

**BisMan Community Food Cooperative
Board of Directors Meeting
Cooperative Community Room
711 E. Sweet Ave.
Bismarck, N.D.
Wednesday, Dec. 13, 2017**

Board members present: President Kevin Martin, Vice President Beth Schatz Kaylor, Treasurer Dina Baird, Secretary Dale Wetzel, Paul Brown, Erin Huntimer and Tracy Potter. Board member Ellen Knudsen participated by telephone. Board member Emily Brown was not able to attend.

Others present: General Manager Carmen Hoffner and cooperative members Bob Crowell, Mandy Dendy, Melody Lane, Rita O'Neill and Garnet Schatz.

President Kevin Martin called the meeting to order at 6:06 p.m.

Erin Huntimer asked that a discussion of an energy audit for the building be added to the "new business" portion of the agenda. Dale Wetzel asked that a discussion of the cooperative's promissory notes be removed because he had nothing new to report.

Paul Brown moved that the agenda be approved as amended. Beth Schatz Kaylor seconded. All board members present voted yes.

Rita O'Neill and Carmen Hoffner thanked the board for their contributions for the pizza party and for helping to decorate the store for the holidays.

Bob Crowell said an agreement had been reached to sell the "Buffalo truck" for \$4,500 plus a cooperative membership for the buyer.

Board members suggested changes to the meeting minutes of Nov. 29, 2017. Tracy Potter moved that the minutes be approved as amended. Erin Huntimer seconded. All board members present voted yes.

General Manager Carmen Hoffner said the cooperative's Capital Credit Union account had a \$150 cash balance. She said the cooperative was charged a \$29 overdraft fee for the building rent check to Jerry Doan. She said Doan's check has been paid, and the overdraft did not cause him problems. Hoffner said Doan was not aware of the shortfall when she called to tell him about it. She described Doan as "very understanding."

Hoffner said the store's cash position was tenuous. She said she and Robyn Myers, the cooperative's bookkeeper, decided to stop making payments to creditors as of Friday, Dec. 8, "so we can get to this positive place (on Dec. 13) which we are today, and we're going to stay there."

Hoffner said KeHe Distributors LLC, the store's primary grocery supplier, was called and told the cooperative would not be providing a check that week.

Hoffner said KeHe informed her the cooperative's normal Friday truck would still be coming, and she said the company may accept partial payment for deliveries. Normally, KeHe's bill is paid in full each week.

Hoffner said KeHe was owed \$32,000 for goods delivered during the present week and past week. She said by cutting back on payments to KeHe, the cooperative should be able to pay other delinquent bills of smaller amounts. "The truck is still coming on Friday (Dec. 15), and we will see what that means for next week."

Hoffner said she fielded "several calls" on Wednesday, including calls from Farmtastic Heritage Food Hub of Anamoose, which wanted to be paid \$5,500; Quality Meats, which is owed almost \$10,000; and Terra Nomad Co. of Bismarck, which is owed about \$3,000. All wanted to be paid before year's end.

Hoffner said the cooperative has about \$4,100 in checks that have not been cashed, but there is enough cash in the credit union account to cover them. She said the cooperative needs to pay \$3,200 in December for its annual workers' compensation coverage.

Dale Wetzel said workers' compensation insurance is based on a company's payroll and the employees' job classifications. For example, the store would pay a higher premium for a meat cutter than it would for a cashier, because the latter job is considered less at risk for injury. He said the premium is for future coverage, not for coverage already received.

Hoffner said she would ask whether the cooperative's workers compensation bill should be lower because it has fewer employees and its payroll is lower when compared to a year ago. She said she would ask if the cooperative can pay its workers' compensation bill in installments.

Beth Schatz Kaylor noted that the cooperative gained 12 new member/owners in November, which she called "very exciting." She asked how the membership equity payments were accounted for. Hoffner said the payments would be listed as part of the cooperative's equity.

Ellen Knudsen said her phone connection was "fading in and out." She called Dina Baird's cell phone to establish a better connection.

Hoffner said most of the new members paid up front with a \$200 lump sum. She noted that starting in January, new members would also have the option of joining with an initial \$50 payment and three \$50 payments in the three subsequent months.

