

## **Moscow Food Co-op Monthly Board of Directors' Meeting** **Tuesday, March 11, 2014, 6:15 p.m.**

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

**Facilitator:** Kay Keskinen

**Guests:** Hunt Paddison, Sarah MacDonald

The meeting began at 6:15 p.m. with four directors in attendance, which is the requirement for quorum. Colette joined at 6:20 p.m. and Kurt joined at 7:21 p.m., bringing attendance to six directors.

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### **MEMBER FORUM**

No guests with an interest in speaking during Member Forum were present.

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### **STUDY & ENGAGEMENT: CBLD Café Report**

A group of directors and staff attended a Cooperative Board Leadership Development (CBLD) “café” about owner engagement on March 1<sup>st</sup> in Portland. Tammy, Bill, Idgi, and staff member Sarah MacDonald each shared what they found most interesting and useful from the café.

- Co-ops can be more open and broad in how they view and encourage participation – it isn’t just about democracy through voting, buying food at the co-op, and serving on its Board. Café facilitators presented a framework for all of the ways in which people participate in their co-ops: people own, use, serve, and belong.
- Owning is about being involved in governance or strategic direction through activities such as voting or attending annual meetings. Using characterizes things like working for the co-op, shopping at the co-op, and being a vendor. Serving involves helping people see that when they participate and use the co-op to meet their needs they also are being of service to the co-op. It can involve a broad range of frequency and depth, such as talking to a neighbor about the co-op or serving on the Board. Belonging is about the identity and feeling that grows when people’s needs are met by the co-op.
- Using the framework of own, use, serve, and belong, co-ops also don’t need to focus on convincing people to participate and can instead emphasize inclusive and inviting ways to encourage participation and not make it seem so much like a political statement.
- Psychologist Abraham Maslow’s “Hierarchy of Needs” concept was used to describe the various ways people connect to their co-ops.
- Participation in all of its forms is the key difference between co-ops and their competitors, especially as traditional businesses start selling more local and organic products. This is our strength.
- Our marketing endeavors need to convey the cooperative model, values, and principles and invite owners to participate in the Co-op’s story.
- The café included time to discuss the challenges that can arise as ownerships grow and diversify. There can be a difference between being an economically successful cooperative and a natural foods store, which can lead to some tension among owners. The recommendation is to turn back to the cooperative model and ask owners what they want, rather than saying that we (the leaders) know what’s best for you and we just need to teach you to like it.

**Action:** Joan will track down the CLBD Café materials from the March 1<sup>st</sup> session in Portland to share with the full Board and Melinda.

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## CONSENT AGENDA

### **Minutes:**

Motion to accept the February 2014 BOD meeting minutes as amended, seconded, passed 5-0-0

- The timing of Dave Pilon's arrival to Member Forum will be clarified.
- 'Data comes' will be changed to 'data come'.

### **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.

- o Colette shared that the Good Food Book Club will be exploring what it would mean for Moscow to be a "transition town." [Transition towns are communities that are working to be able to sustain themselves amid challenges from climate change, peak oil, and general economic instability.] Co-op management may want to be in the loop on what comes out of those conversations.
- o It also was noted that Policy B6 now has the Board, in effect, monitoring the Participating Owner Program on a monthly basis through B3 reports. Colette recommended reconsidering this frequency.
- o Do we track volunteers who aren't in the PO Program? It depends upon the program; most aren't. Melinda is establishing better systems for tracking. None existed when she began as GM. It can seem like we have less participation than we really do because we are only reporting on the participation of those who get a volunteer discount.

Motion to accept B3 and find it in compliance, seconded, passed 5-0-0

#### Policy B8: Budget/Financial Planning

The GM provided a written report about the 2014 budget and the reasoning behind its projections.

- o Bill commended Melinda for a great, thorough report. All directors appreciated the key indicator definitions and explanations and the budget planning assumptions.

Motion to accept B8 and find it in compliance, seconded, passed 5-0-0

#### Policy B12: Owner Data Privacy

The GM provided a written report about the Co-op's practices for preserving owner privacy while also obtaining necessary accounting and purchasing information.

- o Directors briefly discussed how B12 arose when the Co-op began using scannable ownership cards, which increased our ability to track people's information. We did not let people form more anonymous groups behind membership numbers for legal reasons, including the need to be able to identify the amount of money spent by individuals so that patronage dividends can be issued.
- o Colette asked about policies that protect employee information, such as restrictions and guidelines for managers' access and use of personnel documents and for ensuring that personnel documents and employee evaluation materials are kept in the store and not on

managers' personal computers. Store Operations Manager Hunt Paddison said that there is protocol that limits managers' direct access to files and requires them to request documents from Human Resources.

