

**BisMan Community Food Cooperative  
Board of Directors Meeting  
Cooperative Community Room  
711 E. Sweet Ave.  
Bismarck, N.D.  
Wednesday, Nov. 15, 2017**

Note: These minutes include two corrections, which are ***boldfaced and italicized*** in the text.

Board members present: President Kevin Martin, Vice President Beth Schatz Kaylor, Treasurer Dina Baird, Secretary Dale Wetzel, Emily Brown, Paul Brown, Erin Huntimer, Ellen Knudsen, Tracy Potter.

Others present: General Manager Carmen Hoffner; bookkeeper Robyn Myers; Derrick Braaten, the cooperative's attorney; cooperative employee Rita O'Neill; and members Bob Crowell, Mandy Dendy and Randy Joersz.

President Kevin Martin called the meeting to order at 6:06 p.m. Martin asked for any additions or corrections to the agenda. Emily Brown said she wanted to discuss a holiday employee appreciation event. Her request was added to the New Business section of the agenda.

**Vice President Beth Schatz Kaylor moved that the agenda be adopted. Paul Brown seconded. All members present voted yes.**

Martin asked if any employees attending the meeting had any questions or comments. Since June the agenda has included an "Employee Q&A" item for employee questions. Martin said there had been few since July, and in any case employees were free to attend board meetings and ask questions. After discussion, the decision was made to keep the Employee Q&A as a regular agenda item.

**Dina Baird moved that the minutes of the Nov. 6 meeting be approved. Erin Huntimer seconded. All members present voted yes.**

Martin called upon cooperative member Mandy Dendy to speak to the board. Ms. Dendy had asked for time to voice her objections to an October story in The Bismarck Tribune about the cooperative's financial problems and a Nov. 6 email message, sent from the board's cooperative address to members, that detailed problems with the co-op's operations in the past year. She said the Tribune story was written "at the board's request." **A summary of Dendy's comments, and a copy of her prepared statement, are attached to the minutes as Appendix A.**

Martin told Dendy she would be notified before the board discussed the issues she raised.

Martin invited Randy Joersz, the cooperative's first general manager, to speak to the board. Joersz said he had prepared a statement to read to the board. He said Dendy was his daughter. **A summary of Joersz's comments, and a copy of his prepared statement, are included in the minutes as Appendix B.**

Martin called on Carmen Hoffner to give the general manager's report. Hoffner welcomed Robyn Myers, the cooperative's part-time bookkeeper. She said Myers works from 8 a.m. until noon Monday through Friday, and said board members who wish to speak with her could contact her during those times.

Myers presented a document that detailed payment terms for vendors who have not been paid for their goods for 90 days or more. She said those are being slowly cleared up, and that other vendors would be added to the list.

Schatz Kaylor asked for the cooperative's cash position. Myers estimated it was \$12,000 in the red. Schatz Kaylor asked her to elaborate. Myers said the cooperative "has written more checks than we have in the bank." Potter asked if the checks have been mailed, and Myers replied yes. "We've been doing this for a long time, a couple of months, anyway. We're juggling as much as we can."

Myers said many checks are written and mailed on Friday, "and what we make over the weekend covers what's going out the following week, and that's honestly what we've been doing for months now." She said the \$12,000 "will be covered. It is often like that." The assumption is that more revenue will go into the account before the checks are cashed.

Wetzel said, "So we are check kiting." Myers: "Basically, yes."

Knudsen asked what the bank will do if checks bounce. The cooperative's account is at Capital Credit Union. Myers said she did not know the answer to that question.

Hoffner said the cooperative has been paying off several smaller debts in favor of one large one, "so we can pay more people." "It's very stressful." She said the cooperative has \$1,200 in savings and no line of credit.

Baird said the cooperative needed to explore having a line of credit or a sweep account, "so if a check does come through, then the bank would agree to cover it, and then it is on us to make sure we pay that back."

Knudsen asked if the board could get a comprehensive report on how much money the cooperative owes. "We need to have a bigger picture to make a long-term financial plan for the co-op."

Martin said the board will be receiving regular reports on the cooperative's accounts payable (AP). Myers said AP reports could be generated with little difficulty, and could be done daily if the board would like.

Potter, speaking to Hoffner and Myers, said: "I really don't like the idea of checks floating out there that we don't have the money to cover. A blizzard could hit, we could be shut down for three days, and you don't make it. I agree with writing the checks. Leave them on your desk until you can send them out, when you can pay for them."

Myers said she and Hoffner “lose sleep over that every night.” Myers: “Tell me what I’m going to tell these people every day when they give me a ring on the phone. I had two people come in today demanding money. I don’t like it either. At all. And we’ve been damn lucky. It’s all going to come to a head, so what do I tell these people?”

Potter: “We can’t micromanage every situation. What we can do is give you a direction that we don’t like that, and then you prioritize within that. You will know what you have to do. But you just can’t tell me that we have \$12,000 in bad checks out there at the current time.”

Myers: “Well, then, it will stop tomorrow, and we will see what happens with the vendors. And that is a direction that I would like to have.”

Baird: “We can’t micromanage you, but we’re also here to protect you. If vendors call you up and they start screaming at you, that’s not your job. If they have a problem ... just tell them it was a board decision, it was made, and then refer it to somebody on the finance committee. I take nasty phone calls all day. I live on them. So if there’s a problem – you should not be abused by anybody. So if somebody comes to the co-op and demands payment, that is not what you do. You guys shouldn’t have to deal with that.” “We should be here to protect you. You shouldn’t be taking abuse from vendors like that.”

Hoffner: “Honestly, everyone has been very cooperative. There are just a couple that are kind of demanding that those terms that were agreed upon several months ago” be honored. “Maybe it’s just renegotiating and communicating.”

Myers mentioned one creditor, [Riverbound Farm](#). She said the cooperative had a payment plan to pay Riverbound what was owed them, and a payment was missed because of an oversight. “They went on Facebook and they trashed us like crazy. I don’t want that to happen again, because a bad situation is a Facebook post away. And if these guys are on payment plans, and we decide to not pay them, we’re going to be in this whole same thing again. It’s a difficult situation.”

