



Board of Directors Meeting Minutes

November 1, 2018 • 6 – 8pm

Ten Pin Building – 793 K Street, Arcata

Disclaimer: This is not a verbatim transcript of the meeting and is based on the author's understanding of the meeting.

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:

Co-op Employees: Melanie Bettenhausen, Emily Walter, Michelle Sanders, Kirsten Lindquist, Kristen Hayen, Cheryl Dias, Laurie Talbert, Lauren Fawcett, Jessica Galaviz

Member-owners: Roger, Brenda Harper, Michael Reeves, Diane Sharples, Nicole Chase, David Dahler, Laura Jones, Moonlight Macumber, Ryan Burns, Joe James, Kathleen Pelley, Robert, Vince Graves-Blandford, Lisa Blandford, Thomas Coriell, Daniel Duncan

1. Welcome

Meeting was called to order at 6:02pm by Colin. Everyone was reminded of the ground rules and introductions were made.

2. Agenda Review and Approval

Consensus to approve the agenda. An agenda item was added to approve the new Controller as a signer on Co-op bank accounts. This will be added to the consent calendar. Consent on agenda as amended.

3. Member Comment Period

- Roger – it's critical to get back to cooperation. It would be nice to have good financial reports at the annual meeting. I think the Co-op can be closed a few hours during the annual membership meeting. I realize the Co-op will lose some money but there is a low turn-out. I would love that to be a discussion item for the board. There is a gap between the employees and the board that isn't new to this board. It's a common issue. The board needs to get better in touch with the workers. I think this is a priority.
- Nicole – a week before the Annual Membership Meeting employees and members approached me in the store with words like embezzlement and fraud and missing money – it was shocking. I went to the Annual Membership Meeting to get information. Melanie said that around March it came to her attention that the Controller was under investigation at her previous employment. That was stunning to me. And that was right around the same time that Vince was bringing forward information about financial inconsistencies. At the Annual Membership Meeting the board was asked if you've done a forensic audit. Colin said there was no reasonable suspicion to do such a thing.
 - o Ed – I looked into forensic audit costs. They start at half a million dollars and go up from there.
 - o Nicole – Melanie and Colin stated that you brought in a third-party Controller and are now getting accurate information. For over a year we weren't getting accurate financial statements.
 - o James – we don't know that the previous Controller was under investigation. There is an allegation of such a thing. That is the point of when Melanie reached out to our attorney. There is no evidence that there is an investigation. We have an annual audit to review our finances. We'd have a better answer to this question if the audit had already started. Without a Controller the audit has been pushed back to December.
- Thomas – I'd like to apologize to Colin for making pointed accusations at the Annual Membership Meeting. I don't get the feeling that the board is open. I recommend being more forthcoming with information that the members require. Without that, be careful.
 - o Colin – almost all our information is available to members other than confidential personnel information. My philosophy is that we maximize transparency where we can.

