



Board of Directors Meeting Minutes

February 7, 2019 • 6 – 8pm

Inn at 2nd & C – 139 2nd Street, Eureka

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 (President), Robert Donovan (Vice President – via phone), Leah Stamper (Secretary), James Kloor (Treasurer), Cheri Strong, Ed Smith

Absent Board Members: Mary Ella Anderson

Co-op Employees: Melanie Bettenhausen, Emily Walter, Kirsten Lindquist, Jason Davenport, Kristen Hayen, Kiya Villareal, Stephanie Gurley, Gina Vellutini, Jackson Scott

Member-owners: Roger, Kathleen Pelley, David Dahler, Brenda Harper, Chelsea Cravens, Diane Sharples, Laura Jones, Bob Stockwell

1. Welcome

The meeting was called to order at 6:05pm by Colin. Everyone was reminded of the ground rules and introductions were made.

2. Agenda Review and Approval

Consensus to approve the agenda (Robert and Ed not yet present).

3. Member Comment Period

- Roger – I encourage people to get the board packet prior to the meetings. In my work I'd be a failure if the people I work with didn't have a way to go on if I wasn't there. There should always be people in place at the Co-op to step up and fill in when needed. I encourage people to attend the MAC meeting where they'll be talking about a member run newsletter. I know a long-term member who hasn't been shopping at the Co-op. I told them you can get bulk tofu now. We went to get the bulk tofu and it cost more than it ever cost before. It looked like it was about a dollar more to buy it in bulk. It doesn't encourage people to buy from bulk. We are a culture of difference. Any store can be run well.

ACTION: Melanie to pass the tofu comments onto appropriate staff.

4. Board Correspondence – reported by Colin

- Stephanie – I have a letter to the board in the packet. I want to express the current situation in Eureka so we can come up with solutions. I know we're concentrating on anti-theft, but I'm also concerned with loitering and pan handling. Customers are giving us feedback about not feeling comfortable and safe at the Eureka store. I know training is on the docket, but it needs to happen as speedily as possible. We are getting threatened just for asking people to leave. There is an emotional/psychologic thing that you take home with you from work after being in tense situations. It's known that we don't have the staff/security to deal with panhandlers. We need tools to deescalate situations. We need better security camera placement. It feels unsafe at the moment.
 - o Colin – thank you for bringing this forward. We don't want people working in an unsafe or what feels like an unsafe work environment.
 - o Melanie – we are scheduling trainings with EPD and APD to conduct onsite trainings on how to deescalate situations. John Shelter does a great sensitivity training to understand if you are dealing with someone on drugs or mental illness, etc. He has great tips of how to not trigger people. We would love any input about better camera placement. Thank you for choosing to live here and work at this store and working to improve this situation. We are working on this.

- Kathleen – I worked with the homeless for a long time. It’s important to work with the police. They know all these people by name. Learning how to deescalate is important. Taking photos is important.
 - Colin – suggests Kathleen meet with Melanie and Stephanie about this.
- Gina – Eureka needs a security guard. Staff are being threatened on a daily basis. Something really serious could happen.
- Melanie – as soon as we have financial statements to see where we are at it’s a high priority.
- James – I would like to review this further while we review the budget later this month.
- Colin – I do take this seriously. The short-term actions that Melanie laid out are what we can do in the immediate term. We are trying to find funds to get a security guard. If there are other things that could be done right now, please let us know.

ACTION: James will discuss this topic while reviewing the FY20 budget at the February Finance committee meeting.

ACTION: This topic should be discussed at the Member Action Committee meeting next week.

ACTION: Streamlining local products to be sold at the Co-op should be added to the March MAC agenda.

5. Consent Calendar *Ed Smith now present.*

Motion: Approve the February 7, 2019 consent calendar:

- a) Approve January 3, 2019 Board meeting minutes.
- b) WIC training for staff (EAC)
- c) Add Board Policy Manual Section 5M – GM Review (PPC)
- d) Update BPM Section 5E a. (PPC)

James moved, Leah second, approved by consensus (5/0/0). Robert not yet present.

