



North Coast Co-op  
Board of Directors Meeting Minutes  
January 5, 2017 – Ten Pin Building – 793 K Street, Arcata

Present at meeting:

**Board:** Mary Ella Anderson, Robert Donovan (via Skype), Ed Smith, Leah Stamper and Cheri Strong

**Staff:** Duncan Thomas, Nicole Chase, Melanie Bettenhausen, Cassie Blom, Vincent Graves-Blanford, Michelle Sanders, Brandy Cogburn, Jason Davenport and Kala Eichamer

**Member-owners:** Roger, and Brenda Harper

Meeting was called to order at 6:04pm by Leah Stamper at the Ten Pin. Participants introduced themselves.

Agenda Review:

<b>MOTION:</b> Move to approve the January Board agenda.		
<b>Comments:</b> Strong/Stamper		
	<b>MOTION PASSES</b>	5/0/0

Approval of the Minutes:

<b>MOTION:</b> Move to approve the December 1, 2016 Board meeting minutes as amended, see below.		
<b>Comments:</b> Leah (per Colin, who is out of town): Include attachments as indicated, change wording of Board Binder in financial section motion. Melanie: In store security change the wording to indicate that management is looking into in-house security but not planning to take any action in the near future. Move member correspondence out of executive session.		
Strong/Anderson	<b>MOTION PASSES</b>	5/0/0

Member Comment Period:

Roger: Asks the question if length of term for new board member is so short do we need to replace Dave? He is potentially able and willing to be appointed as a board member and will submit a letter of interest.

Cassie: Has been reevaluating local over the past few months and has redefined what qualifies as local in our stores. She has met with the Management and Department Head teams and had lots of great input. She can send her report out for PPC and the board's approval. Not much will change for most truly local vendors. The new definition is not meant to influence purchasing policy. There will be an Article in the February coop news to introduce members to the changes coming in the near future.

**Board President Report:** Nothing to report

**Board Tracking System:** Update (Melanie), Colin has compiled a spreadsheet, Melanie needs to fill in blanks. It is a Google doc which board and staff can both edit.

**Securities Permit:** Melanie has found the electronic version of the Shareholder Disclosure Document and updated it as much as she can. Colin is reviewing it to help get an idea of steps that need to be taken by the board or PPC so that we can have this done by March. Nicole will be pulling together all details we need to prepare us and create a good foundation of what needs to happen. The document is at least 30 pages and will need to have many exhibits attached. Likely action at the February meeting. To move forward the Board needs to project the amount of C share needed for the next four years of operation, management staff is working on this projection. Nicole has called The Department of Business Oversight to find a contact and more information. The date for submitting has not been set, early February would be the soonest.

**Board Retreat:** Setting the date. Discussion of what dates work for board members and management team. March 25<sup>th</sup> is the audited inventory and would not be a good day. March 11<sup>th</sup> is a good date for management. Leah does

not have an answer at this time. Return to this at the end of the meeting and possibly discuss via email or at the February meeting. The date must be set before a venue can be selected.

**Member Action Committee:** Not a very active meeting, the fragrance survey was discussed. Also, idea of a Durable Goods bank was discussed, there are many health and safety issues to consider. The health department needs to be contacted, Nicole has not had a chance to do this yet. Melanie comments that we would need a formal proposal to move this forward so that it goes through the general and store managers. Also, clarifies that regarding the question MAC had regarding product placement, the coop does not allow vendors to pay for prime shelf space. Vince comments that he was told by the health department that use of recycled bags or boxes brought in by customers would not be possible because of risk and liability of contamination. Many allergens could survive washing and potentially cause harm to sensitive individuals. This proposal will not likely go any further due to these complications. Nicole will continue to look into it. Mary Ella finds it disturbing that the staff is having to take on the details of the project as the MAC's purpose is member involvement. Roger responds that he sees looking into details of proposals as an operational activity. Mary Ella adds that maybe members could do something outside of the store such as pass out bags at the farmer's market. Next meeting Jan. 11th

**Nominating Committee:** Ed, set the date for a February meeting. All potential board member inquiries should be forwarded directly to Ed. Next meeting will be February 9<sup>th</sup> @ 6-7pm

**Bank Resolution:** Signed by all board members present, see attached.

**MOTION:** Approve changes to bank and credit card accounts as indicated in the attached resolution.

Smith/Stamper

**MOTION PASSES** 5/0/0

**General Manager Report (Melanie addresses questions from the December meeting):**

- Posters created and in both stores advertising the available position on the board. There is also information on our website and in coop news.
- Security contract: Melanie has a copy for Robert as he requested and will send it to him in an email as he is not physically attending the meeting. The contract is from 2015, Melanie is working on a revising it. She has been in communication with the business owner and they will be meeting in February to work out shared expectations. Melanie addresses the concern Robert expressed in the December board meeting over the lax behavior he witnessed of a security guard. He was monitoring the north entrance as instructed and has since been redirected to move about the store more.
- Zero Waste article and survey are in the January coop news. Derrick wrote an excellent article.
- Melanie is working on an environmental Impact measure for the Eureka Deli remodel. Leah (for Colin) asks if zero net impact is being measured and what are the indicators to be measured?
- Coop news survey responses, where should they be directed. Leah would like them add to the board packet.
- Mary Ella asks about the member comment board and comments that it would be great if they were shared and more easily readable. Melanie responds that an online member comment system in the works. Comments could then be download and brought to the MAC or board meetings.
- Regarding the feasibility of following up the FY2016 audit suggestions, Melanie will be working with Brandy (our new Controller) to develop a plan of action before the end of January.
- Funds security concern, Melanie will work directly with Robert to address his concerns.
- The financial section of the board operational binder has been updated to include the last two years of financial information.

