



North Coast Co-op
Board of Directors Meeting Minutes
April 6, 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, Brandy Cogburn, Lauren Faucet, Alisha Hammer

Member-owners: Laura Jones

Meeting was called to order at 6:03 pm by Leah Stamper at the Ten Pin. Participants introduced themselves.

Agenda Review:

MOTION: Move to approve the April Board agenda.

Comments

Leah/Colin

Motion passes 7/0/0

Approval of the Minutes:

MOTION: Move to approve the March 2, 2017 Board meeting minutes, as amended.

Comments:

- motions listed as 6/0/0 needs to be changed to 7/0/0
- Page 4 top of page it's a typo; Also under board retreat clarify that is Roger James that will facilitate

Mary Ella/Cheri

Motion passes 7 /0/0

Member Comment Period:

- Laura Jones member #381: After reading the board packet and attending FC meeting, Laura had emailed Nic with some concerns /questions regarding Eureka remodel proposal. Nic passed out the email with the questions/concerns listed and the board reviewed them
- Laura was also present at the meeting and briefly spoke about her concerns - mainly financial, but also about our agreement with landlord if he is going to fix the leaking roof. She says she is looking forward to seeing the Pro Forma
- Roger can't be here but conveyed his thoughts on remodel to Colin. Concerned about spending so much money on Eureka store; it's a lot of money

Board President Report:

- Retreat is coming up April 30th. Leah wants to know if there is pre-work. Melanie says no. The pre-work will be before the 2nd meeting.
- Kiya will be there to help with food and whatever is needed.
- It will be most of the day
- Co-op will provide snacks

Securities Permit and B Share distribution:

- Our application has been excepted and approved!
- Board wanted to know what the new share limits will be.
A shares \$450,000
B Shares \$2,000,000
C Shares- \$2,500,0000
- Melanie states that we are close to our limit with A shares, but once we get about 6,000 inactive members off the roles, we will have plenty of room to sell more A shares. We now have plenty of room to sell B shares as our current limit is \$800,000. We are just over \$2,000,000 in C shares so we are good there too.

Earthquake Insurance Policy:

- The discussion is around what is covered by earthquake insurance? Should we even have earthquake insurance since we do not own the building in Eureka. The Eureka store is not covered, but the contents are. Tsunami's are excluded from coverage. The Eureka store is in a tsunami zone. We don't know if there is tsunami insurance.
- Some loss of goods is covered partially in our general liability insurance.
- We must pay \$5,000 deductible then they pay the rest (general liability insurance)
- Brandy says our general liability covers our buildings. It will cover a portion of damage from an earthquake
- The Eureka lease should cover earthquake insurance; general consensus that the Arcata store should be covered, but the lease should cover the Eureka store (since it's not our building)
- Melanie says what we have covers us pretty well; It's a significant amount of money (\$30,000). Could that money be put into a savings account that pays interest?
- Colin says this seems like an operational issue. It should be delegated to the GM
- We would save \$32,000+ if we did not have earthquake insurance

Motion: To direct the GM to obtain insurance coverages, as needed, at her discretion.

Colin/Leah

Motion passes 7/0/0

Eureka Store Lease Agreement:

- The guy Melanie needs to talk with is out of town
- The board requests updates as soon as Melanie gets some more information
- Lots of questions regarding leaky roof
- Lease is in effect until 2026
- Colin says some of the lease does not seem to apply and was written for shopping malls.
- This will be on a future board agenda after Melanie has met with our landlord

FY18 Budget:

