

**Oneota Community Co-op
Minutes for Regular Board Meeting**

September 26, 2017 5:30 PM
Kitchen Classroom, 308 W. Water St.

Board Members Present: Brita Nelson, Scott Hawthorn, Bryan Stuart, Alicia Trout, Maren Beard, (Flannery Cerbin-Bohach, Emily Neal arrived 5:40 p.m.)

Board Members Absent: (Flannery Cerbin-Bohach, Emily Neal arrived 5:40 p.m.)

GM Present: David Lester

Co-op Staff: Nate Furler, beginning at 5:42 p.m.

Member/Owners Present: Jeanine Scheffert (Bd Admin Asst)

1. Call to Order

Nelson called the meeting to order at 5:35 p.m.

2. Board Learning - Consultant Info Regarding Expansion

GM reviewed the Executive Summary page of the NCG Development Cooperative's pro forma covering Phase I and Phase II of a remodel project. Lester, Larry, and Nate didn't like their initial plan, but Lester shared it with the Board anyway to keep them up to date. The consultants will be redoing the drawings.

Co-op currently has \$100,000 of cash available for expansion/remodel without any preferred shares or member loans. It will be up to Board if we want to utilize preferred shares or member loans.

We are leaning towards a major remodel rather than expansion. Consultants feel that even if we didn't have kitchen building, we have enough space to have room to grow - no expansion is necessary.

It is not yet time for Board to decide on approving the project. Right now, we are in the feasibility phase of the project. Co-op management will work with the Development Committee to do this - they'll give us a final pro forma and a couple of drawings, and a detailed equipment list. Once the board approves, then we'll take the plan to a Design Build architectural firm. We may be addressing the feasibility study/purchase yet in 2017. This pro forma is based on starting something in the second quarter of 2019. We had a reduction in cash savings - we're not saving as we had hoped. That all effects timeline. We don't want to stretch ourselves. We'll have member meetings, etc., but this is giving us a good idea of how much things will cost, what benefits we'll see in sales growth, etc.

3. Member Comments - none

4. Disposition of Member Comments - No member comments

5. Agenda Review

Motion: Trout moved and Hawthorn seconded to **Approve Agenda**. Agenda **passed** by a vote of 7 aye, 0 nay.

6. Approve Minutes

6.1 August 2017 Main Meeting Minutes

Motion: Trout moved and Cerbin-Bohach seconded to **Approve August 2017 Main Meeting Minutes**. Motion **passed** with a vote of 7 aye, 0 nay.

7. Consent Agenda – none

8. Reports

8.1 GM Report

Financial Snapshot:

Sales have been good. We were up 3% in August and so far, September is still above 2%. Cash is not where we want it to be yet; we're still paying off member loans and had some larger equipment issues, but we finally have positive sales growth for the year. Bulk sales have gone up 2.1% for the 3rd quarter; much better than the -8-10% we were seeing.

We do still have preferred member share debt. It is a liability and the preferred members can cash it in. However, the original agreement was that they may never get their money back. We hoped to pay dividends and some co-ops like to pay it back when they are doing well, but we went way over budget and had to ask for more. We've paid off one and there has been one dividend payment issued. It is something we could do again.

Community/Outreach/Other Store Happenings:

New cashiers are signing up new members. We have a lot of new staff training. Our overall labor is down, but not as low as it should be to get to our budgeted net income.

Local sales are good. Lester went to a conference about doing a better job of telling our story. Average co-ops score 21% in this field, we're at 25%. We could be telling our story a lot better - we've been doing it since 1974. Corporate stores are doing it well. There are templates to use about energy usage, etc.

Nelson and Lester checked on our retention rate and we're doing better than we thought and much better than last few years. It is measured over the course of year, with the number of employees leaving over number of employees on the payroll, over the course of a year. (Turnover is all employees that come and go throughout the year.) Three people will be leaving the deli in the next few weeks. We're most concerned about the deli and are doing some different recruiting techniques. We hired three new people in last week.

NCG stores are seeing similar uptick in sales that we're seeing. We're a little bit above central co-ops for the quarter.

