



Board of Directors Meeting Minutes

August 2, 2018 • 5 – 8pm

Ten Pin Building – 793 K Street, Arcata

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: None

Co-op Employees: Melanie Bettenhausen, Emily Walter, Jules Katz, Lauren Fawcett, Laurie Talbert, Kiya Villarreal, Shiann Davis, Mara Segal, Alisha Hammer, Allana LaBelle, G. Bourke Hartman, Damon Berkowitz, Charlie Dawson, Michelle Sanders, Kristen Hayen, Kirsten Lindquist

Member-owners: Laura Jones, Roger, Brenda Harper, Christina VanPelt, Brad VanPelt, Lisa Blandford, Diane Sharples, Chris Copple, Faye Honorof, Bob Ducate, Gary, Christo

1. Welcome

Meeting was called to order at 6:04pm by Colin and introductions were made.

2. Agenda Review and Approval

Consensus to approve the agenda.

3. Member Comment Period

Colin – since a lot of folks are here about a situation involving the Arcata Store Manager, I want to say that although it's not satisfying the board can't discuss the details of this situation because it's a personnel issue. We are listening and taking what you have to say seriously.

- Lisa handed envelopes to the board containing confidential information.
- Mara – I've worked at the Co-op for almost 34 years in a variety of positions, including managerial, and I'm currently employed as a Cashier at the Arcata store; a place I'm happy to be working. I have a lot of contact with customers and active community members. We are bringing our concerns to the board as they are the boss of the General Manager. I've known Vince since he started working at the Co-op 13 years ago. I feel compelled to speak up about his recent dismissal. My opinion is that Vince exemplifies the cooperative spirit that we seem to want to have here. He's very informed about the products that we sell. He makes the extra effort to find answers for people. He models excellent customer service, one of the most important things in our business. Customers consistently refer to him as always so helpful and kind. One long time shopper was surprised to hear Vince was the Store Manager, because in her experience over the years you never see the Store Manager on the floor. Vince was actually on the retail floor, unlike Store Managers of other grocery stores. That matters to our customers. He listens well to employees and customers. He can diffuse difficult situations. I personally have felt comfortable expressing my opinions to Vince and feel I've been heard. I've not always felt comfortable doing so with other managers. Vince and his Assistant Manager Rich have been very responsive to employee suggestions and concerns in a way that leaves employees feeling heard and respected. The Co-op is a unique business with high expectations of customers. Vince has worked hard to address the needs of customers. I sincerely hope the Co-op values individuality and is not looking for unquestioning employees who do not disagree or express their opinions.
 - o Robert – Mara, do you feel there are repercussions to speaking on behalf of an employee at this time?
 - o Mara – no, I don't believe so.
- Faye – I've been a shopper through many store managers. I've not experienced a store manager as willing to be as helpful and as kind as Vince. I echo a lot of what Mara said. My husband Bob worked at the Co-op for 34 years before recently retiring. He experienced Vince as professional and thorough at his job. Both of us were shocked to find out Vince was gone. It's a huge loss to the Co-op. Vince's contribution is enormous. I think he really embodies everything I think of that makes me proud of the Co-op. I hope you reconsider his separation from the Co-op.

- Roger – a lot of people I know that aren't happy with the Co-op also thought very highly of Vince. It's just an interesting thing to note.
- Christo – I had the pleasure of working with Vince for 6 years under his supervision. He was nothing but awesome and friendly. You couldn't find a better one out there.
- Charlie – I came to work at the Co-op from a store that was run like a cookie cutter where you weren't treated well. Coming to the Co-op has never felt like less than wearing rose tinted honeymoon glasses. Vince as a manager had a great energy that he brought and kept it a happy place to work. The idea that someone with his commitment to the customers and keeping the Co-op weird has been fired puts me on edge that the Co-op wants to become a cookie cutter company. It makes me nervous.
- Colin – unfortunately the board can't talk about the details of the situation. We are listening to feedback and taking it seriously. I think I can speak on behalf of the whole board that we aren't trying to make the Co-op into a corporate cookie cutter entity. If there are general concerns you can always come to the board by writing to the board and, or, attending board or committee meetings.
- Roger – good to see Melanie working the floor in the Arcata Co-op. It was good to see the "board meeting tonight" sign in front of the store today. I know that somebody lost their job at KHSU and people are upset. I know a lot of Co-op members from the past who say they won't shop at the Co-op because some decision happened. We should be careful with how we decide to interact with KHSU. We don't micromanage them and they don't micromanage us. I just want to put that out there.