- Thomas – I'm not happy with your level of fiduciary responsibility. I voted for you Colin, because I believe people learn more from their mistakes than they do from their successes. If this doesn't turn around, you better be careful because the members will do something about this.
 - Colin – we welcome member feedback. If there are things you think we're doing wrong, let us know.
- Lisa – with the idea of transparency in mind, and for those who voted for me, I want to suggest the board post the minutes and recordings online for people to listen to. People have told me that they are more likely to listen to the minutes than read them. I was reviewing the September minutes and I found that what I had said during the comment period was heavily edited. As in it was half of what I said, which in my mind made me feel belittled and demeaned because I had spent a huge amount of time wordsmithing something that I was trying to present to the board that I thought people could read once the minutes were posted, so they could see a perspective that I was trying to bring to the board and the community. To see it reduced to a fourth or a half of what it was just kind of sucked. Maybe you can put a disclaimer that the minutes are edited and not exact. I understand it can be hard. I can't type as fast as people talk. But at the same time, they are recorded, so you can go back and listen to what people are saying. With transparency in mind I'm again suggesting we add a financial section to the Co-ops website with accurate financial data that's updated monthly. You could also have a link on the site for B and C-shares, to talk about promoting them. I agree with Roger that we should make the Annual Membership Meeting more accessible for employees to attend. *(Note – The September and October board meetings were not recorded. The August and November meetings were recorded.)*
 - Colin – there is a difference between minutes and a transcript. We will append Lisa's letter to the September minutes.
- Michael – I'm here for concern of the Co-op, it's members and its workforce. I want us all to work together and take necessary actions to make sure the Co-op remains viable and upholds the cooperative principles. In order to preserve our Cooperative Principles, the Co-op must act. Principle 2 – Member Control and Principle 3 – Member Economic Participation are both in jeopardy due to a lack of ways for members to participate directly in board meetings. Democratic participation in this time requires multiple media outlets. You can't expect the average person to read the minutes which are edited and not always accurate. Therefore, it is necessary to use other methods to deliver minutes. I propose the Co-op start a YouTube channel and upload video and or audio of board meetings and other meetings. A YouTube channel would be simple, free and could generate revenue for the Co-op. I ask the board vote on a plan to put this into action without delay. I'm prepared to offer this as a member service on a volunteer basis starting immediately.
 - Colin – I think it would be good to refer some of these suggestions about the Annual Membership Meeting, broadcasting board meetings, adding financial section to the website to other board committees. These items should be referred to the Member Action Committee to have a thorough discussion and recommendations to the board could be made. The Member Action Committee is open to all members and its purpose is to develop member suggestions into proposals for the board to consider.
 - Robert – my understanding for the state of California is that to broadcast the audio/video would require consent of all persons here that are being recorded. Mr. Reese - do you know of any other cooperative board meetings that are currently being broadcast at this time?
 - Michael – things of community importance are often broadcast on public television.
 - Diane – the bottom of the board packet indicates that this information is confidential for members only. How would we keep the general public from accessing this information online?
 - Colin – issues like that is why I think ideas like this need further discussion at the Member Action Committee.
 - Roger – items that go to the Member Action Committee end up on board agendas. It is a method for getting proposals to the board.
 - Michael – are proposals made to the board going to be ignored if they don't first go to Member Action Committee?
 - Colin - it depends on what comes to us. Some actions are simple and easy to take action on quickly. Some things require more discussion and thus get referred to a committee for discussion.
 - Ed - I personally object to recordings of me being publicly posted without my written consent for that specific recording.
- Michael – Principle 2 – Democratic Member Control and Principle 4 – Autonomy and Independence are not being adhered to. Specifically, Principle 4 is being ignored if the Co-op enters into contracts that the board