Hoffner said three delicatessen employees had quit recently because of a lack of hours available to work. She said the cooperative still "is not understaffed," even with the departures. She said the store has 30 employees.

Beth Schatz Kaylor asked if the store was prepared to go ahead with the new member installment plan (a \$50 fee to join, then \$50 payments for the next three months until the full \$200 was paid). She asked if cards had been prepared for members to explain the change.

Hoffner said she believed the store was prepared for the change. She said members who had used different payment plans to join would have those agreements honored. She said the cooperative's computer system can be adjusted to handle the "four \$50 payments plan," and that the store's membership application will be amended to account for the change.

Wetzel asked if the cooperative's primary grocery supplier, KeHe Distributors LLC, was treating the store differently. Hoffner said representatives for United Natural Foods Inc., would be visiting the store soon, and she and other store personnel have many questions, including when the cooperative may begin ordering goods from UNFI and whether UNFI offers payment plans for its goods.

Wetzel asked if UNFI was concerned about the cooperative's financial situation. Hoffner said she had briefed company representatives and told them "we are not in a positive state. They seemed willing to accept it. I think they have probably experienced stores in worse shape than us. I definitely want to be open and up front with them."

Hoffner said UNFI's payment agreements call for the cooperative to pay its bills in full within 14 days of delivery. "We want to see if we can extend that out, especially if we are still paying KeHe during that time." She said she was not sure how much free product the store will get from UNFI, or whether the company will offer a line of credit.

Tracy Potter said the cooperative should approach the idea of reducing employee health insurance benefits cautiously. "I don't think you should be thinking about it out loud until you've decided to do it. Then you should just do it." Potter said company-paid health benefits are also tax-free to the employee, so reducing them would be more costly to the employee than reducing wages. Potter suggested a meeting with Blue Cross Blue Shield to discuss the issue.

Hoffner said the cooperative's payroll services provider described the store's wages and benefits as generous. Hoffner said six of the store's 30 employees work enough hours to qualify for health insurance benefits. She said a proposed reduction "would not be affecting everyone." Hoffner said the payroll service provider would provide more information about different, less expensive health plans that are available.

Wetzel asked whether the cooperative had explored switching health insurance providers. He said Sanford Health has a presence in North Dakota, because it provides coverage for state employees. Wetzel said it may not be worth the bother at this point to explore switching carriers, "but eventually we may be in a position to shop for health coverage and do better than Blue Cross Blue Shield. That is speculation on my part."

Tracy Potter said he could help with the issue because of his background as a former life and health insurance analyst for the North Dakota Insurance Department. Hoffner said she would welcome the assistance.

Hoffner discussed a future visit by a technician with ECRS (originally Electronic Cash Register Software Corp.), which is the provider of the cooperative's cashier stations and data processing software.

Hoffner said a visit would cost \$1,400 a day for a minimum of three days. She said the cost included the technician's travel, lodging and expenses. She said the cooperative needed to provide six weeks' notice for a visit.

Hoffner said UNFI will be coming into the cooperative in about a month's time to rearrange the store. She said it would be best to have a technician visit after UNFI's work is finished. Hoffner said she would arrange the visit. She estimated the technician would come in early February. She said the company had declined her request for a discount, saying the cooperative has already received training from ECRS that it was promised earlier.

President Martin presented the Finance Committee's report. He said the discussion focused on shoring up the store's short-term financial position. Martin: "We need an immediate boost in sales, and we need to secure additional funds. We feel the quickest way to do that is to go back to the lenders."

Last spring, Martin said, the lenders were unwilling to extend additional help. Martin: "At the time we had a revolving door on the board and we had interim general managers. I think we can show a much stronger position now, and if we have a solid marketing plan that goes with that, I like those prospects better as a starting point."

Martin said there are four principal lenders: Shared Capital Cooperative of St. Paul, Minn.; the Local Enterprise Assistance Fund (LEAF), of Brookline, Mass.; the Lewis & Clark Development Group of Mandan; and the North Dakota Association of Rural Electric Cooperatives/Rural Development Finance Corp. of Mandan. He said there are monthly calls with all four lenders.