6. Review Advisor/Mentor Proposals (Tony White/William Deal of NCG on phone) *Robert Donovan joins.*

- Colin – National Co+op Grocers (NCG) proposed to send a development advisor to offer advice. Their advisor would report to the board with no fees. The board received a proposed contract from NCG. Colin asked the board if there are any other proposals from consultants. No other proposals have been received.
- Cheri – what is NCGs position on unions in co-ops?
 - William – we don’t have feelings one way or the other. Unions are a great opportunity. We work with both union and non-union stores and work within the bounds of those contracts.
- Cheri – within the terms of your contract - would you have recommendations related to the union contract?
 - Tony – I would have no opinion that I would voice about a union contract. We take no official position. We want both sides to benefit from the decisions being reached.
- Colin - the contract is unclear if the Co-op is obligated to follow your advice.
 - William – you are not obligated to follow our advice. At the end of the day the Co-op makes the decisions. Our role is to advise and help eliminate any hurdles in working with the business. Our position is to mentor, coach, and support you to move the Co-op forward. You have the ability to say if a recommendation doesn’t work for you. If we get three months in, and you feel it’s not working and not a fit, we can end that contract. We start with a contract to figure out the specific items that we are going after. It works better to set clear parameters.
- Cheri – in the contract it says that within six months we will achieve 5% profit. Where have you accomplished this in six months?
 - Tony – I have not achieved that with any Co-op I’ve worked with. It’s a goal of where Co-ops should strive to get. We hope to get you on the path to get there. I work with the GM and the team. As a group we’ll establish goals that everybody understands.
- Ed – I don’t agree with the wording of the particular contract. The wording doesn’t match what is being said on the phone.
 - Colin – we should set out our parameters and engage with an attorney. What they are telling us now sounds good, but wording of the contract is concerning.

- Dave – if board members are leery please take caution.
- Roger – a contract doesn't sound like the way to go for the Co-op.
- Kirsten – what other similar sized co-ops in this type of financial situation have you advised and what were the outcomes?
 - William – we've worked with a co-op over the past 18 months that had an additional store open. It's a similar size. We weren't sure if it would be a viable property or not. We established margins and looked at personnel to get the store established. Every situation is different with a unique set of opportunities.
 - Tony – I've worked with smaller co-ops where they could barely make payroll. I have worked with some larger co-ops. Some still call me even when the contract is over. I generally have 3-4 contracts that I'm working on at a time. I generally have helped stabilize and improve co-ops. I did work with one co-op that ended up closing.
- William – we would love if the Co-op can identify what you want us to work on. We included what we identified but would like to get input from the board if they have their own ideas. It would make sense to have an attorney review it.
 - Colin – I think the board should authorize someone to consult with the board attorney, addressing the issue of being sure that the contract does not commit us to following any advice and it's clear that there is no expectation of payment or form of punishment or retribution, etc.
- Jackson - under section 3d of the terms it says duties of the Co-op include the GM meeting with the NCG advisor. Would those meetings be confidential? Would the board know what those discussions are about?
 - Diane – I think the advisor should talk to the board and the GM of his findings.
- Roger – I haven't heard discussion about going forward with an economy with no growth or less sales.
 - Colin – my perspective is that I don't believe in growth for growths sake. But if costs are increasing, we need to take that into consideration.
- Robert – the contract doesn't specify who is being sent out.
 - Colin – as long as the contract is air tight, I don't care who NCG sends.

Motion: Authorize Colin Fiske to move forward with the proposed NCG contract by working with the board attorney to realign improvement goals, insure the contract does not commit the Co-op to follow NCG's advice, and insure the contract is clear to not include compensation and or retribution to the satisfaction of the board attorney. The contract will then be resubmitted to the board.

James moved, Cheri second, (4/0/1). Robert opposed.

7. **Process for GM Search** – reported by Colin

Robert, Cheri and I met once and had one additional meeting that Robert was not able to attend. There is a proposal in the packet of a timeline for the GM search. We need to weigh in on the proposed plan and approve a budget for the GM search to include in the board budget. We also need to look into creating a permanent committee for the GM search.

- James – if we hire someone from out of the area, we need to include in the budget to fly someone out and pay for lodging. It would be around \$1,500-2,000 to get someone here for an interview.
- Colin – we could pay \$0 to recruit or \$20K to recruit. If we get 3-4 good candidates, we can assume half will be from out of the area and thus should include \$6K in the budget for interview travel.
- Ed – the work plan looks decent.
- James – I don't know how I feel about using a recruiter. I have hesitancy around it.
 - Colin – I do as well. I also don't want to go through the process and not have a good pool of candidates.
- Kirsten – who was on the search committee last time?
 - Leah, Colin and Cheri. They had four good candidates.
 - Kirsten – four is a decent pool.