- and members are not able to review. I propose the board vote to adopt a policy that forbids the Co-op from entering into or renewing any contracts that can't be read by Co-op members in order to uphold Principle 4.
- Colin – I agree that it's a problem that we have a contract between the National Co-op Grocers (NCG) and UNFI. This contract is confidential and not even board members are able to review it. This is an issue that I've been advocating on since before I got on the board. Several years ago, the board passed a resolution directing management to diversify our suppliers so that we don't rely so heavily on UNFI. It's not straight forward because they are our biggest supplier and getting out of that contract or no longer using them as a supplier would be a huge disruption to our business. We are still in this contract and I agree that it's a problem.
 - Michael – do you know when the current contract expires?
 - Colin – not off the top of my head but I can find out.
 - Michael – it would be a good idea if you want to end your contract and do more direct sourcing. It doesn't appear the board cares about autonomy and independence. You can buy from UNFI without a special contract.
 - Robert – this item would be appropriate for discussion at the Policies and Procedures committee meeting. That committee could discuss this and then put it on the board agenda. I recommend you take the opportunity to do so.
 - Colin – it would be good to review the resolution that the board passed a few years ago now on that topic, which we can provide you.
 - James- if tonight we passed that motion, I don't think we'd be serving our fiduciary responsibility. We don't have a market study or any numbers that would tell us what the potential impact of that vote would be. If that vote compromised the contract with NCG and UNFI then we would have failed our fiduciary responsibility. I love your passion, but you have to understand that things move slowly sometimes. That's why we have other committees to have in-depth discussion.
 - Michael – if we can't see this contract, how can we compare what it would be like with or without this contract?
 - James – we could ask staff to reach out to other co-ops to see if they'll work collaboratively to give us sample pricing on their products. There are different ways to try and figure this out. We need time for a big decision like that.
 - Robert – the board moves slowly by design. Your suggestion that we act more quickly is against the design of the cooperative bureaucracy which is both stability and conservative. Often when there are a lot of actions being made quickly, it's in reaction to large problems. The Co-op is currently avoiding a large problem if at all possible.
 - Michael – some Co-op members believe that management is inefficient, the General Manager is getting kickbacks or other bad spending practices are taking place. To reassure our members that kickbacks and such are not taking place, I'm asking the board and General Manager to make a public statement. Have you or any of your friends, family, associates, businesses or organizations that you have connections with received any compensation, returns, kickbacks, referrals, fees, commissions, gifts, advice or any other tangible or intangible compensation or payments from any contractors, service providers or entity that have done business with or received payments from the Co-op?
 - Colin –tonight we'll be signing our annual conflict of interest disclosure form which addresses that question.
 - The board and Melanie responded no to Michael's question.
 - Vince – when I attended the Annual Membership Meeting, I heard a new narrative explaining how the money was spent on the remodel, how much it was and what was included in that. Reading board minutes, it was confirmed that John V. was paid \$250,000 for his consulting fees. And at that point Melanie made it clear that there was \$485,000 spent on the remodel. But what about other consultants? How much was paid to CDS consulting? Allen Seidner as a consultant and I believe there was an additional consultant. There are numbers that keep getting left off. We know \$57,000 was spent on hoods. I'm trying to get a picture of the entire \$600,000 that was spent. At the AMM meeting it was stated that the condenser and Arcata roof are part of this number. Can we get the information tonight to see how the breakdown of remodel expenses works?
 - Melanie – the \$485,000 includes all consultants. There hasn't been \$600,000 spent on the remodel. The \$485,000 is the figure of when the remodel was indefinitely delayed. The hoods were purchased after and are not part of the \$485,000. CDS was a consultant early on and I broke that contract early

- on. NCG was involved at one point. Thought for Food is Allen Seidner. These expenses are all itemized.
- Vince – I'd like to know what was spent out of the working capital for the remodel.
 - James – I could devote a section of the finance committee to answering these questions on November 29.
 - Thomas – Have any of you read the contracts that were signed for the \$485,000 remodel? Is there any legal oversight over these contracts other than the General Manager?
 - James – I don't think we currently have that. Right now, we are directing a procurement policy. You're highlighting something that we might consider including in that. I think having a contract lawyer review contracts over \$100,000 could be a good idea.
 - Thomas – I know there are local people who have expertise in this. I want to fix this mistake and get over it.
 - Michael – referring me to a committee shows your unwillingness to craft policy. You had a controller that you let go. There was talk of embezzlement and fraud. You can't say exactly why you let her go. While she was working, she changed some things about the way the general ledger was kept. Is this correct?
 - James – yes
 - Michael – these changes resulted in floor managers not having cost of goods sold.
 - James – there is no direct correlation between changing the ledgers and the cost of goods.
 - Michael – if the books were rearranged by someone under the suspicion of embezzlement, have the books been returned to the legacy system?
 - James – the narrative you laid out is that the Controller came in and changed everything without asking anyone. She ran things past our auditors, who have intimate knowledge of our accounts, before making changes. These changes were not conducted recklessly. They might have not been the best changes as far as being able to produce reports, but they were not reckless.
 - Ed – I'd like to remind you that in America you are innocent until proven guilty. An accusation of embezzlement is not the same thing as proof of embezzlement. An accusation is not reality.
 - Robert – we had this discussion when we were in Eureka and what you are saying is inaccurate. This board came on after many years of difficulties and found a very good person who wants to work really hard squaring away many issues. At that time, you suggested that you would like to see that General Manager be taken out back and shot.
 - Michael – that is ridiculous.
 - Robert - it's a fair paraphrase. That meeting went around and around about how that General Manager needed to go. The General Manager is evaluated by the employees that she supervises and what they came back and said is that it's so much better at the Co-op than it used to be. She works hard. She's learning a lot. We are looking for improvements and it's so much better. It's fair to say that this board has observed a tremendous amount of problems including the remodel. This board is working in a slow, bureaucratic and stable way to make sure that there are not huge future problems. The invitation to attend board committee meetings is sincere. Please accept the invitation to attend these meetings. Get your items on their agendas and move those items back to the board.
 - Michael – much of the staff that talked to me said they didn't feel properly represented in the last General Manager evaluation.
 - Michael – did Melanie do the contract for her own evaluation?
 - Board – no.
 - Laura Jones – I like that you have meeting ground rules. We started member comment early at 6:10pm and its now 7:07pm. Please refer to the ground rule of share the floor and balance participation.
 - Colin – I'm trying to make sure everyone is heard. I agree, we need to move on.

