1	Oneota Community Coop
2	Minutes for Regular Monthly Board Meeting
3	Tuesday, May 25, 2010
4	Luther College Campus, Valders Hall, Room 367
5	Board Members Present: Robert Fitton, Jon Jensen, Joan Leuenberger, Lyle Luzum, Steve McCargar, Bill
6	Pardee, and Steve Peterson
7 8	GM Present: David Lester Coop member/owners present: 6
0	Coop memoer/owners present. o
9	1. Call to Order
10	President Steve Peterson called the meeting to order at 5:04.
11	2. Member Comments
12	<u>Lyle Otte</u> recommended publishing each meeting location and agenda in the Comm Post e-mail
13	newsletter.
14	Response: Steve Peterson didn't realize that as President last year, Lyle Luzum had gotten the
15	agenda posted on the web site under the board section. As the transition to new officers continues,
16	we'll get procedures back in operation. Most often the agenda isn't finalized by the deadline for
17	inclusion on the Comm Post, a week and a half before the publication date. Agreement was reached
18	to put a standard message at the bottom of the Comm Post with a link to the agenda on the web site.
19	Birgitta Meade voiced a couple concerns about the Board Member Code of Conduct not allowing
20	adequate member oversight of board members. First, it does not appear that the Code allows for
21	board members to speak freely as individuals when they speak for the Coop. Second, the removal
22	process for Code violations does not provide for due process and member oversight.
23	Response: The board discussed the Code of Conduct under agenda item 8.3.
24	3. Agenda Review
25	Motion : Lyle Luzum moved and Bill Pardee seconded to approve the agenda as presented.
26	Amendment: Steve McCargar moved and Jon Jensen seconded to split item #6 Board
27	Learning into two parts.
28	Pro: Splitting would be possible by viewing the 20 minute webinar and follow later with
29	discussion. Splitting allows us to not delay the other agenda items. Members shouldn't
30	have to wait for the business part of the meeting to begin. We have the discipline to do
31	the other business in a timely fashion and leave room for the learning discussion.
32	Con: Art, our CDS consultant, warned us that action tends to fill the time allocated and
33	we won't get to board learning if it's not first. We might not remember the webinar
34	material or have the energy for meaningful discussion if we wait. The board learning is
35	not any less important than other board business. Other coops have started their
36	meetings with learning activities. It dilutes the effect to not conduct board learning at
37	one time. Board learning on our topic of member needs could be enriched by member
38	input. The agenda is public and the members can choose when to attend, including the
39	board learning part, especially if there is a time line announced. It would be better to
40	move learning to later rather than to split into two. Amendment to the Amendment: Bill Pardee moved and Steve Peterson
41 42	seconded to move Item #6 Board Learning to after Item #8 Action Items for this
43	meeting only instead of splitting the learning into two parts. Amendment passed

by a 7-0 vote.

The amendment to change the agenda **passed** by a 7-0 vote.

The motion to approve the agenda as amended **passed** by a 7-0 vote.

47 4. Approval of Minutes

- 48 **Motion**: Steve McCargar moved and Bill Pardee seconded to approve the minutes of the April 27
- 49 regular meeting. Motion **passed** by a 7-0 vote.
- Pro: The minutes are thorough and clear and follow the requirements determined at the last
- 51 meeting well. The line numbers make it easier to talk about.
- 52 Con: A vote tally on a motion after many amendments needs clarification for better tracking to
- 53 the original motion.

54 5. Consent Agenda

- 55 5.1 Account Signatures
- The following action was taken pursuant to Article VII Section 5 Actions without a Meeting.
- 57 **Motion**: Steve Peterson moved and Joan Leuenberger seconded that the Coop Board authorizes
- appropriately designated OCC store staff to set up a checking account and debit card under the
- appropriate signatures to be used for normal store operations. Motion **passed** by a 7-0 vote.
- 60 6. **Board Learning** -- Understanding Member Needs
- 61 This item was moved to the end of the meeting in Item 3 and ultimately canceled for lack of time.

