

ONEOTA COOPERATIVE BOARD MEETING
SPECTRUM NETWORK
March 23, 2010

Board members present: Lyle Luzum, Toni Smith, Joan Leuenberger, Georgie Klevar, Steve Peterson, Onita Mohr, Robert Fitton

Absent: None

GM present: No

Five co-op member/owners were present.

President Lyle Luzum called the meeting to order at 5:02.

Agenda Review and Approval: The board added to the agenda a third reading for two policy register changes (Policy G4.6, Code of Conduct, and Policy L1.1.1, Treatment of Customers) and a resolution thanking Michelle Campe. It removed the Policy E1, Global Ends monitoring report from the consent agenda and will reschedule it for the new GM to do. Georgie moved to approve agenda as amended. Toni seconded. No discussion. Approved unanimously.

Conversation (member comment section): Steve McCargar thanked Toni, Onita, and Georgie for their years of service on the board and support of the Co-op.

Approval of Minutes: Joan moved to approve minutes from the previous meeting. Robert seconded. No discussion. Approved unanimously.

New General Manager: David Lester was hired as the Co-op's General Manager and he will start work on March 26, 2010.

CONSENT AGENDA: The consent agenda contained the board monitoring reports for Policies G7, G8, G9 and G10, (board officers' roles), an authorization for GM David Lester to be a signatory on the Co-op bank accounts, and an authorization for the board to open a safe deposit box for storage of confidential board documents. Joan moved to approve the consent agenda with the exception of Policy E1, which was pulled for further discussion. Toni seconded. No discussion. Approved unanimously.

Summaries of the policy monitoring reports are as follows. The global statement for Policy G7, Board President's Role, is "The Board president assures the integrity of the Board's process and the integrity of the Board's relationship with the General Manager. Occasionally the president represents the Board to outside parties." It is the board president's job to ensure the board acts according to its own rules and those legitimately imposed from outside the organization. The president presides over and facilitates meetings. The president is authorized to make decisions falling within the board policies on "Governance Process" and "Board-General Manager Relationship" except where that authority is specifically delegated elsewhere. The board president has no authority to make decisions about board policies on "Ends" or Executive Limitations," President Lyle Luzum gathered data through a survey of board member. He reported compliance with the G7 policies.

The global statement for Policy G8, Vice President's Role, is "The Vice-President's role is to help the Board maintain the relationship between the Board and the Member-owners." The vice-president will ensure that election processes follow board policies. The vice-president will perform the duties of

President in that person's absence. The vice-president will compile the results of both the GM and board monitoring reports, beginning December 2009 (recent policy amendment). Vice-president Steve Peterson reported that he had served on the Nomination Committee which was responsible for recruiting candidates and overseeing the election process. He presided over one meeting in the president's absence. He reported compliance with the G8 policies.

The global statement for Policy G9, Treasurer's Role, is "The Treasurer's role is to help ensure that the Board creates and follows good policy relating to the financial condition of the cooperative and Board itself." The treasurer creates the board's annual budget and chairs any committee charged with researching financial policies or hiring an auditor. The treasurer performs duties as designed by the bylaws, which include overseeing the financial affairs of the Co-op and making sure all required reports and returns are filed. Treasurer Joan Leuenberger reported that she had created and monitored the board's budget for the year, studied the quarterly and interim financial reports throughout the year, determined that the finance staff and GM are aware of the various reports and returns that need to be filed and has inspected payroll returns and deposits for 2009. There were no committees with a financial charge in the past year. She reported compliance with Policy G9.

The global statement for Policy G10, Secretary's Role, is "The Secretary's role is to ensure the integrity of the Board's documents." The secretary will ensure that all board documents and filings are timely and accurate, keep the policy register updated, certify the results of elections, keep minutes of meetings, oversee the serving of notices for member meetings and provide for the storage and maintenance of board records. Secretary Onita Mohr reported that past board minutes were kept in a secure file cabinet at the Co-op. Current minutes, bylaws, articles of incorporation and the policy register are all in a binder at the customer service desk and are posted on the Co-op website. Governing documents are updated after they are amended. She reported compliance with Policy G10.

