



## Board of Directors Meeting Minutes

August 14, 2025 • 6 – 8pm

Zoom

### Present at meeting:

**Board Members:** Roger (President), Mike Connors (Treasurer), Elizabeth Gahm (Vice President/Employee Director), George WinterSun, Layla Richardson, Brenda Harper

### **Absent Board Members:**

**Co-op Employees:** Emily Walter, Sean Nolan

**Member-owners:** Kathleen Pelley

### 1. **Welcome**

The meeting was called to order at 6:06 by Roger and introductions were made.

### 2. **Agenda Review**

Add item to discuss Board meeting calendar.

### 3. **Approve June 12 and July 10, 2025 Board Minutes**

Minutes approved by consensus.

### 4. **Member Comment Period**

- Roger – I'm still getting feedback from members that live in outlying areas that want to get their 10% discount whenever they want, not just during the member appreciation month, as well as the 20% off bulk discount that only happens for 3 days.
- Roger – There are lots of different bags being used in the bakery, including plastic. It's very inconsistent. ACTION: Kiya will be doing a prepared foods packaging audit soon.
- Roger – I like the quinoa tots but they're rarely available in the bulk area of the deli. They're always packaged and not available to get in my own container.

### 5. **Board Correspondence** – reported by Roger

- Roger – I had a conversation with Joseph Hart. I listened to him but nothing came from it and I don't see any needed action.
- Roger – I got a letter about the Co-op joining some Children's movement organization.
  - o Several board members thought the letter was spam.

### 6. **Appoint Board Secretary** – reported by Roger

**Motion:** Appoint Layla to hold the office of Secretary.

Motion by Mike, 2<sup>nd</sup> from Roger. Motion Passes (6/0/0).

### 7. **Shareholder Disclosure Statement** – reported by Sean

**Motion:** Approve Shareholder Disclosure Statement as presented (Attachment A).

Motion by Roger, 2<sup>nd</sup> from Layla. Motion Passes (6/0/0).

The signature sheet will be in Arcata to collect signatures.

**8. Finance Committee** – reported by Mike

There was no quorum at the July Finance Committee meeting.

**Motion:** Approve July 2025 Finance Committee minutes.  
Approved by consensus.

We discussed who should attend Finance Committee meetings. There are different opinions and options. I think we should have a subset who are on the voting committee while still encouraging all board members to attend.

- Emily – Keep in mind when rewriting the policy that there doesn't necessarily need to be 3 at large members. The current language says up to three.
- Roger – I like the idea that new board members need to attend some of the meetings to learn about the finances.
- George – I find the meetings informative. I have mixed feelings about the requirement part.
- Kathleen – When I was on the board it took about two years to understand the workings of the corporation. I think new Board members need to attend 3-5 Finance Committee meetings to learn it all.
- Lizzy – I think its really important for a new board member to attend the FC meetings. I don't think it should be an option.
- To Be Included in the Proposal: There would be five Finance Committee Members total (including Members at Large), three members required for a quorum. All Board members are required to review all financial documents. All must attend three meetings in their first year of service.

ACTION: Mike will update Finance Cmt. Charter language and present at the next Board meeting for approval.

**Motion:** Accept FY25 Q4 Financials as presented to the Finance Committee.  
Motion by Mike, 2<sup>nd</sup> from Roger. Motion Passes (6/0/0)

**9. Draft Strategic Plan** – reported by Sean

I took the Strategic Plan Goals created by the Strategic Planning committee and elaborated upon them.

