

**BisMan Community Food Cooperative
Board of Directors Meeting
Cooperative Community Room
711 E. Sweet Ave.
Bismarck, N.D.
Wednesday, March 21, 2018**

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

Others present: General Manager Carmen Hoffner; Matt Burthold, commercial lending director, Lewis & Clark Development Group, Mandan; Mark Fick, director of lending, Shared Capital Cooperative, Minneapolis; and cooperative members Mandy Dendy and Melody Lane.

President Kevin Martin called the meeting to order at 6:03 p.m.

There were no employee or member comments.

Tracy Potter moved to approve the minutes of the board meetings of Jan. 10, 2018, and Feb. 21, 2018. Beth Schatz Kaylor seconded. All board members present voted yes.

Board members discussed how to shorten the minutes and post them more quickly on the cooperative's website. Dale Wetzel said he would cut down the minutes' narrative length, focusing on the outcome of discussions. He said he would finish the minutes within three to four days after the meeting. The minutes will then be circulated by email among members for review and approval, and posted on the website shortly afterward.

Carmen Hoffner presented the general manager's report. She said 25 new members signed up in February, and March has been promising. She said the cooperative has been averaging about \$8,000 in sales each day, which was an improvement over January. She said the Agricultural Products Utilization Commission grant check of \$26,208 had arrived.

Fireside Office Products has offered to back up our computers for \$1,300. Board members said the task could be performed more cheaply by using external hard drives. A 4 terabyte external hard drive costs about \$110.

A technician from ECRS will be visiting the store April 3-5 to provide training and answer questions about the cooperative's check-out stations and inventory management system. Employees already have questions prepared for the technician. Board members asked about whether the data from the ECRS system was stored in the cloud or on a hard drive on the store's premises. Carmen Hoffner said she would inquire.

Carmen said the store's inventory should be done July 1, or as close to that date as possible.

Tracy Potter presented the Finance Committee's report. He said the store's average daily sales were rising and its payroll and overhead were staying steady. He distributed a proposed consignment contract that vendors could use to sell goods through the store. Hoffner said the consignment contract would allow the store to offer goods at less risk to the store, when the demand for the goods may be uncertain.

Hoffner said she would provide the board with the store's protocol for accepting fresh produce for resale. The store does require information from produce vendors before their goods are sold in the store.

Tracy Potter reported on the cooperative's health insurance plan for employees. He said six employees are on the Blue Cross Blue Shield plan. He said it would be advantageous to both the store and the employees to drop the insurance. This would save the cooperative money and allow employees to seek coverage on the federal health insurance exchanges, where they could possibly qualify for premium subsidies, have more coverage choices, and save money. The financial impact would vary by employee.

Potter said employees also could decline to buy health insurance, because there is no longer a federal penalty for not having coverage.

Potter recommended dropping the Blue Cross Blue Shield plan. He said Carmen Hoffner could adjust employees' compensation to minimize any financial harm, and that the board could decide whether to adjust Hoffner's compensation (she is covered by the store's health insurance). Potter said the cooperative would save \$12,000 to \$16,000 annually. He said it would also rectify a "mess," because the present health insurance situation distorts compensation among employees.

Tracy Potter moved that the cooperative decline to renew its employee health insurance coverage, effective May 1, 2018. Erin Huntimer seconded. All board members present voted yes.

Potter said he would contact an Insurance Department "navigator" to explain health insurance options to employees. Hoffner said employees are still able to purchase dental, vision and AFLAC supplemental policies with their own money; the cooperative does not contribute to the cost.

Beth Schatz Kaylor presented the marketing report. Schatz Kaylor said the cooperative now has a marketing budget of \$1,000 a month. Board members cheered. The money is coming from funds that were formerly used to pay the cooperative's marketing director, who has resigned. Schatz Kaylor said the money is being used mostly for digital advertising.

Schatz Kaylor said she had done some updates to the website's list of events. She said the site lacks board of directors meeting minutes from January and February. Dale Wetzell said he would provide them.

Hoffner said she and the delicatessen manager have been stepping up their social media activity.

Schatz Kaylor said there had been some results from leafleting of the neighborhood around the Arrowhead Plaza strip mall, the former location of the “Little Dan’s” grocery store. Hoffner said some coupons from the leaflets have been used at the store.

Board members discussed how much emphasis should be placed on promoting the cooperative’s sustaining member program. Carmen Hoffner suggested mentioning it in one of the co-op’s regular emails to members.

Schatz Kaylor reviewed the marketing plan’s goals. She said the cooperative had almost met its goal for average weekly reach on Facebook. In response to a question from Schatz Kaylor, Hoffner said the cooperative has about 3,300 members.

Hoffner said she was working to “claim” the cooperative’s page on Yelp, a user review website. The page is free of charge. Hoffner said photos of the store and more information can be added.

Emily Brown, chair of the In-Store Engagement Committee, said she is attempting to find a new meeting date for the committee. She would like a regular date, such as the 2nd Tuesday of the month, which members could use in planning their time.

Dale Wetzel said he needed to invite board members to join the cooperative’s Google Drive account, which will be used to store meeting minutes, business materials and other information. He said he intended to do that within a week. He and Ellen Knudsen will be going through the cooperative’s existing Dropbox account, which has less storage room, to transfer and organize its information.

Ellen Knudsen and Emily Brown said they had completed the paperwork necessary to receive an Agricultural Products Utilization Commission (pronounced A-puck) grant. The grant, which totals \$26,208, is in hand. The top priority for using the money is to pay late bills from local vendors.

Hoffner said she would write notes to accompany each of the late payments to thank the vendors for their patience. She said the list of late bills to satisfy was down to one page, and the amount has dropped to less than \$200,000. She said there were 16 to 18 notes to write.

