

Oneota Community Co-op
Minutes for Regular Board Meeting

January 28, 2020 5:30 PM

Kitchen Classroom, 308 W. Water St.

Board Members Present: Scott Hawthorn, Scott Timm, Detra Dettmann, Emily Neal, Andy Sassaman, Michelle Barness arrived at 5:38 p.m.

Board Members Absent: Bill Iverson

GM Present: David Lester

Co-op Staff : Nate Furler, Marketing Manager, Niki Sanness arrived at 6:18 p.m.

Member/Owners Present: Jeanine Scheffert (Bd Admin Asst), Harvey Benson, Hannah Breckbill

NCG Guest: Paula Gilbertson, NCG Development Advisor

1. Call to Order

Timm called the meeting to order at 5:32 p.m.

2. Board Learning -

Paula Gilbertson, NCG Development Advisor, presented to the board. She was here working with the board in December. Since then, the Board sub committee worked on rewriting the phrasing of the Ends policy - the guiding principle of the organization - to give a clear description of how the world is different because the co-op exists.

Paula asked whether there was need for a mission statement and connecting language here - often a mission statement is more about an organization that is not under policy governance; we could have a mission statement or not. Most organizations with policy governance don't need a mission statement - and we don't have to have one, but the board would like to keep it. In the last meeting, the board felt we should clarify the Ends statements.

Board says the mission statement will stay. Paula says we don't necessarily need the connecting language - we may want it to be a smaller document so it is easier to share with membership. We can do this work, then give it to members to discuss their reaction. We can bring to redrafted statements to member-owners at the annual meeting in a world cafe format and get feedback that way.

Board discusses whether the language really needs to be addressed in a large way at all. It is acknowledged that we haven't reviewed Ends in many years, so it is good to look to see if there are changes we want to make. We can simplify or

update language for more recent trends in sustainability or retail practices. Board discussed the need to clarify without lessening each point, or lessening what board is requiring of GM.

Board discussed specific Ends language, acknowledging that Ends are the “north star” of organization; something we are attempting to achieve, but shouldn’t necessarily be within easy reach.

Board settled on the intent of the Ends statements. Timm will reword and bring back to the board via email to revise it a couple of times before opening it up to membership for comment at the annual meeting.

3. Member Comments -

Harvey Benson came to comment. It is his birthday today. He says he loves the co-op and the friendly staff know his name. He asked why living in Minnesota meant he couldn’t donate to the latest member campaign. It was explained that it is an Iowa law - the co-op can still receive a donation from out of state, but can’t receive a member-loan due to Iowa cooperative law.

Harvey said he also loves when there are samples out and he gets to try new things, lately it was a great new watermelon, but when he learned it came from Brazil it turned him off. He said he loves the soup, although it is hard to bring in a glass container and isn’t happy it sells in plastic containers and that it is occasionally mislabeled. He says he’s too old to become a member, but he came to the meeting to say we’re doing things right and we have his “okay” and he wanted to say so on his birthday today.

4. Disposition of Member Comments - Board thanks Harvey for coming today and wishes him happy birthday.

5. Agenda Review

Motion: Sassaman moved and Hawthorn seconded to **Approve agenda**. Agenda **passed** by a vote of 5 aye, 0 nay.

6. Consent Agenda - none

7. Approve Minutes for December 2019

Motion: Hawthorn moved and Barness seconded to **Approve Minutes for December 2019.**

Board notes that admin notes were not removed from minutes.

Motion: Hawthorn moved and Barness seconded to **Table Approval of Minutes for December 2019.** Motion **passed** with a vote of 5 aye, 0 nay.

8. Reports

8.1 G2: Board Job Description

Motion: Barness moved and Dettmann seconded to **Approve G2: Board Job Description.** Motion **passed** with a vote of 5 aye, 0 nay.

This policy is a way of measuring how the board communicates. This includes the Scoop, monthly board meetings with the option for members to come talk, and availability of board members via coffee talks, should people feel more comfortable with communicating in person than in a meeting. Sassaman notes we should do more coffee talks.

Policy also addresses using the accepted policy manuals for guidance to “stay in our lane,” and do it correctly.

GM should monitor the Ends and Executive Limitation Policies.

Board will perpetuate itself, set new goals, and recruit new board members.

