

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

December 18, 2018 5:30 PM
Kitchen Classroom, 308 W. Water St.

Board Members Present: Brita Nelson, Flannery Cerbin-Bohach, Dennis Pottratz, Scott Timm, Emily Neal, & Scott Hawthorn

Board Members Absent: Aimee Viniard-Weideman

GM Present: David Lester

Co-op Staff : Nate Furler (Marketing Manager), Nikki Sanness

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

NCG Staff Present:

1. Call to Order

Nelson called the meeting to order at 5:30 p.m.

2. Board Learning - none

3. Member Comments - none

4. Disposition of Member Comments - No member comments

5. Agenda Review

Motion: Cerbin-Bohach moved and Timm seconded to **Approve Agenda**. Agenda **passed** by a vote of 6 aye, 0 nay.

6. Approve Minutes for November 2018

Motion: Timm moved and Hawthorn seconded to **Approve November 2018 Main Meeting Minutes**. Motion **passed** with a vote of 6 aye, 0 nay.

Motion: Hawthorn moved and Neal seconded to **Approve November 2018 Executive Session Meeting Minutes**. Motion **passed** with a vote of 6 aye, 0 nay.

7. Consent Agenda -

G3: Agenda Planning

Motion: Neal moved and Pottratz seconded to **Approve Consent Agenda**. Motion **passed** with a vote of 6 aye, 0 nay.

8. Reports

8.1 GM Report

Financial Snapshot:

Sales for November were positive. This marks the first time since our first quarter; it's been a while. December is looking negative. Weather is part of the reason. We are also selling fewer gifts than we have in years past, because we are trying to reduce that department with the

remodel. We have also had three days impacted by freezers going completely down, giving us three days of freezer loss sales.

Cash is fairly steady. Number of new members will be neck and neck for the lowest year. We're predicting about 170 new members for the year.

Top five departments for sales this month are 1) Nutritional supplements - because of CBD oil 2) Meat and Fish 3) Frozen 4) Packaged Grocery 5) Refrigerator. Deli is still not quite there, but is getting very close.

According to the NCG Central Corridor info, stores in our sector we are slightly less than average in our corridor.

We're managing labor according to budget.

Community/Outreach/Other Store Happenings:

Local sales tailed off this fall compared to last year. Our two biggest apple growers did not have apples this year.

Physical Store Update:

Our freezer failed again last week. We feel like it is fixed this time. One of the shock absorbers was failing so it would rattle until the copper pipes crimped. We won't have these issues with the new system; it will be bigger and more reliable.

Marketing/Special Projects:

There was good stuff in the Farm Bill that will help us. If it passes, one thing that will change is that we can advertise CBD oil. Currently, it is legal for us to sell it, but difficult to advertise because it isn't legal in all states. If the bill is approved in the senate, then there will be no legal concerns at all.

Our press release on the Project has created buzz. People are asking about the member loan campaign.

GM will update Board as the project goes. So far, things are going well.

Board asked GM how confident he is in Deli coming around; a lot is riding on improvements in Deli. Lester says the quality is there and systems are in place. There is planning for a larger space of grab-n-go, places for hot bar, salad bar, etc. Once you lose customers, it is really hard to get them back, but the refresh will be splash of newness and excitement.

Board asked about Wine & Beer; it has been down for several months. Lester says it is actually coming back now. We've seen good progress in last couple months. In the past two weeks we've seen positive sales growth. The department will stay the same size in the remodel, but will be moved next to Meat and Cheese.

8.2 L6: Budgeting/Financial Planning

Motion: Cerbin-Bohach moved and Hawthorn seconded to **Approve L6: Budgeting/Financial Planning Motion passed** with a vote of 6 aye, 0 nay.

Board policy says GM must submit yearly business plan and a multi-year plan, including budget and supporting documents. This document is a shortened version, for the Board. The co-op has a more detailed business plan to use internally.

It first summarizes what is going on in the grocery world - good data on trends from NCG. It includes the current market environment with a market study. It includes sales in Iowa in general, then details about what competitors are doing.

Since writing this report, Fareway increased their square footage of products compatible to ours. They are putting things in the regular aisles as well as having a separate section. Quillins is out of business.

End of report includes a snapshot of financial targets.

Our boxed meals/take-home section will be a great thing we can offer with remodel.

Driving forces and critical uncertainties include new trucking laws. Now there is a strict eight hour driving limit, then drivers need to pull over to stop. This affects us getting our product - if a driver is delayed at a store, then it comes late to us.

We pay attention to our Ends and Strategic Focus areas. It shows ways we are going to accomplish each End and how the Strategic Focus areas fit in.

Spectrum's interim director is committed to continuing relationship with the co-op. They had a big grant that helped pay for the kitchen. If they sell it, they have to pay back the grant.

Board discussed financials.

Next year we can refine our strategic plan and get ready to hand it off to next set of management.

9. Action Items

9.1 Remodel Group Update

Communications & Marketing

We have contracted with NCG. We have a meeting scheduled with him for Friday at noon. The committee will be meeting Thursday night. We'll get his input on setting the amount for the member-loan campaign. Consultant sent us a timeline spreadsheet and we were supposed to do things last week that we haven't, so we're already behind. But, he's two weeks ahead on kick-off date.