4. Consent Calendar

The consent agenda was amended to add item d.

Motion: Approve the November 1, 2018 consent calendar:

- a) Approve October 4, 2018 Board meeting minutes.
- b) Approve October 15, 2018 Special Board meeting minutes.
- c) Approve October 23, 2018 Special Board meeting minutes.
- d) Bank Resolution to authorize the Controller Barney Doyle to be added to Redwood Capital Bank Accounts, authorize a credit card for Barney and decrease Melanie Bettenhausens credit card limit now that a Controller is in place.

James moved, Leah second, Approved by consensus (7/0/0).

5. Board President Report – Reported by Colin

Annual Conflict of Interest Form – the form was passed out to the board to fill out, sign and return.

Future Eureka Meetings

We've been meeting in Arcata for quite a while now and we'd like to see more balance. Emily is looking for spaces to rent in Eureka for the January board meeting.

Report on Annual Membership Meeting

The strategic plan was approved by the membership. It's good to have a new guiding document. It seemed apparent to anyone attending the meeting that there has been a break down of trust between the board, management, members and employees. Another thing that I want to suggest for the board to consider is whether there is a way for the board to rebuild trust between the board and employees. One idea was to hold one or more forums with the employees to get their feedback and record their suggestions.

- James – I like the idea. Maybe we could meet in the stores and have a half hour meeting. It would be great to get feedback from staff that are here tonight.
- Mary Ella – I would like to look at job protection and ways for management to organize in their own defense. They should have some protection from being fired.
- Ed – in my experience trying to get employees to come to a meeting is hard if they aren't getting paid.
- Kirsten – because of the letter I read at the last board meeting many staff have come to me. Staff feel hopeless. They don't think attending will help. They feel we're limping along, and they don't know what to do about it. There's a strong sense of despondency. Please don't have a sense of complacency. I don't think you do. We're all on the same side. The format is difficult when you come to a meeting and then get sent to another committee meeting. At the same time, I understand that you need be slow and measured when making big changes. I understand both sides of the coin.
- Colin – I'm trying to get ideas of how to empower employees to bring forward their feedback and ideas. I want to create a space where people can feel comfortable bringing forward constructive feedback that we can record, respond to and take action on.
- Nicole – I think one thing that can boost morale for employees and members is to reinstate Vince as the Store Manager of the Arcata Store.
- Michael – Vince and Lisa come to these meetings out of concern for the Co-op. I've gotten lots of signatures for his reinstatement. I don't believe he has any malicious intent against the Co-op. Employees aren't going to trust you until he is reinstated.
- Roger – maybe board members can come around during lunch hours and talk to the workers. I know a lot of young workers that don't want to come to these meetings. Maybe we could do more simple things in the store to get employees involved.
- Mary Ella – I'd like to remind everybody that at one point our goal was to involve our employees in decision making to empower them. If we could just get back to that it would be a step forward.
- Colin – we'll put this on the next board agenda to have a more in-depth discussion.
- Pam – my observation is that it's more negative in Arcata compared to Eureka.

Board Trainings

The board has discussed having board trainings to get educated on board legal responsibilities such as conflict of interest, fiduciary, confidentiality etc. Some of us have had this type of training and some have not. I reached out to Therese Tuttle, one of the attorneys the Co-op uses. She can do a training that would cost \$1,400-\$1,600 dollars. I don't know if people feel good spending this money right now.