8.2 GM Report

December sales were negative, which is in line with what other central corridor co-ops have been seeing. Total checking and savings had a bump at the end of the year, which was great to see in a difficult year. (Next month we'll get the detailed financial report)

Despite a year of not putting lot of effort into gaining new members, we got 165 new members. This is the lowest in the past 10 years. There is not much of an attrition rate. Member equity has been raised by 3.5% - we're gaining more than we're losing. When leaving, it is typically (90%) because people are moving or have passed away. We gained over \$18,000 in member equity in the past year.

Yearly sales growth was -2.5%. Loss was heavier due to disruption of the project. Most of the loss happened in the first four months of the year, taking products off the shelf for the move, and having the deli closed for 6.5 weeks.

Local sales and organic are two areas we want to really focus on in this next year. Local sales are looking to be positive, even though the rest of the store is negative. We want to increase local - we do it well.

Investment in the refrigeration project went well. We were thinking about a 5.5 year payback, but it will probably be 6.5 years. It will be about \$20,000 savings once we hit a full year.

We applied for an award with Progressive Grocery magazine. They do rankings of stores and give awards - we won Best Independent Grocery Single Store in the Nation!! A co-op has never won this award before. Lester will fly out to accept the award at the end of Feb (if board approves).

The co-op is preparing itself for the impact of a Hy Vee coming to town which includes investment in training and utilizing different consultants to help us.

8.3 L6: Budgeting and Financial Planning

Motion: Sassaman moved and Hawthorn seconded to **Approve L6: Budgeting and Financial Planning**. Motion **passed** with a vote of 5 aye, 0 nay.

The meat of budgeting and financial planning policy is the annual business plan. GM went through the doc, highlighting areas. Niki was here to answer questions about the balance sheet.

Executive Summary: Natural product sales are growing 5x faster than conventional. We're seeing that in our store as well. Our store is 6% up in organic sales, at 46% of sales. We're tracking the weekly percentage of organic and number of local products on our shelves, for customers to see. We'll run a report each week.

GM noted that we have a meager goal for net income budgeted due to competition from Hy Vee this year. The first 6 months look to be healthy gains in sales growth and the last 6 months will have significant losses in sales. Market analysis and business plan were discussed in detail.

8.4 L8: Executive Limitations

Motion: Barness moved and Dettmann seconded to **Approve L8: Executive Limitations**. Motion **passed** with a vote of 5 aye, 0 nay.

This policy checks that everything is in place, making sure the board is informed and supported in the work they are doing. It includes a table of noncompliance to show any areas not in compliance in the last 12 months. Most of our noncompliance was due to being under net income and ratios of 3rd quarter, and partial compliance in one quarter being over labor. Pretty high marks.

9. New Business

9.1 Nomination Report

Motion: Sassaman moved and Barness seconded to **Accept slate of candidates**. Motion **passed** with a vote of 5 aye, 0 nay.

Board has four great candidates. Member-owners can still self-nominate until Feb 10. Nomination committee recommends them to the board and the board agrees. Board will schedule Meet and Greet for candidates before the election.

9.2 Financial Review/Audit Update

GM is getting ready for next month's report. Hacker and Nelson were here last week. Sanness has everything ready for them. There were no surprises. We won't know how the year ended until we receive the report back. Cash is where we were before the start of the project, which is encouraging. We'll get an audit financial review report and have more discussion next month. Hacker and Nelson will come to the board meeting.

9.3 Strategic Planning/Ends Discussion

Timm will work on the language of the Ends and bring for review at the next meeting.

10. Action Items

10.1 Approve Travel to CA

Motion: Barness moved and Sassaman seconded to **Approve cost of travel for GM to receive award in CA.** Motion **passed** with a vote of 5 aye, 0 nay.

Lester will leave Sunday and return Wednesday to receive an award on Monday, Feb 24.

11. Next Meeting - THURSDAY February 27th 5:30

Jeanine may need to leave early.

11.1 [D: Global Governance Management Connection - Neal]

11.2 [L9: GM Succession - GM]

11.3 [L5: Financial Conditions - GM]

12. Executive Session

Motion: Hawthorn moved and Sassaman seconded to **Move to Executive Session.** Motion **passed** with a vote of 5 aye, 0 nay.

Adjourned to the Executive Session at 7:18 p.m.

12.1 Executive Session - GM Search

13. Meeting Evaluations - done via internet

15. Adjourn

Motion: Hawthorn moved and Timm seconded to **Adjourn Meeting.** Motion **passed** with a vote of all aye, 0 nay. Meeting adjourned at 8:00 p.m.