**Action:** Melinda will provide the Board more specific information from our IT Manager on how we protect customer information.

Motion to accept B12 and find it in compliance, seconded, passed 5-0-0

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## BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Colette shared that the owner and general manager of Pilgrims in Coeur D'Alene and the United Natural Foods, Incorporated (UNFI) representative for our region are working to develop a regional distribution business for fresh, processed, and meat products. They would like it to operate as a cooperative. Colette said she will be involved in the effort in her professional life but directed the group to contact Melinda regarding the involvement of the Co-op. It may be something the Co-op could get involved in. Main Market Co-op in Spokane and Winter Ridge Natural Foods in Sandpoint might be involved.

The Board will resume its 6 p.m. meeting start time with the April meeting.

### Ongoing Action Items

- Based on the February Board meeting, the GM and Board President will consider how to improve the financial reporting process.
- The Board will review its financial indicators after the Strategic Plan update is finalized.
- The Owner Engagement Committee will work on its charter for the March Board meeting. *Draft developed; will be submitted in April*
- The Owner Engagement Committee will develop a draft Communications Plan for owner engagement. *To do*
- The Owner Engagement Committee will create a call for owners to join the committee. *To do*
- After Board approval, Joan will send Tiffany the approved elections committee charter to help publicize the PO openings. *Not yet approved*
- Melinda and Tammy will actively recruit owners for a recruitment/nominations subcommittee. This committee could involve the BOD Secretary and at least 3 POs. *Still just 1 person*
- The elections committee will share with its recruitment subcommittee the ideas generated at the spring 2013 retreat. *To do when subcommittee forms*
- P&B will draft policy changes that address what's needed to guide future Strategic Plan processes. *To do*
- The PO program discussion could include whether Melinda should still seek feedback from POs and/or the general membership on how the Board's discount should be structured and/or whether to consider Board stipends.
- If so directed by the updated Strategic Plan, in May or at the Spring Retreat the Board will engage in education about growth, including reading the "Growth Roadway" article.
- If and when it's needed, Melinda will produce a written Market Opportunity Report on growth opportunities/ideas. She also could consult with Development Cooperative about what support they can provide, including developing a pro forma.
- If so directed by the updated Strategic Plan, Member Engagement will consider how to involve owners in the growth conversation/process; this effort will include feedback from the Strategic Plan Update.

### DONE

- ✓ Directors should prepare in advance how they would like to approach the conversation about the PO Program at the March Board meeting.

- ✓ Idgi and Colette will structure a way to receive Board feedback on the draft strategic priorities document. Feedback is needed before March 9<sup>th</sup>. This process could involve working on a shared document that shows tracked changes.
- ✓ The Board will meet on Sunday, March 9<sup>th</sup>, from 1 p.m. to 5 p.m., to finalize the draft plan that will be submitted to the Advancement Department for production work on March 24<sup>th</sup> for layout and production.
- ✓ Melinda will let Bill know where he can find donation expenditures in the financial statements.
- ✓ Joan will submit a final draft elections committee charter for the March BOD meeting packet.
- ✓ Directors who can attend the CBLD Café in Portland on March 1st will let Melinda know by Sunday, February 16th.
- ✓ Melinda will register directors for the CBLD Café.
- ✓ Joan will add to the Board's calendar policy monitoring deadlines that provide enough time for the survey reports to be included in the agenda packet. Survey links will be sent with the call for agenda items.
- ✓ Melinda will provide the information she had presented last year about which of our indicators are different from the NCGA's. *Emailed 2/13*
- ✓ P&B will make sure the Board's policies appropriately use the words "staff" and "employee". *Ongoing, as policies are amended for other reasons*
- ✓ Directors will send their completed 2013 Board evaluations to Joan by Sunday, Feb. 16 for her to summarize for the March BOD packet. *Done (but late)*
- ✓ 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 March Board meeting.
- ✓ Melinda will let Deb know which of the financial charts she can stop preparing monthly. The Board wants to see the complete package of charts annually, in March, when it receives the budget for consideration. Each month: The table with sales, gross payroll, and expenses; Average Daily Sales; Days of Cash; New and Renewed Membership Dollars Invested; Gross Profit Margin Percentage; the table showing the financial ratios; and the table that includes year-to-date net income and savings, member investment, and days of cash per NCGA. In March also add: Monthly Sales Trends; 2013 Total Store Same Day Sales; Weekly Customer Count; Monthly Operating Expenses; YTD Net Income as a % of Sales; Quick Ratio graph; Current Ratio graph; and Debt to Equity graph.