**Wetzel moved that Hoffner be authorized to seek a line of credit from Capitol Credit Union for overdraft protection. Knudsen seconded. All board members present voted yes.**

Schatz Kaylor asked if there had been a cost analysis done of the possibility of switching from [KeHe Distributors LLC](#) to [United Natural Foods Inc.](#) as the cooperative’s primary grocery supplier. United Natural Foods has been the primary supplier to Whole Foods Inc. Hoffner said United Natural Foods is preparing a proposal to the cooperative.

Hoffner said KeHe is presently offering the cooperative a 15 percent volume discount, based on the store’s purchase volume. Hoffner said United Natural Foods could offer a discount of 15 to 20 percent, and the discount would increase as the store’s purchase volume increases. She said UNFI offers support for the grocery, deli, meat and wellness departments.

Hoffner: “They would come into the store, if we like, for two weeks, and revamp everything, free of charge. With KeHe we were just left to sink or swim. The doors opened, there was no rep here for another six weeks. We didn’t know ordering procedures. It was very frustrating.”

Hoffner said UNFI “supplies the majority of co-ops and natural food stores. Their selection is 10 times better than KeHe.” “The (cooperative’s) management team is extremely excited about it. (UNFI’s) support just seems so much more ... They have produce available through them.” We would order on a Monday and get a truck on Tuesday, because of UNFI facilities in Minneapolis. Right now we’re ordering on Monday and getting a Friday truck. “That is going to help with stocks.”

Schatz Kaylor asked for explanations of items listed on the general manager’s report about the [ECRS](#) in-store technician and the [RDFC](#) loan. (ECRS provides our grocery checkout system and data management. RDFC stands for Rural Development Finance Corp., with extends credit to cooperatives and community organizations.)

Hoffner said the loan was amended. Martin said the amended loan agreement, which was negotiated earlier this year, needed to be signed.

Hoffner said ECRS will send a technician to the store to offer training on its systems, at a cost of \$1,400 a day for a minimum of three days. Hoffner said that would be less expensive than sending store employees for training at an ECRS site, and the training would be “hands on,” with the technician able to answer employees’ questions in the store and demonstrate correct procedures.

Hoffner said earlier training when the store opened was minimal, in part because the opening date was pushed back, and the technician was obliged to be at another job on the store’s opening day. “We ran into a lot of glitches. It was frustrating, those first couple of days and weeks.” Hoffner said she would mention the circumstances to ECRS and attempt to get a price break on the technician visit.

Hoffner: “I think this would be money well spent. We are wasting a lot of time and money trying to figure things out.”

Hoffner said ECRS was initially supposed to provide 15 hours of in-store training, but the amount provided was much less. She said that could be used to request a lower rate for a technician visit. She said ECRS charges for technical support on phone requests, but does not charge when requests are made by email.

Schatz Kaylor asked about progress in obtaining information about payment plans for members, how many are joining on the installment plan, and the number of members who are behind on their payments.

Hoffner said there are now 309 people on the installment payment plan. She said they owe about \$100 each. Hoffner said she did not know precisely how many of those people are not current on their payment plan. She said she should be able to obtain that information.

Baird said she was eager for the store to have the visit from the ECRS technician. She said data management has not gone smoothly, and that has been an obstacle in communicating with the cooperative's members. Baird: "It is one of the key sticking points that is not allowing us to run as well as we should."

Hoffner said she would get more information on the ECRS training cost, including whether the technician's travel and lodging would be included in the \$1,400 daily rate.

Dendy asked if United Natural Foods carried [Cadia](#) brand products. Hoffner said Cadia is a KeHe Distributors brand that is not carried by UNFI. Dendy said she was a regular buyer of Cadia products and that she believed other members had similar preferences. She said discontinuing Cadia may result in unhappiness from some members. "I love Cadia products, and if we're not carrying Cadia, it may just be the final kick to boot me into not shopping at the co-op any more."

Potter, Paul Brown and Knudsen asked if the cooperative could carry products from both suppliers. Hoffner said the cooperative could not have two primary suppliers. She said the cooperative could still order KeHe products, but the terms would be less convenient. For example, customers could still order KeHe black beans, but they would have to buy a case at a time.

Hoffner said UNFI would provide free product for the initial stocking if it was a product the cooperative had not carried before. Hoffner: "There's a lot of free fill that would happen from (UNFI), new product that we have never carried before."

Potter asked how the change in suppliers would be explained to store customers. Hoffner said the price of grocery items should be the same or less, and product selection would be much greater, because UNFI has a broader line of natural foods.

Potter and Baird said the supplier switch would be a major marketing opportunity. Potter: "The answer to all our problems is increased sales."

Hoffner said employee hour reductions were more in line with sales. The last week's sales were about \$60,000, and employee hours have dropped to 789 hours, compared to about 1,000 five weeks ago. "We're at where we need to be right now. I feel really comfortable where we are, and the hours can increase as our sales increase." She said the two-week payroll was about \$31,000, including benefit costs.

Baird asked if family health insurance coverage was available to employees. Hoffner said it was. She said the health insurance enrollment period was open, and that employees who work 38 hours or more each week are eligible for health coverage.

Hoffner said the cooperative is paying 100 percent of the Blue Cross-Blue Shield coverage premium. That can be changed in May. **Hoffner said the cooperative pays \$2,300 every two weeks toward employee health insurance.** She said the plan could be adjusted to have employees pay a portion of the premium.

Huntimer said Basin Electric has one of the better health insurance benefits packages in Bismarck, and Basin does not pay 100 percent of the premium. Hoffner said the issue could be discussed with the finance committee later. “We want to have benefits for our employees, but right now, I feel it’s too much.”

Huntimer described the workings of the finance committee. She said Schatz Kaylor attended and asked a number of insightful questions. She said Amanda Gessner, an accountant and former board member, is working with Schatz Kaylor on ways to present the cooperative’s finances so it reflects “not only where we are, but where we’re going, and how we’re trying to get where we’re going – so we’re not just dumped with a bunch of doom and gloom and what are we going to do.”

Schatz Kaylor said the finance committee could help condense the cooperative’s financial picture for the board. “We have a lot of data and it’s clear that it’s all over the place.” She said some of the important pieces are the profit and loss statement and the statement of overdue accounts payable.

Potter said he had explored the board’s Dropbox account, which holds various documents, and the latest balance sheet he could find was from November 2016. He asked if anyone had seen a more current balance sheet. No one had. Hoffner said a more current balance sheet is available.

Martin said the board needed to discuss document sorting to make sure members could readily find needed material.