- Diane – I’m worried you’re going through all of this and you’ll end up hiring the current GM. You hired Melanie even though she didn’t have a lot of experience. Why are you doing this if you get to the end and you rehire her?
 - o Colin – her contract is up in November. We should make sure we do our due diligence to make sure we have the right person in place. I don’t think it would be a wasted exercise.
 - o Diane – are you going in with a bias?
 - o James – we all have implicit bias.
 - o Colin – I agree with James. I don’t have a preconceived idea of how I’d like it to turn out except that I’d like the best person to be in that position.
- Roger – I’d like to reemphasize that this Co-op shops local and that includes staff. A lot of members say to me that it feels like a corporation. We should be able to run this store locally.

(Robert Eckart entered the meeting)

- Colin – I’m asking Robert Eckart to leave. You’re not a member and have been disruptive at meetings in the past.
 - o Robert – I’m a member of the Co-op.
 - o Colin – you’re not and you’ve impersonated a member in the past. There are temporary membership cards issued when someone applies for a Co-op membership, but that membership needs to be approved. Yours was not. I have to ask you to leave.
 - o Robert – if you can’t abide by the charter and the bylaws then you’re not a democratic institution. I’m a member. I paid my dues.
 - o Diane – you have always been very threatening, making us feel very uncomfortable, making personal accusations, raising your voice and threatening all the people.
 - o Roger – this is difficult. I spoke with Robert in the store recently. He was pleased to say he got a membership. If people are threatened again in any manner, then action should be taken.

(Robert Eckart left the meeting peacefully)

- Dave – I’m concerned about searching outside of the area. A lot of people come here and are culturally blown away. A good candidate would be somebody familiar with the culture here. Part of leadership and management goes beyond the spreadsheet. It’s about being able to work with others and within the community. Organizationally we haven’t built people within the team to make sure that the Co-op works even if someone is abruptly absent. There needs to be more delegation of responsibility.
 - o James – I think it should be a preferred qualification to be familiar with this area.
- Colin – what we are hashing out now is whether we should hire a recruiter.
 - o Kirsten – can you start the search and if you don’t find someone turn to a recruiter?
 - o James – I think that could work. You could set it one month in to the recruitment period.
- Colin we’ll move forward without budgeting for a recruiter and will revisit if needed.

Motion: Authorize the GM search committee to include Cheri, Colin, Leah and James.
James moved, Leah second, approved by consensus (6/0/0).

{5 minute break}

8. Financial Bottom Line

a) GM update – reported by Melanie

RFS is still working on the financial statements. They are behind because they are doing the audit adjustments. We’ll have cleaned up statements for the Finance Committee packet. There are some details how we’re currently doing in my GM report in the board packet. Cumulatively for January we are .2% down. I think we’re feeling the effects of the government shut down. We don’t have adequate staffing. It’s extra challenging to hire in the delis. There are deli managers on leave in both stores. Not having security at the Eureka store is having an impact. We are working to get the health department permits for the upgraded kitchen and we are busy moving out of the

warehouse which is a major operation. Between upgrades, the move and the third quarter financials we are all quite busy. Cash forecasting shows we were building cash over the holidays and now it's just holding steady and possible recede a little if we don't see increased sales in Eureka with the kitchen upgrades.

- Colin – what has the response been to the increased C-share dividend rate?
 - o Melanie – it's been good. We've had investors. We've had people taken off the wait list. I don't have those numbers, but Laurie could get that to you.
- Kirsten – Umpqua just changed their CD rate to 3.0%

b) Remove Barney as check signer

The auditors recommended to us that the Controller shouldn't be a signer on our checking accounts.

Motion: Authorize to remove Thomas (Barney) Doyle as a signer on North Coast Cooperative's Redwood Capital Bank accounts.

Leah moved, Ed second, approved by consensus (6/0/0).

c) Approve draft board budget for FY 2020

The draft board budget that is included in the board packet was reviewed and discussed. The board discussed if their stipends should remain reduced.

- Colin – I think we should commit to reduced stipends for the next fiscal year.
- Dave – keeping stipends down shows solidarity to employees.

Motion: Approve the board budget with continued reduced board stipends totaling \$13,500 and a GM search budget of \$9,850.