REPORTS:

End-of-Year Financial Update: Steve P. reported that the Co-op had a net income of negative \$2,038 for 2009, a big improvement over the \$112,719 loss in 2008. Sales for the year were up 5.3%, labor as a percent of sales was 25%, margins were higher, at 38.4 for 2009 compared to 36.6 from 2008. The Co-op got to keep approximately \$115,000 in sales dollars as a result of the higher margin, and \$114,000 in sales dollars due to lower labor costs. Inventory turns were up 1.8 turns for the year, to 11.3 per year. The industry benchmark is 12 to 15.

The Co-op is making progress operationally. The financial indicators are better than a year ago. The Co-op did not make a profit yet, but there has been a steady turnaround in cash. This has come about despite the economy because the board and management focused on fundamentals, holding down expenses and increasing sales.

A member asked if 4th quarter and 1st quarter labor costs were depressed because of there being no GM? Steve P. said no, but the board could not comment further on the salaries of the Interim GM and the former GM. The board wanted to be careful not to give a false picture of labor costs.

A member asked if the final depreciation adjustments had been done for the end-of-year financial report? Joan said yes.

ACTION ITEMS:

Board Policy Change – Policy G1.3, Governance Style: Lyle reported that the board proposed to add a section to board Policy G1.3, Governance Style, to create a board procedures manual. The Procedures Manual will be a place where the board can carry forward its institutional memory for practices such as board elections, board transition, board member code of conduct, the conduct of board meetings, the board meeting information packet, storage of board records, the role of the meeting note taker, and record keeping for policy monitoring reports. With three long-term board members retiring, it is a good time to document the practices that have been developed over the years.

The addition to Policy G1.3 is in bold: “The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation, policy-making principles, **and following board-defined procedures of board operation**, respect of roles and ensuring the continuance of governance capability.”

Georgie moved to approve the change in Policy G1.3. Toni seconded. No discussion. Approved unanimously.

Board Procedure Manual: Lyle had provided the board with a draft Procedures Manual, with the topics noted above. Some topics were not yet filled in, but there are existing procedures which have not been complied in electronic form (elections and code of conduct). The board has never formally addressed how the transition of directors happens after the election. Lyle proposed a procedure for the transfer of duties at the board meeting following the election.

Lyle noted that the Internet has created new expectations for board members. Board members should not be sending and receiving confidential Co-op materials and communications through their personal e-mail, which may be accessible to other members of their households.

Steve P. had proposed some changes to the procedures for “Board Meeting Information Packet” and the “Storage of Board Records.” Item 4 of the Board Meeting Information Packet would have the added sentence, “No documents, electronic or hard copy, should be shared with others outside the board, except through explicit board action.” Items 6 and 7 would state, “The President and/or the *designee...*” instead “*secretary.*” In the Storage of Board Records procedures, Item 3 would begin with “*Since...*” instead of “*Because....*” Item 4 would be, “These records shall be kept for a maximum of 10 years. Periodically, the Secretary shall determine if 10 years have elapsed and destroy those records exceeding that time.” Item 5 would be, “Board members are expected to destroy copies of executive session minutes or recordings after they have been approved, or, in the case of confidential documents, after they have concluded their useful life.”

Toni moved to adopt the Board Procedures Manual with the changes noted. Georgie seconded. Discussion. Georgie thanked Lyle for putting the manual together. Steve thanked Georgie for her work on the election process. Onita noted that the Board Procedures Manual will restrict access to the executive session minutes to the participants of those sessions. That had been the rule under the previous Board Policy Manual. The limitation of access should be retroactive and cover all executive session minutes from point the board adopted the current Policy Register forward, as if it had been in continuous operation.