Hoffner said Amanda Gessner had advised that doing another store inventory before this summer was not necessary. Hoffner said a general inventory number is obtainable based on the store’s sales, and that information should satisfy the Internal Revenue Service. “We can save the expense” of another inventory, she said. “As soon as we get the new inventory (from UNFI), we can hire someone to get it done.” UNFI, as a new supplier, may also offer help with taking inventory.

Knudsen asked if the job of doing inventory would always be subcontracted to someone else. She said Whole Foods has its managers do store inventories once each month. Hoffner said she would look into the cost of doing inventory. She said she believed the first inventory, after the supplier changeover, should be professionally done “so that it is accurate.” She said previous in-house inventory counts were not done correctly and “a lot of time was wasted.”

Schatz Kaylor gave an update on the marketing committee. She said the committee was meeting monthly. She said the cooperative was going to restart a digital Google ad campaign. “If (searchers) are looking for buffalo meat, we want them to find us.” The cooperative has a \$250 monthly digital ad budget to do targeted marketing, including sponsored Facebook posts and pay-per-click ads on Google.

Schatz Kaylor said the cooperative has had several marketing contracts, including contracts with radio stations, The Bismarck Tribune and online Yellow Pages, which have expired and have not been renewed.

Schatz Kaylor said the cooperative had been spending thousands of dollars on marketing contracts, and one of the marketing committee's initial tasks was to find out how many contracts there were and what was owed on them.

Schatz Kaylor: "When the marketing committee started, it took us a while to find out, what do we have? What are these contracts? And so we now feel like we're organized. Everyone knows not to sign anything without analysis. And we're moving forward."

Schatz Kaylor said she would prefer to focus on targeted digital marketing. "You get the biggest bang for a tiny investment." She said using mass media was good for brand awareness, but "you get locked into contracts, you don't know who you are targeting, and it's not really measurable." She said suggestions that the cooperative advertise on television, radio and billboards "sound awesome, but it costs so much money."

Schatz Kaylor said new videos for posting on YouTube would be useful. She said the video costs 7 cents per view. The cooperative has a \$1,900 quote to make a new video, which Schatz Kaylor called "an extremely good deal, but we just don't have the money right now." She said if the cooperative had extra money, "I would love to see a video campaign to show how cool and how beautiful and how friendly it is to walk in here."

Paul Brown asked about the status of selling the buffalo truck. Bob Crowell said that the truck's title had been obtained, and that it would be listed for sale shortly on BisMan Online. Paul Brown asked if a portion of the proceeds from the truck sale could be set aside for marketing.

Baird said the jobs of finance and marketing were integrated. "If there's a way that we can find some small way to raise some money so that we can get our marketing out, I think we need to think about that."

Bob Crowell, who manages a car lot for Dvorak Motors, said the dealership has recently refocused its ad spending on the Internet, "and it has panned out for us. That is where the world lives now." He said Dvorak had been spending more than \$50,000 monthly on advertising; that amount has been cut in half and sales have not been affected.

Hoffner asked if the board wanted to pay to continue belonging to the Bismarck-Mandan Chamber of Commerce. The cooperative has owed the Chamber about \$2,400 for well over a year. She said the Chamber would charge a \$300 annual membership fee on Dec. 1 unless the cooperative cancels. Board members agreed that Hoffner should cancel the automatic renewal.

Erin Huntimer left the meeting at 7:30 p.m.

Baird said she had conferred with attorney Derrick Braaten about the possible criminal case resulting from overpayment of a former general manager. She said former board president Glen Philbrick, who referred the matter to the police, was still gathering information that he had provided to the authorities.

Martin discussed inter-board organization. He asked board members for suggestions about storing cooperative data and organizing the data we already have in a Dropbox account. Do we want to keep Dropbox?

Knudsen said she had two separate Dropbox accounts; she used her knudsenfarms email to open an account specifically for the cooperative. Emily Brown said there may be duplicate and outdated documents that could be stored on an external hard drive, rather than in Dropbox. “It might be useful to go through and clean it up a little bit.” She was also open to getting another Dropbox account.

Potter said he, as a board member, did not need access to most of the information in the Dropbox account. “The cooperative needs to have all of this somewhere, but I don’t need all that. I want current stuff.”

Martin said the Dropbox includes old minutes, marketing materials, financial projections, information from when the cooperative was in the planning stage, site selection information for the store, and other documentation.

Said Martin: “It has all been in there and hasn’t been kept up.” “Some of that stuff in the long term may be nice to have as a nostalgia type of thing, but we also have probably 25 membership lists in an Excel spreadsheet ... all but the last one are redundant.” He said only board members had access to the Dropbox account.

Schatz Kaylor asked if Dropbox was the preferred data storage option. Knudsen said she believed it functioned well. Emily Brown and Wetzel said they used Google Drive and had never used Dropbox. Wetzel said he was open to anything. He said Google Drive has a limit of 15 GB, while Dropbox’s free limit is 2 GB.

Martin said he would like volunteers to sift through the contents of the Dropbox account and bring up information that could be useful to the current board, without deleting any information. Potter said he had deleted content from the Dropbox.

Baird asked whether the board needed a Dropbox or Google Drive account. “Do we all need to access the same stuff?” Emily Brown said yes, she said accessing information in a central location has been helpful to her and Ellen Knudsen as they work to retrieve information needed for the cooperative’s [Agricultural Products Utilization Commission](#) grant. Emily Brown: “If we don’t have information in a collective location, then we run into the problem of only certain people have certain things, and we forget who has what ... I think it is better to have it stored someplace.” Knudsen and Wetzel said they would like to organize the information in the Dropbox account.

Paul Brown asked if the board should have an external hard drive to store unneeded information from the Dropbox account. Wetzel said he had a 2 TB external drive that he would provide. He and Knudsen said they would put together a “cheat sheet” about how the Dropbox information is organized.

Schatz Kaylor asked if board members had each other’s email addresses and phone numbers. Wetzel said he would circulate a clipboard for members to write down their information, and that he would email the information to everyone later. Wetzel and Knudsen said they would back up the Dropbox information on an external drive before they began work on organizing it.

Schatz Kaylor suggested board use of some “collaborative tools” to help her keep track of members’ ideas, assigned tasks and other matters. She said she had established a board for this purpose on [Trello](#), a project management software tool. She offered to expand access to other members for this purpose. Trello can perhaps best be described as a computer whiteboard upon which users may put up Post-It notes in columns to keep track of suggestions and the progress of specific projects.