- Roger – I spoke with Colin Fiske about his correspondence to the board and we both agree that we don't consider this a Strategic Plan. It's all stuff that we should and are already doing. There are no goals of cutting back on plastic packaging or reducing energy use.
  - o Kiya – I hear what you and Colin are saying. Based on the discussions in the Strategic Plan committee I see how it went the direction it did. We were trying to steer clear of micro directions to staff.
- Roger – If we didn't have this document, is there anything in here that we wouldn't be doing?
  - o Sean – This plan shows areas of high focus. It looks like things we should be doing, but perhaps we haven't been focusing on it, and perhaps we can really focus on certain areas to make them more effective.
- Mike – I feel like Goal #2 is missing the “community hub/gathering aspect.”  
ACTION: Sean will look into this.
- Mike - When will we get measurable goals from staff?
  - o Sean – I will create a tactical plan each year that will include specific goals and steps.
  - o Mike – I want to honor what was discussed at the planning committee that certain things will be achieved by the end of 5 years. I would like to see these strong 5-year targets, with then annual bite size targets.
- Layla – Should part of this plan say that we'll have goals internally in each department.
  - o Sean – The cover page kind of addresses what I think you're getting at.
  - o Mike – Can there be a sentence added about Management will identify measurables to review with the Board annually?

ACTION: Sean will provide measures and update the draft plan to the Board at the September meeting.

**10. Elections Update** – reported by George

We have a vacant employee seat. I would like to see a special employee election, similar to last year to elect an employee to fulfill the last year of Mimi's vacated term.

**Motion:** Approve a special employee election followed by Board appointment.  
Approved by consensus.

ACTION: The Elections Committee will solidify a special elections timeline at the Aug. 21 Elections Meeting.

**11. ~~Officer Terms~~** — reported by Layla

**12. GM Report** – reported by Sean

- We did some extensive repairs to the Arcata roof.
- The audit should be ready in a couple of weeks. Ideally the Board will vote on surplus allocation in September which will adjust the audit, and then the final audit review would take place in October.
- Sean gave a brief overview of the process of patronage refunds and an associated timeline. He plans to provide a staff recommendation to the Board of how to handle patronage. The Board ultimately has discretion of how they want to move forward.

Annual Report

- The annual report is on track to be available as legally required and will be distributed to the Board.

**13. Member Comment**

- Roger – I noticed other grocery stores like Safeway are using the language “member.”

**14. New Business (items for next agenda):**

Agenda Items:

- Draft 2026 Strategic Plan
- Review Current Strategic Plan Update
- FY25 Surplus Review
- Retirement Benefits Update
- Policy Governance
- Board Meeting Dates

Consensus reached to adjourn the August 14, 2025, meeting at 8:07pm and move into Executive Session.

*Minutes by Emily Walter*

**North Coast Co-op  
Board of Directors Executive Session Minutes  
August 14, 2025**

**Present at meeting:**

**Board Members:** Roger (President), Mike Connors (Treasurer), Elizabeth Gahm (Vice President/Employee Director), George WinterSun, Layla Richardson, Brenda Harper

**Absent Board Members:**

**Co-op Employees:** Sean Nolan

No reportable action.

Executive Session ended at 8:54pm.



## ATTACHMENT A

### Shareholder Disclosure Document

#### Executive Summary

North Coast Cooperative, Inc. (NCC) is a consumer-owned natural foods grocery store, which is open to the public and is operated for the benefit of its members. It was incorporated in August 1973 and currently operates two retail food cooperatives in Arcata and Eureka, CA. The Arcata store is a full-service 14,000 square foot grocery store and the Eureka store is a full-service 17,000 square foot grocery store. NCC employs approximately 180 people and sells a full range of natural and organic foods and other household items. Its fiscal year ends the last Saturday of the month in March.

NCC's principal officers are as follows: Roger (NLN)– President, Elizabeth Gahm – Vice President, Michael Connors – Treasurer, Layla Richardson – Secretary.

North Coast Cooperative Inc. offers three classes of shares (A, B and C). NCC has been qualified to sell these shares since 1985. Purchase of an A-Share is required for membership. It is necessary to be a Fair Share member in order to purchase C-Shares, which is voluntary. C-Shares are a class of preferred non-voting stock available only to members for the primary purpose of raising capital to finance future capital improvements and support daily operations.