Erin Huntimer said she wondered if CoBank, a national cooperative bank that is headquartered in suburban Denver, would have a loan product suitable for the cooperative's situation. CoBank is part of the Farm Credit System, and the bank lends to rural businesses, rural telecommunications companies and electric cooperatives. "If we can just consolidate all of our bills and pay them in one shot, then we would have that stability, and be able to get a footing and move forward." She volunteered to find out the names of local contacts for CoBank.

Wetzel said Everett Dobrinski, who farms near Makoti and is a former North Dakota state legislator, has been chairman of CoBank's board since 2008.

Martin said he had a meeting scheduled Saturday morning (Dec. 16) with Tyler Demars, a former board member who is familiar with the background of the cooperative's finances. Martin said Demars told him when the cooperative was getting started, financing was difficult to obtain from many banks and credit unions because the cooperative does not own its building. Martin: "We didn't have that as collateral. Revolving inventory is not as attractive to most people (as collateral). It is my understanding we went through a number of agencies before we ended up with the four that we did."

Martin: "We're in a different position now, and it is worth circling back and giving it another try."

Dina Baird: “We have a great board and a strong plan and we just need a cash injection to get our plans moving. I know that marketing is hamstrung, ordering is hamstrung, our employees are stressed, our management is stressed.” She said the board needed to develop several financial options for turning things around.

Bob Crowell asked if there were cooperative materials available that could be presented to potential supporters to obtain a loan or investment. Martin said he would provide some needed documentation.

Several options for attracting new capital were discussed. President Martin said Plan A “needs to be a call to action to the membership. We need you in the store, we need you showing your support.” The cooperative is having Member Appreciation Day on Saturday (Dec. 16).

Dina Baird said she was concerned about a possible negative effect of a call to action. “Does that get people a little oogy? I have a concern, I’m not going to shop at the co-op.” Dale Wetzel said the cooperative’s members “may already be oogy. Our job is to pull them out of oogy. I understand what you’re saying, but we may already be at that point.”

Tracy Potter said the message needed to be positive. He said people contribute to success, and they will join a successful organization. “You have to make it say that we’ve turned the corner, and could you please help us now that we are at this point.”

Dale Wetzel said getting more customers into the store would help with member optimism. Wetzel: “I walk into the store and it looks great to me. What you have to do is get people in the store. The store is bright and colorful. The employees are nice and you have cool products. It’s not as if I walk in the door and I feel depressed. I feel very uplifted. I think it’s a very positive-looking place. All we need to do is get folks in the door. It is a positive place. It just has that vibe to it.”

Dina Baird said the cooperative’s membership has responded to previous calls to action, and that is a good selling point to lenders. “Our membership is strong. The solution to all of our problems is for the members to shop. That’s it. That would solve our problems. You built this and you are the ones that can solve our problems.”

Carmen Hoffner suggested sending out the member appeal after Customer Appreciation Day on Dec. 16. She suggested sending it out the following Sunday or Monday.

Schatz Kaylor said the cooperative’s Google digital marketing effort had paused because of a \$400 unpaid bill. Schatz Kaylor: “If we could pay the \$400, I’d like to restart this. If someone is looking for buffalo meat, they find us. If they are looking for Mighty Mo coffee, they find us. If they’re looking for fresh seafood, they find us. Right now we’re not getting that, and I understand that when we did that in the past, there was a noticeable increase in sales.”

Dina Baird and President Martin listed the options: 1, distribute a “call to action” to members, appealing to them to shop more frequently at the store; 2, put together a pitch to our principal lenders to provide money to clean up old debts; 3, approach another lender, such as CoBank.

Martin said Tyler Demars told him Carmen Hoffner was managing the store well, because “our labor percentage and our cost of goods are right where you would expect them to be. It is just the sales that are not there.” Also, the amount to be asked of lenders to clean up overdue accounts payable is the same amount as it was in May.

Martin: “The store hasn’t gotten any worse. We have just been riding this debt for half a year, and now it’s time to do something about it, so we can focus on the future.” Martin said the cooperative needs to have a positive outlook to present to lenders.

Hoffner said the cooperative’s loan schedule in December includes a large increase in monthly payments, from about \$4,000 to \$16,000, as the store begins paying on its loan principal, rather than only interest. She said the increase can be deferred for a few months, and said the issue will be discussed in more detail during a conference call with the store’s lenders on Dec. 20. Hoffner: “We need to tell them about our plan, what is the store doing, what is the board doing. That is what they need and want to see.”

