

2024 ELECTION BALLOT INCLUDES BOARD COMPENSATION BYLAW AMENDMENT

Membership invited to forum on proposal:
March 7, 5:30 - 6:30 p.m., Co-op Kitchen Classroom

By Scott Timm, board president

Effective, equitable and contemporary board compensation has been a discussion item at Co-op board meetings throughout the past few years. This matter was also addressed at the April 20, 2023 Annual Meeting of the Membership, at which time the creation of an ad-hoc committee to study the matter was recommended. The ad-hoc committee would be charged with researching cooperative practices on board compensation. These individuals would then formalize a suggestion to the Board and membership regarding compensation for service on the Co-op's board of directors.

The May 2023 Board meeting's New Business items included discussion on the recruitment of ad-hoc committee members; this conversation culminated at the August 2023 meeting, establishing an ad-hoc committee of Mike Bollinger, Jeanine Sheffert, Peter van der Linden and board members Hannah Breckbill and Scott Timm.

Following research and conversation centered on cooperative compensation practices and the needs of Oneota Co-op specifically, the ad-hoc committee has recommended a change in our current board compensation method. Proposed is a move from the existing practice of compensation via an eight percent per visit store discount to a monthly stipend placed directly into the board member's declining balance account. Such revision may be implemented via an amendment of Co-op Bylaw 5.8 regarding board compensation.

As a result, your 2024 Oneota Co-op Board of Directors ballot will contain one additional vote - that of choosing whether the Co-op should proceed with an amendment regarding method of board compensation. Members in good standing (those who are current on, or have completed,

share payments) will receive election materials between now and March 1 with access instructions for online voting via the United States Postal Service (USPS) and/or email. Voting begins at 9 a.m. March 1 and concludes at 8 p.m. April 1. Those who prefer a paper ballot option may ask for election materials at our front end registers.

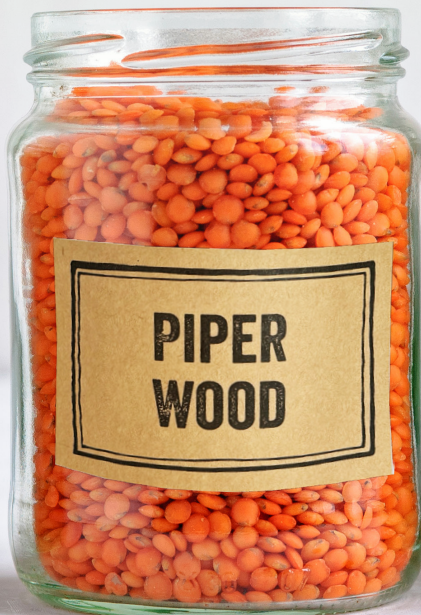
Member/owners are invited to a forum on the proposed amendment Thursday, March 7, 5:30-6:30 p.m. in the Co-op Kitchen Classroom (310 West Water Street). We welcome your engagement with members of the ad-hoc committee regarding their process during this time.

Factors surrounding proposed amendment

The discussion surrounding board compensation is complex. Our current Bylaw (see below) establishes that the Board is entitled to the same benefits that are available to all members. These same benefits, from a financial standpoint, include the five percent, once-a-month discount, as well as an eight percent "volunteer" discount (expect more info on our "Oneota Co-op Volunteer Program" at a later date).

This form of compensation, being based on the discount at the register, may create unequal compensation for board members. Though the compensation parameters are the same, what each board member can see as compensation is dependent upon varying factors. These factors include, but may not be limited to, how much of their own food they grow and utilize, financial capabilities for grocery expenditures as a whole, and household size.

Research into saving amounts revealed a distinctively wide range of compensation across board members. In practice, the more a board



member purchases at the Co-op, the more they benefit from their discount. Oneota Co-op 2023 figures place the total amount of board member savings via the eight percent store discount at \$1,610.21. The highest savings recorded for a board member was reported at \$708 for the year. Low savings figures came in at \$23 for one board member.

