

ONEOTA CO-OP BOARD MEETING  
Spectrum  
April 29, 2008

Present: Board members, Georgie K., Lyle L., Onita M., Steve P., Keith L., Joan L., and Toni S.; General Manager, Christopher DeAngelis; John Klosterboer and Liz Rog were also present.

Board President Georgie K. called meeting to order at 5:05 p.m.

Review Agenda – Georgie added as an agenda item a follow-up discussion of the annual meeting Joan moved to approve the amended agenda. Toni seconded. Approved unanimously.

Approval of Minutes from March 18 and April 6, 2008 meetings – Lyle moved to approve all minutes. Toni seconded. Approved unanimously.

Manager's Report – All board members indicated they had received and reviewed the report prior to the meeting. Christopher said sales were below target, and the cost of labor as a percent of sales was above target, compared with the projections in the business pro forma. First year sales were predicted to be \$3.5 million. That level may not be achievable for 2008, but improvements can be made. For remediation, Christopher has done some analysis of sales patterns, peak departmental sales and staffing levels. He will be meeting with department heads to implement some sales improvement strategies. One strategy will be to set goals for sales per hour for floor staff during their department's peak sales hours. Each department will have a labor budget to meet. Overtime will be more strictly controlled. The board asked if the department managers would have enough information to give them the tools to accomplish these goals. Christopher thought so. He is also looking at extending store hours to increase sales, while at the same time trying to minimizing the impact of the added labor expense. Christopher is seeking additional input from the NCGA, Ben Nauman, and other co-op managers on the sales and labor issues. Christopher will provide a progress update at the next board meeting. The board thanked Christopher for his analysis.

The quarterly financial reports should be out in time for next board meeting.

Georgie asked about the sources and uses budget. Finholt Construction has been fully paid except for some fans in the tunnel and air conditioning for the basement, which are estimated at about \$6,000. Christopher is still working with Ben Nauman on the letter to seek financial support from other co-ops through the sale of preferred shares.

Marketing Report – Liz provided a written report, which the board received and reviewed prior to the meeting. She left the meeting at this time. Christopher will be putting together a further report that touches on various aspects of how marketing activities connect with meeting sales goals. Steve P. asked if other co-ops would share some of the things they did. He thought it might be helpful. Christopher will talk to Ben Nauman of the NCGA. The branding of the co-op and the co-op's standing in the community are good indicators that marketing is having a positive impact.

Revised Policies and Committee Charters – The board continued its review of the new template for policy governance. The revised draft sections L, G, D, and the committee charters were reviewed.

Policy L3.4 should be revised as reported in last meeting's minutes. "Year" should be changed to "12 months." Policy L7.6 should have "or the appearance of conflicts of interest" at the end of the sentence. Policy L2.1 should be: The GM will not "Cause or allow harassment among *staff* and potential *staff* or discrimination based on other than business related criteria, individual performance, and qualifications." There was also an extraneous "based" preceding "or discrimination" in this sentence, which was removed.

Policy G4 concerns the board members' code of conduct. The board discussed whether there should be any policy about employees serving as board members. Some co-ops have designated employee/board member seats. Others prohibit employees serving on the board. Others deal with it as a potential conflict of interest that must be disclosed and worked through. An employee board member could not participate in the general manager evaluation. The board thought it was conceptually possible under policy governance to have an employee board member, but as a practical matter, it may be hard for all parties to maintain the segregation of roles. The board was reluctant to have to deal with the issue while it was learning its new roles under the updated policy governance system. Once the board has more experience under the new system, it could revisit the issue. Under the proposed Policy G4.2.3, it would be a conflict of interest for a board member to seek employment with the co-op. The board agreed to revise Policy G4.2.3 to have the second sentence read as follows: "A board member may not be a paid co-op employee." The first sentence will be amended as follows: "Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization or a business relationship *or other preferential treatment* with the co-op."

The new policy governance system will not prohibit employee relatives, spouses or domestic partners from running for the board. The Board consensus was that those persons could serve on the board, with the disclosure of the possible conflict of interest.

The board reviewed of rest of the "governance process" (G) section of the policies. Policy G6.2.1 is correct as is. The officer sections are satisfactory. The template does not have anything about committees. The board will work through those issues as needed. Lyle moved to approve the policy manual, as revised. Toni seconded. Approved unanimously.

The board reviewed the draft board calendar. The patronage dividend decision should be in March, not February. In the month of November, there is an item regarding the GM "contract," which should be "employment agreement." The election of board officers should be in May, not April.