Physical Store Update:

Marketing/Special Projects:

Nate went to Mabel/Spring Grove area and talked to Dawn Johnson, formerly of Rochester Food Co-op, now head of library in Spring Grove, and picked her brain about sales and dollars and where she gets things for their buying club. They have 6-30 active people at a time, the numbers varying due to gardens, etc. They don't use UNFI, they use Co-op Partners, Frontier, and one other distributor. We told her about what we were looking at and she is happy to help. Hopefully we can help them as well.

We'll be moving forward with an online version in October. By the end of the year, we should have something solid for placing order through a website.

8.2 L2: Staff Treatment

Motion: Trout moved and Neal seconded to **Approve L2: Staff Treatment.** Motion **passed** with a vote of 7 aye, 0 nay.

The L2 reports on how staff feel things are going at the co-op. Data is gathered through a survey sent to people who have worked at the co-op for 3 or more months. There were 39-40 people who qualified and 30 who completed the survey. Results looked even better than last year. We gained ground in wages. Anything above a "4" is really good and we scored mostly "5s." We have been steady at 4.5 in diversity training, discrimination, harassment, etc., but we are down to 4.28. We are more diverse than we ever have been now and we will do some more training; perhaps a cultural competence and inclusive excellence or something that Luther does - we'll look into it.

Although under 1 is excellent for safety record data and we are reporting 1.1, this is based on one employee, so we are still reporting full compliance. If more injuries had been reported, that would point to a problem.

8.3 L3: Compensation and Benefits

Motion: Trout moved and Cerbin-Bohach seconded to **Approve L3: Compensation and Benefits.** Motion **passed** with a vote of 7 aye, 0 nay.

Reporting full compliance. We do this report to see how we are sitting in the region compared to other co-ops. We now have a \$10 minimum wage, which is above living wage for one adult. Next year we can look at mid-level wages. We're excited about

health care; we're looking at plans for single employees that could add dependents for cost, with the ability to add spouses next year. We're looking at an HSA plan with a \$2000 deductible, \$3650 out-of-pocket max. We also offer a 20% in-store discount for all employees and their households.

9. Action Items - none

9.1 Raise Line of Credit with Decorah Bank and Trust

Motion: Neal moves and Beard seconds to **Increase line of credit with Decorah Bank of Trust from \$60,000 to \$100,000.** Motion **passed** with a vote of 7 aye, 0 nay.

A Development Cooperative suggested we increase our line of credit from \$60,000 to \$100,000. Board needs to approve this in order to make it happen. Decorah Bank and Trust has been really good to us with loan and interest rates. We wouldn't want to sit on a \$100,000 debt for very long, but it would look good that our bank is comfortable giving us this line of credit and it would be important to have if we ended up needing it. We would still shop for the best rate before getting a loan for a remodel.

9.2 Electronic Balloting - Policy Change Recommendations

10. New Business

10.1 Membership Committee Meeting Update

Board reviewed new wording of Board Election Procedure.

Motion: Hawthorn moves and Beard seconds to **Approve Amended Board Election Procedure.** Motion **passed** with a vote of 7 aye, 0 nay.

10.2 Board Coffee Update (From August 24)

Trout and Stuart will bring a list of board outreach ideas to next month's meeting. GM will also bring a list of outreach ideas that Board could consider, such as creating a nonprofit arm of the Co-op; an entity that could raise money for micro loans for local farmers and have a volunteer program, all of which would go towards our Ends.

Board brought up question of having a low-income member discount.

It is Board's responsibility to connect with membership over ideas related to Ends and Strategic Priorities as well as fiduciary management and long-term vision while it is GM's responsibility to oversee daily operations. In regards to a remodel, Board oversees the fiduciary responsibility, but does not have a say in day-to-day management. During the "coffee talks" if a member owner or customer brings up daily operations, Board can have them fill out a comment card so GM ends up with the comment. Board solicited feedback about an expansion/remodel in the past, but at this point Board will be presenting information rather than soliciting feedback from

members. The feedback we are looking for now should come from grocery industry professionals.

11. Next Monitoring & Other

11.1 [L5: Financial Conditions - GM]

11.2 [Quarterly Report - GM]

12. Next Meeting - Tuesday, October 24, 2017 @ 5:30 PM

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Trout moved and Hawthorn seconded to **Adjourn Meeting**. Motion **passed** with a vote of 7 aye, 0 nay. Meeting adjourned at 7:45 p.m.