- James – I don't think we should spend that money right now. I do think we need the training.
- Leah – we should re-evaluate this in early 2019.
- Vince – maybe a GoFundMe. If members think this is important enough, they can pay for it.
- Ed – likes this idea and will look into it.

Board and Management Retreat

We've discussed having a retreat but don't want to spend a lot of money on it. A date has been determined but the structure of the meeting will need discussion. I'd like to get 2-3 board members to work with Melanie and bring ideas for the retreat to the board for further discussion.

- Melanie – A retreat at this point doesn't need a big facilitator or cost a lot of money. We need to start at square one and build trust back between the board and management.

ACTION: James, Robert and Colin will meet with Melanie to prepare for the retreat.

ACTION: Emily will arrange the meeting.

Board Correspondence

We got a suggestion from a member about having a community feasts at the stores. I think he was envisioning events in the parking lot where people eat together. The point being to rebuild a sense of community.

- Michael – maybe consider something like what Eureka Natural Foods does on Earth Day. They give away lots of free samples. It's packed and its fun. It's something to consider.
- Colin – this is another good item to refer to the Member Action Committee.

Designate who will write the board report

James will write the next board report and summary for the Co-op News that will include a summary of the October, November and December board meetings.

6. Nominating Committee Election Results

On the day after the election the nominating committee met to count the ballots. At least eight people were in attendance to count the ballots. There were 787 ballots cast and 44 invalid ballots. It took us until about 5:30p.m. to count and tally all ballots. Cheri read the list of candidates and votes from the October nominating committee minutes. Colin Fiske and Leah Stamper won with the most votes.

7. Board Officers and Committee Chairs – Reported by Colin

- Cheri nominated Robert as President.
 - o Robert – respectfully declined.

After a brief discussion where nobody volunteered to take on any new offices it was agreed upon for current officers to remain in their current positions. (Colin – President, Robert – Vice President, Leah – Secretary, James – Treasurer). Cheri remains the chair of the Nominating Committee.

8. Review 2019 Board Calendar

Motion: Hold the July board meeting on Thursday, July 11, 2019.

Ed moved, Leah second, approved (6/0/1), James abstained.

9. 5 Minute Break

10. General Manager Report

- James – what is happening with the transfer of the retained patronage refunds?
 - o Melanie – we talked that at the midyear budget review we'd work on this, but we are in a cash crunch. There is no way that we can do this by the end of the fiscal year.
- Colin – we talked about marketing C-shares. Has anything happened with this?
 - o Melanie – Laurie and Jules have been working on the materials to present at the Finance committee. I can report that people have been investing, specifically to support the Co-op at this time.
- Colin – why are costs of goods and payroll above budget?
 - o Melanie – I've been looking into it. I'm not 100% sure what was going on there and need to look into it further. The other thing for that period was overtime because we hadn't enacted the hour reductions yet. It looks like historically costs of goods are higher at this time because we pre-order holiday items. The same quarter last year was similar. I do have a question to RFS on that topic but heard back from them yet.
 - o Diane – inventory items are not cost of goods sold.
 - o Melanie – there is a discrepancy between the inventory change numbers and the amount of credits being contributed. I need more info from RFS on what they are doing with those lines.