Onita moved to amend the motion to provide that paragraphs 3 and 4 of Storage of Board Records procedures apply retroactive to the adoption of the Policy Register. Lyle asked that paragraph 4 of the Board Meetings procedures be included, as it also addresses access to executive session minutes. So noted. Georgie seconded the amended motion.

Discussion. Robert asked why the old Policy D6 was eliminated. Lyle said that the models for governance policies evolved as practitioners saw what worked and what did not. Many things that were essentially procedural were eliminated from the revised model policy governance template. Steve P. said boards would have a difficult time monitoring procedures, and that was why they were dropped from the model template. Lyle thought there needed to be a place to keep track of board procedures.

Robert asked if there was a minimum time for keeping board records. The revised item 4 in Storage of Board Records references a maximum of 10 years. What is the minimum? Joan moved to amend item 4 to strike "a maximum of" and say "...for 10 years." Toni seconded to amend the amended motion. No further discussion. The amendments to the original motion were approved unanimously. The amended motion was approved unanimously.

Patronage Dividend Decision: Joan moved to declare no dividend for this year given the negative profit status. Steve P. seconded. Approved unanimously.

Annual Meeting Agenda: The board discussed the logistics for the annual meeting on April 1, 2010 at the Senior Center. Board members who are able will come at 6:00 p.m. and help set up the room. Toni will bring coffee pots and coffee. Georgie ordered cookies from Waving Grains. The board will ask the deli to provide cups and napkins.

A member asked if there was any reason Co-op members could not have a potluck that night. Onita pointed out that it was a religious holiday, and Good Shepherd Church would be having services. The board has advised the membership that there would not be a potluck at the annual meeting. Georgie said a reminder note could be put on the door at the Co-op.

The board will have equipment available for Steve P. to do a power point presentation.

Board Policy Change – Policy G4, Board Code of Conduct: Robert moved approve the policy as amended at the last meeting. Toni seconded. No discussion. Approved unanimously.

Board Policy Change – Policy L1, Treatment of Customers: Toni moved to approve policy L1.1.1. Joan seconded. No discussion. Approved unanimously.

Onita will get revised policies to board's website and posted on the Co-op website. It would be good to have a revised set of the Policy Register in the board binder at the store, also. This is something else the board might want to put in the procedural manual. Where does everything go, and who is supposed to put it there? Steve P. commented that it would be nice if the board had one contact person who could update all of the locations. Lyle said he hoped the board would be in a position to afford a board administrative assistant, but that is not possible yet.

Thank You: The board would like to express its thanks to the Interim GM for her great work. It has been the best transition possible. Toni moved for a resolution to thank Michelle Campe for her service

during the interim period. Steve P. seconded. Approved unanimously. Steve P. will send a note on behalf of the board.

Georgie moved to offer thanks to the entire staff for their service during this time of transition that allowed us to move forward. Toni seconded. Approved unanimously. Steve P. will send a note for that also.

Next Month's Monitoring: Board report on Policy G, Global Governance commitment, and GM report on L5, Financial Condition (quarterly report). Steve P. will do the report on Policy G. The Global Ends Policies will be discussed at the board retreat on May 15. Board candidates were advised of the retreat so that they can be available.

Next Meeting: April 27, 2010, at 5:00 p.m. at the Co-op in the meeting room.

Onita moved to adjourn. Georgie seconded. Approved unanimously. Meeting adjourned at 6:05

Respectfully submitted,

Onita Mohr, board secretary

Rachel Breitenbach-Dirks, scribe

Documents reviewed:

- Agenda

- Minutes, February 23, monthly meeting

- Policy G7 monitoring report

- Policy G8 monitoring report

- Policy G9 monitoring report

- Policy G10 monitoring report

- Draft amendment, Policy G3.1, Governance Style

- Draft amendment, Policy G4, Code of Conduct

- Draft amendment, Policy, L1, Treatment of Customers

- Draft Oneota Community Co-op Board Procedures Manual