7. Committee Reports

- 63 7.1 **GM Report**
- David Lester reported that he has been enjoying spending time in the store after a lot of traveling on
- 65 behalf of the Coop.
- Finances Sales in April 2010 were up \$32,600 over April 2009 and labor was 17% of sales, which is
- below the target of 17.63%. The quick ratio (cash/short-term liabilities) is .8, the highest it's been all
- vear. \$20,000 has been transferred to savings since David Lester started as GM in late March. Larry
- 69 Neuzil, finance manager, and David Lester created a plan for paying back member loans, which is
- 70 slightly accelerated from the original schedule, and presented it to Decorah Bank and Trust, the
- 71 Coop's main lender.
- 72 Grocery Manager Search Two qualified candidates were interviewed for the position of grocery
- 73 manager.
- 74 Marketing/Special Projects The management team will hear a presentation by the Northeast Iowa
- 75 Food and Fitness Initiative. David Lester's Consumer Cooperatives Management Initiative project,
- 76 designed to take five to six months, is focused on getting the Coop more involved with the schools
- and the NIFF project.
- Ace Kitchen Store has been approached to supply additional cookware to the classroom. Johanna
- 79 Bergan will take over organizing classes from Nate Furler and hopefully increase the number
- 80 offered. Some classes will be videotaped and posted on the web site.
- Human Resources The questions are done for the next staff survey and the human resources pieces
- are being completed. Training on new employee manual will be June 13. Each employee will
- acknowledge receipt of the new employee manual.
- Other There has been a breakthrough on the humidity problem at the store. It was determined that
- air from the tunnel was actually being sucked back into the store and has now been stopped. David
- Lester announced he has resigned as head coach of Luther's woman's golf team and has an
- 87 upcoming vacation planned with his family.
- 88 **Motion**: Steve McCargar moved and Jon Jensen seconded to request the GM provide the monthly
- POS Summary Report to all board members. Motion **failed** by a vote of 2 ayes (Steve McCargar
- and Jon Jensen) to 5 nays.
- Pro: The report tells percent of sales to members vs. non-members, payment method for sales,
- The report allows the board to ask good questions. It is quick and easy to generate. Getting

- more information would counter the perception that the board has been too removed from 93 94 operations.
- Con: The report is too detailed and consists of raw data. It shows a point in time and the board 95 is more focused on trends. We are doing a different type of monitoring now. The POS data is 96 more pertinent to management decision-making than larger board issues like the bottom line and 97 whether total expenses are increasing. Focusing on these issues distracts the board from those 98 bigger issues that are proper to it and keeps the organization from moving forward quickly. The 99
- 100 report was not helpful to understanding the bigger picture when we did get it and drew us into
- discussions about small issues that were really management issues. 101
- Motion: Steve McCargar moved and Steve Peterson seconded to request from the GM a report on 102 labor cost that is both loaded and unloaded (i.e. with and without the cost of benefits and taxes). 103
- 104 Motion was **postponed**.
- Pro: Labor is our biggest expense and we need to understand it well. Periodic expenses can be 105 attributed to each period evening out the cost. 106
- 107 Con: Periodic expenses can make labor look out of control in those periods leading the board to make bad decisions or discuss things that aren't a problem. The board already gets weekly labor 108 reports and loaded payroll results quarterly in the financial statements. 109
- Motion: Bill Pardee moved and Robert Fitton seconded to postpone action on the motion for loaded 110 and unloaded labor reporting until next month when David Lester can get back to us on the cost/time 111
- required to get this information. Motion **passed** by a vote of 6 ayes to 1 nay (Steve McCargar) 112
- Pro: Every report given to the board has a cost of time and effort to generate. We should know 113 what that cost is before we ask for more information. 114

7.2 Board-Member Linkage Committee 115

- The committee met and determined it will work on four items this year: 116
 - 1. Revise the process for member participation at meetings and consistent follow up by the
 - 2. Get two board members to attend each Coop event to observe, learn, and report.
 - 3. Conduct a member survey with the goal to determine member demographics, values, and board-member relations.
 - 4. Evaluate the list of tools currently or potentially used for linkage.
- 8. Action Items 123