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## CONFIRM AGENDA

Addition: The Participating Owner agenda item will include consideration of how much PO Program information should be provided in the monthly B3 reports.

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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.

Motion to accept the financial reports as in compliance, seconded, **passed 5-0-0**

### **2014 Budget (proposal)**

The Board discussed the conservative growth expectation. Melinda said that the Co-op has consistently been conservative with its budgets over the years. This can require vigilance for situations in which sales projections are not met so that adjustments can be made promptly.

**Action:** Melinda will ask Deb if she can make inactive committees show up as such in the budget.

Kurt Obermayr joined the meeting at 7:21 p.m.

Motion to accept the proposed 2014 budget, seconded, **passed 5-0-1**

#### **D9 Monitoring Timing (proposal)**

Motion to move D9 policy monitoring from February to April so that the monitoring can be a tool for reflection on the recent election, seconded, **passed 6-0**

#### **Board Policy Compliance D4, D5, D6, D7, D11 (proposal)**

The group reviewed outcomes from the monitoring surveys and clarified questions that had arisen in the comments:

- The goal for productive discussions per Policy D5 was discussed. A few directors mentioned that while longer discussions can be valuable, perhaps the Board could be more mindful of the need to move to a vote sooner than it usually does, especially when discussion is not making progress.
- The Administrative Assistant's job description should be revised to better reflect that she does more than provide record-keeping and clerical support.

The survey reports come to the Board motioned and seconded when the results show compliance.

Motion to find the Board in compliance with policies D4, D5, D6, D7, and D11, seconded, **passed 6-0**

#### **Elections Committee Charter (proposal)**

The Board considered the second draft of the Nominations & Elections Committee Charter. It was updated to include more specifics about the committee's duties and composition, as expressed in Policy D9.

One of the duties is for the committee to "oversee special membership meetings/elections called in accordance in MFC bylaws." The Board discussed whether this statement is meant to refer to special elections-related meetings or to all special meetings. MFC bylaws only speak to the calling of such meetings, not their oversight.

**Action:** Policy & Bylaws Committee will research how to handle oversight of special membership meetings and elections and consider how to align related policies with what our bylaws say about this topic.

**Action:** The draft Nominations & Elections Charter will be updated to reflect any changes made to how special membership meetings and elections are overseen and to clarify that the committee conducts candidate orientations (not new director orientations, which are done by Professional Development).

#### **Participating Owner Program (discussion/proposal)**

**Monitoring:** The Participating Owner Program policy (B6) now has the Board, in effect, monitoring the program on a monthly basis through B3 reports even though B6 also has the GM formally reporting to the Board about the program on an annual basis.

Motion to remove the PO participation charts from the B3 reports and continue having brief descriptions about participation in the reports, seconded. Discussion: The Board discussed how much perspective on participation trends should be provided in B3.

Motion passed 4-2

Ad hoc committee idea: At the last Board meeting, directors expressed interest in taking time at this meeting to consider forming an ad hoc committee to assess the PO Program and recommend changes, if needed. Kurt submitted a proposal and Colette submitted a document that added ideas to what Kurt provided. The Board discussed the suggestions regarding the committee's composition.

It was noted that the number of members and whether consensus or majority vote will be used should be considered as the committee's guidelines are established.

Julia, Idgi, Bill, and Melinda would like to be on the committee. Kurt has some interest in serving on the committee.

Motion to form a joint ad hoc committee of the Owner Engagement and Strategic Initiatives committees in order to assess the PO program, propose a redesign, and recommend policy changes as necessary, seconded.

Discussion: The ad hoc committee can determine whether it should address Board compensation. It also was clarified that the motion means the committee is programmatically connected to the Owner Engagement and Strategic Initiatives committees, and not that the composition is limited to members of those committees.

Motion passed 6-0

**Action:** Julia, Idgi, and Bill will develop a detailed committee description to help guide the formation of the Ad Hoc Participating Owner Program committee.

It was clarified that Julia, Idgi, and Bill are not necessarily on the ad hoc committee. The committee will be constituted after opportunity to join the committee is announced to owners and everyone is given time to express interest in joining.

### **Board Self-Evaluation Summary (report)**

The averages of the results show that there are several areas in which directors do not feel the Board is doing as well as it could be. Only a few areas are strongly negative, and there also are several areas that the Board agrees it is doing well.