ACTION – Melanie will follow-up with the board on this.
- Robert – how is RFS doing with the transition with getting a new Controller?
 - o Melanie – we have reduced the amount we are spending on RFS because accounting has been cleaned up and they need less time to do routine functions. The transition with getting Barney on should be smooth.
- Colin – you were getting suggestions from Department Heads for increasing sales. Is there a system in place for following up with them on their suggestions so that they feel their ideas are being considered?
 - o Melanie – yes – there is enthusiasm around increasing sales. This week Eureka brainstormed a lot of ideas to increase sales. There were several ideas we'd like to implement. Arcata is scheduled to have their brainstorm session next week.
 - o Colin – I'd like to make sure people get credit for their ideas.
- Diane – how many retail workers have been laid off?
 - o Melanie – a total of six.
- Diane – where are you looking to cut? Who takes over the jobs that are cut?
 - o Melanie – our Merchandising Department staff will take on tasks of the merchandising position that was eliminated. We reduced the number of hours scheduled on the retail floor by half hour a day for employees. It has helped reduce overtime by \$4,000 in one pay period.
 - o James – about \$40,000 in payroll has been cut per pay period.
- Diane – what is our loss for the end of September?
 - o Melanie – for October we are about 6% below our sales projection. Our cuts for labor anticipated a 4% reduction in sales. Period 7 is not closed so I don't have numbers yet. In the financial summary there are other ways laid out that we are cutting expenses outside of labor.
- Diane – I'm worried that the ship is going to sink. I fear you aren't taking enough aggressive action.
 - o Melanie – I agree with you. On one hand people are upset that we're in this situation and on the other people are upset about actions we are taking.
- Diane – have you had a meeting with all the employees to discuss this?
 - o Melanie – no - we do huddles with our Department Heads.
 - o Diane – the last time we were in this situation we had everyone in the front of the store to talk with the General Manager. Moral is down right now. I heard a cashier say that Tuesdays are really busy and the rest of the days are slow.
 - o Melanie – I appreciate your comments.
- Mary Ella – did we take a loan out against the Arcata store?
 - o Melanie – no – we have a working capital loan and the collateral is the equipment, not the store.
- Moonlight – I saw your article in the Co-op News. I was at the Annual Membership Meeting. I read the article in the Lost Coast Outpost. It seems that no one really knows what is happening with the local economy. I was thinking about what you said about the cannabis industry. Why don't we have a slogan like, “shop the Co-op - use cash.” Make the Co-op weird. How about make it solvent? The Arcatans I know would step up, but they don't know that the Co-op needs help.
 - o Lisa – I think you are on base for Arcata, but not in Eureka. Arcata has more loyalty.

- Nicole – the problem is that people don't have big wads of cash anymore. It's not just the Co-op. It's a community problem.
- Leah – people having tangible discussions about how to help the Co-op is helpful. People want to help the Co-op but there are also people spreading rumors about the Co-op. People stand in front of the Co-op and come to meetings spreading rumors and I don't know how to address this. There are members of this organization that are spreading rumors that are hurting the Co-op.
 - Lisa – If you know who's spreading rumors, talk to them. If you keep putting out facts people will trust that. People will see the truth.
 - James – my biggest crux is that we move slowly. The biggest truth that I can put out is the financial audit. The problem is that we have to keep asking people to wait. Not until we have it does it mean anything.
 - Pam – there was a Facebook post against the Co-op recently. There was a lot of crap. I addressed every comment.
 - Kirsten – I think it's important to have a message to put out when we are confronted with lies. We need talking points. An FAQ could be helpful. They could be in the break rooms.
- Daniel Duncan – I'd like to suggest that there are three good organic stores in the area and we are the only one that doesn't offer a student discount. We are missing that population as shoppers. I think having a long-term business plan would be helpful.
 - Colin – we do have business plans and I believe we're moving to two-year business plans. We also have our 5-year strategic plan.
- James – I want to continue hosting employee moral events such as winter and summer parties. Without the workers we don't have much. Employee morale is important.
 - Mary Ella – it doesn't cost anything to include people in decision making and treat them with respect.
 - Melanie – when we talk at Department Head meetings about expenses, I hear from employees that they'd rather not have food at meetings and rather have funds to pay people. The moral piece of it is a challenge. The Thanksgiving potluck used to be people bringing in potluck dishes and then it changed to being catered. Employees got used to it being catered. Now it won't be.
 - Kirstin – we decided to do our own potluck.
- Michael – a lot of people spoke to me about ripping down Halloween décor in the breakroom. People were just trying to have fun. I don't understand what happened there. Could you prepare a detailed credit card expense per transaction and credit card statement and processing contract to figure out what credit card fees we are paying and publish that information? A consumer education program would be helpful. It's now legal to charge for use of credit cards to cover the costs of transactions. I charge to use credit cards in my business and have not lost much in sales. (*Note: it is not legal to charge for credit card transactions in the State of California.*)
 - Cheri – the credit card issue is bigger than just the Co-op. Maybe the Chamber of commerce could get involved. How about bumper stickers with “credit cards out of Humboldt.”
 - Kirsten – the Co-op gift card has a lower transaction fee and is quicker to use at check-out.
 - Ed – credit card use is not up. The problem is that cash sales are down. The real issue is people aren't spending anything because the money is gone from the county. The normal uptick in cash during the fall harvest months just didn't happen this year.
 - Michael – you should seriously consider reviewing the contract and make sure you are PCI compliant.
 - Ed – we have reviewed it in great detailed and have a roadmap of where we are going with it.

