



North Coast Co-op
Board of Directors Meeting Minutes
March 2, 2017 – Ten Pin Building – 793 K Street, Arcata

Present at meeting:

Board: Mary Ella Anderson, Colin Fiske, Robert Donovan, Ed Smith, Leah Stamper, James Kloor and Cheri Strong
Staff: Nicole Chase, Melanie Bettenhausen, Michelle Sanders, Brandy Cogburn, Lauren Faucet, Jason Davenport, and Kala Eichamer

Member-owners: Bones Stafford, Dave Feral, Roger, Brenda Harper, Greg Smith

Meeting was called to order at 6:05 pm by Leah Stamper at the Ten Pin. Participants introduced themselves.

Agenda Review:

<p>MOTION: Move to approve the March Board agenda.</p> <p>Comments: Add Dave Feral’s presentation after item 6 (FY18 Budget review). Melanie will not present item 7 (Deli Remodel Proposal).</p> <p>Smith/Stamper</p>	<p>MOTION 7/0/0</p>
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Approval of the Minutes:

<p>MOTION: Move to approve the February 2, 2017 Board meeting minutes, as amended.</p> <p>Comments: Colin notes that in the PPC discussion the wording of the proposed Single Person Membership Policy needs to be changed to section. Regarding the Executive Session Colin reports that the board decided to appoint James Kloor. Mary Ella notes that at the end of the member comments change the wording to “has withdrawn”. Nicole, under Securities Permit the wording is incorrect and needs to be changed to B shares. Melanie needs it clarified under the Board Tracking that the earthquake policy was just renewed in August prior to Melanie taking over as GM.</p> <p>Fiske/Smith</p>	<p>MOTION 7/0/0</p>
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Member Comment Period:

- Roger comments that the packet looks excellent however he wants the board to know that he has a hard time getting a copy of the packet. Comments that it is hard to find the meeting notice in the stores. He encourages the board to seek out attendance from non-decision making employees. Regarding the impending expansion of the Eureka store, Roger senses that core members get nervous when they see money being spent and tend to take their money elsewhere. Specifically, Arcata shoppers get nervous when money is being spent on the Eureka store. Additionally, selection of new Directors chair on the Board should happen toward the beginning of the meeting, it is unfair to require someone to sit through an entire long meeting. Colin responds that there is a policy that addresses how information about Board and Committee meeting materials are to be made available to members.
- Suzanne Stafford comments on the coupon mailer, she likes it and thanks staff. Asks who is the intended target of the “Coop Deals”? As a mail carrier, she sees that there are a lot of bad addresses and names on the mailing list for this publication. Nicole comments that she is not sure who edits the mailing list. Melanie, we do not manage this list in house, asks Nicole to look into it. Suzanne points out that formatting the addressee as “Coop shopper” vs. specific individual would prevent multiple deliveries to the same address.

Board President Report:

- Set date for the Board/Management Retreat: Redwood Lodge is available April 30th. Kala will look into booking the location. Melanie adds that this will likely be one of two retreat dates per Roger James, who will be facilitating the retreat.
- Clarification that it is the duty of the Secretary to report out Executive Session.
- BIG Meeting: Leah updates the group, BIG stands for Big Idea Gathering. It is sort of a mini retreat. Leah would like to set another meeting date, probably after the retreat. Pick up after sequence of upcoming retreats. *Add to agenda for May*

FY18 Budget: Presentation by Melanie. The budget is viewed on the presentation screen by the meeting participants.

- Prior to Melanie taking over as GM, the board had asked for a yearly business and financial plan to accompany the annual budget. She ran into many challenges in developing the budget. Brandy and Melanie have learned that many numbers are not being entered into Sage, they are actually recorded in numerous separate Excel spreadsheets. Melanie states that this state of affairs is not ok by her standards, by next year this time the management team will be on track. She feels good about what they have come up with as the management team has scoured for accurate numbers.
- The Board looks at the numbers on an annual level. Melanie notes that
 - Revenue is broken out by stores, sushi, buying club, delis, bakery, discounts.
 - Cost of goods includes Mermaid sushi, all sushi sales go through our register, we keep 25% and cut them a check for the rest.
 - Gross profit, expenses line items payroll, benefits broken out.
 - Gen administrative costs and depreciation are line items.
 - Occupancy property, rent, utilities, instore security, janitorial.
 - Other income/expense advertisers who pay us.
 - Dividend income, what we pay out on C shares annually, board expenses, membership expenses.
 - Before taxes expenses, after taxes, annual profit \$9918.00 2% of sales.
 - Melanie was conservative with increasing estimated annual profit due to ENF Mckinleyville and uncertainty in the current economy. Set at 2% net.
- The Business Plan Melanie developed is based on another Co-op's plan that worked well, she then plugged in our information. She chose to follow the strategic plan goals in setting this up. Questions? Mary Ella would like to have some time to really look at this document, discuss at FC meeting. Colin agrees and needs some time to process. He is excited to see the strategic plan guiding things. Melanie asks the board when presenting the budget numbers what format is preferred? Consensus that a year glimpse is good for overview. Board members would like to have access to the excel information. Mary Ella comments that the staff has uncovered many things such as bills that were being paid that were unnecessary, have uncovered a lot. Look at this again at FC meeting, Melanie notes that the documents will be provided well in advance. Also, information for the Deli remodel proposal will be ready at that time. The board will be able to look at everything and compare alternate outcomes.