The committee examined board compensation structures and amounts from other food co-ops in the region, research, data, and discussion through Columinate.coop, as well as looking at our own discount and sales data to determine a recommended path forward for Oneota Co-op. A 2021 Cooperative Governance Research Initiative (CGRI) Food Co-op Findings study conducted by the University of Wisconsin - Madison Center for Cooperatives included data regarding board compensation. The report found that 77% of food co-ops participating in the study compensate their board of directors, with 55% reporting board officers to receive higher compensation than non-officer directors. The compensation methods most frequently used are product discounts and fixed payments. Figures from reporting food co-ops resulted in 42% paying less than \$1,000 annually, 22% between \$1,000 and \$4,999 annually, with the remaining 36% receiving \$5,000 to \$25,000 annually. A local example of compensation is Viroqua Food Co-op, Viroqua, Wis, where directors are compensated \$150/mo., the vice president \$175/mo., and the director \$200/mo. The Viroqua Food Co-op compensation method is via store gift card.

Of consideration are manners in which the proposed change may serve to attract and/or retain board candidates. The Board and the Co-op's marketing department are tasked annually with candidate recruitment details, and each year this process is a struggle. It is possible the proposed amendment change may serve to attract and/or retain talented board candidates.

In group conversation Thursday, Feb. 15, ad-hoc committee members worked to transparently clarify messaging regarding this process.

"Regardless of the determined amount of compensation, we don't want to lose sight of a significant reason that we're proposing this - which is that people who may feel like they can't afford to be involved in board service could now be able to," noted Jeanine Scheffert, ad-hoc committee member. "This amendment proposal," added Scott Timm, the Co-op's outgoing board president, "is about restructuring the compensation process for greater equity."

Proposed Bylaw Amendment

Revisions to Oneota Co-op Bylaws may be finalized in two manners: board members must vote unanimously to amend a bylaw; or a three-fourths majority of member votes cast are in favor of a proposed change. Board members themselves voting on their own compensation revision does not align with OCC Bylaw 5.7. - Conflict of Interest. The appropriate channel falls to a vote by Oneota Co-op members in good standing.

Current Co-op Bylaw 5.8 Compensation states: "Directors of the Cooperative are only entitled to the same benefits that are available to all members. In addition, reimbursement shall be made by the Cooperative for actual expenses incurred by individual Board members attending to Board business (other than mileage payments for attending regular Board meetings). A director shall not be entitled to remuneration for services performed for the Cooperative by said

Director unless a resolution authorizing payment for services has been adopted by the Board before the services were begun. A Director may be entitled to payment for services performed as a vendor of or in contract with the Cooperative."

The proposed amended Bylaw 5.8 Compensation would read as follows: "Any policy to establish or alter compensation for the Board of Directors shall be determined by vote of the membership. In addition, Directors may be reimbursed by the Cooperative for actual expenses they incur on Board business, except that Directors shall not be reimbursed for mileage expenses when traveling to Board meetings. Directors also may be paid for services they perform as a vendor of or in contract with the Cooperative, provided that any such payments be authorized by Board resolution before the services begin."

Should the amendment pass, what is the next step?

A three-fourths voting majority is required for amendment passage. Should this occur, the final step lies in determining the dollar amount to be placed in each board member's declining balance on a monthly basis. This board compensation amount vote would require a simple majority for passage.

Should the bylaw amendment pass, members in good standing will be able to vote on the compensation amount via these manners: an electronic absentee ballot option will launch Tuesday, April 2 and close Thursday, April 11. An additional absentee option will be made available via a paper ballot at the Co-op. Those desiring a paper ballot mailed via USPS should reach out to vote@oneotacoop.com. Lastly, members in good standing may cast an in-person vote at the Annual Meeting of the Membership Friday, April 12 at the Winneshiek County Fairgrounds Community Building. The results of the compensation vote will be announced during the Annual Meeting. Watch for additional details via the CommPost, social media, in-store signage and at oneotacoop.com regarding this process.

Additional questions regarding the proposed amendment and board compensation can be sent to Scott Timm, board president, at oneotatimm@gmail.com. Inquiries regarding voting and election materials can be directed to vote@oneotacoop.com.



COOPERATIVE PRINCIPLE #

2

DEMOCRATIC OWNER CONTROL

Cooperatives are democratic organizations controlled by their owners, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the ownership. Owners have equal voting rights - one owner, one vote.