Schatz Kaylor also suggested [Slack](#) as an instant-messaging tool, which she said would be useful for specific conversations and more helpful than texting. She described it as “similar to Facebook Messenger but not nearly as annoying. It is a communications channel for having conversations.”

Martin said he had gotten access to the board’s email account from Glen Philbrick. He said he thought he should have a “backup” and Baird, the board’s treasurer, volunteered to be the second person with access. Wetzel suggested that if a third person is needed, it should be Schatz Kaylor, the vice president of the board.

Martin said our email list is managed by [Constant Contact](#), which generates information about whether an email is received, returned, opened, etc. He said of 3,078 email addresses on the list, 608 “bounced.” Baird said Lea was working on the problem. Baird said the last email she got from the cooperative was from Oct. 7. She said she believed the Constant Contact problem had been fixed.

Hoffner said the cooperative has had two email problems: 1, Constant Contact emails haven’t been getting through to a number of people, even though their email addresses were listed correctly; 2, store customers have not been getting their e-receipts. Hoffner said she believed both issues were being resolved.

Wetzel asked how much Constant Contact cost. Hoffner said that information could be obtained. Wetzel and Schatz Kaylor said Constant Contact’s cost could be compared to other providers, such as [Wild Apricot](#) and [MailChimp](#). Martin said the Constant Contact list may have a number of outdated emails and may need maintenance. He suggested that could be part of the portfolio of a membership and outreach committee.

Potter asked if the Nov. 6 email to which Mandy Dendy objected had been sent from the board’s email address, [board@bismancoop.coop](mailto:board@bismancoop.coop). Several members said that it had. Potter said he had no say in the email’s contents, and other members echoed that concern. The email was sent after the new board was elected and announced in late October, and shortly before the new board’s first meeting on Nov. 6.

Knudsen said board emails to the membership should be discussed and approved by the board. Knudsen: “I would suggest that (emails like the Nov. 6 email) never happens again, and that we are all in communication before things go out.” Other board members agreed with that sentiment.

Crowell discussed the sale of the truck. The board’s asking price is \$6,500. Crowell said he thought the truck would fetch between \$5,000 and \$5,500. Paul Brown said he thought the minimum price should be \$5,000.

**Emily Brown revisited the subject of emails from the board to the membership. She said no mass emails should go out from the board ([board@bismancoop.coop](mailto:board@bismancoop.coop)) to the membership until board members have a chance to see and discuss them. Wetzal made a motion to put that policy in place. Knudsen seconded. All board members present voted yes.**

Martin asked how many cooperative members who joined on the installment plan were behind on their payments. Hoffner said there were “a lot past due,” and said the cooperative has about \$30,000 in stranded equity. Between 30 and 40 are employees of Basin Electric Power Cooperative, and that may be an oversight. Hoffner said about 150 members are past due on making their full \$200 equity payment.

Schatz Kaylor asked whether late payers should continue to get member discounts after Jan. 1. Martin noted that the board had previously approved allowing members on payment plans to continue to get store discounts if they were current on their payments. A question that was not resolved is whether to continue to offer installment-plan memberships in the future. Schatz Kaylor said about 10 percent of the cooperative’s membership is on an installment plan.

Potter said there was consensus about denying discounts to members who are behind on their equity payment plans after Jan. 1. He said he supported allowing members to continue to join on the installment plan. Rita O’Neill said the checkout register flags members who are past due on their equity payment. Baird said some late members may not have visited the store recently.

Hoffner said she supported keeping an installment plan for new members. She said the membership agreement should be revamped to say that members who are not current on their installment payments do not qualify for discounts.

Rita O’Neill suggested having an installment plan of \$50 monthly for four consecutive months. The present installment plan is \$50 every three months. O’Neill said the \$50 monthly option would prevent the issue “from being dragged out for a whole year.”

Potter suggested giving members a 5 percent discount on every purchase, rather than providing a 10 percent discount once a month. He said the 10 percent discount once a month favors people who live out of town and shop heavily once a month, and disfavors more frequent shoppers.

Potter: “We need more store traffic. We need more people coming in, and if a member got a 5 percent discount every time, I think they would shop here more often, as opposed to shopping once, getting their 10 percent, and then holding off until the next month to come back.”

Hoffner said Potter’s proposal would be detrimental to the cooperative’s new “sustainable member program,” which has a schedule of extra discounts for members who agree to contribute an additional \$200, \$500 or \$1,000 to the cooperative each year. Rita O’Neill said the cooperative’s existing 10 percent discount “is very generous compared to what other co-ops are doing.”

Board members discussed what the structure of newly offered membership installment plans should be. Wetzel said he liked Rita O'Neill's favored plan of \$50 monthly for new members, beginning Jan. 1.

Wetzel: "Starting Jan. 1, your new members who join on the installment plan pay \$50 a month for four months, until they have paid the full \$200 for an equity share. And they qualify for a member discount with their first \$50 payment." Also, if an installment-plan member is not current on his or her payments, they would not qualify for a discount until they were current.

Cashiers will be given a card describing the board's policy on discounts to provide for customers. Martin: "We're not allowing people to slide any more because of our (financial) situation."

Knudsen and Emily Brown said progress has been made on getting the \$27,000 in Agricultural Products Utilization Commission grant money. Knudsen and Brown said they met with Glen Philbrick to discuss what information was needed, and how to find it. Brown said a meeting would be scheduled with her; Knudsen; Philbrick; [Rose Stoller, director of the North Dakota Consensus Council](#); and [Sherry Leno, an APUC program specialist](#).

Knudsen said she is trying to locate the employment agreement for Randy Joersz, the cooperative's first general manager, because the grant can be used to repay the cooperative for part of Joersz's salary. Emily Brown said invoices from the Bismarck Tribune could also be useful.

Knudsen said if Joersz's employment agreement can't be located, "we will be scraping together all of these other little marketing things" that are reimbursable with the grant.

Knudsen said the grant came in three stages. The final, \$27,000 stage is for marketing costs and the general manager's salary between July 1, 2015, and June 30, 2016. She said Joersz's salary would cover the \$27,000, but the cooperative needs to furnish proof of what Joersz was paid. Emily Brown: "We were awarded the grant, but it is on a reimbursement basis."