- Narrative is included in the packet
- Melanie provided side by side comparisons
- Colin wants clarification about maintenance supplies - costs could come down if we buy bulk; that could provide a savings for us
- Question on what 'MRPRC' stands for – It stands for Merchandizing/Pricing (Colin wanted clarification about the acronym)
- Colin was happy to see the projections
- Colin asks about something in the income statement- looks like we are budgeting for a decrease in cost of goods and an increase in sales. One department had an increase in revenue, but not cost of goods, that needs to be adjusted
- Mary Ella says we are still making a profit, but not at the same rate as we have been. She wonders if this is a concern. Melanie says we have been very conservative in our budgeting. We are starting to see our sales increase (after a dip with new ENF Mck. location).
- Mary Ella asked about our capital expenses for the Arcata store. The condenser will happen in quarter 1. The roof needs to be done in quarter 2. These costs are reflected in this budget.
- Mary Ella asks if this work in Arcata will interrupt operations. Melanie does not know – depends how its scheduled.
- We will also have some work done at Arcata parking lot. There are safety issues. Parking lot needs to be graded and sealed. We want to make it more bike and pedestrian accessible. We also want to work on

drainage issues. Create a bike parking area. Safety, accessibility, foliage to make it look better; need to improve bike parking, not just make it bigger

- We need to get compliant on handicapped parking when we do parking lot
- James asks about the “other income” line item on budget – it is our income from investments
- 12% NCG/JLF (joint liability fund) - Robert was wondering where it was included in the budget. Brandy says it’s in one of the occupancy or insurance categories (between \$8,000-\$15,000 a year)
- The remodel must go before the JLF risk committee
- Colin said it might be helpful to provide comparisons in the line items; Brandy says she has it in excel, but she couldn’t get that information from SAGE
- Brandy is working on updating SAGE- it has been challenging, their tech. help is not that helpful
- Colin likes that the sustainability position is in the budget. He thought it was a management position. Melanie says she did not recall that. Partly it is due to budget. This position will be under the facilities manager, but not just concerned with facilities. Overall sustainability will be a part of this position.

Motion: To accept the budget

Robert/Cheri

Motion Passes 6/0/1 Leah Abstains

Committee Reports/Motions:

- **Member Action Committee:** Reported by Colin

- Discussion about the co-op providing a discount when people use their own containers; We just got samples of OZZY containers
- Lots of exciting developments regarding better, environmentally friendly packaging
- MAC movie night May 10th

- **Policy and Procedures Committee:** Reported by Colin Fiske.

- Minutes need to be corrected: The first recommendation on top of page 22 should be moved to page 21 under the recommended bylaw change (instead of where it is now, it looks like its referring to the BPM)
- Colin went over the proposed BPM changes as outlined in the minutes. Melanie pulled up the track changes edits on the big screen so the committee could see all the changes.

Motion: To authorize Colin to talk with Van regarding the proposed bylaw changes to section 2.08

Mary Ella/Leah

Motion passes 7/0/0

Motion: Move to accept the package of BPM changes

Colin/Leah

Motion Passes 7/0/0

- **Earth Action Committee:** Reported by Leah Stamper.

- Discussion about changing the EAC to the 2nd Wed. of the month. This would mean we would need to change the time of MAC. The EAC is proposing that the MAC be 2nd Wed. of the month from 5:00-6:30 and EAC would be the 2nd Wed. of the month from 6:30-8:00.
- Nic expressed 2 concerns: first, that the 5:00 time is too early to get working members to attend. The point of MAC is to have members attend. The other concern is that we just published our first quarterly Co-op News and the MAC time is listed in there (for April, May & June) as 6:00-7:30.
- Colin agreed that 5:00 is too early and says we should not have meetings before 5:30 that are open to members if we want member involvement.
- The board all agreed they would prefer to have the meetings on the same night, rather than two separate nights.
- The decision was made to have both meetings on the 2nd Wed. of the month. MAC will be from 5:30-6:30 and EAC will be from 6:45-7:45.

- Zero waste action plan was tabled to May meeting
- Also, please read the net zero impact plan we will go over at the next meeting

Motion: To make the above changes (changing MAC to 5:30-6:30 on the 2nd Wed. of the month and having EAC switched to the 2nd Wed. of the month from 6:45-7:45)

Leah/Colin

Motion Passes 7/0/0

• **Finance Committee:** Reported by Mary Ella

- The FC recommended that the board approve keeping the C share dividend rate the same at 2%.

