Oneota Community Co-op Minutes for Regular Board Meeting June 26, 2012, 5:00 PM Luther College Campus, Valders Hall, Room 379

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Board Members Present: Anne Dykstra, Gary Hensley, Jon Jensen, Lora Friest, Steve McCargar, Bill

7 Pardee, Johnice Cross 8

GM Present: David Lester

Co-op Staff, Member/Owners, Present: Lynda Sutherland (Bd Admin Asst), Larry Neuzil

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1. Call to Order

President Pardee called the meeting to order at 5:04 PM

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2. Board Learning – Patronage Dividends & Future Board Learning Priority Discussion Summary: Patronage Dividends

The purpose of this discussion is to make sure we are all on the same page and to talk about objectives. Larry explained the worksheet. To be feasible, we should be over \$50,000 in order to be worth the expense of distributing dividends. If we take contributions for a project we want to complete at the same time we make a distribution, many members might donate back their dividend to the project. We can either pay the money to the government as taxes or we can pay it to our patrons as dividends. There are non-monetary reasons: it reminds patrons that they are owners; it is a more equitable way of distributing profits than having discounts, but we can't eliminate the discounts, our patrons expect that. We might also apply someone's dividend to their membership if it is not paid in full. Time and supplies would be around \$2,000 to administer a dividend payout. Some people could opt to put the balance on their personal store account, saving some of the expense. In the past we handed out the bulk of the checks in the store. This year it looks like it might be feasible to do patronage dividends. We have to remember that our member-owners have a certain expectation concerning dividends, but they are willing to consider all manner of ways to distribute the dividends/profits.

What do we want the Co-op to be when it grows up? We could use our profits to expand, to pay in dividends, to improve employee wages and benefits, etc. Everything we do must be worked out through the guidance of our Ends; that should be our basic philosophy. Our Ends are not explicit on what is the trigger for us to decide whether to pay patronage dividends, Gary wants to have a discussion about what our philosophy is so when the profit actually comes in, we will have already had the conversation. Is there any research about the response to dividends; if they are distributed, are they motivated to shop more at the co-op? The checks would be going to those who already shop there. It is a great signal to the community that we are solid again, if we could pay a dividend for a couple of years. If we are profitable, we could invest in expansion, or consider early repayment of loans. Our members would be happy that we paid off our loans to them early, and that saves us on interest. That may seem more valuable to them than getting a check; but we could do both. We also have some old pieces of equipment that will need to be replaced before long. If we find ourselves entering the third quarter looking at a healthy profit, then David and Larry would propose some options that they think would be good for the Co-op, and the Board could also propose things, and we could have the discussion based on real conditions and needs at the time.

Gary's objective here was to have the conversation with Dave way up front so he can tell us all the things he is looking at, what he'd like to replace, upgrade, employee benefits, expansion, etc. We have 9 hours of strategic time for "Board Learning" left in this Board year. David would like some time for NCGA and their possible benefits to us. He would like to include that in the "Industry Trends."

Gary would like Dave to have a Board partner to work with him to put together a presentation on certain topics so David does not have to do all the work. The aim is to give people plenty of lead time to prepare to give a really good report. We could have the next year planned out and then review it by the rolling quarter, to accommodate things that may come up. How do we want to grow is probably one to have sooner rather than later. That might need to start with a general discussion and then go into executive session when talking particulars. Johnice visited the Billings Co-op; we would like to see what is going on there and others places on Local purchasing. For August, Steve will do the pluses and minuses of at-will employment in conjunction with that. Third quarter, we should do performance appraisal in December, so we won't do Board Learning that month. July: How Do We Want to Grow/Change? – David and Bill. September: Local Food/Food Hub – David and Johnice. October: leave open for follow-up on anything we are discussing in July through September.

3. Member Comments:

No Comments

4. Disposition of Member Comments:

No Member Comments

5. Agenda Review

Motion: Jensen moved and Hensley seconded to approve the agenda. Motion passed by a vote of 7 aye, 0 nay.

6. Approval of Minutes

Motion: McCargar moved and Hensley seconded to approve the minutes as presented. Motion passed by a vote of 7 aye, 0 nay.

<u>Discussion:</u> Some would prefer that we summarize more of the Board Learning discussion. However, it can help jog the memory, and some Board members like that.

Line 122: after the policy number put in parentheses a word or two to remind us what the policy is about.

7. Reports

7.1 GM Report

Financial Snapshot: For the month of May, sales were up 13.1% (\$43,584) compared to 2011. YTD sales through the end of May were up \$176,947 (+11.7%) compared to same period last year. Four week average of transactions/week is at 4,252, which is 400 higher than same time last year. Quick ratio is .90. Current balance in savings #3 is \$57,193 plus a \$205,000 CD and Decorah Bank and Trust for a total of \$262,193. Current assets total \$356,473, which is 25.2% above the same period last year. We have signed up 171 new members in 2012. Member share equity is up 11.8% through 06/11/12 over 2011. Local sales for month of May were 21% (\$79,069) compared to 21% for May, 2011 (\$69,851). We are above budget in sales of \$95,903 which is 6% above plan/budget. Total wages budget has been over spent by \$4,728 (1.6% above budget/plan). Total payroll budget has been overspent by \$6,299 (+1.7%). Fully loaded labor as a percentage of sales continues to be below budget. Unloaded labor as a % of sales: Budget: 18.43%; actual (current through May): 18.02%.