NCC has the option for D-Shares; however, it does not currently utilize this option.

#### C Shares Limitations

C-Shares are limited to current members of the cooperative who are Fair Share members (owning a minimum of \$300 in B-Shares). The securities are non-transferable and are only available for sale in California.

#### Description of Securities Offered

**Class 'A' Membership Shares:** The cooperative currently issues class A-Shares offered at the maximum value of \$25 per share. One (1) A-Share entitles holders to one vote and to participate in patronage refunds when they are available. A-Shares do not offer any dividends. They are redeemable upon the withdrawal of an owner's membership, less a \$5 administrative fee.

**Class 'B' Sustaining Shares:** Sustaining B-Shares are offered at the maximum value of \$10 per share. Sustaining Shares are non-voting shares of stock, in as much as each member is limited to one vote. Members are required to purchase thirty (30) class B-shares for a minimum purchase of \$300 in order to become Fair Share members of the cooperative. Dividends are not accrued nor distributed with Sustaining B-Shares.

**Class 'C' Preferred Shares:** NCC offers members the opportunity to purchase preferred non-voting shares of stock also known as class C-Shares. Ownership of these preferred shares entitles members to dividends declared by the Board of Directors, and these shares have preference as compared to the Membership and Sustaining shares upon liquidation, but they have no other special rights or preferences.

#### How These Securities Are Offered and Sold

**Purchaser Limitations:** No person shall be eligible to own Class C Co-op shares unless they are a holder of one (1) class A Membership share and at least thirty (30) class B Sustaining shares. As defined in the NCC bylaws, members must be California residents and 18 years of age or older. As part of the transaction, purchasers must verify that they have read and understood the disclosure documents; specifically including the risk factors, and that they acknowledge their entire investment is at risk and they may lose their entire investment. These securities are sold by NCC to its Fair Share members (those owning the designated number of shares listed above) without the use of agents or brokers. As of January 2013, no membership may purchase more than \$50,000 in Preferred C-Shares. At this time, NCC is not offering any C-shares for purchase.

#### How Dividend Rate is Determined for Preferred Shares

After studying and comparing rates offered by financial institutions in the area, the board's Finance Committee makes a recommendation quarterly to the Board of Directors on the Class C-Share rate of return. The Board makes the final decision on rates. Contact [membership@northcoast.coop](mailto:membership@northcoast.coop) for the current rate.

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### **Terms and Redemption of Securities**

There are no fixed terms on Class C-Shares, however, as defined in the bylaws the NCC has one year to redeem Class C-Shares once a request is received from a member. NCC attempts to process all applications to withdraw shares promptly and mail them out within 60 days, if possible.

### **Risk Factors**

The most significant risk factors for NCC and the investor are:

1. **Competition:** Currently, NCC is the natural foods market leader within the Humboldt community, although it competes with a number of national grocery chains in the area. The closest natural foods competitors are located approximately one mile away in Arcata and two miles away in Eureka. A third natural foods grocery store is located five miles from the Arcata store in McKinleyville, CA. An additional, new competitor in either market as well as the growing trend of online grocery shopping could make NCC susceptible to sales erosion.
2. **Economic Conditions:** The Cooperative has seen an overall increase in year-over-year sales. Sales of prepared foods have seen a recovery from the significant declines experienced during the early stages of the COVID-19 pandemic, with offerings continuing to expand to meet the increasing demand. With a continued focus on home cooking, and with customer service and operational excellence at the forefront, the Cooperative anticipates strong sales trends to continue into the foreseeable future.
3. **Facilities:** NCC currently transacts annual sales of approximately \$35.6 million combined for the two locations. The Arcata store was remodeled in 2000. There is ample customer parking. NCC owns the site. It contains a full-service deli, bakery, juice bar, coffee bar, and meat counter in addition to grocery and produce departments and administrative offices. The roof on the older portion of the building was replaced in 2018, along with the gutters. The Eureka store moved to its current facility in September 2006. The co-op leases the building, and its lease expires in September 2027. The store also contains a full-service deli, coffee bar and meat counter along with grocery and produce departments and administrative offices. A state-of-the-art production kitchen and a 12-foot hot and cold bar for self-service of freshly prepared salads and entrees was added in 2019. Online ordering of products from the Prepared Foods department was launched in 2020.