Martin said he, Paul Brown and Glen Philbrick had signed the paperwork that allows the cooperative to take part in the federal Supplemental Nutrition Assistance Program (a/k/a food stamps) program. Martin said Philbrick's name needed to be removed from the permit, and said at least three current board members had to be signatories. Schatz Kaylor agreed to be a signatory.

Martin said the cooperative committees that are meeting regularly are Finance and Marketing. Knudsen and Potter said they wanted to join the Finance Committee. Martin said he would call the next Finance Committee meeting and notify board members. Martin said he hoped to "step back" from the Finance Committee to concentrate on bigger-picture issues.

Emily Brown suggested combining the Membership/Outreach and Marketing committees. Martin said at present, there is no Membership/Outreach committee, although there was a committee with a similar name before the store opened.

Dendy said she was on the Member Engagement committee last fall, along with several other members, including Hoffner, Philbrick and O'Neill, "and it just disappeared. I don't know what happened to it." She said the committee met a handful of times. She said the committee looked at redesigning the website, putting recipes on the website and "making it more community-based."

Dendy: "We also talked about having in-store mixers, doing showcases, bringing in producers, getting educational materials in the meat department – here's where this cut of beef comes from – pictures, putting things in the produce department like booklets, so people can say, 'A kumquat – what do I do with a kumquat?' to engage our community members who come in, because it can be intimidating for people who might not be familiar with a lot of the things in a co-op that are unique to us. We really came up with a ton of ideas, and I think the only thing that really happened was, the board went out in the front of the store where you come in."

Hoffner said the committee was more for engagement of current members than outreach.

Emily Brown asked Hoffner which committees would be useful for her. Hoffner said "we do want to engage more." She said departments have been doing their own outreach "and it is really sporadic, and no one is organizing that centrally." "We want more in-store meet-and-greets. Who doesn't want to meet their producer and know what they're doing, and how they're doing it, and where they're from, and shake their hand."

Hoffner said a Cub Scout group was coming in soon. "People are reaching out to us." She said the Community Room "should be used by someone every single day." "People are contacting us, but we're not reaching out to others to bring them in."

Emily Brown suggested forming Marketing and Outreach and In-Store Engagement committees.

Paul Brown said the Food Policy committee should be included in the list.

Emily Brown suggested the In-Store Engagement committee could bring producers into the store to discuss their products, meet-and-greets, and educational events. They would not be geared specifically toward members, but to anyone who comes into the store. She said the events could be a draw to non-members. She said one In-Store Engagement committee member should also be on the Marketing Committee to encourage exchange of ideas and avoid duplication.

Potter asked how many of the store's shoppers are non-members. Martin said a report on that subject this summer said 34 percent of the store's shoppers were non-members. Potter asked what was the average size of their purchase? "That kind of information is what's going to drive your marketing to be more specific and targeted."

Emily Brown said it would be good to know how the store's "fresh flyer" influences purchases. "How much of an increase do we see in the purchase of those items?"

Hoffner said the store runs a report each night detailing the number of transactions and the average total purchase. She said historical data is used to plan staffing. For example, Hoffner said, the Friday and Saturday after Thanksgiving 2016 were very busy, and that information was used to schedule post-Thanksgiving shifts this year.

Paul Brown said a portion of the proceeds from the truck sale should be used to get the ECRS technician in the store. "Then we can start getting some of those reports. We can gear those toward marketing and run with it."

Hoffner said store events have been successful in drawing shoppers. She said a kombucha brewing class was "standing room only," including people who had never visited the store, and many bought kombucha when the class was over. Heidi Demars holds a yoga class on Sunday. Hoffner: "Those events do draw people in and they do buy things. The more events that we can have here, the more traffic."

Martin said he would establish an In-Store Engagement Committee. Emily Brown and Wetzel volunteered to serve. Martin said board members who serve on committees should also seek members from among the membership. Hoffner said an email asking for volunteers should be circulated, and a notice posted in the store.

Potter suggested a Volunteer Committee to coordinate volunteer work.

Schatz Kaylor said committees could be formed to consider and resolve specific issues, and would not have to be in place for a long time. Emily Brown said the In-Store Engagement committee could work with volunteers.

Knudsen mentioned a Local Producer Committee. Martin said having a group to arrange social engagements with local producers would be helpful. Knudsen: "I think that would be a great thing. We have some healing to do with some of those relationships, and the more communication there, the better."

Martin said a Local Producer committee could also be on the lookout for local products for the cooperative and reach out to potential suppliers. Hoffner said she would like to go to the Pride of Dakota show in Bismarck to check out potential suppliers. Wetzel said he attends the show and would collect supplier information.

Martin said Lea Black could draft an email message to the membership to tell them about the advisory committees and ask for people to serve on them.

**Dina Baird** suggested starting a file on Dropbox or Google Drive for the Local Producer committee. **Baird:** "When any of us are out on our normal travels and we make some sort of contact, we can put the information there, and when we feel like we're in a good position to be reaching out, then we would have this information gathered when the actual committee is formed."

Other members said a list of [Pride of Dakota](#) members is available on the state Agriculture Department's website. The [North Dakota Farmers' Market and Growers Association](#) also has a roster of members.

The matter of whether to form a Local Producer Committee was tabled.

Emily Brown brought up the idea of having a holiday gift or recognition for the cooperative employees from the board. Brown said Philbrick had suggested the idea, "and I think it's a nice idea." O'Neill suggested having a pizza party and giving the employees an opportunity to socialize with each other. Knudsen said she "could get beer donated from some people I know." Schatz Kaylor said the board could donate money to Carmen to use for employee appreciation.

Hoffner said the store gets traffic from the neighboring A&B Pizza store. She said she wanted to discuss ways for the two businesses to work together and perhaps offer discounts to each other's customers. She said A&B Pizza customers sometimes park in the cooperative's lot on Friday and Saturday nights. Hoffner: "It's fine. At 8 o'clock at night, when we're closing down, they're getting busy on the weekend. Let's work together. They have a lot of traffic over there. Let's bring some of that over here."

Board members liked the idea of "coffee and cookies with Carmen and the board." The first one is scheduled for 1 p.m. Thursday, Nov. 30. Emily Brown suggested a Saturday or Sunday morning time in the future as well.

Future board meetings were scheduled for 6 p.m. Wednesday, Nov. 29, and 6 p.m. Wednesday, Dec. 13, in the cooperative's Community Room.