MOTION: move to keep C share div rate at 2%

Mary Ella/Ed

Motion passes 7/0/0

- At FC they moved to approve the deli remodel with stipulations. Colin wishes to make a clarification to the recommendation about approving moving forward with permitting process, needs comma after pro forma and between negotiations
- Want to clarify that if the pro forma comes back with substantial concerns or if the landlord does not fix the roof, we would stop the project.
- Ed asks how much we would put out for permitting process. Melanie says it depends, but approx. \$15,000

Motion: move forward with Eureka store remodel permitting process, with reevaluation upon completion of pro forma, completion of negotiations with landlord, completion of the strategic plan and net zero impact plan.

Colin/Leah

Motion passes 6/1/0 Cheri votes No

- Robert asks that the questions from member Laura Jones be included in the minutes.
- The board addressed the member's questions - we will not move forward until we get assurances from our landlord that he will fix the roof
- Mary Ella states that we are locked in the lease until 2026. We need to make it work for staff and customers in Eureka. The staff has put in a lot of work and feels this proposal is the best option

Motion: to approve FC minutes for November, 2016

Colin/Mary Ella

Motion passes 6/0/1 James Abstains

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

- Don't let the numbers scare you. Even though the Arcata store was down in Feb. those numbers are coming back up.
- Also, the Eureka numbers are down because this budget was assuming that the deli remodel would we further along.
- We are steadily climbing back up. Our sales are looking better in March than Feb. and Feb. was better than Jan.
- Brandy has been working so hard and is doing an amazing job!
- HR has provided lots of training for staff; it is starting to slow down.
- IT is everywhere all the time
- Merchandizing: things going well; farmer meetings were just completed
- Eureka team is doing well - things are improving; Alanna has a great team
- Arcata store has its challenges - leaks in the back of the bulk dept.
- Derik and Carsyn are both doing well; Carsyn is excited and doing a great job

- M&M: Lots of new programs and projects in the works. This should help with sales in the stores; employees happy about CAP - lots of positive feedback
- Coupon book: no more mailings for us!
- 74 new members in Feb. – Vince has been promoting the stabilization of our food shed as a reason for people to join
- Melanie pointed out that the membership survey was omitted from regular packet but we sent out an addendum with the results; Colin asks the reason for the survey. We want to see what is meaningful to members. What makes members feel appreciated. No plans at this time to take away the member appreciation discount. But Melanie notes that if we were in trouble financially, this is an item we would have to look at. We have also been adding member benefits (member-only coupons, giveaways, Business Partner Program)
- We are adding labor in our delis - even without the remodel we need more people.
- Beck's Bakery is now supplying the bread for our deli - they are doing it exclusively for us (Now that Vellutini's has closed)!
- Non-discrimination - Co-op wants to be proactive; Melanie wrote an article for the Coop News & Co-op Thymes
- Social Justice Summit - Cheri attended. Many local businesses got bad grades. The Co-op was not mentioned in a negative way
- Round-up program - not all cashiers know about round up program; Vince will make sure all cashier's are aware and Melanie asks that he also talk with Alanna so she can inform her team

<p>MOTION: Approve the March 2017 General Manager's report. Leah/Ed</p>	<p>MOTION 7/0/0</p>
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New Business:

- Mary Ella mentions that there is an initiative for single-payer health care and wants to support it

Board Correspondence:

- Two members have contacted the board
- Jim Lombard needs a response regarding raw milk; Board asks that Cassie provide the response.
- Nic will send an email to the member who wished to remain anonymous

Member Comment Period:

- We had record website hits on April 1st & 2nd
- Brief discussion about recording the meeting- Leah wonders about if it is required. Consensus that it would be a better use of staff time if the person taking minutes interrupts the meeting to get clarification.

May meeting agenda items:

- Election Materials
- Arcata structural improvements

Consensus reached to adjourn the April 6, 2017 meeting at 8:54pm and move into Executive Session.

Minutes by Nicole Chase



North Coast Co-op
Board of Directors
Executive Session Minutes
April 6, 2017 – Ten Pin Building – 793 K Street, Arcata

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.

It was determined that an Executive Session was not needed this month.