James moved, Leah second, approved by consensus (6/0/0).

d) Review Securities Permit Renewal

This item was sent to the February Finance Committee meeting.

e) UNFI supply contingency plan – reported by Colin

The Policies and Procedures committee discussed what we know about the Co-ops UNFI contract and wants to look at a policy to limit our exposure to liability. The PPC recommends looking into alternative suppliers.

- Kirsten – was there discussion of where we're going to seek an alternative distributor?
 - o James – it's a big project. We know an answer could be that it is impossible.
 - o Melanie – other Co-ops are pushing NCG on this topic and they too are looking into it.
 - o Jason – I think it's important to look at our supply chain and options. There will be changes in terms of automation and climate change that will make it hard to serve our area. Having an aggregate of small suppliers would help us be prepared rather than reacting to issues that arise.
- Kirsten – has anyone started talking to elected officials about the tanking economy?
 - o Melanie – Colin, Laurie and I went to a City of Arcata presentation about the local economy. Their answer was a big old question mark. The hope is that the cannabis industry will regenerate. The City is actively soliciting projects that will help the local economy, such as housing projects.
 - o Colin – the county has an economic strategy that was just updated.

Motion: Direct staff to prepare a contingency plan for contract dispute, supply chain disruption, contract expiration, or any other unforeseen circumstances effecting UNFI supply. The board expects a progress report in September 2019 and a final report by the conclusion of fiscal year 2020.

James moved, Leah second, approved by consensus (6/0/0).

9. Social Bottom Line

a) GM update – reported by Melanie

- NCG has selected a new CEO. Co-ops were not happy with NCG. I think their board has listened and has hired a CEO that is more in line with what co-ops want. From the social aspect he wants to help co-ops develop local producers. We'll see where it takes us.
- Share the Spirit funds were much lower this year than in past years. The Co-ops match is coming from our Twin Pines Foundation investment.
- We moved all our Cooperative Community Funds (CCF) at the Humboldt Area Foundation (HAF) to a new socially responsible investment fund. This is something the CCF committee has wanted to do for a long time and it's now finally available through HAF.
- The Hoopa Valley Tribe is getting closer to opening their store.

b) Succession planning update

Right now, the only succession plan in place is an emergency action plan. All the management team wrote succession plans in 2017. They are more like emergency plans. As far as training up I don't have a plan. There is professional development but not with straight tracks. This is something the management team talks about and wants to develop.

10. Environmental Bottom Line

a) GM update – reported by Melanie

We are tracking how many pounds are being taken to the landfill with the Ten Pin move. We are tracking donations and recycling as well. We are repurposing as much as possible.

- James – how is refrigeration?
 - o Melanie – routine maintenance is working with good monitoring systems.
- Colin – the bus pass promotion with HCOG wasn't super successful. Could we do more to promote the bus passes?
 - o Melanie – it was just November and December that this program was in place. A survey has been done and the conclusion is the stop warrants a rain cover on 4th and B in Eureka.
- James – I was at the Eureka City Council meeting and Rob Holmund decided that the flashing pedestrian lights at 4th and B are not going to happen. All stop signs on B street were approved to become 4-way stops.

11. Reserved for Removed Consent Agenda Items

All items were approved with the consent calendar.

12. New Business (items for next agenda):

- Approve FY20 budget
- Melanie – the Ten Pin move has been extremely exhausting for many people. Jason has been working long days for weeks and will work this Saturday. Ed as well. We wouldn't be out of the building without Ed and Jason. Emily and Laurie have helped with planning the sale. Kristen has been moving pallets on top of all the work she does. Kirsten has offered to help with moving. Thank you!
- A member asked about having Robert Eckart leave the meeting and commented they were glad he was asked to leave.
 - o Colin – Robert Eckart applied for a membership and got a temporary card. New members have to be approved within thirty days of applying for membership before they become an actual member. Because of his behavior and impersonating another member his membership was not approved. It is very rare that this happens.

Consensus reached to adjourn the February 7, 2019 meeting at 8:43pm and move into Executive Session.

Minutes by Emily Walter

North Coast Co-op
Board of Directors Executive Session Minutes
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Present at meeting:

Board Members: Colin Fiske, Robert Donovan (Vice President – via phone), Leah Stamper (Secretary), James Kloor (Treasurer), Cheri Strong, Ed Smith

Absent Board Members: Mary Ella Anderson

Approved Guests: Melanie Bettenhausen

No reportable action taken.

Executive session ended at 9:05pm

Reported by Leah Stamper