Motion: Accept the November 2018 General Manager Report.

Leah moved, 2nd from James, Motion passes (5/2/0). Mary Ella and Cheri abstain.

11. Member Comment Period

- Jessica – curious about employee moral and not feeling included in decision making. What factors were behind changing timeclocks and buying this new equipment when we are laying people off. Is this something that was already planned?
 - Melanie – that has been in the works for a long time. We signed that contract much earlier in the year. The decision was about how much time and labor it takes to process payroll and the amount of paper used. TimeForce was limiting in terms of reports and tracking. And our Payroll software didn't talk to TimeForce and had to be entered by staff manually. The new Ultipro software talks to our payroll

software. The idea is that we'll get better reporting and quicker. It's being rolled out in phases. We had to get the first phase rolled out by a certain time in the year. Employees can now see all the aspects related to their employment which wasn't readily available previously. The goal is to make it all transparent and readily available. You can now see how much PTO you have available and you can see if your time off request was approved.

- Jessica – I like the system, I just didn't know much about it. I wish there was more communication.
- Melanie – this was part of the FY19 budget.
- Michael – I want to address people spreading alleged rumors about the Co-op. People are going to ask questions. Until you get the audit and have systems in place to ensure that assets of the Co-op are not going to be wasted or mismanaged. Until you create policy to show the members that their fears are being addressed, there will be questions. I'd be a lot less motivated to sit out in front of the Co-op and get signatures if you brought Vince back. When I ask the General Manager for the NCG audit, but I don't get the financial portion of it, that's suspicious. It's a slow-moving machine so it's going to take time to unearth all the answers to all the questions floating around right now. Don't take it personally. I'm trying to make sure the truth is fully represented, and the Co-op interests are truly protected. I'm not intentionally spreading untrue rumors other than the fact that I sometimes I repeat things that I've heard. I'm trying to focus on the facts of the situation. Vince is out of a job after 13 years of faithful service. It's hard for people to understand, so they think that something is wrong with the leadership. You click on Vince's icon on the website for customer service. I have no idea what happened, but we know him for his good service and it's hard for us to believe he was let go.
 - James – regarding financial documents. When you ask questions, and we give responses, do you believe us? We keep getting the same questions and giving the same answers. At what point will the responses be valid?
 - Michael – I felt like your response in regard to the NCG audit seemed dismissive.
 - Colin – the NCG audit is not a financial audit. It's peer recommendations of the aspects of the operation they reviewed.
 - Michael – as long as this matter is in court there will be people out there pushing for Vince. This may affect the Co-ops bottom line. People will ask questions and I plan to propose through Member Action committee that we create our own member auditing group that can do a forensic audit. By doing that a lot of people will see that somebody not hired by Melanie looked at the numbers and would dispel fear. It's not my duty to trust people at any time for any reason. It's nothing personal against Melanie.
 - James – that answers my question.

12. New Business (items for next agenda):

- board/employee forums to rebuild trust
- MAC – broadcasting board meetings, community events, Employees going to AMM, finances to the website
- FC – remodel expenditure breakdown

ACTION: Add disclaimer to minutes.

Consensus reached to adjourn the November 1, 2018 meeting at 8:52pm and move into Executive Session.

Minutes by Emily Walter

**North Coast Co-op
Board of Directors Executive Session Minutes
November 1, 2018
Ten Pin Building – 793 K Street, Arcata**

Present at the 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

Approved guests: Melanie Bettenhausen

No reportable action this month.

Executive session ended at 10:07pm

Reported by Leah Stamper