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- 8.1 GM report--L10 Board Logistical Support 124
- **Motion**: Steve McCargar moved and Lyle Luzum seconded to accept the L10 monitoring report. 125
- Motion **passed** by a 7-0 vote. 126
- Summary: Because the GM and Board president have a written job description that defines 127
- sufficient board support from the store staff and communication mechanisms exist for board and 128
- committee work, and because the GM, Board President and a majority of the board rate 129
- performance as "adequate", compliance is reported. The hiring of a part-time board 130
- administrative assistant will be explored in the future. 131
- Pro: A survey was conducted in April of former board members on the level of support 132
- received. The interpretation of the policy was accepted. 133

8.2 GM report--L Global 134

- 135 Motion: Joan Leuenberger moved and Lyle Luzum seconded to defer monitoring on L Global for a
- year and to move monitoring of L3 Staff Compensation from August until September. Motion 136
- passed by a 7-0 vote. 137

Pro: David Lester needs to monitor his own data. The staff survey will be completed in Sept. and will provide data useful in monitoring L3.

8.3 Board Report--G4 Board Members' Code of Conduct

Motion: Joan Leuenberger moved and Bill Pardee seconded to approve the monitoring report on G4 showing two instances of non-compliance. Motion **passed** by a 7-0 vote.

Summary: The board indicated that it was out of compliance with its code of conduct policies on three occasions during the past year. First, although the board acted within its authority under the bylaws when it contemplated changing the bylaws by unanimous vote in order to prevent former managers from running for the board for a period of time after employment ended, this action did not fulfill the high standards the board has set for itself. The second area of noncompliance is that including a rationale for its nomination or lack of nomination of a candidate should, as a rule, not happen. Third, an individual board member acted with improper authority in directing operations at the store that had been delegated to the GM. Therefore, noncompliance is reported with G4 Global and G4.3. All other G4 subparts are reported to be in compliance. Remediation actions have been implemented to prevent non-compliance in the future by changing a personnel procedure and adding policy G4.6, which establishes a process for individual board members to get their specific concerns addressed by the board.

<u>Pro:</u> The report reflects member concerns about the election. In monitoring not all data can be included, but we need to include enough to reach a conclusion. A report of non-compliance in policy monitoring puts the situation into words and then allows us to discuss it with the aim to continuously improve how we do our job.

<u>Con:</u> The description of incidents could have been more complete because certain data wasn't included.

8.4 Code of Ethics/Conduct

Motion: Lyle Luzum moved and Robert Fitton seconded to have each board member sign the Code of Conduct.

Amendment: Steve McCargar moved and Jon Jensen seconded to remove from the end of the document the words "I agree that if, in the opinion of the majority of co-op directors, I have violated the letter or spirit of this agreement, I shall abide by decisions of the board up to and including a requirement to submit my resignation and shall not seek to cause continued disruption to the co-op board for that action."

<u>Pro:</u> Removing the language does not prevent the board from taking disciplinary actions such as censure or asking for a resignation. We have received a legal opinion that our current by-laws do not contain a provision for removing a board member. A removed board member would probably be just as disruptive as he/she is already. A majority of the board already has demonstrated that there is one member it doesn't want on the board. A member doesn't want the board that has admitted not complying with the Code to have this power over other him or others.

<u>Con:</u> There has not been a history of using this language to vote out a member in the past. It helps with any disciplinary action if there is agreement up front that a director will accept a decision of the board. It's important that a board member doesn't cause disruptions to the Coop or the board. Better behavior often results in classroom settings if consequences are decided upon in a calm environment before they are needed. Governmental bodies have their own rules for expulsion of members regardless of the will of the voters.

Amendment to the Amendment: Lyle Luzum moved and Bill Pardee seconded to change "a majority" to "a unanimous vote of the other board members."