### **Business and Properties**

#### **General Description of the Business:**

NCC operates two natural foods markets open seven days a week from 7 AM until 9 PM. It serves roughly 2,700 customers per day combined and employs approximately 180 people (approximately 80% who are members of United Food and Commercial Workers Union Local #5). It specializes in certified organically grown, locally sourced, fresh produce and carries a full line of natural groceries, meats, seafood, wines, beers, cheeses, body care products and nutritional supplements. In addition, it operates a full service in-store deli and bakery and contracts with Mermaid Sushi for in-store sushi offerings in both locations.

NCC is owned by more than 20,000 of its customers who purchase a refundable \$25 (\$10 if purchased prior to 1996) Membership A-Share, as a condition of membership. Ownership of the A-Share entitles the owner to one vote in NCC affairs and to financial benefits that include ongoing discounts on purchases made, as well as patronage refunds in profitable years.

NCC members are encouraged to also purchase \$300 in Sustaining Shares. Shares are sold in increments of \$10 per share. Members may purchase thirty (30) shares to reach the Fair Share Membership status. Members may also receive their patronage refund in Sustaining Shares if their Sustaining Share balance is less than \$300. If a member should withdraw from NCC, the member may ask for full redemption of their shares.

NCC has been in business since 1973. It procures the products that it sells from a number of distributors and approximately 200 local farmers and food producers. It also produces in-house, approximately 90% of the food that it serves in its in-store deli and bakery.

#### **Company Mission:**

North Coast Cooperative, Inc. is a member-owned organization guided by the cooperative principles. As a leader in our community, we emphasize a diverse selection of products while engaging members through consumer education, community building, and environmental responsibility.

#### **Customer Sales and Orders:**

For the fiscal year ending 3/30/24, NCC had net sales in the amount of \$36,404,972. NCC's sales show flat to slight growth for the preceding two years.

**Competition:**

Approximately 64.89% of the NCC's sales come from members. Competition in Arcata is comprised of a large natural foods market – Wildberries, and Safeway, Rays and a family-owned chain store, Murphy's. Additionally, Grocery Outlet and Eureka Natural Foods have second locations north of Arcata just over five miles away.

Competition in Eureka is comprised of a large natural foods market – Eureka Natural Foods, as well as Target, Safeway, WinCo, Grocery Outlet, and Costco, to name a few, all located within the Eureka city limits.

NCC's principal competitors are the two natural foods markets noted above.

NCC competes by modeling sustainable practices, providing values-based product selection, excellent service and price. The fact that it is owned by its customers creates a different relationship than is commonly found in privately or corporately owned grocery stores. NCC also places a strong emphasis on education about the products it sells, letting members choose through buying power and models environmental responsibility. NCC has been a leader in Humboldt County for over 50 years where most of the competition is jumping on these trends now. NCC reaches its members by publishing frequent newsletters, through social media, mail correspondence, and being involved in community events.

**Differentiation:**

NCC differentiates itself by being owned by its customers, being committed to developing its local foodshed and being an environmental leader. It also partners with other local groups in the community and focuses on education as described above.

**Employees:**

North Coast Cooperative Inc. employs approximately 180 employees. Of these 158 are unionized clerks or department heads, another eight are senior managers and the remaining employees are engaged in casual/temporary clerk positions, administrative, marketing and supervisor positions.

**Properties:**

NCC leases the following property:

- Its store facility at 25 4<sup>th</sup> Street, Eureka, consists of a retail grocery store, customer parking, warehouse and administrative office space.