Wetzel asked if the lenders would be able to extend the “interest-only” option further than two months. Martin said a longer extension would require approval of higher-ups at the lender. Baird said the lender may be more amenable if the cooperative proposed starting repayments of principal immediately if it were granted the additional loan funds it seeks. Baird: “If we did secure the loan, pay off the old debt, and start doing the marketing plan that we would put in place, that may do it.”

Martin said he would ask whether that option would be more palatable to the lenders than to continue paying only interest on the loan for another year. Martin: “I’d like to see if that is a bigger selling point ... Which one is better for them, and which one pencils out better for us? Obviously, to start paying the principal right away is good, unless the consolidation loan has a high rate attached to it.”

Tracy Potter said the pitch to lenders has to face the magnitude of the cooperative’s financial problems and how they can be solved. Potter: “We know where we are. We are not going to go out of business. That is the option that does not make anybody happy. The lenders would be unhappy. They can’t even get the building. We do have a handle on this. It’s going to be a three-year plan, probably, to eradicate our debt, or even just to manage our loans. It has to all be on the table. They have to know everything.”

Baird said she had not seen a balance sheet for the cooperative since November 2016. “I’d love to see a balance sheet, and (lenders) are going to need to see a balance sheet.”

Dale Wetzel said he would make another attempt to locate additional promissory notes and tally the amount of money that members have invested in preferred stock.

Kevin Martin said he found a cooperative pro forma statement dated July 15, 2017, after the cooperative had renegotiated its loan terms with the North Dakota Association of Rural Electric Cooperatives/Rural Development Finance Corp. of Mandan. Tyler Demars prepared the updated statement. It showed a higher volume of member loans than what was discovered during a search for the promissory notes.

Dale Wetzel said he had located promissory notes with a face value of \$341,000, and preferred stock agreements with a face value of \$103,000. Martin said the updated pro forma statement showed \$541,000 in loans, while Robyn's records showed \$675,000. Hoffner said the numbers would have to be reconciled. Hoffner said Robyn's number might include membership equity payments and preferred stock agreements. It is a ledger entry without any detail about where the amount came from.

Martin said Tyler Demars would attempt to help to reconcile the discrepancy in the numbers. Martin said he had found a spreadsheet in the cooperative's Dropbox account that was labeled as member loans, but he said the dollar amount of his own loan to the cooperative was "completely wrong. I am not sure who was tracking all of that." Martin said he could not find a promissory note total on the spreadsheet.

Beth Schatz Kaylor went over the needed elements of the pitch package. She said she could do a marketing plan, and Hoffner could put together a balance sheet. Baird said a list of outstanding promissory notes and preferred stock certificates was needed. Martin said an updated pro forma statement was needed, but he said that probably could not be completed before January.

Tracy Potter said the cooperative needed a "reasonable revenue projection." He noted that last June, the store had about \$350,000 in gross sales. "That is terrific. What is the key that gets us back to that? Were we doing more marketing? So, there's a reason that we need more support for marketing ... That is part of our pitch, is to prepare data that is based on our historical data, plus a reasonable increase."

Potter said the store's monthly fixed expense is \$30,000 to \$35,000, and its labor cost is about \$60,000 monthly. "At \$250,000 in sales we can kind of get by, but at \$350,000 in sales, now, we can start paying some bills back. That has to be part of the pitch."

Dina Baird volunteered to assemble the information for the "soft pitch" for the Dec. 21 lender renegotiation call. She said she wanted board members to sign off on the information before she presented it.

Schatz Kaylor reviewed a list of information that should be available for the soft pitch: an updated pro forma statement, updated information about the cooperative's promissory notes and preferred stock, a marketing plan and a balance sheet.

Schatz Kaylor discussed the work of the Marketing Committee. She suggested that the cooperative emphasize wellness marketing in January. She asked if the store's Community Room could host wellness events. Schatz Kaylor said at future meetings, she intends to present performance data, metrics and analytics from the cooperative's digital marketing campaign.

Dale Wetzel reported on the task of sorting information on the cooperative's free Dropbox account. The cooperative has several Google Mail accounts that could be linked to a Google Drive account, which has much greater free storage room (2 GB for Dropbox, 15 GB for Google Drive). Wetzel said he would attempt to access one of the Gmail accounts and set up its Google Drive account for storing cooperative documents.