Melanie notes that the Member Correspondence item is in the Executive Session section of the December minutes when in fact it was discussed before. Kala will move it out of Executive Session.

**MOTION:** Amend the December board meeting minutes as follows, move 'Member Correspondence' out of the Executive Session minutes and into the regular meeting minutes.

Stamper/Smith

**MOTION PASSES** 5/0/0

Leah (for Colin) has question about the reason given for year over year sales being down. Were there factors other than perceived depression over the presidential election results? Melanie responds that comment was a side note, there were other factors mentioned as well including freezer failure and Eureka Natural Foods opening.

**General Managers Report Highlights:**

- The Eureka store sales were down 11% down due to projections anticipating the deli remodel having been completed on November 1st. While that did not happen, the deli did very well over Christmas week, they were up 44%. Melanie will be working with Brandy to decide how to compare sales numbers in the future and set projections.
- There has been lots of hiring, many key positions are filled. Alisha Hammer’s Scan file & Category Coordinator position is not posted yet, the job duties needs to be updated.
- Melanie is excited about all the work that is getting done on all fronts. Our new Human Resources director Michelle is getting her department in order and teaching everyone to use outlook calendar to stream line meeting process. Many trainings are scheduled as most the management team is new in their positions.
- Marketing & Membership team has been moving mountains. They are working on the proposal to implement the Co-op Access program and anticipate rolling it out in April of FY2018.
- Regarding the patronage refund disbursement, there has been a very positive member reaction. Many members are reinvesting and buying B shares. Vince shares that member enthusiasm for the refund is very high and many members are achieving fair-share status. He has had many engaging and dynamic conversations with members at the Arcata store. Members are seeing direct correlation of using their member number for each transaction. He hopes that receiving something back will encourage increased member participation in future board and committee meetings. Duncan comments that he and his wife took the opportunity to us their refund checks to try some new products. Christmas Arcata store sales were up because of more members in the store spending their refunds and spending more. Eureka was up significantly as well. Discussion of the availability of coupons and positive response to the recent member only coupons offered. There will be a new coupon published in the North Coast Journal coming out soon. Nicole has been working on member only discounts. Moving forward, Melanie would like to focus more on member benefits and less on senior discounts. Shoppers just want to feel appreciated, focusing on member only discounts is a way that we can set ourselves apart from other grocery stores.
- CBD Oil & DEA Ban: Discussion of the recent ban imposed by the DEA. If the Co-op continues to carry CBD oil, we would be selling a schedule 1 narcotic. The Co-op’s best option is to wait for the legal system to review what the DEA has done. In the mean-time the coop should step back and refrain from selling CBD. The ban also includes industrial CBD products excluding hemp oil. Historically this type of action by the DEA has never happened. The affected products have already been pulled off the shelves.
- Share the spirit numbers for this year, Eureka was the leader. Carrie Newman’s system is being documented for continued implementation in future years at both stores. Vince would like the Arcata store to mirror enthusiasm of the Eureka store. This year Arcata collected \$3653.91, Eureka collected \$8,619.60. With the coop’s match of \$5,000 the total donated to Food for People will be \$17,273.51.
- Refrigeration is a moving target. It is possible that the EPA will ban the refrigerant that we use in the Arcata store, the ban would go into effect January 2018. Maintenance and the management team are monitoring this and developing a plan in order to be prepared for a ban.
- Deli remodel: John Vieira, the consultant has been working with all production staff and grocery staff and is developing a revised floor plan by January 13<sup>th</sup>. A proposal should be presented at the February board meeting, including financing.

<b>MOTION:</b> Approve the December 2016 General Manager’s report
Stamper/Smith <span style="float: right;"><b>MOTION PASSES 5/0/0</b></span>

Discussion of Dave Feral's resignation letter, Leah says it has not been formally issued. He plans to resign upon placement of the newly appointed board member. Ed would like to see the letter.

**New Business:** Compost & recycling regulations will soon be coming down from state to municipal level. Melanie will be meeting with Juliet Bohn to discuss the new regulations on February 13<sup>th</sup>. From there she plans report what she has learned at the February EAC meeting. Curb side compostable bins could be a reality within 5 years.

**Board Correspondence:** Melanie responded to Bill Beers and has not had a reply.

**Member Comment Period:**

- Roger comments that staff and board are integrated and growing.
- Melanie notes that all management team members have committed to attending board and committee meetings, the idea is to have at least one member at each meeting.
- Nicole comments on members noticing the patronage refund being issued for non-fair-share members. This is the first time that non-fair share members received cash. In the past if a member was not yet fair-share, they received their refund in B shares. Many members received cash for the very first time and were very happy about it. As a result, more members interest in investing in the Co-op is being generated.

Consensus reached to adjourn the January 5, 2017 meeting at 7:25pm and move into Executive Session.

**February meeting agenda:**

- remodel proposal
- securities permit
- board tracking spreadsheet
- Board appointment.
- Discuss board retreat. Leah will email retreat dates to Melanie.
- Review potential for action on audit findings



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Board of Directors  
Executive Session Minutes  
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**Present at the meeting:**

**Board:** Mary Ella Anderson, Robert Donovan, Ed Smith, Leah Stamper and Cheri Strong

**Approved guests:** Melanie Bettenhausen

Meeting opened from Regular Session to Executive Session at approximately 7:30pm

Board adjourned Executive Session at 7:42pm after no action.