

## **Moscow Food Co-op Monthly Board of Directors' Meeting** **Tuesday, January 14, 2014, 6:15 p.m.**

**Present:** Bill Beck, Colette DePhelps, Kurt Obermayr, Tammy Parker, Julia Parker, Idgi Potter (Board); Melinda Schab (General Manager); Joan Rutkowski (Administrative Assistant)

**Facilitator:** Kay Keskinen

**Guests:** Breanne Durham, Tiffany Harms, Sarah MacDonald, Hunt Paddison, Josh Pilon, Dave Richards

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### **STUDY & ENGAGEMENT**

The meeting began with Study & Engagement instead of Member Forum; at the time in which Member Forum was scheduled there were no guests present with an interest in speaking.

Colette opened Study & Engagement by suggesting that the Board have a general conversation about how to engage owners in the Co-op and the Board's governance. The first step in the process may be to refine some committee details:

#### Committee restructuring and focus

- The Owner Relations Committee name could change to become the Owner Engagement Committee.
- We may want to repopulate the Professional Development Committee with members of the Board's Executive Committee. The Executive Committee already is working on tasks related to professional development, such as developing the meeting and retreat agendas and working with Cooperative Board Leadership Development (CBLD) on the Board's training needs. The chair of this revised Professional Development Committee could be the Vice President to give the VP a chance to take on more of a leadership role. The Board President and Treasurer also would be on the committee. This would free up other directors for the Owner Engagement Committee, which currently has one director.
- Committees seem to work well when they have no fewer than three directors. It's worked well to have each director chair one committee and serve on a second committee.

These changes could shape the general discussion about owner engagement. For example, a reenergized Owner Engagement Committee could develop a communications plan for engagement efforts.

The Board also discussed how the Owner Engagement Committee's work relates to the outreach and engagement work that is the focus of the Co-op's Advancement staff. The Board's committee is focused on engaging owners with the Board and governance, not on owners' activity with the Co-op overall. At times there may be overlap in efforts, and it's best if the Board first gets clear on what it wants to communicate to owners and then works with staff on this when needed.

The Owner Engagement Committee should also consider how owners and staff could work with the committee, perhaps in ad hoc efforts.

#### Owner Engagement ideas

The Study & Engagement reading titled "Making Member Relations the Co-op's Organizing Principle" has ideas for promoting how co-ops can help owners' household finances, informing owners about the

co-op's efforts, and facilitating a stronger identity as a co-op (these are Brett Fairbairn's strategic cooperative areas: economic linkage, transparency, and cognition).

The Board discussed how having owner engagement as a more clearly identified guiding principle could lead it to be more intentional about governance topics for the newsletters and Breakfasts with the Board. The Owner Engagement Committee also could develop owner forums and surveys.

An owner engagement plan could shape all of these efforts. Some of the efforts would be done in partnership with Melinda and employees. Tiffany Harms, the Co-op's Advancement Manager, said the partnership could have directors working with staff on some orientation efforts with new owners.

The Board needs to decide which directors to send to CBLD's March 1<sup>st</sup> Cooperative Café. The café has a focus on owner engagement, and Owner Engagement Committee members should be among those who attend.

Directors expressed agreement with these committee changes that would help put more focus on owner-engagement and set the related decisions aside for the business agenda.

**Action:** Joan will update the Committee Chart with changes from the January meeting, including using the updated SI Committee purpose from its finalized charter.

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## MEMBER FORUM

Ten minutes were added back to the agenda for Member Forum so that guests Breanne Durham, Josh Pilon, and Dave Richards, who arrived late, could address the Board.

Dave Richards, manager of Lewis & Clark Habitat for Humanity, said that he, Breanne, and Josh came to the meeting to share their interest in starting a cooperative grocery in downtown Lewiston. He said that their preference is to have the store be an extension of the Moscow Food Co-op, but they also could try to start their own separate operation. They all are part of the Beautiful Downtown Lewiston group of individuals and businesses working to revitalize Lewiston's downtown. Richards, who said that he was a manager with Roseaur's for 15 years, said they believe the time is right for downtown Lewiston to have a cooperative grocery.