There is a brochure supposed to be finalized next week. We have an example, and it sounds like the Consultant has something we can cut-and-paste, but we feel like it is all hinging on him. From here on out, the Board President will be main contact in talking to NCG Consultant and if anyone contacts him, they'll CC the Board President so we can make sure we aren't duplicating our efforts and can be sure what questions have been asked and answered.

Board discussed hiring a campaign coordinator who would be the person to coordinate between teams. Campaign manager would be paid to coordinate the campaign, so it doesn't fall to the GM. Coordinator must check in every day, multiple times a day to make sure things are on track. Board of Director, Scott Timm, does this sort of coordination in his work with ISU and recently had a block of two hours a day open up in his schedule. Timm proposed hiring him through ISU to coordinate the campaign. Timm himself would not be paid directly by the co-op, because it would be a conflict of interest. It would not increase what Timm is paid from ISU.

Board discussed whether 10 hours a week would be enough for coordination. Viroqua Coop hired a part-time capital campaign and it was 10-20 hours a week. It is going to be really intense. GM says he can also spend a little of his time on it and wants to be heavily involved in the big asks to big donors. Consultant would organize call nights and make sure people are trained. Neal can step in and help more in February.

GM and Board agree we would love to have someone on board as coordinator, because Board members know all about the Project. Only concern is conflict of interest, but there is no additional pay Timm would get for this. It would all be through his employer. Timm will confirm cost and then board can vote on hiring. ISU wants a simple Scope of Work that includes number of hours.

Motion: Neal moved to **Contract with ISU to have Timm as Campaign Coordinator for Contracting to 10 hours a week, with potential for more as needed.**

Board says we need to see contract first before we vote on this - make a motion to pursue it instead.

Motion Withdrawn. Board will put together an invoice for services, stating 12 hours of work, slight detail for scope and cost. Then can vote on it and confirm.

Motion: Neal moved and Hawthorn seconded to **Contract with ISU to hire Timm at \$25/hour for up to 10 hours/week/invoice, contingent on approval from ISU.**

Board worried 10 hours a week may not be enough.

Motion Amendment: Neal moved and Hawthorn seconded to **Contract with ISU to hire Timm at \$25/hour for up to 120 hours in a 12-week period, contingent on approval from ISU.**

Motion **passed** with a vote of 5 aye, 0 nay, 1 abstention (Timm abstained due to conflict of interest).

-Member Loan Campaign

Project Ops

The remodel floor plan is getting finalized with Finholt tomorrow. We will redraw elevations and pictures of what the space will look like so Furler can use with marketing team. The equipment list is about to be finalized, and then we'll see how much each piece is costing us. We now have \$520,000 from bank to draw from.

We looked at floor plan, looked at modifications of original, and now the document will be available for everyone. You can see the original budget compared to what is happening now. We will have to knock out a concrete block, which will increase cost, but equipment will be lower than we thought. We also may not have to shut things down as long as we thought -they'll be able to do a hybrid system for a while, instead of having to shut things down. Finholt will come up with the plan.

We will be able to sell some of our used equipment.

Also, UNFI just purchased Super Value, getting them a distribution chain, wider distribution, and buying power for equipment, which will give us huge savings on the equipment list.

10. New Business

10.1 2019 Board Budget

Motion: Neal moved and Hawthorn seconded to **Approve 2019 Board Budget**. Motion **passed** with a vote of 6 aye, 0 nay.

Board Development includes training, such as hiring a consultant to train board members on the Ends, Policy Governance, etc. Member Linkage budget is for election, including sending a lot of paper and paying Simply Voting. There are also things like Directors and Officers Insurance and holiday gift card budget for staff gifts.

10.2 Nominations progress report

Nominations Committee reported that there are people thinking about running for election - two confirmed and one thinking about it. Everyone is strapped for time. Are the incentives big enough? Are there more incentives we could offer? A complimentary membership for other co-ops? A bigger discount? A stipend? Would our by-laws allow these things? GM will investigate to see what other co-ops do.

10.3 2019 Board Calendar

Motion: Hawthorn moved and Neal seconded to **Approve 2019 Board Calendar**. Motion **passed** with a vote of 6 aye, 0 nay.

Articles of Incorporation - authorized number of shares of common stock is 7,500. We're over and need to talk about it - member numbers are at 7-8,000, but there are gaps with people who have passed away or refunded their membership. Adding member shares would need to be voted on at annual meeting.

11. Next Monitoring & Other

11.1 [G2 Board Job Description - Cerbin-Bohach]

11.2 [L8: Communication and Counsel to the Board - GM]

12. Next Meetings - January 22, 2019 @ 5:30PM

13. Executive Session - none

14. Self-Evaluations - done via internet

15. Adjourn

Motion: Pottratz moved and Timm seconded to **Adjourn Meeting**. Motion **passed** with a vote of 6 aye, 0 nay. Meeting adjourned at 7:16 p.m.