Ends Discussion – The board had a retreat with CBLD consultant, Bentley Lein about the co-op's ends policies. Under the new template for policy governance, the "ends" materials from the old policy governance manual were simply transferred unchanged to the new manual, with the understanding that they could be reviewed and revised in the future. Ends policies describe what the co-op is supposed to achieve, for whom, and at what cost or relative priority. The board would like to be able to measure whether the ends are being met. If the ends represent the major reasons for coop's existence, how should they be determined? Should they be initially drafted by the board and then presented to the membership for comment, or should the board seek member input on the creation of the new ends policies? How should member opinion be gathered? Information from the board to the membership can be provided in the Scoop. Facilitated focus groups were very helpful in the past to gather member input, when the board was beginning to consider expansion, and was looking at the cost of the member discount program. The co-op's ends policies should be monitored yearly, with a report on the progress

of how well the co-op is meeting the ends. As an evolving document, the Ends policies should be periodically discussed with members to see if they should be updated. The board and Christopher agreed that the ideas for Ends policies generated at the workshop were a beginning, but this will need to be an ongoing discussion. Board members should review Policy E3 for the next meeting (vision and values), plus the draft ideas from the workshop.

Ends policies allow the co-op to look at opportunities and threats in a more systematic way, since they establish the co-op's objectives and priorities up front. Christopher thought that in terms of the practical outcome, clear statements about vision makes it easier to deal with issues that arise over time. Steve volunteered to download some Ends policies from other places and distribute them to rest of board. Christopher said there was a good segment on visioning at the NCGA conference he attended, with work materials that he can provide to the board.

Personnel Issues (executive session) – Toni moved to go into executive session to discuss personnel issues. Joan seconded. Approved unanimously. John K. left the meeting. Christopher reported to the board on personnel issues. Joan moved to leave executive session. Toni seconded. Approved unanimously. John K. returned to the meeting.

Nomination Committee Report – The board has a process for candidate recruitment in the new board calendar. There will be an ongoing Nomination Committee. The draft application form for persons seeking board candidacy was accepted without change.

General Manager Evaluation Committee Report – The Evaluation Committee will consist of Georgie, Steve and Lyle. Christopher's monitoring reports will serve as the basis for the evaluation, along with his GM reports from prior to the implementation of the new policy governance system. The board discussed whether to include a survey of the management staff as part of the evaluation process. Consultant Carolee Coulter said some co-ops do that, but she did not recommend it at this point. The board consensus was that a survey would not be done this year but could be done in future years. John K. commented that he thought the board was limiting itself as to what information it would consider for the general manager evaluation. By getting information only from Christopher's reports, it might not be getting a full picture. The board had had discussion about some aspects of the issue of a staff survey in the executive session on personnel issues. If a survey is done, it will be at the initiative of the general manager. Christopher may report to the board on the results as part of his reporting on staff treatment.

Cooperative Board Leadership Development Project – There is a webinar on board member fiduciary and legal responsibilities on Wednesday, May 14. Steve will sign up. The board can attend at the meeting room in the co-op basement. The co-op paid for six months the year's cost for the board's participation in the project and hoped for scholarship after that. Christopher will talk with Ben Nauman about where they are in the scholarship process.

Board Election of Officers and Committee Assignments – Toni stated the board appreciated Georgie's contribution and leadership but would honor her wish to no longer serve as president of board. Toni nominated Steve Peterson for president. Lyle moved to accept the nomination. Joan seconded. Approved. Georgie agreed to accept a nomination for vice-presidency. Toni moved and Lyle seconded the nomination. Approved. Lyle nominated Onita for the position of secretary. Toni moved

and Joan seconded the nomination. Approved. Lyle nominated Joan as Treasurer. Toni moved and Lyle seconded the nomination. Approved. Toni moved the slate of officers be elected. Keith seconded. Approved unanimously. The board will want a Nominations Committee, which has been Lyle and Georgie. There will also be a Board Development Committee. The board will decide later about its participation in the Membership and Marketing Committee and whether to have a Finance Committee.

Board Code of Conduct – Board members signed the code of conduct statement. Steve P. will monitor the Code of Conduct policies for the May meeting under the new board calendar. Christopher will report as required by the board calendar from now on. Quarterly financial reports will be due in May.

Meetings will continue to be held the fourth Tuesday of the month, and the location beginning in May will be the co-op meeting room in the store basement.

Annual Meeting Follow-up – The board thought the facilitated discussion groups were a good thing. Christopher wondered about holding the annual meeting closer to the store instead of at Good Shepherd church. Steve would like to have the new policy manual on the web-site. Annual meeting reports could also be posted.

Toni moved adjournment. Joan seconded. Approved unanimously. Meeting adjourned at 7:50 p.m.

Next meeting is Tuesday, May 27, 5:00 p.m., Co-op basement

Respectfully submitted:

Onita Mohr, secretary

Arllys Adelman, Scribe

Documents Reviewed:

Agenda

Minutes, March 18 and April 6, 2008, regular and executive session

General Manager's Report

Sales Recap January 1 through April 19, 2007 and 2008

Sales Recap January 1 through April 21, 2007 and 2008

Sales Recap January 15 through April 19, 2007 and 2008

Sales Recap January 15 through April 21, 2007 and 2008

Sales Recap April 1 through April 21, 2007 and 2008

Model policy governance policies, committee charters, board monitoring calendar