Breanne Durham, Executive Director of Beautiful Downtown Lewiston, said a cooperative grocery would fit well with group's efforts, which are shaped by the "Main Street" program model that has successfully revitalized older commercial districts nationwide. Their organization has been running a Farmer's Market and a summer concert series, organizing the creation of street art and murals, and working with stakeholders on economic restructuring that produces a sustainable mix of downtown businesses. She said that bringing a niche grocery store to downtown has been on their list for a long time. Breanne said Beautiful Downtown Lewiston would be a resource if the Co-op considers opening a store in Lewiston. For example, the organization could help with data collection.

Josh Pilon said a co-op in downtown Lewiston would be a catalyst for further revitalizing both downtown and the community's health and well-being.

The Board thanked the guests for sharing their ideas. Colette explained that the Board is close to finalizing an update to its Strategic Plan, which will guide the Co-op's long-term goals for the next

several years. If it shows that growth is a priority for owners, the Co-op's governance policies leave it to the General Manager to pursue details about growth opportunities. For now, the Lewiston group is welcome to provide data/market research, and Melinda could help connect them to national cooperative groups for resources to guide an independent effort.

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## **CONSENT AGENDA**

### **Winter Retreat Minutes:**

Motion to accept the Winter Retreat meeting minutes, seconded, **passed 6-0**

Motion to accept the December 2013 BOD meeting minutes as amended, seconded, **passed 3-0-3**

- Amend to identify both Hunt Paddison and Brian Paddison as guests

### **GM Compliance Reports:**

#### **Policy B3: Communication and Counsel to the Board**

The General Manager (GM) provided a written report about events and trends affecting store performance and stability.

- Colette noted that the Board may want to get involved in the store's survey of customers that will be conducted as part of its 2015 Marketing & Merchandising Plan. The Board may have some survey needs that can be addressed as part of this effort.
- Bill thanked Melinda for providing the final numbers on the 2013 patronage dividends. With nearly 46 percent of the amount going unredeemed, we may need to think of more ways to encourage owners to cash in their dividends. Melinda agreed, and also said that we do not know how much of what was unredeemed belonged to owners who moved and did not provide a new mailing address.
- Bill said he found it odd that the HR audit scores of our systems are low and yet our employee satisfaction scores are high. Does the discrepancy say something about the survey questions? Kurt suggested that it means employees' responses are more about their immediate, individual experiences, and they usually don't have insight into best practices. Colette noted that Melinda began making HR improvements when she received Part I of the audit report a few months ago, and she has described her efforts in GM compliance reports and at the Winter Retreat. Melinda inherited the system that was audited, and Colette said she appreciates the leadership Melinda has shown by initiating the audit and working on the issues so soon after she was hired as GM.
- What is the schedule for the next HR audit? This audit was our first formal HR audit. Melinda said the industry standard seems to be to conduct one every four or five years. A check-in at the three-year point may be good. Melinda suggested that the Board consider establishing a guideline for the audit's frequency in Policy B1. Idgi suggested that instead of changing policy the Board could simply request that Melinda arrange for another audit in three years.

Motion to accept B3 and find it in compliance, seconded, **passed 6-0**

#### **Policy B2: Compensation and Benefits**

The General Manager (GM) provided a written report on workplace conditions and employee benefits.

- Melinda was thanked for producing such a thorough report.

- Kurt wondered if the “Typical Hourly Wages” for Latah County include Medicare and Social Security in the calculations. Melinda has included these figures in her calculations of the Co-op’s “Total Compensation Package,” and Kurt wondered if the two can be compared to each other. Melinda said that she does not know if those figures went into the Latah County data.
- The compliance report identifies that we are continuing to give a \$.30 raise for every 1040 hours worked. However, Melinda said we will soon shift to a merit-based raise system once our new wage tiers are finalized. This formalizes the raise process by requiring that all raises be connected to a satisfactory evaluation. It also helps us with documentation on all fronts. An employee also can receive a bump after the first 90 days if they are meeting expectations.