NCC owns the following property:

- Its store facility at 811 I Street, Arcata, consists of a retail grocery store, customer parking, warehouse, and administrative office space.

**Use of Proceeds**

Proceeds from the preferred shares are used to finance capital improvements and support operations in line with the NCC's Strategic Plan. All costs associated with the preferred shares, such as legal expenses, accounting expenses and advertising are paid out of the NCC's current overhead.

### Selected Financial Information

The following table summarizes certain financial information from NCC's 2022, 2023 and 2024 audited financial statements.

	Year Ending 3/30/24 (in dollars)	% of Sales	Year Ending 3/27/23 (in dollars)	% of Sales	Year Ending 3/30/22 (in dollars)	% of Sales
Sales	36,404,972	100%	35,201,849	100.00%	35,369,330	100.00%
Cost of Goods	22,978,221	63.12%	22,755,020	64.34%	22,315,494	63.09%
Gross Margin	13,426,751	36.88%	12,446,829	35.36%	13,053,836	36.91%
Operating Expense	13,627,647	37.42%	14,611,852	41.51%	12,608,176	35.65%
Other Income & (Expense)	38,963	0.11%	1,366,589	3.86%	-193,684	-0.55%
Interest Expense	78,464	0.22%	58,526	0.17%	27,129	0.08%
(Loss) Income Before Income Taxes	(241,397)	-0.65%	-1,174,071	-3.35%	618,574	1.75%
Income Tax	1,000		501,647	1.43%	366,598	1.04%
Net (Loss) Income	(242,397)	-0.65%	<b>-672,424</b>	-1.92%	<b>251,976</b>	0.71%
<b>Balance Sheet Data:</b>						
Total Assets	11,092,425		11,250,454		11,296,454	
Liabilities	4,001,370		3,812,324		3,443,765	
Total Long- Term Debt	3,193,655		3,237,485		1,461,318	
Total Liabilities	7,195,025		7,049,809		4,905,083	
Total Stockholders' Equity	3,897,400		4,200,645		5,104,726	
Total Liabilities and Stockholders' Equity	11,092,425		11,250,454		10,009,809	

**CAPTIALIZATION as of 3/30/2024 and Outstanding Securities**

The following table sets forth the NCC's capitalization as of 3/30/2024 on an actual audited basis.

<b>Owner's Equity</b>	<b>Actual</b>	<b>Maximum</b>
Membership A Shares (\$25 per share)	\$467,450	500,000
Sustaining B Shares (\$10 per share)	\$868,431	2,000,000
Preferred C Shares (\$10 per share)	\$1,481,712	2,500,000
Total Capitalization	\$2,817,593	4,950,000

**ADDITIONAL INFORMATION**

Security holders receive an annual account statement indicating the value of their share and accumulated dividends. In addition, holders of one or more preferred (Class C) shares receive quarterly dividend reports. An annual 1099-Div form is sent to holders of C-shares whose annual dividend earnings meet or exceed \$10. All NCC members have access to the Co-op's annual report and annual audits.

**SIGNATURES:**

The Company's General Manager, Controller and its Directors must sign this Disclosure Document. When they sign this Disclosure Document, they represent that they have diligently attempted to confirm the accuracy and completeness of the information in the Document.

When the Controller signs this Disclosure Document, they represent that the financial statements in the Document have been prepared in accordance with generally accepted accounting principles which have been consistently applied, except where explained in the notes to the financial statements. They represent that the financial statements fairly state the Company's financial position and results of operations, or receipts and disbursements, as of the dates and periods indicated. They also represent that year-end figures included all adjustments necessary for a fair presentation under the circumstances.

By:

\_\_\_\_\_  
Sean Nolan, General Manager

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Thomas "Barney" Doyle, Controller

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Roger (NLN), President

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Elizabeth Gahm, Vice President

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Michael Connors, Treasurer

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Layla Richardson, Secretary

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Brenda Harper, Board Member

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George WinterSun, Board Member