Presentation by Dave Feral, World Water Rising: A fundraiser for Water Protectors. The event is scheduled to take place March 25th 6-8:30pm at Blue Lake Casino and Hotel's Sapphire Palace. There will be speakers, films, songs and drums. Tickets are priced at \$25. Why protect? Because water is life.

- 1/3 of Humboldt County gets its water from the Mad river watershed. In 1850 over fishing started, by 1920 fish populations were already in decline. According to the EPA, 39 fish species utilize this body of water and are in jeopardy. The Mad river alliance was formed in 2011. Since then they have removed 400 cubic yards of trash from the river. Usually there are two to four clean ups per year. They also have an Outreach program called Paddle with Purpose. Additionally, they have formed a citizen monitoring group which has taken on surveying steelhead in the summer, have done salinity mapping, and are working on a long-term temperature study.
- The Co-op should be involved because this is a food protection issue. Dave gives a recap of his Standing Rock experience and his journey to the site. Over 300 tribes were present and well prepared. Many individuals who were at Standing Rock have committed to the World Water Rising event. There will be a dinner before the event at 4pm. There will be an opening ceremony then presentation via video or skype and local/national tribal representation. The goal is to raise funds for a training sometime this summer that will strengthen and continue this network. KTEV will be involved. This will be an annual event. The casino is generously donating an estimated 10k in services. Dave asks the coop and board to consider contributing to the event.
- Cheri recommends spending the funds that were to be spent on the blow out shindig for the new GM.
- Melanie, it is important to consider how this expense is communicated to the members, she recommends the board consider a strategic alliance with Mad River Alliance or related groups. Dave, this event will spur

online events to be followed by annual live event next year. Colin would like to propose the board vote to state that they support local and national water protection efforts. Melanie, explains alliances align with our strategic plan goals. The Co-op could also offer to help with advertising clean up days organized by the Mad River Alliance

MOTION: The board formally supports the efforts of water protectors locally and around the globe.
Fiske/Stamper **MOTION** 7/0/0

Committee members:

- Who on what committee, Colin notes that this came up at the PPC meeting. The Board should vote at least two members to each committee. Colin proposes a vote. All on finance
 - FC: ALL
 - MAC: Mary Ella, Cheri
 - PPC: Colin, Leah, Ed
 - EAC: Mary Ella, Leah, Colin
 - NC: James, Cheri, Ed, Robert (any board members who become candidates in the upcoming election will, at the time when they submit their applications, no longer serve on the NC. Melanie plans to start attending these meetings, she has an institutional knowledge of past elections that will help replace the knowledge that Cheri is now providing should she need to resign from the NC.)
- Ed points out that at least three board members need to be present to open ballot boxes/count votes. Colin notes that the Secretary filling in counts as a fourth member. Ed would like that added to the BPM revision. James and Cheri will need to be replaced when they submit/before review of applications.

MOTION: The board agrees to the above noted Committee assignments.

Fiske/Kloor **Motion** 7/0/0

*Staff will update website/bio pages with these changes on the website.

Committee Reports/Motions:

- **Member Action Committee:** Reported by Colin Fiske. The meeting was a small group but a good discussion.
 - **Consensus to move forward with movie night at Richard's Goat Mini-plex** hosted by MAC, hopefully with a local speaker. One event in May and another in October. A movie needs to be selected for the October event, something Co-op related. "Food for Change" has been shown before but is a good documentary.
- **Nominating Committee:** Reported by Ed Smith.
 - The election schedule was outlined, the candidate forum would like to tie into movie night. Colin suggests the MAC take it up.
 - The proposed charter includes executive committee changes. The board reviews the draft charter. Ed notes that is has been clarified that the chair will verify vote count. Colin notes that the PPC has it on the hotlist to go through and make sure the language is consistent with charters.

MOTION: The board approves the proposed changes to the NC charter.

Smith/Fiske **MOTION:** 7/0/0

- Robert asks about the sealing of ballot boxes and if board being present is part of the procedure? Per Ed, Kala will add this to the agenda for discussion at the April NC meeting.
- **Policy and Procedures Committee:** Reported by Colin Fiske.
 - **Proposed Zero Waste Policy** Discussion of current CRV daily tax situation.

