-plus” policy, there are other “bell endorsements” that are part of the basic policy that they offer, and we do not reduce the cost of the insurance if we don’t want them. Dane suggested we increase our liability coverage; he thought a million dollars would be more adequate. He also suggested we get fiduciary liability insurance that covers the benefit packages, and it doesn’t cost much. It doesn’t seem like we could do anything that would make a problem in that area. Workplace violence insurance: if someone sued the board for injuries, our policy does not directly cover defending against that. It sounds like that one would be a good idea to have. There seems to be no reason not to increase the liability coverage to a million.

In Flexi-plus five sheet: Under “Employment Practices: Liability? What is a carvax? IF they sue the secretary for an error in the budget, that means she gets compensated first? Yes, that’s exactly what that means. A Board member is covered even after s/he leaves the board, as long as the insurance is kept continuously in force.

A call was put through to Dane. Any policy that is approved by the board has to be approved by a majority of the board. If less than the majority entered into a “contract,” they could definitely sue; the insurance company would still definitely defend the board on that, but could then hypothetically go after the board member(s) that made the fraudulent contract.

Does the coverage include the legal fees, etc? There could be a separate limit for the defense clause. The coverage is per claim but there is an aggregate limit per year.

Fiduciary liability: Dane can email exclusions. It does cover the group medical, retirement funds, anything that is promised, including deferred compensation plans, or anything where funds are being transferred to your members, dividends. Defaulting on loans would not be insurable, would not be considered fiduciary liability.

The board is not making a profit; you are not being paid to serve. We are not a “true” non-profit since the store makes a profit. Dane will get the quotes for the fiduciary liability to Dave this week. He will get quotes from a variety of different companies and send a spreadsheet so the best 4-5 quotes can be compared by the board. That would not disrupt our continuous coverage. If you change companies, we will make sure your new company honors your coverage start date

50 of 2009.

51

52 **3. Member Comments:**

53 (None)

54

55 **4. Disposition of Member Comments:**

56 **No Disposition Required (No Comments)**

57

58 **5. Agenda Review**

59 **Motion:** Hensley moved and Friest seconded to **approve the agenda**. Friest moved and Hensley
60 seconded to **add item 8.5 to request insurance adjustments to the agenda**. Motion **passed as**
61 **modified** by a vote of 5 aye, 0 nay.

62

63 **6. Approval of Minutes**

64 **Motion:** McCargar moved and Friest seconded to **approve the minutes as presented**. Motion **passed**
65 by a vote of 5 aye, 0 nay.

66

67 **7. Reports**

68 **7.1 GM Report**

69 **Financial Snapshot:** For the month of April, sales were up 11.7% (\$36,969) compared to
70 2011. YTD sales through the end of April were up \$133,363 (+11.34%) compared to same
71 period last year. Four week average of transactions/week is at 4,372. Member percentage of
72 sales averages 79%. Quick ratio is .84. Current balance in savings #3 is \$46,193 plus a
73 \$205,000 CD and Decorah Bank and Trust for a total of \$251,193. Current assets total
74 \$335,959, which is 24% above the same period last year. We have signed up 158 new members
75 in 2012. Member share equity is up 11.9% through 05/16/12 over 2011. Local sales for month
76 of April were 20% (\$70,644) compared to 21% for April, 2011 (\$66,133). We are above budget
77 in sales of \$70,236, which is 5.7% above plan/budget. Total wages budget has been over spent
78 by \$914.00 (.39% above budget/plan). Total payroll budget has been overspent by \$2,213.00
79 (+.76%). Fully loaded labor as a percentage of sales continues to be below budget. We have
80 added two part-time positions in Grocery to cover more evening and weekend hours and the
81 Café has added one more position for catering. The NCGA is showing an 8% increase in sales
82 and we are at 11.6%. We started with 39 employees at the beginning of the year and are now at
83 44, which should be the number we stay at for awhile.

84

85 **NCGA/Central Corridor Info:** We were able to negotiate a third delivery every week from
86 UNFI which should help lower inventory and keep product in stock.

87

88 **Store Happenings:** Class participation and fees are up over 137%. May member appreciation
89 day sale hit an all time high of \$37,187.

90

91 **Community/Outreach/Other Co-op Projects:** Two Luther students and finished a film about
92 the Co-op about how we impact our community. The Co-op is the June sponsor of the
93 community meal at First Lutheran for low-income families. Iowa Public Television is featuring
94 the Co-op and Chef Mattias in their program called, Iowa Ingredient, and also may feature us in
95 Market to Market, which will talk about the Co-op economy in general.

96

97 **Physical Store Update:** From mid-April to mid-May, the electrical usage was down 3%
98 compared to same time period in 2011. Gas usage was up 20% compared to last year and is due

99 to more cooking in the café and the HVAC being able to control the humidity better now.