4. Consent Calendar

Motion: Approve the August 2, 2018 consent calendar:

- a) Approve July 5, 2018 Board meeting minutes.
- b) Approve July 25, 2018 Special Board Meeting Minutes

Approved by consensus (7/0/0).

5. Board President Report – Reported by Colin

Board Report

Cheri will write the August board report.

Board Correspondence

Retired Employee Discount

- Colin – Melanie, can you explain the history of retirement benefits?
- Melanie - A proposal came to the board when David Lipman was the General Manager somewhere around 2013. For a short period of time there was a discount, known as the Golden Discount, for former employees to continue receiving a 15% discount following retirement. You had to work more than 25 years at the Co-op to receive the discount. The proposal removed the 15% discount and replaced it with \$100 in C shares for every year worked at the Co-op. One reason for the change was that the Golden Discount was not fully measurable for budgeting purposes. The change of retirement benefits was not because employees are not appreciated but due to the unpredictable and uncontrollable expenses. Thus, the board wanted to adjust the retirement benefit with more controls that could be calculated more readily.
- Fay – I don't think it would cost the Co-op much to keep the discount for employees. It's a nice way to acknowledge them.
- James – we will include this topic at the August Finance Committee to review the financial impact.

6. Petition to Suspend Underwriting on KHSU – Reported by Colin

The Member Action Committee (MAC) reviewed a submitted petition (see MAC July meeting minutes) and recommended the board suspend underwriting of KHSU. I feel that before we take an action like this we should formally ask KHSU to address some of the concerns that have been raised.

- James – a letter to KHSU to get a sense of where they are should be a next step.
- Cheri – would like the letter to specifically ask Peter Fretwell to personally respond.

ACTION: James will draft a letter to KHSU and send to the board for review.

7. Food for All Program Proposal – Reported by Laurie

The Co-op is proposing a new Food for All Program based on the pilot Co-op Access Program (CAP). We investigated through the CAP pilot if we could afford a permanent low-income program. The “Food for All” program would replace the CAP program and the weekly Tuesday 5% Senior discount program. It would offer 10% off every purchase up to the monthly cap for low-income qualified individuals. If they qualify for the program they would be gifted a membership if not already a member. The program is proposed to start January 2019 with unlimited participants. The senior discount would end at the end of the fiscal year giving seniors a 3-month period to transition to the new program if they qualify. There will be a rolling enrollment with renewals once a year to show they still qualify. CAP participants accessed 41% of the discount available to them. This is what we projected for the Food for All program to budget for the program.

- Colin – sales for the CAP participants produced higher margins. They bought more after receiving the discount. We can't know how it will affect the overall bottom line.
- Mary Ella – there are many seniors that will shop somewhere else if we get rid of the senior discount.
- Brenda – I work with seniors at the Area 1 Agency for Aging. My general feeling is that there will be an outcry and that people will go other places to shop if the senior discount ends. There are many seniors that need a discount that won't qualify for this proposed program.
- Kirstin – do we know the percent of aging people in this area? Is this to reduce discounts or reach more people?
 - o Laurie – this is to offer more discounts to low income people. We would be moving from an age-based discount to a needs-based discount.
 - o Colin – the current discount is a promotional discount. It's not needs-based. This is a needs-based discount. The idea is that a lot of seniors would qualify for the new program with an increased discount that can be used any day versus a half the discount only available once a week.
- Laurie – we are recommending a \$1,000 monthly discount. CAP participants had a \$500 monthly discount cap and indicated they would like it to be higher. For an indicator of costs, CalFresh has a \$640 supplemental budget for a family of four.
- James – I'm concerned about unlimited people participating and suggest limiting it to 375 or 400 participants for the first year. I'm worried about the assumption of the 41% usage rate derived from the pilot program. The usage could be much higher. Can we do a rollout of this program in stages and find out what the usage rate is in the first year.
- Laurie – the average use of the senior program is about 1,000 shoppers a week with an average basket size of \$46 = about a \$2.50 discount a week for seniors.
- Mara – you should factor in perception versus reality on this one. In my liberal heart I support making the Co-op more accessible to lower income families. I don't think it will matter what we replace the senior discount with – it will be ugly.
- Diane – without having timely and accurate financial statements – the costs may not be covered by the revenue. The board should not approve this with the \$1,000 monthly cap.
- Ed – earlier it was said that 65% of seniors are likely to qualify. A hard cap on participants should be mandatory to budget for it. The backlash from removing the senior discount seems like it will cost a lot of money. It's not a straight one to one swap of the two. I support the CAP program. We should size it for what we can afford without slashing the senior discount.
- Mary Ella – I think it's bad politics to pit seniors against families.
- Roger – we should have a goal of making sure everybody can shop as easily as possible. I think it should be kept separate. It's a community thing. Seniors have been shopping at the Co-op for a long time and might not qualify for this new program. We could have an opt out for seniors. But there are those with limited income that won't qualify for the program. It doesn't feel good.
 - o Colin – we purposefully designed the CAP pilot program to make sure the process of qualifying or applying for the program is not embarrassing. As a community institution there are seniors who are wealthy who benefit from this discount, costing us money. Shouldn't we be using this money for those that need it?
- Roger – can there be an opt out for seniors? There is something about honoring seniors. For Co-op seniors that don't need it, they could not take the discount.
 - o Robert – perhaps seniors could donate their discount, opting out of taking it.
- Fay – it wasn't that long ago that seniors had a 10% discount that was then reduced to 5%. People are still upset about this. I think there will be a backlash.