Amendment to the Amendment ruled **out of order** because the current 185 amendment is to remove language, not change it. 186 **Amendment to the Amendment**: Bill Pardee moved and Joan Leuenberger 187

seconded to remove the language in the current amendment, but add "and agree to resign if I am in material violation of it." Amendment to the Amendment **failed** by a vote of 1 aye (Steve Peterson), 5 nays, and 1 abstention (Lyle Luzum) Con: There are degrees of violation and the new language doesn't take into account the specific circumstances of any violation of the Code.

The amendment to remove the last two sentences of the Code of Conduct **passed** by a vote of 5 ayes and 2 nays (Lyle Luzum and Steve Peterson)

Amendment: Steve McCargar moved and Jon Jensen seconded to remove from Point 5 in the Code of Ethics "this means that all directors shall not discuss confidential corporate actions, policies, or issues with co-op members, employees, or the general public unless all directors agree that such information is no longer confidential." Amendment failed by a vote of 1 ave (Steve McCargar) and 6 nays.

Pro: The requirement is overly restrictive. The word "disputed" might be added to this section during revision to make the Code of Conduct document match the Code of Conduct policy language better and "disputed" is broader than confidential. The possible confidential issues are already spelled out in the following sentence of the Code of Ethics.

Con: "Disputed" was narrowly defined in the interpretation of the Code of Conduct policy so its inclusion in the Code of Conduct document wouldn't broaden the scope of the restriction. This sentence is a global statement that catches things not specifically mentioned in the sentence that follows.

Amendment: Lyle Luzum moved and Jon Jensen seconded to insert "disputed or" in front of "confidential corporate actions" in the second sentence of item 5 in the Code of Ethics.

Amendment **failed** by a vote of 2 ayes (Robert Fitton and Lyle Luzum) and 5 nays.

Pro: This makes the Code to be signed consistent with policy D-4. "Disputed" has been defined in our interpretation of this policy.

Con: The Code of Conduct document needs more work to make it consistent than what can be accomplished at a meeting. It's better to deal with the whole thing at a later time.

Motion to sign the Code of Conduct **passed** by a 7-0 vote and all board members signed the Code of 216

Conduct as amended. 217

8.5 Criteria for Jensen, McCargar, Fitton Ad Hoc Committee

- **Motion**: Lyle Luzum moved to delegate the selection of criteria for determining a good product to 219
- the committee. Motion **failed** for lack of a second. 220
- Jon Jensen assured the board that the committee would work to identify the various problems that 221
- make up what was called the "elephant in the room" at the May 15th board retreat. The committee 222
- would discuss possible processes for moving forward on each item identified. Each process would 223
- be in keeping with the law, not too costly, not take too much time, and not humiliate anyone 224
- 225 involved.

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- 226 **Motion**: Steve Peterson moved and Robert Fitton seconded to postpone the scheduled board learning
- until the beginning of the next meeting. Motion **passed** by a 7-0 vote. 227
 - 9. Consideration of Items Pulled from Consent
- Nothing was pulled from the consent agenda. 229

230	10. Next Monitoring
231	• L1: Customer Treatment (GM)
232	• L4: Membership (GM)
233	D1: Unity of Control (Bd) will be completed by Lyle Luzum
234	• G1: Governing Style (Bd) will be completed by Steve Peterson
235	11. Next Meeting
236	 Tues, June 22nd, Room 367 Valders Hall, Luther College Campus
237	12. Executive Session
238	There was no executive session.
239	13. Adjourn
240	Motion : Lyle Luzum moved and Bill Pardee seconded to adjourn. Motion passed by a 7-0 vote.
241	Meeting adjourned at 8:35.
242	Respectfully submitted,
243	Joan Leuenberger, board secretary
244	Documents reviewed:
245	Agenda
246	Minutes, April 27 regular monthly meeting
247	GM Report
248	Policy L10 Board Logistical Support Monitoring Report
249	Policy G4 Code of Conduct Monitoring Report
250	Statement of Agreement containing Code of Ethics and Code of Conduct