Motion to accept B2 and find it in compliance, seconded, **passed 6-0**

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## BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Board members are encouraged to attend the Ignite! Food Summit on January 29<sup>th</sup>, from 9 a.m. to 3 p.m., at the 1912 Center. We are co-sponsoring this summit with the Palouse-Clearwater Food Coalition.

- Directors will review the draft 2013 BOD self-evaluation and send comments to Bill by Dec. 24. NOT DONE/REVISE
- Bill and Tammy will update the Board’s self-evaluation template (if needed) based on feedback and send it to the full Board ASAP after Dec. 24. NOT DONE/REVISE
- Directors will send their completed 2013 Board evaluations to Joan by January 7 for inclusion in the January BOD packet. NOT DONE/REVISE
- Julia will complete the Survey Monkey for Policy D1. The complete results will determine if there are specifics or discrepancies to talk about (possibly in Study & Engagement). NOT DONE
- The Board/GM will update where we are with the auditing effort and what’s needed to go forward. REVISE
- The Board should consider establishing a financial audit committee, involving the Treasurer, to understand the Co-op’s audit needs. MELINDA HAS SAID SHE WILL CONDUCT IN AUDIT IN 2015.
- Directors should consider the usefulness of each financial report in the December packet and submit their opinions to Joan for summarizing in advance of the January meeting. REVISE
- The Board will determine whether to keep or refine the required key indicators. REVISE
- The GM and Board President will consider how to improve the financial reporting process. TO DO WHEN FEEDBACK IS READY
- Based on feedback regarding financial reporting, Policy & Bylaw will look at the CBLD policy template and clean up language in B9 (including changing the name to “Current Financial Conditions”). NAME CHANGE DONE; REST TO DO IF/WHEN NEEDED. REMOVE FOR NOW
- The Board needs to determine how to move through disagreements about at-will and personnel file access. Directors should share their ideas for the process with Colette. ON AGENDA
- Matt and Idgi will research how other co-ops have grappled with the at-will employment issue. NOT DONE/REVISE
- Kurt will talk to Tiffany about drafting something about the personnel file access topic for the staff newsletter. ISSUES AROSE/REMOVE
- Joan will work with the Elections Committee to submit the necessary candidate information for the January and February newsletters. JAN. IS DONE
- Bill will check with Tym Park and Lauretta Campbell about their interest in running for the Board. NOT DONE/TOO LATE TO DO
- (Revised): The elections committee will continue recruiting both prospective Board members and committee members to help with recruitment; this will be ongoing work beyond upcoming elections. - WE’LL REMOVE THIS REMINDER AFTER IT’S STATED AT BOD mtg.

- Melinda and Tammy will propose a recruitment/nominations subcommittee. This committee could involve the BOD Secretary and at least 3 POs. *STILL ONLY 1 person has joined; change to actively recruit*
- The elections committee will share with its recruitment subcommittee the ideas generated at the spring 2013 retreat. *To do when subcommittee forms*
- Colette and Joan will ensure that the agenda planning process considers whether the upcoming Board meeting needs a report from the elections committee about recruitment/nominations.
- Melinda will seek feedback from POs and/or the general membership on how the Board's discount should be structured. TO DO
- Directors will send suggested PO Program mission statements to Joan by Jan. 6 for her to summarize and include in the January Board packet. NOT DONE/REVISE FOR FEB. S&E DISCUSSION
- Directors will look at the elections committee charter draft from the Dec. packet and send Tammy suggestions. TO DO
- Tammy will submit a final draft elections committee charter for the Jan. BOD meeting packet. TO DO
- Tammy will send Tiffany the approved elections committee charter to help publicize the PO openings. TO DO
- The Board will engage in education about growth, including reading "Growth Roadway" and other articles that Todd can recommend. Who leads this effort will be shaped by possible committee restructuring. REVISE: FOR CONSIDERATION IN MARCH OR AT SPRING RETREAT, AFTER S. PLAN IS FINALIZED
- Melinda will produce a written Market Opportunity Report on growth opportunities/ideas in the community for the January Board meeting (executive session). REVISE FOR BETTER TIMING
- Melinda will check in with Development Cooperative about what growth support they can provide, including developing a pro forma. REVISE FOR BETTER TIMING
- Member Engagement will consider how to involve owners in the growth conversation/process; this effort will include feedback from the Strategic Plan Update. REVISE FOR BEST TIMING
- The Executive Committee will create a process to prepare the Board for the GM's evaluation, which will be conducted during Executive Session at the January Board meeting. TO DO/REVISE TIMELINE
- Julia will work with Melinda to create a call for owners to join Membership Engagement. TO DO AFTER COMMITTEE HAS FINISHED ITS CHARTER