Sodexo sales are about a third of where we want them to be, but part of that is due to the season.

NCGA/Central Corridor Info: Meeting with Paula Gilberson at the NCGA office in St. Paul,

MN. Discussed restructuring for more coops and efforts with growth projects in the future.

Store Happenings: Class participation and fees are up over 132%. Staff program and input on growth ideas and future direction. 2012 Store Survey will be going out to members in July. Responses will be kept confidential. 300 are selected to take the survey, but anyone can take it. Farmers Market has moved their location to the north parking lot and is benefitting both organizations. Sales have increased at the store during the market. First large catering event went very well. More non-members are shopping at the store.

<u>Community/Outreach/Other Co-op Projects:</u> Hosted two women from Macomb, IL representing community members wanting to start a coop, spent 3 days with our management team. Class offerings (6 classes) to faculty/staff at Luther participating in CSA program this summer. Sponsor of community meal at First Lutheran Church in June. The two Iowa Public Television programs are proceeding with crewing having come to the store twice to film. Lindsay Lee of Willowglen will be planting the back retaining wall for the Water Street Park. Johnice and David are on a Local Food Hub Project committee and progress is being made.

<u>Physical Store Update:</u> From mid-May to mid-June, the electrical usage was down 4% compared to same time period in 2011. Gas usage was the same compared to last year. David requested and received help from City Council to help pay for a new section of sidewalk on west side of the store.

Staff Updates: None

<u>Marketing/Special Projects</u>: Ongoing classes throughout the month, with good attendance especially for "How to Boil Water" series. Eco-Mind book discussion and No Mow Lawncare are new additions to the classes.

7.2 Prairie du Chien Community Kitchen

Summary:

Bill, Anne and Johnice took a tour of this facility. There are a lot of opportunities in the way this venture is structured that we could benefit from down the road. At Billings Co-op they do almost 30% local because of all the value-add products available. Spectrum is already investigating the possibility to do something similar. David will be taking some bakery, deli and produce staff there in the near future. The Sharing Spaces kitchen is not-for-profit, but the bakery and greenhouse are for profit.

7.3 D & O Insurance Progress Report

<u>Summary:</u> David should receive the quotes by Thursday and Bill will forward them to the Board.

8. Action Items

142 8.1 GM Report – L1 Customer Treatment

Motion: Friest moved and Cross seconded to approve the report. Motion passed by a vote of 7 aye, 0 nay.

Summary: Demonstrates that Oneota is a leader, and others should be looking to our example.
Good job all the way around. There was a lot of thought put into the guidelines and training to gather these statistics. There is no explicit mention of products in the reports. It might be

148 worthwhile to look at "What does high value in a product look like to our customers?" David 149 could probably gather some data to illuminate that. The mystery shopper program did not work 150 too well, but we are fine-tuning it and will try again. After the surveys, we may hold a focus 151 group. Perhaps an outside facilitator would be helpful. Compliance reported. 152 153 8.2 GM Report – L4 Membership 154 Motion: Dykstra moved and McCargar seconded to approve the report. Motion passed by a vote of 7 155 aye, 0 nay. 156 Summary: PCI Compliant is a third-party verification that we are up to industry standards concerning personal information protection. All NCGA stores must be in compliance. 157 158 Compliance reported. 159 160 8.3 Board Report – D1 Unity of Control 161 Motion: Hensley moved and Dykstra seconded to approve the report. Motion passed by a vote of 7 162 aye, 0 nay. 163 Summary: No Discussion was needed – Compliance reported. 164 8.4 Board Report – G1 Governing Style 165 Motion: Cross moved and Dykstra seconded to approve the report. Motion passed by a vote of 7 aye, 166 0 nay. 167 168 Summary: We are only compliant because we have taken action to improve the areas that 169 needed attention. Compliance reported. 170 171 8.5 Proposed Document Name Formatting – Discussion 172 Summary: All Board members agreed to upload their own reports to the "Documents for 173 Upcoming Meeting." The naming format shall be year/month/policy name or description. 174 Example is 2012.05. Minutes for the name of the May minutes document. 175 176 9. Next Monitoring L5 Financial Condition – David Lester 177 178 D2 Accountability of General Manager – Jon Jensen D3 Delegation to the General manager – Bill Pardee 179 180 Treasurer's Report – Lora Friest 181 182 10. Next Meeting & Current Meeting Evaluation Next Meeting, July 24, 2012 at 5 p.m. 183 184 Self-evaluation forms were completed for this meeting. 185 186 11. Executive Session – Update from David 187 188 12. Adjourn 189 Motion: Friest moved and Dykstra seconded to adjourn the meeting. Motion passed by a vote of 7 190 aye, 0 nay. 191 192 Meeting adjourned at 6:52 p.m. 193 194 Documents Reviewed: 195 Agenda 196 Minutes of previous meeting

- 197 June Board Learning
- 198 Patronage Worksheet
- 199 GM Report
- 200 Sharing Spaces Visit
- 201 D&O Insurance Progress Report
- 202 L1 2012
- 203 L4 2012
- 204 D1 Unity of Control Monitoring
- 205 G1 Monitoring Report
- 206 Proposed Document Name Formatting
- 207 Previous Board Meeting Survey Report