

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

June 26, 2018 5:30 PM

Kitchen Classroom, 308 W. Water St.

**Board Members Present:** Brita Nelson, Flannery Cerbin-Bohach, Scott Hawthorn, Scott Timm, Dennis Pottratz, Aimee Viniard-Weideman

**Board Members Absent:** Emily Neal

**GM Present:** David Lester

**Co-op Staff :** Nate Furler (Marketing Manager), Niki Sanness (Finance Manager)

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

***1. Call to Order***

Nelson called the meeting to order at 5:34 p.m.

***2. Board Learning - Remodel Discussion***

Furler and Lester went to Twin Cities to meet with Michelle Schry. The Development Cooperative (DC) has a team of co-op development staff that help - one is a packaged grocery person, one a deli specialist, a produce specialist, and a marketing specialist. They all met with Furler and Lester to refocus our project. We've been engaged with them in a feasibility study since last year. DC helps co-ops develop, remodel, and expand stores. She said since the previous proposal was not adding retail square footage, it was not worth the cost.

At the meeting, the talk focused on cafe and deli, and produce and meat departments. We decided we should put our meat department back in current bulk corner, expand the deli into where wellness desk currently is, and focus on front half of store by lowering sight lines so people can see the deli and know it is there from the moment they enter store. These changes take the project from \$600,000 to \$350,000.

She's working with a lone architect instead of entire DC team. We'll pay for a drawing and then Michelle will charge us as staff to travel to the store. It will be a much lower cost to us and will fit our needs. Sales growth projections will probably stay same at 8-10%

We need to focus on tourist traffic and deli. Michelle thinks we could fully fund the project through a member loan campaign. Board would be engaged with this. Lester has drafted a letter to be sent to previous members who contributed loans. We want to say thank you and outline another opportunity to invest in the co-op.

There are 9 official departments. The overall retail space will not expand with this particular plan. We have a building that is big enough to do \$9-10 million and we're at \$5.2 million. That is an educated guess, using what we know of other co-ops about our size. We originally wanted to expand into the classroom area because we own it and

wanted to expand our seating. We still could expand seating here, but we'd have to figure out what that means.

### **Member Loan Campaign:**

The ideal window for raising money is Sept. 1 to Thanksgiving. Member loan offers decline when holidays get here. We'd like to start the project in early January and end it early April. The project will close a section of the store at a time. There will be a lot of logistics and "oops coupons" and "thank you for..." but we'll minimize these things and we'll stay open.

Michelle would say we have a very generous membership compared to other co-ops. She was impressed with our first member loan campaign. A lot of people in town would love to loan us \$50,000. Interest rate is outlined in letter - three levels: one at 3%, one at 3.25% and 3.35% if over \$25,000. 6-7 year before repayment begins. Better than a bank loan.

### **Board Comments:**

We need to get the plan, but also need to know what happens when and what is contingency plan. We need to know:

1. Plan itself and financials of that
2. Community engagement - full support for what is happening
3. Engagement in loan campaign. Communication and engagement takes time and worried we're not given enough time (Sept 1-Jan 2019).

### **3. Member Comments** - none

### **4. Disposition of Member Comments** - No member comments

### **5. Agenda Review**

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

### **6. Approve Minutes for May 2018**

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

### **7. Consent Agenda**

#### **7.1 Global Governance Commitment**

#### **7.2 D1: Unity of Control**

#### **7.3 G1: Governing Style**

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

### **8. Reports**

## 8.1 GM Report

### Financial Snapshot:

#### Summary GM Report:

June has so far seen pretty close to flat growth. If cafe can get back to last year's sale, we'd see 5-6% sales growth. We're seeing great sales growth in every department except for deli and wine & beer. Big changes include Liz in deli working on systems, re-organizing kitchen, being more efficient, working on labor. Changes in cafe with menus and grab and go. We're working on getting the right mix of wine and beer. We're shifting to chilled wine in the cooler and that is doing well.

### Community/Outreach/Other Store Happenings:

We have more new members than last year. We are where we should be with managing labor. We are maintaining our sales level, but we are so much more efficient. In the deli, we reduced labor from 39% to 29% in a month's time. We're getting more efficient. Local sales are up even though overall sales are down. Our local customers are staying true.

We'll be doing another "Round up at the register" in support of the Kids Lunch Program. This will start July 2 and go for two weeks. Customers will have the option to round up to the nearest dollar to help feed kids - it is a great program.

### Physical Store Update:

Our HVAC and compressor issues have blown their financial budget line. We are trying to figure out ways to cut through other areas. The HVAC unit on back of the building is getting a major part replaced. The part should have lasted 15 years, but lasted 8 and isn't under warranty. Instead of keeping air 15 degrees cooler than outside, it is only doing 6-7 degrees.

### Marketing/Special Projects:

Liz McMann, the Marketing Services Manager from NCG, interviewed Furler, Lester, and marketing staff. She'll look at how we're doing in marketing and talk about a brand refresh.

## 8.2 L1: Customer Treatment

**Motion:** Cerbin Bohach moved and Hawthorn seconded to **Approve L1 Customer Treatment**. Motion **passed** with a vote of 6 aye, 0 nay.

This report is to ensure that GM does not fail to ensure customers will receive high value in products and services. Ways this is ensured include: Measuring customer satisfaction, mystery shopper program, studying trends of customer counts and sales growth, keeping up-to-date on health inspections, required trainings, etc.

Areas reporting non-compliance include:

- Sales growth at moment is flat to slightly negative.
- Customer count is down 4% in customer traffic.
- Class participation numbers are non-compliant because we have not been increasing attendance.

Inspections up to date.

### **8.3 L4 Membership**

**Motion:** Cerbin-Bohach moved and Hawthorn seconded to **Approve L4 Membership**. Motion **passed** with a vote of 6 aye, 0 nay.

GM reports full compliance on L4 Membership.

In order to report compliance, GM reports the following:

- IT Coordinator signs off to assure that we're only collecting relevant information from members and we're keeping that information safe.
- We also have a working member program. We engage through meetings and marketing events such as the Earth Day celebration.
- We have multiple ways in which members can participate and have their voices heard.

## **9. Action Items**

### **9.1 CDS Board Contract Potential**

Board can then discuss whether or not it is worth the price to hire CDS for regular consultations.

## **10. New Business**

### **10.1 Membership Committee Update**

Membership Committee met to discuss committee's role and formed guiding questions. Want to thank membership for previous loan campaign. Board notes that if we're looking ramp up loan campaign in 3-4 weeks, it is a good thing to focus on staff appreciation now. Now is also a good time to put together a communication timeline for the member loan campaign.

They also proposed a membership engagement through staff appreciation; creating an event that allows members to show appreciation for staff and GM.

## **11. Next Monitoring & Other**

**11.1 [D2: Accountability of GM - Hawthorn]**

**11.2 [D3: Delegation to the GM - Nelson]**

**11.3 [L5: Financial Condition - GM]**

**11.4 [Treasurer: Board Report - Neal]**

**12. Next Meeting - Tuesday, July 24, 2018 @ 5:30PM**

**13. Self-Evaluations** - *done via internet*

**14. Executive Session** - *none*

**15. Adjourn**

**Motion:** Hawthorn moved and Timm seconded to **Adjourn Meeting**. Motion **passed** with a vote of 6 aye, 0 nay. Meeting adjourned at 7:19 p.m.