



Board of Directors Meeting Minutes

April 5, 2018 • 5 – 8pm

Ten Pin Building – 793 K Street, Arcata

Present at meeting:

Board Members: Colin Fiske (Board President), Robert Donovan (Vice President), Leah Stamper (Secretary), James Kloor (Treasurer), Cheri Strong, Ed Smith, Mary Ella Anderson

Absent Board Members: None

Co-op Employees: Melanie Bettenhausen, Emily Walter, Travis Morgan, Michelle Sanders, Vince Graves-Blandford, Austin Wright, Lauren Faucet

Member-owners: Brenda Harper, Roger, Timothy Macias, Amanda Lightfoot-Wright

1. **Executive Session – all board members in attendance with one guest**

The executive session was called to order at 5:06pm.

The board met with a third-party facilitator to discuss the General Manager evaluation.

Executive session ended at 6:02pm.

2. **Welcome**

Meeting was called to order at 6:07pm by Colin.

3. **Agenda Review and Approval**

Consensus to approve the agenda.

4. **Approval of March 1 Board Meeting Minutes and March 15 Special Board Meeting Minutes**

Colin would like a note added to agenda item #6 of the March 1 board minutes that the board does not like electric signs.

<p>Motion: Approve the March 1 minutes as amended, and the March 15 board meeting minutes.</p>

<p>Approved by consensus</p>

5. **Member Comment Period**

- Roger – was at the Ukiah Co-op and appreciated their store and employees. He joined for 90 days for \$10. They have an annual meeting coming up that he hopes to attend.
- Brenda – took advantage of the frozen coupon in the last Co-op News and saved a lot of money.
- James – had a great conversation with a person in the Crescent City Home Depot that was initiated by his Co-op shirt.
- Travis – attended a pancake breakfast in Petrolia. People there noted all the food being served was from the Co-op.

6. **Board President Report – Reported by Colin**

- a) Decide who will write this month's Board report – James will write the next three reports.
- b) Strategic Planning Update
The Vision and Goals committee met for the first time in late March. They discussed what should be included in the survey for input on the strategic plan. It was decided that only members can participate in the survey. Another meeting is scheduled for April 12 where the committee will discuss how they will function moving forward.

Laurie – the member survey is online, available on paper in both stores and in the Co-op News.

c) Board Correspondence

- A couple that want to remove all their C Shares (a large amount) were upset that they weren't getting the money immediately upon request. Colin spoke with them, listened to their concerns and let them know that staff is working to repurchase their C Shares when the time is conducive for the Co-op. Note - it's stated in membership materials that the Co-op has twelve months from a request to repurchase shares.
- The board is being asked to endorse a ballot measure to repeal the raw milk ban in Humboldt County. The Organic Pastures business is involved with the repeal. Colin let them know the usual avenues they can use for gathering petitions, such as tabling in front of the stores. This request will be discussed at the May board meeting.
- James would like the board to table in the store to get members to attend the May meeting.

7. Remodel Update – Reported by Melanie

At the special board meeting on March 15 the board recommended to put an indefinite delay on the remodel due to equipment financing delays, increased financing rates, and flat/decreasing sales which did not put the Co-op in a good position to continue with the project. Management believes we could do the remodel ground-break in April 2019 with a revised plan and financing through only one bank. This will first need approval by the board. USDA continues to be excited about this project and would like to see this project move forward. The bank also continues to be supportive. Some regulations have recently changed that will make financing easier. Permits from the City of Eureka and County Health Department are good for a year, so we would not need to go through that process again. Management is working with the project manager to see what changes need to happen immediately, such as replacing failing equipment. Many great ideas have been generated of changes to implement in the near future with the end goal of the remodel in mind.

- Mary Ella – wants to see more information about increased seating areas for eating at the store.
- Colin – are we going to be doing the same remodel project?
 - o Melanie – it's the same project, only some of it will be completed prior to the major ground breaking of the remodel. The part that we can't do in smaller chunks is expanding the size of the deli.
- Cheri – how much has already been spent on the remodel?
 - o Melanie - \$485,000 has been spent on the remodel thus far, coming out of our working capital.
- Leah – biggest complaint she hears is when will the cooking classes come back?
 - o Melanie – until the full remodel is complete the community kitchen is needed for deli production. There are other groups doing teaching classes that we've discussed working with offsite.
- Melanie – the management team did an exercise called “gifts of the remodel.” They brainstormed all the good things that have come out of the remodel process thus far. Management are excited, and their energy is now focused on current issues and improvements with the end goal of the remodel, but they are no longer on hold “waiting” for the remodel.