DONE

- ✓ Melinda will report on how much staff time is required for the Board's monthly reporting requirements. 2-3 DAYS
- ✓ Joan will reschedule the 2014 Board Communications Plan for January's Study & Engagement.
- ✓ Joan will reschedule the committee restructuring discussion for January's business agenda.
- ✓ Melinda will talk to the Co-op's insurance agent for insight about at-will employment, such as whether there is middle ground between being at-will and otherwise, and what an employee's responsibilities are if a business is not "at will". EMAILED
- ✓ Joan will send Tammy all other charters to help her finalize the elections committee charter.
- ✓ Tiffany will provide information/reminder to help Board members draft suggested PO Program mission statements.
- ✓ Strategic Initiatives will use the template in the June agenda packet to finalize and submit a charter that they will share at the [January] Board meeting.
- ✓ In January, Melinda will report on the final results of patronage dividend distribution and use. IN B3
- ✓ Melinda will email the Board a proposed alternate plan for the January BWB.

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**CONFIRM AGENDA**

Changes:

- Addition: Board member resignation
- Addition: Vote on restructuring committees

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## **BUSINESS AGENDA**

### **GM financial report/Monthly update (report)**

The GM provided a written report, per Policy B9, about the Co-op's financial activity.

**Action:** Melinda will ask Deb how much time and money it would save to produce financial charts quarterly instead of monthly.

Motion to accept the financial reports as in compliance, seconded, **passed 6-0**

### **Policy B3 (proposal)**

This proposed amendment to Policy B3: Communication and Counsel to the Board would allow the Board to access personnel information through an internal or external HR review that would redact all names and identifying information.

Directors considered whether this topic is better suited for Policy B1: Staff Treatment. The committee had considered both options, but thought the intention was more about establishing access to information through the standard communication chain. However, Colette noted, the Board wouldn't initiate a file review without cause, and the cause would come from considering the GM's compliance with B1.

Because the amendment comes to the Board already moved and seconded by the Policy & Bylaw Committee, the Board has to vote on whether or not to accept the amendment before making other amendments.

Motion to accept the proposed Policy B3 amendment **failed 0-6**

### **Policy B1 (proposal)**

The committee's proposed amendment to Policy B1: Staff Treatment adds the requirement that employees be provided with updates to the employee handbook in a timely manner. The Board also suggested amendments to:

- move the position of "in a timely manner" to the end of the sentence in #8.
- change all references to "staff" to "employees"
- include the committee's wording on access to personnel files that was originally proposed for B3, but with some revision so that it reads: "Should the Board require a review of information contained in personnel files, that information will be prepared as a report by either an internal or external Human Resources professional who will redact all names and other identifying information. Such information will be requested only as necessary with regards to evaluating the performance of the GM."

### **Discussion:**

Because access to personnel files won't routinely be required of the GM, the amendment could stand as its own concluding paragraph.

Melinda expressed concern about how to maintain confidentiality about employees when their information is reviewed. For example, if there has only been one termination in a certain time period and the Board requests information on terminations during that time period, directors may by default

end up knowing the identity of the employee even if the review does not disclose any names. However, it was noted that personnel information can be shared in executive session, which is not public, and the Board is obligated to keep such information confidential.

Motion to approve the proposed Policy B1 changes with the suggested amendments, seconded, **passed 6-0**

**Action:** The Policy & Bylaw Committee will make sure the Board's policies appropriately use the words "staff" and "employee(s)".

### **Resignation (report)**

Director Matt Gras has resigned effectively immediately. Colette expressed the Board's gratitude for his service. The impact on the election will be discussed later in the agenda.

