

# Bluff Country Co-op Board Meeting Minutes

Monday, September 11, 2016

5:30 pm – 8:00 pm

Winona State University, Minné Hall Room 243

Attendees: Dawn Schreiber, General Manager, Melissa Gordon

Board Members Present: Coleen Bremer, John Chernega, Rachel Kimman, Diane Leutgeb Munson, Mary Kirk, Aurea Osgood, Charlotte Roraff

Board Member Tardy: Ann Lichliter (via phone)

TOPIC	DESCRIPTION	ACTION/OUTCOME		
-------	-------------	----------------	--	--

		Yay	Nay	Abstain
Task Review	<ul style="list-style-type: none"> <li>All tasks were completed.</li> </ul>			
Approve August Minutes	<ul style="list-style-type: none"> <li>Strike term “limit” from second bullet point under Board Development Committee update.</li> <li>Diane motioned to approve the August board meeting minutes. Aurea seconded.</li> </ul>	5	0	2
GM Monthly Update	<ul style="list-style-type: none"> <li>We are investing in our staff by sending them to conferences. Dawn is looking into grants that will allow us to send even more staff for training.</li> <li>Everyone loves the new local logo. It was suggested to make a t-shirt out of it.</li> </ul>			
B1 – Financial Condition	<ul style="list-style-type: none"> <li>Our numbers look great. Had we not paid NCG for expansion fees, we would have doubled our net income.</li> <li>Anything over 1% growth is good for grocery stores.</li> <li>We are beginning a relationship with Retail Financial Services, a tax, accounting and consulting services CPA firm specializing in guiding clients in the retail industry. They work with some other co-ops, and Dawn will touch base with staff from those co-ops at her conference next week to gain insight into how those co-ops have worked with RFS.</li> <li>Reconciling books monthly is a best practice; we’ve been doing it for a long time.</li> <li>Retail Financial Services is tweaking numbers on our balance sheet to fit their format so balance sheet may look a little different.</li> <li>Two member loans have been extended.</li> </ul>	7	0	0

	<ul style="list-style-type: none"> <li>Mary motioned to approve the B1 Monitoring Report. Diane seconded.</li> </ul>			
Review Survey Results: c8 Governance Condition	<ul style="list-style-type: none"> <li>One comment regarding item 3A: Charlotte believes the board is making strides in this area, but objects to the adverb “liberal.”</li> <li>Another comment: “Joel + retreats = better board.”</li> <li>Clarification for new board member on surveys: Surveys exist primarily to keep board directors in check. When directors fill out the surveys, they do so with two questions in mind: 1) Does the policy as written reflect what we do, and 2) To what degree is the board doing it. Additionally, surveys serve as an educational piece to remind directors of our policies.</li> </ul>			
Board Member Insurance and Budget Revision	<ul style="list-style-type: none"> <li>No new information on insurance; therefore, no new information on the board budget.</li> <li>Dawn will get 4<sup>th</sup> quarter board spending to Aurea.</li> </ul>			
Committee Updates including Retreat Topics, and time and location from Board Locations	<ul style="list-style-type: none"> <li>Owner Outreach <ul style="list-style-type: none"> <li>Working out details of AMM. Ann will MC. There will be an owner evaluation form.</li> <li>AMM rehearsal will be Monday, Oct. 17 at 5:30pm. Location TBD.</li> </ul> </li> <li>Project Committee <ul style="list-style-type: none"> <li>Reviewed Home Federal’s loan proposal. Key aspects of proposal include: <ul style="list-style-type: none"> <li>We pay only interest during construction.</li> <li>Initial interest is 4.75%, which is fixed for 5 years (this is less than our current mortgage). After that, every 5 years the interest adjust to prime + 1 percent. (We are not locked in, however. There are other options, such as refinancing with another bank after 5 years.)</li> <li>20-year amortization.</li> <li>Prepayment penalties are as follows: <ul style="list-style-type: none"> <li>1<sup>st</sup> year=5% penalty, then 1% lower each following year (e.g. 2<sup>nd</sup> year=4%, 3<sup>rd</sup> year=3%, etc.). After 5 years, there is no prepayment penalty.</li> </ul> </li> <li>It is a USDA guaranteed loan, so they want a lot of collateral.</li> </ul> </li> <li>A few items on proposal will change: <ul style="list-style-type: none"> <li>Expired date is not a problem. It only exists so borrowers have a timeline during which to</li> </ul> </li> </ul> </li> </ul>	8	0	0