Bob Crowell asked to speak to the board. He said he was a cooperative employee when the grocery store opened. He was meat department manager when he was terminated. **A summary of Crowell's comments are attached to the minutes as Appendix C.**

The board held a brief executive session to discuss a personnel matter.

The board came back into open session.

**Dina Baird moved that the meeting be adjourned. Ellen Knudsen seconded. All members present voted yes.**

The meeting adjourned at 9:35 p.m.

Minutes prepared by Dale Wetzel.

**BisMan Community Food Cooperative Board of Directors**  
**Minutes of Meeting on Nov. 15, 2017**  
**Appendix A**  
**Comments of cooperative member Mandy Dendy**

Board President Kevin Martin called upon cooperative member Mandy Dendy to speak to the board. Ms. Dendy had asked for time to voice her objections to an October story in The Bismarck Tribune about the cooperative's financial problems and a Nov. 6 email message, sent from the board's cooperative address to members, that detailed problems with the co-op's operations in the past year. She said the Tribune story was written "at the board's request."

Dendy said she has been a cooperative member since 2014, and was excited for the cooperative to open. She said she wants the cooperative to be "a strong, successful business in our community" and that she "believes in its mission." She said in the past year she has followed the cooperative's business especially closely, attending board meetings, reading meeting minutes and reviewing profit and loss statements.

Dendy said she was "upset" and "very disappointed" by the newspaper story and the email, calling them "self-serving" and "not in the cooperative spirit. They are not at all helpful to the co-op. They are not fair to former employees of the co-op either." She said the former board's actions "do not reflect my values or the co-op's values" and said she wanted the new board "to take action to correct these wrongs." She said the accuracy of her arguments could be checked against board minutes, emails and financial statements.

Dendy listed a number of objections to the Nov. 6 email and said it was not right that it was distributed. She called it "a one-sided view of events that may or may not have occurred at our co-op, and it paints all of our former managers in a bad light – managers who have been hired or installed by the co-op board."

She listed several objections to the email:

- She said the cooperative board blamed former manager Randy Joersz for not having an employee manual. She said creating a manual was not in the general manager's job description when Joersz was hired. She said it was the board's responsibility to draft policy.
- She said the cooperative board blamed Joersz for "lack of training," when the board itself failed to provide its general manager with a policy manual to use to train employees.
- She said the cooperative board blamed Joersz for "failing to present requested numbers," when personnel difficulties and missing data made it difficult for him to carry out that task.
- She said the cooperative board blamed Joersz "for failing to conduct a store inventory less than five months after the store had opened." She said there was "staff turnover, some in crucial positions." She said in August 2016, the minutes reflected that "an inventory was being worked on in the store." Joersz retired in October.

- She said board members were reported to be “questioning” Joersz’s future, “when a review of the board meeting minutes reflect no such questions.”
- She said Joersz was unfairly blamed for unrecorded invoices when the building that houses the store was being remodeled for the cooperative’s use. Dendy said the board’s president at the time was “closely tracking building expenses and overruns.” She said this information was included in board meeting minutes from March to May of 2016.
- She said Desiree Uttke and Troy Ricciardi were unfairly blamed “for failing to manage their own salaries” when the board discussed the issue in October 2016. She said the board “did not put a procedure in place to handle the situation it foresaw.” She referred to board discussions about recouping salary overpayments to a former general manager, and said she did not believe “it is appropriate to sue somebody for something that was a foreseeable event that the board documented.”
- She said the board usurped the authority of general manager Darby Smith by firing Desiree rather than allowing Darby to handle the situation.
- She said the board had released confidential information discussed in board executive sessions. “There are allegations which may or may not be true, but they are being presented as true to our entire membership. What purpose did that serve, other than to undermine the board’s credibility and its employees’ and members’ trust in the board?”

Dendy said the email was the board’s attempt to deflect blame about the cooperative’s problems from itself to “anyone and everyone else that it could, without accepting one iota of blame for itself. It was unfair, it contained half-truths, it was selfish, it was not in the co-op spirit ... and frankly I think it was mean-spirited.”

She said she hoped the same message was not shared during the cooperative’s Oct. 29 annual meeting, “These messages are not the co-op way. We should not allow persons in positions of power, such as yourselves, to tear down former co-op employees who are also co-op members.”

Dendy asked that the board approve a new email to members to say the former email did not reflect the current board’s values, and that the Nov. 6 email did not treat former co-op managers and employees with the respect they deserved. She asked that the message say that the board would “no longer engage in the blame game,” but instead promote “the values of working together, learning from our mistakes, and supporting each other every step of the way.”

She said the message should be displayed in the store and posted on the cooperative’s website. “Our community members’ personal and professional reputations have been damaged by the board’s conduct,” she said. “We’re a team and I am disappointed in all the blame that has been placed, but I think that we fail together, we succeed together, and in my opinion, right now, we’re failing together until we acknowledge these wrongs. But I think if we do, and move forward cooperatively, that we can succeed once again.”

Wetzel asked Dendy if the language she suggested for her preferred statement would suffice. She said she wanted an acknowledgment that the Nov. 6 email was “not in line with our values. I think an apology is entirely appropriate, and then a promise that I won’t ever see anything like this coming from people that I trust in positions of power again.” Wetzel said he did not believe Dendy’s suggested statement would be very long.

Wetzel said he believed Dendy was asking the board to distribute an apology for the email more widely than the original email. He said, for example, the email was not printed and displayed at the store. Wetzel: “You’d be stirring the pot even more than it’s already been stirred, and I don’t think that is in anyone’s interest.”

Dendy referred to the widespread distribution of The Bismarck Tribune story about the cooperative. “This is not even going to begin to hit the channels that it was distributed on.” (The Tribune story, and a subsequent Associated Press version of it, were published in late October, before the Oct. 29 annual meeting and the Nov. 6 email.)

Dendy said she had heard a report similar to the Nov. 6 email was given at the annual meeting, a statement that Wetzel said was true. Dendy: “I think taking all appropriate avenues – print, email, and putting it on the web page is appropriate. It’s also appropriate to reach members who may have moved away and heard about it.” She said, “I don’t think there is anything that you could do to undo the damage that has been done, so I think everything you could do would be appropriate.”

Wetzel said the contents of the Nov. 6 email were read during the annual meeting. Dendy said many of the allegations in the email “are in our meeting minutes and they have never been corrected, because the co-op board never thought it was appropriate to get both sides of the story. They allowed one side of the story, a lot of times, to be aired over and over, and that is what was documented, and I think a truthful account would be appropriate, and an apology for allowing all of this blame to be placed.”