### **Policy B9 (proposal)**

Most of the proposed amendments involve changing wording so that the policy's requirements are expressed in terms of what the GM "must" do instead of "will not" do. Also, the title is changed from "Executive Limitations" to "Current Financial Conditions" to better reflect the purpose of the policy.

Motion to accept the proposed Policy B9 changes **passed 6-0**

### **Elections/Recruiting Update (report)**

Tammy summarized the latest details related to the upcoming Board election. Tammy and Joan have been working on election details with Tiffany and Sarah (Advancement Department), who have created a great plan for engaging owners in the election:

- We were going to use VoteNet to do electronic voting, but now we won't because Matt's resignation makes it an uncontested election and so the expense does not make sense.
- We will be using a Question and Answer format with three questions that candidates will answer for the newsletter. The statements submitted in the application can sometimes deviate from each other substantially, and so with the Q&A format we will have more of an "apples to apples" comparison for voters.
- Advancement will produce a Voter's Guide about two weeks before the forum. The goal is to have an accessible and user-friendly educational tool about the candidates and the Board in general. This is to help owners feel informed enough to vote, which will boost engagement in the election.
- We're talking about having the February 19<sup>th</sup> forum at 6 p.m. so that we can catch people after work, before they settle for the night at home.
- Tammy and Bill will have the candidates' orientation this week.

Tiffany shared the main messages and images that marketing efforts will use during the election. Efforts include having posters with images of Co-op owners alongside quotes about why they are voting. Tiffany learned from a NCGA marketing conference that customers respond well to photos of owners in the store.

Because this election is uncontested, we will have a yes/no vote.

**Action:** Colette will follow up with Matt to confirm whether he is formally withdrawing from the 2014 Board election.

### **Feedback on 2014 BOD draft calendar/Elections checklist (inform and discuss)**

Joan shared a draft of the Board's 2014 calendar and a checklist to use for planning future elections. With the Board, Advancement, and Board/GM Admin involved in the election, she thought it would be useful to have a checklist of what needs to be done by when in order for the group to efficiently and effectively orchestrate all of the details related to an election.

Joan will change the Forum month from March to February before distributing the calendars.

### **BOD-Employee relations article (discuss)**

The Board gave Kurt some general feedback on his Q&A that addresses common questions about Board/employee relations. It was well received, and directors will take the time to provide more thoughtful feedback, if needed.

**Action:** Board members should get feedback to Kurt re his Q&A about employee relations by this Friday.

**Action:** Kurt will submit his Q&A for the employee newsletter by Monday the 20<sup>th</sup> at noon.

### **Strategic Initiatives Charter (proposal)**

The Board considered the draft Strategic Initiatives Committee charter. Past charters for existing committees have been informally adopted, but Colette said she would like it if the Board voted on charters.

The group agreed with Bill's suggestion that the Strategic Initiatives charter establish the committee's purpose as being about "monitoring" implementation of the strategic plan instead of "assessing" implementation. This better clarifies that the committee is not working on implementation of the plan and is instead keeping its eyes on the plan's progress on behalf of the Board. It is not doing the Board's work of setting the Co-op's strategic direction.

Motion to accept the Strategic Initiatives Committee charter with the amendment to make the purpose about monitoring instead of assessing, seconded, **passed 6-0**

### **Committee restructuring (proposal)**

Motion to restructure the composition of the Professional Development Committee and rename the Member Engagement Committee to be the Owner Engagement Committee, seconded, **passed 6-0**

Bill, Julia, and Melinda volunteered to be on the Owner Engagement Committee.