Martin said the cooperative’s Supplemental Nutrition Assistance Program permit application is completed. The permit ensures that cooperative store patrons may use SNAP benefits, a/k/a food stamps, when buying goods at the store. Three board members’ signatures are needed for the application. Beth Schatz Kaylor, Ellen Knudsen and Dina Baird will be the signatories.

Dale Wetzel said he has been unsuccessful in attempting to get additional information about the loans that members made to the cooperative at the beginning. He said he would take another run at the task this week.

President Martin introduced representatives of two of the cooperative's primary lenders: Matt Burthold, commercial lending director, Lewis & Clark Development Group, Mandan, and Mark Fick, director of lending, Shared Capital Cooperative, Minneapolis. Both men attended the board meeting and toured the store beforehand.

Fick said Shared Capital is working with a number of food cooperatives around the country that are facing "really hard challenges. You are not alone." He said the BisMan Community Food Cooperative "is doing better than most."

Fick said "there was a lot of stumbling" by BisMan at the outset, "but at a certain point, between the management changes, the board engagement and some changes, you are really showing results from your efforts ... Obviously, you are not out of the woods yet, but it is a lot easier for me to go to my loan committee next week and bring them a proposal that says, 'Let's talk about extending this interest-only phase.'"

Fick said he would propose extending the interest-only repayment phase for BisMan's loan until the end of 2018. It was originally scheduled to end earlier this year.

Fick said Shared Capital "wants to get to repayment of principal as soon as reasonably possible, but we don't want to put you in a bind and force a new challenge down the road. We want to give you enough breathing room to get things stabilized with cash flow, and build up your operating cash so you can make these payments comfortably." He said the cooperative could start paying off its loan principal sooner if it felt financially able to do so.

Burthold said Lewis & Clark had intended to take interest-only loan payments until March 2017. That was extended through December 2017, "and we are still on the interest-only payments." The loan is scheduled to be fully repaid in November 2021.

Burthold said Lewis & Clark "doesn't want to strain your cash flow with all the positive actions you have taken here, but sooner, rather than later, we would like to start principal reduction." He said the interest-only payments would continue month by month, "and we'll certainly let you know if we want to step it up" and include principal repayment.

Fick said if Lewis & Clark began requiring principal repayment, Shared Capital would likely do so as well. Fick: "We will coordinate on that." Burthold said BisMan has been good to work with. Fick said the cooperative will have at least 30 to 45 days' advance notice before requiring principal payments.

Fick and Burthold said the payoff dates for the loans were not being extended.

Fick said BisMan is making good progress on improving its inventory management and paying off late bills to vendors. He said he would like more information about how that progress "fits in with your budgeting for the year, and what your projections are."

Fick said he liked the atmosphere of the store. "Nice colors. It's bright. It's open. There is some good energy in this place."

Board members thanked Fick and Burthold for attending the board meeting.

Board members discussed the status of the cooperative's food policy. The policy that is posted on the website has some misstatements – for example, it endorses the use of glyphosate in food production, and said that meat from animals that are fed GMO commodities should not be allowed.

Emily Brown, who helped write the food policy, said its intent was to set up a system of preferences for product offerings, rather than barring those that are deemed unsuitable. For example, locally produced foods are preferred for sale at the cooperative, as are organic foods and foods produced without genetically modified organisms, growth hormones or antibiotics. She said she would provide the final version of the food policy adopted by the committee.

Schatz Kaylor said she would update the website to incorporate those food policy changes. Board members said they would review the changes, and the newly posted policy may be revisited by the food policy committee.

Board members discussed whether Paul Brown, who resigned from the board Feb. 10, should be replaced by appointment. Brown's term ends in October, and any person who is appointed to succeed him would need to win election in October to stay on the board. President Kevin Martin said the bylaws allow the board to have as few as five members, but he said having only five board members is not desirable.

Emily Brown said Brown's resignation could prompt a discussion about whether vendors should serve on the board at all. Potter said board members should be chosen by the cooperative's members. Erin Huntimer said cooperative members with strong financial backgrounds should be recruited for the board.

Schatz Kaylor said board spots should not be reserved for particular roles, to provide flexibility for the situation the board faces at a particular time.

Wetzel said he opposed appointing a successor to Brown unless there was an emergency. He said he believed board members should all be elected by the membership. He said there was no urgent need to replace Brown.

Ellen Knudsen said the cooperative's bylaws, which were approved by the membership, allow for appointment of board members to fill vacancies.

Schatz Kaylor suggested that the board draft an acknowledgment of the importance of Brown's service to the cooperative. Wetzel said he would get a card for Brown and draft an email or posting for the website.

Ellen Knudsen asked for a review of the all of the cooperative's policies, including the employee handbook and policy register. Erin Huntimer said she would like to be involved in the review, and said she would have access to advice from attorneys at Basin Electric Power Cooperative, where she works. Huntimer said Dina Baird had also expressed interest in a policy review project.

Ellen Knudsen moved that the board undertake a comprehensive review of the cooperative's policies. She said she would like to lead the review. Dale Wetzel seconded Knudsen's motion. All members present voted yes.

Dale Wetzel moved that the board go into executive session to discuss contracts and employee compensation. Erin Huntimer seconded. All members present voted yes. The board went into executive session at 8:09 p.m.

Dale Wetzel moved that the board go back into open session. Erin Huntimer seconded. All members present voted yes. The board came back into open session at 8:24 p.m.

Dale Wetzel moved that the meeting adjourn. Erin Huntimer seconded. All members present voted yes. The meeting adjourned at 8:25 p.m.

Minutes prepared by Dale Wetzel.