- Brenda – senior expenses go up each year and we don't get raises.
- Colin – I don't want the senior discount to go away but I don't see another way to fund this type of program at this point. I feel it's an important priority to expand access to what the Co-op offers. It's a high priority.
- James – I like the idea of limiting the new program to 375 participants the first year and putting monthly discount caps that equal the cost of the senior discount program.
- Mara – if you trade one for the other and you lose senior shoppers you are losing more money than anticipated.
- Kristin – it concerns me to start a new program not knowing the financial standing of the Co-op.
- Alanna – can we continue the CAP pilot program again for another year with increased participants and keep the senior discount?
- Robert – can we ask senior members to give up their discount if they don't need it? Software could be written to take the discount and funnel it to an allotted savings account for a low-income program?
- Melanie – I suggest putting this on the September board meeting agenda following the August finance committee meeting where we will be reviewing the budget. Deciding prior to that would be premature.

8. Review Draft Strategic Plan

- Colin – I like it. Thank you, Melanie for all the work you put into it. I don't understand the 5% approval of members who support starting a non-profit arm.
 - o Melanie - if we go through the process of planning to start a non-profit arm – we would survey the membership – looking to hearing from 5% of members that they support it.
- Diane – shouldn't there be a proforma for forming a non-profit?
 - o James – we are interested in exploring starting a non-profit. Is it possible? Is it worthwhile? This would include creating a proforma.
- Cheri – under environmental responsibility there is no set goal for reduction in plastic packaging used by the Co-op, not just used by vendors.
 - o Melanie – I feels its indirectly in the other waste reduction metrics such as the number of durable containers used by shoppers.
- James – I think we should have a goal of 100% energy derived from renewable energies.
- Colin – the plan is for the board to approve the strategic plan and it will go to the Annual Membership Meeting for member adoption.

Motion: Accept the draft strategic plan as amended and forward it to the Annual Membership Meeting for member adoption.

Amendment:

- Increase environmental responsibility goal to 100% renewable energy.
- Add a benchmark on reducing landfill waste.
- Correction of typos.

James moved, 2nd from Leah, Motion passes (7/0/0).

9. Officer Apprenticeship – Reported by Colin

At the last meeting we discussed board members potentially interested in holding an office could shadow the person holding the office. This means they would be included in emails and such but would not take on the responsibilities of these offices. Cheri is interested in shadowing the President and Robert would like to shadow the Treasurer.

Motion: Approve Robert shadowing the Treasurer and Cheri shadowing the President for the next couple of months.

Colin moved, 2nd from Mary Ella, Motion passes (7/0/0).