8. Review Business Plan, Marketing Plan and FY19 Budget – Reported by Melanie

FY19 Budget

Sales projections are conservative with a .2% net profit. Sales projections must be met, and payroll expenses must be kept in check. Key indicators have been put in place to ensure we hit our targets and allow us to react quickly if we don't. We budgeted for health coverage nearly the same as the previous year, even though the previous year had exceptionally high expenses. Discounts were moved from revenue into expenses.

- Colin – does the budget include the 3rd quarter bargaining unit wage increase?
 - o Melanie – it's not included as a bump in that quarter. It's averaged in over the year.
- Colin – is there any sense of the Co-op access program being factored into the budget.
 - o Melanie - 1.6% discount includes 50 current CAP participants.
- Colin – the budget feels limiting. It's very marginal.
- Melanie – the budget is this way to be clear what the impact prepared foods will have following the remodel. It will also show the importance of the need to increase sales. I trust these numbers as the reality we are looking at. This is a baseline budget. At the midyear budget review, we'll have a better idea of what is happening, and the budget can be revised if needed.
- Colin – a budget is a set of limitations and set of goals. Are we setting our goals too low?
 - o Melanie – If the board wants a budget with more income then employees will need to be laid off to meet that goal. Current goal is to avoid layoffs, thus the reduced net income.

Capital Plan – expenses related to operations

This includes projects like replacing the roof on part of the Arcata store. This may be able to be pushed back since replaced gutters have helped greatly. The Arcata parking lot needs repairs/replacement. Current priorities include the roof, pallet stackers and floor buffers. It does not include replacing equipment in Eureka.

- Colin – thinks the parking lot change could be a strategy for increasing sales. Especially if we can create a space for people to hang out and increase community.
- Colin – capital expenses are paid by cash flow. How is that factored into the profit line in the budget?
 - o Melanie – it's not something you see on the income statement. It shows as increased assets and decreased retained earnings on the balance sheet.
- Robert – is failing equipment being depreciated fast enough?
 - o Melanie – we are using new software to track depreciating equipment.

Business Plan and Operational Plan

This is an extensive plan because I wanted everyone to understand what we are trying to accomplish, which is a lot. This reflects all that staff are working on this fiscal year. The board directed the GM to write an operation plan to go with the strategic plan with no business plan. I wrote a business plan and showed how they fit with the strategic plan with measurable outcomes.

- James – what is the plan for the community kitchen?
 - o Melanie - the current plan is to install a stacked convention oven under the hood, add a prep sink next to the hand washing sink., add stand-alone 3-door refrigerator unit, and add stand-alone refrigerated prep cases. These things could all be extracted when it's time to turn it back into the community kitchen for classes.
- James – would it ever be possible for people to get their Co-op receipts on the website?
 - o Melanie – it would be possible to get transactions, but not actual receipts in the same format as the registers produce.
- Colin – the lease for the Ten Pin is up February FY19.
 - o Melanie – when we do our mid-year review we need to come up with a plan for the lease.
- Colin – concerned about packaging for some of the revenue increasing ideas, including meat overwrap.
 - o Melanie – the meat overwrap program is using compostable trays with plastic wrap. If ordered over the counter there is more waste, with no compostable component. We want to make it more accessible and offer opportunity to change people's purchase habits. We'll also be promoting purchasing meat in their own containers.
 - o Mary Ella – most everything is garbage now. Cardboard is not being recycled. Glass is not being recycled. There is nowhere for these materials to go. It's all garbage.
 - o Melanie – we are working on consumer education.
- Colin – would like to see a unified strategy of how we are marketing the Co-op. What is the vision? Why are we telling people to shop here? Are we focusing on being a co-op or on natural foods?
 - o Melanie – this sounds like a “brand guide, which is often incorporated into a Marketing Plan. Laurie is working on this.

ACTION: Laurie will forward her brand guide to the board.

- Colin – thinks we should be more ambition with Item E2 – Environmental Responsibility.
 - o Melanie – There is a lot more that could be filled in here.

ACTION: Committees should update the Operational Plan based on their accomplishments.

- James – likes the emphasis on all the things we need to get our ducks in a row for, and consequences if we don't. It's great that these issues are pointed out and are scheduled to be addressed.

Motion: Approve the revised FY19 budget as presented today.

James moved, 2nd from Colin, Motion passes (7/0/0).

Motion: Accept the business plan, including the Marketing & Membership Plan and Operations Plan.

Colin moved, 2nd from Leah, Motion passes (5/1/1) Mary Ella abstained, Cheri opposed.

9. Committee Reports/Motions

9a. Earth Action Committee (EAC) – Reported by Colin

There were no recommendations to the board. We talked about energy issues and connected Travis with Roger about solar panels.

