

Natural Harvest Food Co-op

Minutes of the June 22, 2015 Board of Director's Meeting

Virginia High School, Board Room, Virginia, MN

Meeting was attended by Board members:

Troy, Yvonne, Britta, Janet, Sarah, Chris and Samantha. Gina was absent.

Also present: Anja, GM and guest Kaija Giroux

As acting board chair Britta called the meeting to order at 5:35pm.

Treasurer Report:

a. Store Audit

Guest Kaija Giroux from Walker, Giroux and Hahne (Certified Public Accountants) gave a report on the financial audit for Natural Harvest, for the fiscal year 2014. She reported that the accounting practices at Natural Harvest are sound, all financial statements are clean, consistent and clear. She worked with management without difficulties and any misstatements were corrected. Troy asked if Kaija had a recommendation for how often an audit should take place. Kaija responded that it was really up to the individual company to decide. An audit would probably not be necessary every year.

b. Board Account Update

Anja reported that she needs new Corporate Authorization Resolutions signed for the existing checking account, due to Greg resigning from the board. Also, a resolution needed to be signed by the new treasurer, Sarah, in order to open a new checking account at VCCU. This new checking account will be the board account. Money will get transferred into the this account as soon as it is open, and all board expenses will get transferred out of this account. Anja gave Sarah an itemization of what has been spent so far this year out of the board budget. Starting next meeting, Sarah will write checks at the end of each board meeting for the board meeting stipend of \$30, and reimburse board members for any other costs incurred, if approved.

c. Expense Approval

A \$30 gift card and greeting card for outgoing board member Greg Niska were approved.

Committee Reports:

a. Perpetuation Committee – Board Application Drive

Britta reported that so far she has received 3 board applications. The board application has been updated. Previously the board had discussed an interview process for board applicants. This will now be called an informational session that will take place 30 minutes before the last 2 board meetings before an election. Board applicants will be required to attend at least one board meeting before an upcoming election. Criminal background checks will get conducted for every board applicant. The cost incurred will come out of the board budget. The goal should be to have at least double the applications/owners running as we have open seats. Chris mentioned that he will be running again.

b. Education Committee

No updates/projects by the Education Committee

c. Articles and Bylaws Update Committee

Janet will join Chris to work on updating the Articles and Bylaws. A clean copy of the Bylaws is now in the board dropbox. The committee will update and present the draft to the board, before a Co-op lawyer will get consulted.

Monitoring Reports:

a. Calendar review

The board article for the newsletter is due in august. Chris will write the board article on

b. C8 – Governance Investment

Chris encouraged board members to take advantage of such meetings of the one he attended in Duluth by the MN Co-op board group. Any travel costs will get reimbursed and these opportunities to learn about other Co-ops and their boards are very valuable. He reported non-compliance.

c. B6 – Staff Treatment and Compensation

Anja reported on the HR audit and the results. Systems (employee documents/hiring/evaluations/disciplinary action and documentation) and checklists were worked on with consultant Melanie Reid. Employee documents/personnel policies/job descriptions/evaluation forms and pay scales are in place. Work on comprehensive training for new employees (checklists) still needs to be completed within the next 3 months. Overall, according to the audit, HR functions are sound at Natural Harvest. Anja reported compliance.

A discussion ensued about the minimum wage that we should pay at the Co-op. The board would like to make it a priority to pay our employees close to a living wage. Anja will come back to the next meeting with a recommendation on how we can pay more than the current minimum wage required and stay within our labor budget.

Store reports:

Anja reported growth in May was up over 2.4% over last year. New member growth has slowed, as it always does in the summer. Average daily sales have been holding steady.

The Profit & Loss statement was explained in more detail. Anja requested that the P & L statements should only get discussed when we have correct inventory numbers at the end of every quarter. Chris requested to still get the monthly financial statements for the treasurer to look at. The new members for May were approved.

Old Business:

a. Bess Metsa Garden

Chris and Britta will go to the Friends of the Greenhouse meeting to request their ownership of the Bess Metsa Garden. Natural Harvest, other than making a yearly contribution through the Round-up program, should not be involved in managing the garden anymore.

b. Development Cooperative

The DC was hired for \$12000-14000 to start exploring expansion options. A preliminary pro-forma and a site visit which will result in 2 different store plans are part of this contract. Anja is working to get all financials needed to the DC.

New Business:

a. Store Expansion Update

The board discussed creating an Expansion Taskforce that could consist of former board members, owners and current board members to help Anja with the Expansion Process. Board members were asked to bring ideas to the next meeting on what this taskforce could look like and what its responsibilities could include.

b. Natural Harvest Land/Building Ownership

Chris, Britta and Anja met with the City Assessor and City Attorney to discuss the particulars of the expired lease agreement. The last payment to the City of Virginia was made in early June. It was pointed out that according to the contract Natural Harvest had the option to renew the lease and did not automatically own the building or land after making loan payments for the last 20 years. The City Attorney agreed that the original intent must have been for Natural Harvest to own the building after the payments were made, although the contract did not state this. Both the assessor and the attorney thought the Finance Committee would be in favor of conveying the building and land to Natural Harvest. Chris and Anja will go to the Finance Committee meeting on 6/23 to ask for the conveyance of the land and building. They will also ask the City for a Development Agreement for the 4th St site, which was the number one site that the Market Study explored. The second best site was the current site of Natural Harvest. Expansion on the current site would mean we would need additional land (flags/Bess Metsa Garden) to expand the building on both ends.

After the land has been conveyed to us and we have a legal description, Anja will have the building and land appraised.

c. Co-op Membership Month Brainstorm

Co-op month is in October. The board members were asked to come back to the next meeting with ideas on how the board can be involved with Co-op month this year.

d. PCI compliance

Anja reported that she is working on getting the Co-op PCI compliant. A questionnaire needs to get answered to make sure we are adhering to best practices on how to keep credit card data safe. We will need new credit card terminals by October that can read credit cards with embedded chips. Troy suggested Brent Saari to help with IT questions.

Next scheduled meeting:

The next meeting is tentatively scheduled for 7/20 at 5:30pm. Janet will be the acting board chair. Anja will be on vacation, Sandy will be there to give store updates and take minutes.