{ 5 Minute Break }

10. General Managers Report

- Cheri – have you heard back from the racial equity consultant?
 - o Melanie – I received an 18-page proposal from the consultant yesterday. We are now looking into what the next steps are.
 - o Colin – the management team and board committed to this together and need to figure out if there will be a subcommittee or a management and board retreat to discuss how to move forward.
 - Diane – what is a zero-balance account?
 - Melanie – for the operational and accounts payable bank accounts – whatever is pending that day will be transferred so that the AP account will always be zero.
 - o Diane – why do we have so many accounts?
 - o Melanie – it keeps separation to vendors who can automatically withdraw money from our accounts. I don't know if we'll always do this. Having the zero-balance account keeps us from having to constantly move money between accounts daily.
 - Diane – why haven't we found a controller; Brandy has been gone since the end of May.
 - o Melanie – we are getting applicants. We've interviewed applicants. We've offered the job to one person who declined it. We have second interviews and first interviews scheduled.
 - Diane – are we moving from Sage software?
 - o Melanie – we are using a new software for payroll, not accounting. We are finding more improvements that can be made and used in Sage.
 - Diane – what about the audit.
 - o Melanie – the auditors don't want to come until a controller is in place.
 - Colin – how are we calculating margins for the warehouse?
 - o Alisha – I'm not prepared to explain this at the moment but will get back to you.
 - o Melanie – the margin that we get on the products if we get them through the warehouse versus the margin we'd get if we aren't purchasing through the warehouse. The report is showing that we are getting a better margin when selling from out of the warehouse. The warehouse is included in quarterly inventories.
 - Diane – how are sales holding up for the summer - it's generally the slowest part of the year.
 - o Melanie – the first three months of the year are the slowest. We are holding our own this summer.
 - Colin – the UNFI purchase of Supervalu raises concerns of being reliant on UNFI. Supervalu is not in the natural food space and this is another step of UNFI moving away from natural foods and becoming more of a regular food supplier.
 - Mary Ella- what are we doing about Bien padre?
 - Alisha – we have chips to get us through the next month while we research bringing in alternative corn chips.
- ACTION: James will forward finances to the finance committee to review numbers and formatting for the August Finance committee meeting.
- o Colin – there were no big surprise reviewing the financials.
 - o Melanie – having a third-party CPA doing this gives me more confidence in the numbers.
 - o Melanie – we are right on track with employee costs, slightly above in income and expenses have been controlled. We are looking good compared to budget.
- Ed – who pays for the Zagster bikes when they are trashed out of spite?
 - o Laurie – not the Co-op. we have no liability.

Motion: Accept the August 2018 General Manager Report.

Leah moved, 2nd from Ed, Motion passes (6/0/1). Mary Ella abstains.

11. Member Comment Period

- Lisa – as a community, are we doing outreach for people who lost homes in recent and ongoing fires?
 - o Laurie – at this point most organizations are not asking for goods, they want money. Salvation Army in Redding has a fund where 100% of money goes to victims recovering from fire. Customers could do a round-up and pass money on to Salvation Army.
 - o Melanie – it's a small gesture, but we are giving away drip coffee to victims of fires and added power strips near our tables for people to charge phones. Whatever we do we are careful to not have our help look like self-promotion. We will continue monitoring the situation and looking into ways we can be of help.

- James – is the Co-op part of the Humboldt VOAD (Voluntary Organizations Active in Disasters)? The Humboldt VOAD is a partnership of local organizations committed to disaster preparedness and education. Call 2-1-1 to join and for more information.
- Chris – does management have sole responsibility for hiring and firing all staff?
 - Colin – yes, the board does not participate
- Chris – when does or doesn't the board get involved with marketing which is not typically a board oversight?
 - Colin – the Policies and Procedures committee recently started discussion to clarify what comes to the board and what doesn't. If it's generally operational but stands to have a large impact to the organization, it should come to the board. We are working on clarifying where we draw the line.

12. New Business (items for next agenda):

- Food for All Proposal
- Racial Equity Consultant Proposal

Consensus reached to adjourn the August 2, 2018 meeting at 8:13pm and move into Executive Session.

Minutes by Emily Walter

**North Coast Co-op
Board of Directors Executive Session Minutes
August 2, 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 9:38pm

Reported by Leah Stamper



Board of Directors
Special Meeting Minutes
August 16, 2018
Ten Pin Building – 793 K Street, Arcata

Present at meeting:

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

Absent Board Members: None

Co-op Employees: None

1. Welcome/Agenda Review and Approval

Meeting was called to order at 6:00pm by Colin.

The agenda was approved by consensus.

2. Executive Session

The General Manager's annual evaluation, competition and personnel matters were discussed.

No reportable action taken.

3. Add Check Signer to Redwood Capital Bank Account

MOTION: Authorize to add Laurie Talbert as a signer on North Coast Cooperatives Redwood Capital Bank account.

Motion by Colin / 2nd by James. Motion Passes. (6/0/0) *Leah no longer in meeting.*

3. Meeting Adjourns

Consensus reached to adjourn the August 16, 2018 meeting at 8:15pm.