Wetzel asked Dendy about her statement that the Bismarck Tribune story was written “at the board’s request.” She said she believed Glen Philbrick, the board’s former president, had invited the reporter to the meeting. Dendy: “We didn’t control the message.”

**Comments of Mandy Dendy**  
**BisMan Community Food Cooperative Board of Directors**  
**Nov. 15, 2017**

Good evening Bisman Community Food Co-op Board of Directors,

My name is Mandy Dendy and I have been a member-owner since 2014. I have been closely following the Co-op for over a year now, attending Board meetings, reading minutes, and reviewing P&Ls because I value the Co-op, believe in its mission, and want for it to become a strong successful business in our community.

I am speaking to you tonight because I am greatly concerned by the Bismarck Tribune article written at the Co-op Board's request and the email Letter from the Board sent November 6<sup>th</sup>. As a member, I am upset and very disappointed by the Board's action and comments. Both the Tribune article and the November 6<sup>th</sup> Board letter are self-serving, not in the Co-operative spirit, not at all helpful to the Co-op, and not fair to former employees of the Co-op. The former Board's actions do not reflect my values or the Co-op's values and I am asking that this Board take action to correct those wrongs.

Everything I tell you tonight can easily be cross checked in Board meeting minutes, financial documents presented at those Board meetings, Co-op Board sent emails or other documents. I believe this is important to share with you because many of the things contained in the November 6<sup>th</sup> Board letter are not truthful and cannot be verified.

It was not right for the Board to send the November 6<sup>th</sup> Board letter to Bisman Community Food Co-op member-owners by email because it was a one-sided view of events that may or may not have occurred at the Co-op and it paints all of our former managers in a bad light. Managers, who have been hired or installed by the Co-op Board.

It was not right for the Co-op Board to blame General Manager Randy Joersz for not having an employee manual when creation of one is not in the General Manager's Job Description. The GM is charged with policy enforcement and amendment under section 5.7 of our bylaws. It is the Board's responsibility to draft policy.

It was not right for the Co-op Board to blame General Manager Randy Joersz for a lack of training when the Board failed to provide its General Manager with a policy manual he could use to train his employees.

It was not right for the Co-op Board to blame General Manager Randy Joersz for "failing to present requested numbers" when the Board minutes clearly reflect that GM Randy Joersz had to let the meat manager go in July, was covering in the Meat Department in the interim, and had key employees and their reports missing from work prior to the meeting the numbers were requested.

It was not right for the Co-op Board to blame General Manager Randy Joersz for failing to conduct a store inventory less than five months after the store had opened. Meeting minutes indicate there was staff turnover, some in crucial positions and the store had only been open for a handful of months. It is also interesting to note that in August 2016, it is reported that inventory was being worked on within the store.

It was not right for the Co-op Board to state that “board members” were questioning General Manager Randy Joersz’s future when Board meeting minutes reflect no such questions.

It was not right for the Co-op Board to blame General Manager Randy Joersz for building invoices that had not been recorded. Board Finance Committee Chairman and President Tyler Demars was closely tracking building expenses and overruns, which are detailed in meeting minutes from March-May 2016. Co-op expenses and building costs are also tracked in meeting minutes under the Finance Committee reports.

It was not right for the Co-op Board to blame Desiree Uttke and Troy Ricciardi for failing to manage their own salaries when the Board discussed that very issue at its October 2016 meeting and the Board did not put a policy or procedure in place to handle the situation it foresaw. I don’t believe that it’s okay to sue or prosecute these former managers for a situation which the Co-op Board foresaw and did not act on appropriately.

It was not right for the Co-op Board to usurp new General Manager Darby Smith’s managerial authority, per Section 5.7 of our Bylaws, by firing Ms. Uttke, rather than allowing GM Smith to exercise his given authority to employ and evaluate Ms. Uttke’s performance and then let her go if he felt it was appropriate.

It was not right for the Board to release confidential information discussed at executive sessions, which have not previously been shared or publicly documented, to its entire membership, particularly without full explanations. There are allegations which may or may not be true, being presented as true to the entire membership – what purpose did that serve other than to undermine the Board’s credibility and its employees’ and member-owners’ trust in the Board?

I am going to call the Board’s November 6<sup>th</sup> email what is. If you are a country music fan, you may be familiar with the Brothers Osborne song, “It Ain’t My Fault”. That is exactly what the title of the Board’s November 6<sup>th</sup> email should read. It was the Board’s attempt to very publicly shift blame for problems within the Co-op to anyone and everyone else that it could, without accepting one iota of blame for itself. It was unfair, contained half-truths, it was selfish, not in the Co-operative spirit, not helpful to the Co-op, and frankly, mean spirited. I sincerely hope that this same message was contained in the Co-op’s annual report on October 29, 2017.

These messages are not the Co-op way. We shouldn’t allow persons in positions of power to tear down former Co-op employees, who are also Co-op members, and I encourage you not to allow the Board’s November 6<sup>th</sup> email to fester among our member-owners.

The solution I propose is to send a new email Letter from this Board to our member-owners explaining 1) that the November 6<sup>th</sup> Board Letter does not reflect the values that this Board holds and that the Board's November 6<sup>th</sup> Letter does not treat former Co-op managers and employees with the respect that you believe they deserve, 2) that from now on, the Co-op Board will no longer engage in the blame game because it believes in the values of working together, learning from our mistakes, and supporting each other every step of the way.

I also believe that this message should be printed and clearly displayed at the Co-op for our member-owners, as well as put on the Co-op webpage and perhaps the blog. Our community members' professional and personal reputations have been damaged by the Board's conduct and our member-owner community has been damaged by this mean spirited letter. It must be corrected.

The Co-op's current situation is the sum of all of the actions of our former Board Members, General Managers, all Co-op employees, as well as its member-owners. It is not attributed to any one person at any given time, like the email makes it sound. We are a team – we fail together and we succeed together. In my opinion, we are failing together until we acknowledge these wrongs, try to make them right, and move forward cooperatively.

**BisMan Community Food Cooperative Board of Directors  
Minutes of Meeting on Nov. 15, 2017**

**Appendix B**

**Comments of Randy Joersz, cooperative member and former general manager**

Board President Kevin Martin called on Randy Joersz, a cooperative member and former general manager, to speak to the board.