9b. Member Action Committee (MAC) – Reported by Colin

Some members attended MAC requesting the Co-op boycott Ben & Jerry's. MAC recommended to the board to boycott of Ben & Jerry's and sign onto the letter in conjunction with member education.

- Ed – I support the boycott but want to know what Ben & Jerry's would need to change in order to bring it back on the shelf.
 - o Colin – we would be honoring a boycott that's already being organized. We would honor it until the organizers call off the boycott. Or we would revisit it when we felt it a good time to do so. We don't have the letter and haven't read it, so we can't vote to sign it.
- Leah – It feels weird/unfair to pull Ben & Jerry's but still sell Coca Cola.
 - o Melanie – Marketing will be looking at all of this in light of the Merchandising & Purchasing Policy.
 - o Cheri – Hansen's and Blue Sky sodas are owned by Coca Cola.

Motion: Support the Organic Consumers Association boycott of Ben & Jerry's.

Mary Ella moved, 2nd from Ed, Motion passes (7/0/0).

ACTION: Melanie will look for instructions/logistics of the Driscoll boycott as guideline for this one.

Melanie – requests implementing product removal when she returns in two weeks if staff are not able to get to it before then.

{ 5 MINUTE BREAK }

9c. Policies & Procedures Committee (PPC) – Reported by Leah

The committee talked about a conflict of interest policy and sent it back to the Nominating committee. They also discussed creating a policy for hiring/reviewing the GM. PPC will start meeting every other month, with the next meeting in May.

9d. Nominating Committee (NC) – Reported by Cheri

The NC recommends the board include six questions in the board application with applicants choosing a minimum of three questions to answer, with a 500-word max. This would be in place of the candidate statement.

- Laurie prefers a question format over a statement, having candidates answer all six questions for easy comparison between candidates, as well as to make it as fair as possible to the candidates.

The board likes the idea of having candidates answer all six questions with a 500-maximum total word count. The Nominating committee is empowered to make this change without a board vote.

The NC recommends the board adopt the Conflict of Interest form (see attachment A) and have board members, the Finance committee and other committees as the board sees fit, fill out the form annually.

- Colin – the following changes need to be made to the document:
 1. The first sentence needs to be updated to match the motion
 2. Add “et seq.” following CA Code 12370
 3. Change “Secretary/Board Liaison” to Administrative Assistant

Motion: Adopt the Conflict of Interest form, as amended, have board members, the Finance committee, and other committees as the board sees fit, fill out the form annually (see attachment A).

Cheri moved, 2nd from James, Motion passes (7/0/0).

Motion: Have the Co-op join the NAACP and attend their meetings.

Cheri moved, 2nd from Colin, Motion passes (7/0/0).

Cheri reviewed the draft board orientation outline. It was noted to change “board administrator” to administrative assistant.

Motion: Adopt the amended board orientation outline and include it in the Board Policy Manual (see attachment B).

Cheri moved, 2nd from Ed, Motion passes (7/0/0).

Leah – would like to evaluate the process following its implementation.

10. General Managers Report - April 2018 – Reported by Melanie

- Colin – excited about the zero waste demos. It seems the trend in sales in Arcata is a real downward trend. Do we have any sense of what’s going on? Is this due to the price of cannabis dropping?
 - o Melanie – it’s hard to know if it’s a trend or not. We need more time to see.
- Leah – is there an earth day event?
 - o Laurie – we are helping sponsor Humboldt Green Week and are looking at other things to do.
 - o Colin—HGW is more about cannabis than earth day.

Melanie – now that the accounting system is cleaned up. We are focused on our procedures at the front ends for accountability. The fact that we cash payroll checks for other organizations is a big problem for us. One, because we need additional cash, and two, because of the current process with SMS, our safe and how we balance it all, we don’t have a way to reconcile any money that is missing. We would like to stop cashing these checks as of June 30 with notification at customer service. Our membership literature says we do this but there is no policy that this is a member benefit and this language should be removed. We will communicate early and often with those that currently cash their checks so that they’ll have plenty of notice to find an alternative to cash their checks.

Motion: Approve the April 2018 General Managers report including ending cashing payroll checks starting June 30.

Colin moved, 2nd from Ed, Motion passes (7/0/0).

10. Member Comment Period

Leah – liked the Co-op April Fools ad in the Mad River Union.

11. New Business (items for next agenda):

- member correspondence (raw milk)

Consensus reached to adjourn the April 5, 2018 meeting at 9:04pm and move into Executive Session.

Minutes by Emily Walter



North Coast Co-op
Board of Directors Executive Session Minutes
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Absent Board Members: None

Approved guests: Melanie Bettenhausen

Action was taken regarding a personnel matter.

Executive session ended at 9:40pm

Reported by Leah Stamper