100
101 **Staff Updates:** Carrie Welper moved from grocery to the wellness assistant job. Gabe Smith
102 and Emily Hackman are two new part-time grocery stockers. Ashley Urspringer is a new part-
103 time cashier and Michelle Smith and Scott Biederman are new barista's in the Café.

104
105 **Marketing/Special Projects:** Ongoing classes throughout the month, with good attendance
106 especially for "How to Boil Water" series. We are having a photographer take pictures of our
107 local producers and will feature those with a profile in the store.

108 109 **8. Action Items**

110 **8.1 GM Report – L Global Executive Constraint**

111 **Motion:** Hensley moved and McCargar seconded to **approve**. Motion **passed** by a vote of 5
112 aye, 0 nay.

113 114 **8.2 GM Report L10 – Board Logistical Support**

115 **Motion:** Hensley moved and Cross seconded to **approve**. Motion **passed** by a vote of 5 aye, 0
116 nay.

117 118 **8.3 Board Report – G4 Board Code of Conduct**

119 **Motion:** Hensley moved and Friest seconded to **approve**. McCargar moved and Friest seconded to
120 **separate G4.5.2 (meeting preparation) for separate vote**. Motion **passed** by a vote of 5 aye, 0 nay.
121 Motion to **approve G4 except for G4.5.2 passed** by a vote of 5 aye, 0 nay. McCargar moved, Hensley
122 seconded to have **the minutes record violations of non compliance were found of G4.5.1 (regular**
123 **attendance), G4.5.3 (respecting others opinions) and G4.5.4 (supporting board decisions) but**
124 **generally overall compliance was high**. Motion **passed** by a vote of 5 aye, 0 nay.

125 Summary: Four items of non-compliance were not serious breaches but mentioned in the spirit
126 of continuous improvement. Thought the report was even-handed. The finding of none-
127 compliance in the three sections should not be read by the Board or the membership as a vote of
128 no confidence.

129 **G4.5.2; motion failed, which implies motion to approve**

130 Summary: of G4.5.2: Wording is the same. It was not that directors did not prepare but needed
131 more lead time that will be discussed under item 8.4 on the agenda for this meeting. Therefore,
132 a vote of nay equals compliant and a vote of aye equals non-compliant. Vote was 0 aye and 5
133 nay, which implies motion to approve as compliant.

134 135 **8.3.1 Preparation Deadline for Reports**

136 Summary: Agreement was reached during discussion that reports would be uploaded to the
137 board site by Thursday and the board assistant would combine them by Friday evening before
138 the Tuesday board meeting the following week. This should give all directors enough time to
139 review all documents before the meeting.

140 141 **8.4 Calendar Issues:**

142 **8.4.1 November Meeting Date**

143 **Motion:** Vote postponed until next meeting so that all Board members can be present.

144 Summary: In November we are open to either the 20th or the 27th. David will get Larry's input
145 on timing for reports.

146 147 **8.4.2 December Meeting Date**

148 **Motion:** Vote postponed until next meeting so that all Board members can be present. We are
149 looking at moving the meeting date from December 25 to December 18 since we don't want to
150 meet on Christmas Day.

151

152 **8.4.3 Field Trip to Prairie du Chien Sharing Spaces Kitchen**

153 **Scheduled for June 18th; time to be determined.**

154 Summary: We will be meeting with Dan Moris, who is the manager of the kitchen. Mondays
155 are the best day for Dan and the 18th is the best Monday for David to attend.

156

157 **8.5 D&O Insurance Coverage**

158 **Motion:** Friest moved and Hensley seconded to **ask David to obtain multiple quotes to**
159 **increase the D&O insurance coverage and purchase fiduciary liability coverage.** Motion
160 **passed** by a vote of 5 aye, 0 nay.

161

162 **9. Next Monitoring**

163 D1: Unity of Control – Steve

164 G1: Governing Style – Gary

165 L1: Customer Treatment – David

166 L4: Membership - David

167

168

169 **10. Next Meeting & Current Meeting Evaluation**

170 **Tuesday, June 26, 2012**

171 Self-evaluation forms were completed for this meeting.

172

173 **11. Executive Session (optional)**

174 None

175

176 **12. Adjourn**

177 **Motion:** Hensley moved and Friest seconded to **adjourn the meeting.** Motion **passed** by a vote of 5
178 aye, 0 nay.

179 Meeting adjourned at 6:45 p.m..

180

181 **Documents Reviewed:**

182 April Self-evaluation

183 D&O Claim Scenarios

184 EPL Claims Scenarios

185 Flex-Five Highlight Sheet

186 Insurance Policy Overview

187 Agenda

188 Minutes of previous meeting

189 GM Report

190 L Global Executive Constraint

191 L10 Board Logistical Support

192 G4 Board Code of Conduct