Joersz said he had prepared a statement to read to the board. He said Dendy was his daughter. A copy of his statement is included in the minutes.

Joersz said he had called the Bismarck Tribune reporter to object to what he said were inaccuracies in the story. "They put a shadow over the whole article. I was just beside myself." He said the email had damaged his personal as well as his professional reputation. "I am retired, but I still live here."

Joersz: "You don't want to alienate your base, and your base is your members. It goes this way. You upset one customer, you really upset 10 customers, and then those 10 people who know 10 people, all of a sudden it becomes a hundred." "Don't move backwards, move forward."

Joersz said he was still a cooperative member.

Good Evening and congratulations to you, the newly elected board members. Even though I've worked with many of you in the past, for those of you who don't know me, I'm Randy Joersz.

I know many of you are small business owners. Prior to managing the Co-op, I too was a small business owner. Paul, I have seen what you do to protect your brand and your business reputation. Put yourself in my shoes, with your business reputation being dragged through the mud, without your consent and without the opportunity to defend yourself. That is why I am here tonight. The 10-24-17 Bismarck Tribune article painted my management in an unflattering light and the most recent 11-6-17 emailed letter from the board has taken it one step further by making accusations and allegations which have not only damaged my professional reputation, but also my personal reputation. As you all know, there are always two sides to a story...after all, I was acting general manager of this co-op for only four and a half months after opening, it was a learning experience for all of us. I resigned 13 months ago.

I would think that, you as a board, would be focusing all of your time and resources toward trying to right the ship...Making sure you're focusing on how to increase sales, keeping your cost of goods at a profitable level, and keeping your labor cost at budgeted amount, as these are all controllable expenses. By focusing your efforts on the past and placing blame, you are continually moving backwards! It is my belief that a Co-op is about accepting all with a cooperative spirit, having the desire to sell healthy and local food and educate... As quoted from the International Co-operative Alliance, "In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others." (Closed quote)

Rule #1, that I always followed in my businesses...you have to make money to pay the bills!

A lot of people associated with this Co-op have had unrealistic expectations of what a Co-op is...you still must know your break-evens and continually strive to meet or exceed them!

Expectation + Reality = Disappointment

When in doubt, refer back to Rule #1!

I am requesting that you make this wrong-doing right for not only me, but also for the former managers, and former employees, whose lives you have greatly affected! This is no way to treat former employees and current Co-op members. I think the only way this can be achieved is as it was started, publicly and nationwide with an accurate and truthful article in the Bismarck Tribune, with sincerity and purpose, and reviewed by all the parties it affects, BEFORE being published, and I stress, "Before" being published! I want this accomplished before the Dec. 4th board meeting.

Thank you for giving me the opportunity to speak to the unfairness and injustice, or should I say, the violation of my rights, in regard to this matter.

**BisMan Community Food Cooperative Board of Directors**  
**Minutes of Meeting on Nov. 15, 2017**  
**Appendix C**  
**Comments of Bob Crowell, cooperative member and former employee**

Cooperative member Bob Crowell asked to speak to the board. He said he was a cooperative employee when the grocery store opened. He was the meat department manager when he was terminated. He said he was not given a reason for being fired, and he said he is still owed \$2,000. He said he now runs a car lot for Dvorak Motors.

Crowell said he wanted to thank the board for the statements made at the annual meeting and the Nov. 6 email that was circulated to members.

“Some of the things that took place in this building can never take place again. The foundation, in my understanding, of a co-op begins with honesty and transparency. You can have no cooperation with other people without that. That letter and those statements at the board meeting were the closest things to the honesty level that people needed. That email that went out to members was honesty and transparency about the problems the co-op was facing. That was a thing that had not happened at that point.”

Crowell said he did not believe the email was fair either. He said he wrote a letter to the board in September detailing problems he had observed, “including all of the browned meat in the freezer.”

“Stay honest, stay transparent to the many, many employees who were fired or quit in protest of what was going on here, to the producers who were basically lied to, the tens of thousands of dollars of their money. That letter and those statements were the closest thing to an apology that’s come out of the co-op. So please understand, that was an apology to more than one person. It was dozens of people who fought very hard to try to bring to light the issues the co-op had been facing.”

“That being said, I will not bring up a single word about the past again. Because you are obviously on a different course. That stuff no longer applies. I have to say, good job. Keep it up. This is a thing worth having in Bismarck. We deserve this.”

Wetzel asked Crowell his opinion about how the issues raised by Mandy Dendy should be resolved. Crowell: “If the truth is what is needed, that letter barely scratched the surface. There were things that took place in this building that border on criminal, and to say it was strictly management that did it, that is not fair. The board that was in place was actively trying to hide it. The statement that was made to me by a board member, ‘We’re not going to let this get out. We don’t want the co-op to get a black eye.’ It was actively hidden, it was actively buried ...

“There were board meetings where this room was standing room only. We had about 14 employees, current and past, at our house, writing a petition, trying to get something across. This was actively hidden. The fact that it is coming out now is wonderful.

“What should you do? Forget the past, move towards the future. That would be my advice. That letter and those statements, they barely scratched the surface of things that were known to have taken place. It was the nicest nasty letter that could have been written, in my opinion. It does not go into the details of how many employees were fired. If you start on the apology train, you’ve got a long list. You’ve got a lot of good people who quit or were simply pushed out the door. You’ve got producers who lost tens of thousands of dollars based on promises. It’s a long list.”

“You want to have a pizza party and you want to meet with employees. That was strictly forbidden up to this point. Employees could not talk to board members. A co-op became a dictatorship, period. Whoever was in charge did whatever they wanted, almost unchecked. I was at board meetings where the board would try to pry into the details of the numbers. Smoke. Doubletalk. And that was good enough. You are seeing now what a year of mismanagement looks like. And, yes, it was the board for failing to recognize it, admit it and do something about it. It was the management for very poorly managing the store, across the board ...

“There are a lot of apologies to go around. I would say for the vast majority of the people, just seeing it written, or hearing it out loud, that there were problems, and the problems were generated by people who had names – that did a lot of good. For me it did. There was some honesty as to something was wrong here that had never been hinted at before. My advice? The board wrote the letter. It’s a good letter. It’s true. I was here to personally witness most of this ... But that’s all in the past. I say move forward and that’s what you are doing. But, yeah, a lot of people got burned in this place.”