MOTION: The board moves to adopt the proposed Zero Waste Policy

Fiske/Smith **MOTION** 7/0/0

- **Proposed Purchasing Policy:**

MOTION: The board moves to approve the proposed Purchasing Policy.

Comments: Melanie would like to see this in the employee handbook. Discussion of reasoning behind double negative wording in specific sentence, it is deliberate after much discussion in past meetings.

Fiske/Stamper

MOTION 7/0/0

○ **Proposed Bylaws Changes:**

MOTION: The board authorizes Colin Fiske to consult with the Board's attorney to ensure that Proposed changes to Bylaws Sections 1.02, 5.16, 6.01, 10.01 and 10.02 do not present any legal issues, and then return the proposed changes to the Board for the PPC as appropriate.

Comments: Colin updates the board on the details of the proposed changes.

Fiske/Stamper

MOTION 7/0/0

- **Earth Action Committee:** Reported by Leah Stamper.
 - Revisit meeting date/packet process at next EAC meeting.
 - Met with Juliette Bohn talked about values and measures for implementing tracking of waste in the remodel. Come up with proposal to implement zero net impact with the remodel project. She and Melanie will meet and bring a proposal to the board.

General Managers Report February 2017: Presented by Melanie, highlights include:

- Continued decline in sales for both stores. Melanie notes that over all NCC is still in the positive. She is concerned by the trend but not overly concerned. There are many projects soon to be rolling out to get shoppers back in the stores. The Merchandising, Marketing and Membership team has many projects in development that will be coming out all at once. Weather improvement could help boost sales. Tourism this year? Melanie would like to consider multi-year trends, she is having to learn to read the numbers, however sometimes they are not readily available. Mary Ella asks what numbers are missing? Melanie, the budget numbers are not in Sage, this program was not utilized by previous financial staff. Brandy and Jason are working to upgrade the system and retraining staff to fix this frustrating problem. The team met with Mary Ella, it was very helpful and informative to hear the perspective of someone who is not directly involved in operation.
- HR, the "change management" presentation is being given at all levels. Melanie would like to discuss some ongoing employee issues in executive session. The OCEA 300 log is now posted, which is great as it is required by law.
- In Merchandising, the new position in this department will have an overview that will aid in promoting local.
- Mary Ella inquires about the possibility of having a meeting at the Eureka store, maybe a FC meeting? Melanie, there would be an accessibility issue if the kitchen is not available. She will consider changing the meeting location but asks about the board's requirements? Colin says that public notification requirements are low. Melanie suggests that the Board could do a tour at of the Eureka store 5pm then meet at the Ten Pin for the FC Meeting on the 29th. The Board will provide dinner for the meeting, it will be a Zero Waste event so bring your own container! Touring the store before the meeting will be a good exercise to inform the conversation about the Deli Remodel proposal.
- Colin asks why Sales in the Eureka store are affected by Mckinleyville ENF, Melanie explains people who work in Eureka/live in Mckinleyville don't stop in Eureka now that they can shop in Mckinleyville.
- Mary Ella asks about how to measure what is driving sales down, is it customer count or basket size? Melanie, we are working on getting the tracking all together to be able to see this.
- Arcata store needs are being built into the FY18 budget. Janitorial Department Head has been hired internally which caused a shuffle.
- Recent Patronage Refund and Nic's tabling in both stores has helped to boost new memberships.
- Lease agreement for the Eureka store, there is no options for breaking it until 2027. The opportunity to break the lease was missed in 2016. Why? Leah, discuss lease in more detail at the next Board meeting.
- New Coop in Sacramento, Melanie recently visited and noted some things that were not working in that store especially in prepared foods. Melanie visited multiple Whole Foods and they seemed run down. In comparison, our stores are doing well.
- Discussion of Ukiah coop and single person membership benefits.

MOTION: Approve the February 2017 General Manager's report.
Smith/Stamper

MOTION 7/0/0

New Business: Follow up, Securities Permit.

Board Correspondence: None

Member Comment Period: Nicole just sent out over 150 Business Partner Program letters this week, she is excited. Explains the program, new benefit of membership. Adventures Edge is offering a 10% discount! Melanie offers kudos to the board /committees, things are happening. Employees are excited about Zero Waste. There was much discussion about it at the most recent employee forum. Will be reported out in March Coop Thymes, exciting.

April meeting agenda items:

- Eureka Store Lease
- Earth Quake Insurance
- Follow up, Securities Permit

Consensus reached to adjourn the March 2, 2017 meeting at 8:59 pm and move into Executive Session.



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Board of Directors
Executive Session Minutes
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Present at the meeting:

Board: Mary Ella Anderson, Colin Fiske, Robert Donovan, Ed Smith, James Kloor, Leah Stamper and Cheri Strong

Approved guests: Melanie Bettenhausen.

Executive Session was adjourned at approx. 9:20 pm after no action.