Carmen Hoffner said the cooperative's license to use Microsoft Office software was coming up for renewal. Wetzel said the terms of his license allow the sharing of software with others. He suggested that, rather than the cooperative paying to renew its license, he could share his own license with the cooperative, which would cost nothing. He said he would recheck the terms of his license to make sure this could be done with minimal inconvenience.

Carmen Hoffner said Fireside Office Products provides the cooperative's Office license and is helpful with technical support. Wetzel said the cooperative may want to keep its license with Fireside for that reason. He said he was unsure whether a change would affect the cooperative's email accounts. Hoffner said the cooperative's Microsoft Office software costs add up to \$600 to \$700 a year.

Beth Schatz Kaylor said the Google ad campaigns the cooperative has are set up under a Gmail account to which she has access. Dale Wetzel said any Gmail account would provide 15 GB of Google Drive storage space.

Tracy Potter gave a presentation on cooperative members who joined on an installment payment plan. He said there were about 315 people on payment plans. He said 120 of those are current on their payments through February. "They are totally up to date." He said 56 people paid \$50, \$52.50, or \$100 before June 1, 2016, and then never made another payment. He said if all of them had paid the full \$200 membership fee, the cooperative would have gained \$14,000; instead, they paid in about \$3,400. Potter said none of those 56 people got membership cards.

Potter said he drafted a letter to the group to tell them individually that they had paid a portion of their membership equity contribution, and inviting them to pay the remainder. Potter: "Hey! You've got credit with us! This is the happiest place on Earth."

Potter said a second group of 71 people who joined on the installment plan and have membership cards, but they have not paid their full \$200 equity contribution. "The total universe is only 191 people, so we're talking about \$38,000, approximately, if they were fully paid in." He said they had paid about \$14,000.

Potter: "I'm thinking that we won't generate a lot of money, but we might generate some store traffic. That's the whole point. We will also be able to clean up the books. Some of these people probably are not past due at all. They probably just haven't shopped here for a few months." He said he would send out about 190 letters. He asked who should sign the letter. President Martin said he would sign them on behalf of the board.

Erin Huntimer said the letter should have an actual signature. "It says something. If you can't take the time to sign your letter, I don't want to read it." Tracy Potter agreed. "You try to distinguish yourself. For me, it goes right down to the stamp. I don't like to have a postage meter." Huntimer said Carmen Hoffner could also sign the letter as the general manager.

Ellen Knutsen reported on progress on the \$27,000 APUC grant. She said she and Emily Brown were looking through boxes for documentation of payments and invoices that could be charged against the grant as marketing expenses. Knutsen said former general manager Randy Joersz's employment documentation had been located. She said payments to Joersz could be counted as matching funds for the grant.

Schatz Kaylor said she would provide a Google billing summary for 2017. Knutsen said those expenses can be charged against the grant. Schatz Kaylor said she would also obtain a Bismarck Tribune invoice for the cooperative's advertising contract. Ellen Knutsen said bills from Facebook and Constant Contact, the cooperative's email list manager, would be helpful as well. Knutsen said expenses from Aug. 1, 2015, through Aug. 31, 2017, would qualify.

Schatz Kaylor said she also may be able to obtain invoices from iHeart Radio and the Yellow Pages. She said payments to United Printing for a cooperative logo would qualify, and she said marketing payments to Brenda Stone and website work by graphic designer Cecil Roth may also be chargeable to the grant.

President Martin reported on the progress toward getting an updated Supplemental Nutrition Assistance Program (food stamp) authorization for the cooperative. The authorization needs the signatures of three board members, and it now only has two with the departure of Glen Philbrick. Martin said his U.S. Agriculture Department contact has not been responsive recently. "I don't have anything signed yet."

President Martin reported on member interest in joining cooperative advisory committees. He asked what criteria should be required for advisory committee members. Schatz Kaylor said applicants should be members in good standing, and that individual committees should have limits on their membership, depending on the committee. The committees mentioned were Finance, Marketing, In-Store Engagement and Food Policy.

Martin said each committee's chairman should set any membership limit for a committee. He suggested that each committee have a charter that outlines its portfolio and responsibilities, specifies how many members it should have, and gives information about the expectations placed on committee members.