	<p>act.</p> <ul style="list-style-type: none"> <li>▪ Page 2: Loan amount will change. Currently it includes the building loan (\$480K), the primary expansion loan (\$1.34 million, which will cover a new HVAC system), and the gap loan (\$166K), for a total of \$1,986,000. We do not have to borrow this entire amount. (For example, we may pursue the gap loan from a separate lender.)</li> <li>▪ Page 3: Debt service reserve: Bank is looking at our debt service coverage ratio, which is part of our pro forma.</li> <li>▪ Change date to 2019; after 2019 we will be fine and won't have to put money into a second account.</li> </ul> <ul style="list-style-type: none"> <li>○ Dawn will meet with City of Winona about façade loan.</li> <li>○ We can't meet with county about loans until we know how many people we will hire.</li> <li>○ Aurea moved to authorize the GM to pursue the Home Federal proposal for financing for the expansion. Diane seconded.</li> </ul> <ul style="list-style-type: none"> <li>• Social Equity <ul style="list-style-type: none"> <li>○ There has not been a meeting since the last board meeting.</li> <li>○ Board cooked another successful meal at Catholic Worker. The Committee will send email with information for next Catholic Worker meal.</li> </ul> </li> <li>• Board Development <ul style="list-style-type: none"> <li>○ Board candidate happy hour went well. Six potential candidates plus board members attended. Lots of interaction, lots of questions, lots of time to talk. It is definitely something we would repeat. It would be nice to create talking points in the future.</li> <li>○ Board members attended fall retreat on September 11. Charlotte will have Joel send the link to the evaluation. Everyone liked the space and the potluck. Hearing environment was nice. An idea for a future retreat is to have it at the Wiscoy Community House again.</li> <li>○ The group found value in the headline activity and is waiting for the retreat notes to determine the next step.</li> </ul> </li> </ul>			
Expansion and	<ul style="list-style-type: none"> <li>• Current timeline for construction is October – April.</li> <li>• We are \$37,000 away from meeting our capital campaign</li> </ul>			

Capital Campaign Updates (2 <sup>nd</sup> Preferred Shares); Review of Talking Points	<ul style="list-style-type: none"> <li>goal.</li> <li>Updated talking points on website are good.</li> </ul>			
Election of New Officers – Plan A and Plan B	<ul style="list-style-type: none"> <li>The following directors expressed interest in an officer position: <ul style="list-style-type: none"> <li>Ann – president</li> <li>Charlotte – vice president</li> <li>Aurea – treasurer</li> <li>John – secretary or vice president</li> </ul> </li> <li>The board discussed the complication of voting in officers who are also up for re-election on the board. The reason the board votes on officers prior to the election of new board members is to provide an easier transition for new officers. But what would happen if the same person who is voted in as president, for example, doesn't get reelected to the board? No long-term solution was identified. For this year, because the open seats are not yet contested we will go forward with our plan and not create a plan B.</li> <li>Diane made a motion to vote in Ann as President, Charlotte, as Vice President, Aurea as Treasurer, and John as Secretary, contingent on re-elections. Aurea seconded.</li> </ul>	8	0	0
Review Decisions , Tasks, Assignments	<ul style="list-style-type: none"> <li>Ann added a question: Does store insurance cover liability for child care providers for AMM? Dawn will look into this.</li> <li>Mary will make sure child care providers have had background checks.</li> </ul>			
Meeting Adjourned	<ul style="list-style-type: none"> <li>Meeting adjourned at 7:39pm</li> </ul>			
Electronic Vote post-meeting	<ul style="list-style-type: none"> <li>On August 10, 2016, Aurea motioned via email to appoint Coleen Bremer to serve as a director immediately through December 2016. Charlotte seconded.</li> </ul>	6	0	1

TASK	RESPONSIBLE PARTY
Send AMM PPT feedback to Aurea.	All board directors
In addition to "previous year," add previous quarter on balance sheet.	Dawn

Send 4 <sup>th</sup> quarter board spending to Aurea .	Dawn
Ask St. Stan's and Cast Club about child care for AMM. (We need 2 people for 3 hours – October 27 from 5:30-8:30pm – and ensure those people have had background checks.)	Mary
Find out from History Center if we can rehearse on Oct. 17. If yes, email everyone and put on board calendar. If no, ask Aurea to book a room at WSU.	Melissa
Add to board calendar: In January, identify dates for potential board candidate talks/happy hour.	Melissa
Look for potential board candidate talking points and share with board.	Melissa
Ask Joel to send link for retreat evaluation survey.	Charlotte
Share Lynn's new email address on the Call List and tell Lynn to contact Melissa if she needs more names.	Dawn
Add Coleen's picture and bio to the area in the store and on the website for new board candidates.	Melissa
Review retreat notes to determine next step with headline activity.	All board directors
Look into whether our store insurance covers childcare.	Dawn