**Action:** Directors will review the Board's self-evaluation results and by March 30<sup>th</sup> each send to the Professional Development Committee (Colette & Idgi) three items they think should be emphasized as goals for the Board for 2014.

**Action:** By April 1<sup>st</sup>, the Professional Development Committee will submit for the Board agenda packet a proposal for the Board's goals based on directors' feedback on the self-evaluation (to be discussed in Study & Engagement).

### **BOD Timeliness & Responsibilities (discussion)**

Directors discussed the need to meet the deadlines they commit to and follow through on their action items. The administrative assistant is having to send several reminders about work that is not moving forward. When work comes in late, it can add to her workload. Also, attention to the work and the

deadlines is important because the items are ultimately for the success of the Co-op. If work can't be completed by the deadline, directors need to communicate that to the administrative assistant and/or to each other, depending upon the task. This need to be more responsible also applies to coming to meetings prepared.

Policy D11, the Code of Conduct, requires directors to “devote the time needed to fulfill the responsibilities of the position” and to “be prompt, attentive, and prepared for all Board and committee meetings.”

### **Annual Meeting Plans (discussion)**

The group discussed which annual meeting and annual report responsibilities are in the Board's domain and which responsibilities are in the general manager's domain. Melinda provided a CBLD field guide for creating effective and compelling annual meetings and reports.

There is general understanding that the Board is responsible for the business portion of the annual meeting, during which it shares financial information about the Co-op with owners. Activities outside of this business portion of the meeting typically have been planned by Co-op staff. Colette said that she is comfortable with Melinda deciding which particular financial indicators go into the annual report. Idgi, because she is the Board's Treasurer, can talk about the financials at the annual meeting.

Melinda wondered if the Board wants more of a hand in what the entire meeting looks and feels like.

**Action:** The Executive Committee and Melinda will meet to finalize plans for the Annual Report and Annual Meeting.

### **Committee Reports (report)**

Board committees shared information about their activities following the last Board meeting.

- Policy & Bylaw: Nothing to report. They will begin work on policy-related action items.
- Owner Engagement: Julia shared her work on a draft charter earlier in the meeting.
- Nominations & Elections: The Board election concluded on March 7th; members elected Glenn Holloway and re-elected Kurt Obermayr.
- Strategic Initiatives: The committee held a meeting with all available Board members on March 9<sup>th</sup> to talk about how to move forward with the draft Strategic Plan priorities. The outcome was to work with Sarah (Co-op Advancement department) to produce a short, well-designed handout that briefly describes the Strategic Plan update process, identifies the draft priorities, and invites owners to share ideas for how to actualize the priorities and to note whether they think something important is missed by the draft priorities. This feedback will be solicited at the annual meeting and through the website and newsletter. The Spring Retreat will be focused on identifying clear goals for the priorities.

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## **BOARD ASSIGNMENTS AND MEETING REVIEW**

### Newsletter Assignments

Due 3/15: Annual Meeting preview – Idgi

Due 3/15: At-Will article – Colette/Melinda

Due 3/15: Election results – Bill

Due 3/15: Draft Strategic Plan priorities/invite owner feedback – Idgi

Due 3/15: Tammy's leaving/Board opening – Tammy

The Board briefly discussed how to address the opening left by Tammy's departure. The process used with the last appointment should be followed, including having Joan update the appointment application packet that was used last time.

**Action:** Tammy's article about her leaving and the opening should say something to the effect that "the Board hopes to fill the opening by appointment at the May meeting" and that those interested should contact the elections committee at [boardelections@moscowfood.coop](mailto:boardelections@moscowfood.coop) as soon as possible.

**Action:** Joan will tell Sarah that she should use the Annual Meeting preview that Idgi submitted earlier and also fill in the Annual Meeting details as they are finalized.

**Action:** The Policy & Bylaw Committee will consider how to address the need for a procedure that guides Board appointments.

Breakfast with the Board (BWB)

April 12<sup>th</sup>: Inviting feedback on the draft Strategic Plan priorities (ideas for goals and any missing priorities) - Julia/Colette

Study & Engagement

April 8<sup>th</sup> meeting: Professional Development will discuss the self-evaluation feedback and their ideas for the Board's professional growth priorities.

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*Regular meeting adjourned at 9:02 p.m.  
Notes taken by Joan Rutkowski*

The Executive Session topic was "GM Evaluation," and the time was used to share with Melinda the results of her annual evaluation and to discuss the feedback.

*The next meeting will be Tuesday, April 8, at 6 p.m. (with dinner beginning at 5:30 p.m.) in the Fiske Room of the 1912 Center.*

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Signature of the Board President

Date