Dina Baird said the criteria that have been discussed were: 1, a member in good standing; 2, regular attendance at meetings; and 3, have time to devote to the job, which could be three to five hours a week. Ellen Knutsen said committee members should follow cooperative principles and guidelines. Erin Huntimer said members should be willing to work collaboratively and willing to disclose any potential conflicts of interest.

Dale Wetzel asked for a definition of “member in good standing.” Board members said a member in good standing will have either paid their \$200 equity contribution or be current on their installment payments toward the \$200 contribution.

Martin discussed details of a future board retreat. Wetzel said he was interested in whether scheduling or holding a board retreat would make the cooperative’s lenders more willing to refinance its debt.

Martin said last June, he and former general manager Darby Smith attended a North Dakota Association of Rural Electric Cooperatives board meeting to ask for a loan renegotiation. At the meeting, Lori Capouch, the association’s rural development director, asked if the cooperative had had a board retreat.

Martin: “They had a number of questions about the board, because at that point, they were well aware that we were down to five or six members, half had been appointed, a lot had resigned, and they asked if we had even had a retreat. They highly recommended that to have a healthy board, this was something that we should do.”

Martin said having a retreat “would not turn the corner” on debt refinancing, “but it can’t hurt.” The dates of Friday, Jan. 26, and Saturday, Jan. 27, were suggested, with an evening meeting on Friday and most of the day Saturday. Martin said he would contact Ellen Earle Chaffee to see if she would be available as a facilitator.

Carmen Hoffner said she had contacted a professional kitchen manager suggested by Schatz Kaylor to do a review of the cooperative’s delicatessen operations. Hoffner said the audit should happen after the first of the year. Hoffner: “We have been making some positive changes.”

Schatz Kaylor reported on correspondence that was sent to the cooperative’s members, briefing them on the store’s financial condition and appealing that they shop more frequently at the store and ask their friends to do likewise. The message was posted on the cooperative’s blog and sent to members as part of the cooperative’s weekly email. It was not posted on Facebook. Schatz Kaylor and Hoffner said they had not heard any response to the email yet. “It’s the first start, and I would like to use that tool more.”

Rita O’Neill said she has been combing through memberships. “I am on ‘D,’ and there are a lot of emails that are not inputted correctly. That is part of the problem.” Schatz Kaylor said some emails “bounce back” even if the address is correct, for unknown reasons.

Schatz Kaylor said embedding links in the regular weekly email to cooperative members allows for tracking of what members consider to be interesting. “You get to see what people are actually engaging in. You can send people to your website.”

Erin Huntimer reported on the store’s proposed energy audit. A consultant, Total Energy Concepts of Baxter, Minn., is offering an energy efficiency overhaul for the store that would cost about \$25,000. Huntimer said she had shared the consultant’s information with an expert at Basin Electric Power Cooperative, where she works. She said some of the consultant’s recommendations for buying equipment are probably not necessary.

Huntimer said the Basin expert is willing to take a closer look at the cooperative's energy consumption and suggest ways to reduce it. Huntimer: "I think we can do this smarter while spending little or nothing."

Carmen Hoffner said the cooperative employees are already taking steps to cut electricity use, such as turning off lights in the store's coolers and freezers overnight and unscrewing some light bulbs in areas that are well lit by natural light. Board members agreed to allow the Basin expert to look at the cooperative's energy situation.

President Martin said he intended to take the agenda's reference to the cooperative's "policy register" off the agenda. He said the issue could be addressed at a board retreat. Erin Huntimer said Basin Electric's board has been reviewing its policies, and she asked a Basin attorney, Russell Mather, what he thought of the policy register. She quoted him as saying that "by and large, cooperative board policies aren't necessary, because their provisions should be in documents that have more accountability built into them." Huntimer described the policy register as "lengthy and wordy, and I think they're really negative."

Huntimer said there are several provisions in the policy register that "dictate how the general manager and the board interact, and these things should really be enshrined in the general manager's job description." Other elements of the policy register, she said, are included in the cooperative's bylaws.

Dale Wetzel said he thought most of the policy register was unnecessary, and that it imposed unrealistic burdens on the general manager. Wetzel: "It makes the general manager responsible for things over which she has no control. I thought, this is ridiculous."