**Action:** The Owner Engagement Committee will work on its charter for the February Board meeting.

**Action:** The Owner Engagement Committee will develop a draft Communications Plan for owner engagement.

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## **BOARD ASSIGNMENTS AND MEETING REVIEW**

### **Newsletter Assignments**

Due 1/17: Winter Retreat article - **Colette/Joan**

Due 1/17: Elections article - **Tammy**

Due 1/20: Q&A about Board-staff relations (for employee newsletter) - **Kurt**

Due 2/15: Annual Meeting preview - **Bill**



Due 2/15: Strategic Plan - **Colette**

Breakfast with the Board (BWB)

2/08: Meet the candidates - **Colette + candidates + possibly Tammy**

3/08: Need topic, possibly Strategic Plan - **Julia**

Study & Engagement

February: PO Program

March: Strategic Plan (tentative)

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*Regular meeting adjourned at 8:39 p.m.*

*Notes taken by Joan Rutkowski*

**EXECUTIVE SESSION**

The executive session topic was "Co-op employment/at-will." This topic was discussed in executive session in order to ensure the protection of employee confidentiality, if needed.

The Board received written communication regarding "at-will employment" prepared by General Manager Melinda Schab, and heard the legal opinions of the Co-op's attorney Tod Geidl regarding "at will" employment in Idaho and the Co-op's status as an "at will" employer. The Board had an opportunity to ask clarifying questions of Mr. Geidl. The Board discussion also referenced the opinions of Rick Rosskelley, the Employment and Labor Law attorney recommended to us by the Co-op's insurance representative at Shook-Leavitt (the Co-op can access their HR legal advice for free via Shook-Leavitt's Employment Practices Liability Assist program). The Board received Rosskelley's information from Melinda via email on December 10, 2013. Mr. Geidl and Mr. Rosskelley strongly advised the Board that the Co-op being an "at will" employer is important to protecting the Co-op legally and financially.

Mr. Rosskelley, when asked by the Co-op's Human Resources staff member Karen Faunce about the legal ramifications of removing our at-will status, strongly advised against a removal of the status as he considers it to be a vital protection for employers – without it, there is a real risk of interpretation that an 'open-ended contract of employment' exists with an employee. To address this risk, the Co-op would need to describe all the possible reasons and all the possible methods by which we could let someone go. If we were not able to create an exhaustive list, an employee could have cause of action for a suit. Mr. Geidl shared this opinion.

Melinda shared her written opinion that the MFC should retain its status as an "at will" employer based on: concerns about financial risk and the need to protect owners' assets, the fact that the recent employee survey showed employees are satisfied with current personnel practices, and that the Co-op is in the process of making its personnel practices even stronger by implementing the recommendations that came out of the fall 2013 HR audit. She also provided the Board with a written statement of advice to the Co-op's Insurance provider, Shook-Leavitt, from Risk Placement Services, Inc., which states "The insurance carrier's recommendation is that the board follow the paid experts that they have on staff, their human resources personnel, as well as general counsel" with respect to removal of "at will" from the employee handbook.

In summary, Mr. Geidl and Mr. Rosskelley's advice was to remain an "at will" employer, but uphold policies that demonstrate that our at-will status does not govern our relationships with or treatment of our employees. And, that by having a superior wage and benefits structure, a clear, progressive

disciplinary procedure, and a fair (and also confidential) process that guides all of our hiring, evaluation and termination decisions, the Co-op already distinguishes itself from the status-quo of "at-will" employment in Idaho.

In a "round robin" format, Board members shared their feelings and perspectives about "at will" employment in general and the Co-op being an "at will" employer. The majority of Board members expressed disliking "at will" philosophically. And Bill clearly expressed his opinion that "at will" employment is contradictory to our Cooperative Principles and that he believes there are other viable alternatives for the Co-op.

Based on the Board's understandings from consulting with the Co-op's attorney, the attorney recommended by the Co-op's insurance company, and the operational opinion of the General Manager, the outcome of the "round robin" was that five of the six board members felt it necessary for the Co-op to remain an "at will" employer.

The Board agreed to communicate this understanding to members by writing an article, jointly with Melinda, for the Community News as to why the Co-op is an "at will" employer.

**Action:** The Board will write an article with Melinda as to why the Co-op is an "at will" employer for the Community News.

Executive session adjourned at 9:42 p.m.

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The next meeting will be Tuesday, February 11, at 6:15 p.m. (with dinner beginning at 5:45 p.m.) in the Fiske Room of the 1912 Center.

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Signature of the Board President

Date