President Martin described the policy register as "boilerplate" that the board had not thoroughly edited.

Martin said the board needed to go into executive session to discuss a personnel matter. Member Mandy Dendy, who was in the audience at the meeting, asked about the board's policy on allowing member comments during a meeting. "It has varied so much in the past year. How do members interact with the board?"

President Martin said there was no set policy that governs how members address the board during meetings. "If someone has comments, I'm not opposed to hearing them, as long as they're kept brief and relevant to the discussion."

Dendy said she had three questions:

1. Would the cooperative be breaking a contract with KeHe Distributors LLC by changing its primary supplier to United Natural Foods Inc. without giving notice to KeHe?

2. Is it worthwhile to offer an extra 10 percent off during Customer Appreciation Day on Dec. 16, given the amount of revenue that is foregone? “In the future, I would like to see whether that has been thought through, as to whether we’re actually making money on this, and is it worth it?”
3. Is the board going to respond to Dendy’s comments at the Nov. 15, 2017, meeting? (Her comments are outlined in detail in the meeting minutes.) “It has been very disappointing to not get a response from the board ... I would really love to get some feedback.” She said former general managers “were dragged through the mud” by the board, “and they know a lot of people, and they have a lot of friends, and I am wondering if that hasn’t impacted our sales in a negative way.” Dendy: “I realize you guys want to move forward, but it was put in your laps and I don’t think it is something that should be ignored.”

President Martin thanked Dendy for her comments.

Erin Huntimer moved that the board go into executive session to discuss a personnel matter. Dina Baird seconded. All board members present voted yes.

The board went into executive session at 8:28 p.m.

President Martin moved that board go back into open session. Dale Wetzel seconded. All board members present voted yes.

The board resumed its open session at 8:48 p.m.

Dale Wetzel moved that the meeting adjourn. Tracy Potter seconded. The meeting adjourned at 8:53 p.m.

Minutes prepared by Dale Wetzel.



GENERAL MANAGER REPORT

BOARD OF DIRECTORS MEETING

DATE: 12/13/2017

- **Owner Update:**
 - 12 new owners in Nov.
- **Sales Update:**
 - Sales November \$258,873.72
 - Sales December 3-9, \$52,408.52
- **Staff Update:**
 - **3 employees left due to lack of hours.**
- **Marketing/Advertising Update:**
 - Member Holiday Appreciation December 16, 2017. Music, samples, coffee with board, workout with Renita, raffles, etc.
 - Gave Marketing Committee \$250 per month budget.
- **Operating Results:**
 - The Operational Budget is complete and being utilized.
 - Still cutting Labor to reflect our sales.
- **Financial Report:**
 - Vendors: We are falling behind on our payment terms. Last weeks sales were low. Monday-Wednesday. The weather was a factor.
 - As of 12/11/17 our cash position is
 - Payroll Report. Nov 19-Dec 2 \$28,804.53
 - Loans. Renegotiate? Lender call next week. Call with Mark, Kevin and I on 12-12-17.
 - Thinking we need to cut Employee BC/BS Benefit. 50/50.
- **Special Events:**
 - Coffee/Cookies with Carmen (and the Board). November 30th at 1pm. I thought it was a great turnout. Going to offer another time to meet and greet on Dec. 16th.
 - Dec. 16th Member Holiday Appreciation Day. Extra 10% off.
- **Other Goals/Concerns/Updates:**
 - Scale and CC Reader fixed!! All 4 tills are up and running!!
 - UNFI coming to the Store on 12-14-17. Plan to switch to them after the holidays. Better selection and far greater support. Very excited about this! Paperwork has been submitted.
 - Contacted ECRS about a in store Tech. \$1400/day 3 day minimum. Jane called and we need to give them a 6 week notice as to when we would like someone here, Tuesday-Thursday.
 - Member Benefits. Starting January 1, 2018. Payment plan \$50 every month.
 - Employee Appreciation/Pizza Party/Holiday Decorating Sunday December 3rd. The Co-op looks very FESTIVE. Thank you Board for your time ad donations to make that happen.
 - Total Energy Concepts quote. Any questions from the board?
 - Buffalo Truck \$4,500 plus a membership. He is from Minot and will pick up when he is able.