

Moscow Food Co-op Monthly Board of Directors' Meeting Tuesday, July 22, 2014, 6 p.m.

Present: Bill Beck, Colette DePhelps, Kurt Obermayr, Idgi Potter, Laurene Sorensen (Board); Melinda Schab (General Manager); Joan Rutkowski (Administrative Assistant) **Absent:** Glenn Holloway

Facilitator: Kay Keskinen

Guests: Karen Faunce, Joe Gilmore, Tiffany Harms, Dane Mills, Kyle Parkins, Deb Reynolds, Bekah Robb

Member Forum

Employee Dane Mills addressed the Board to share that he and other employees are upset with changes to lunch-related policies. He wanted to bring this information to the Board's attention. To help with financial concerns, the management team decided that beginning in late August the Co-op will no longer offer a \$5 employee meal ticket and 30-minute lunch breaks will no longer be paid. [Instead, soup, bread, coffee, and other freed-out items will be available in the break room, and the employee discount will increase from 18% to 20%.]

Employee Joe Gilmore addressed the Board to share that this decision was unanimous among managers, and it was done because it was a reasonable way to be proactive about making the Co-op more competitive and sustainable. He said that his employees and other employees he has spoken with have been very understanding of the decision.

STUDY & ENGAGEMENT: Draft Professional Development plan to address growth

This topic will be addressed at the next Board meeting. Glenn Holloway, chair of Professional Development, was absent and the document that was to be prepared for Study & Engagement was not completed.

Action: The draft Professional Development plan to address growth will be the focus of Study & Engagement at the August board meeting.

CONSENT AGENDA

Minutes:

Motion to accept the June 2014 BOD meeting minutes, seconded, **passed 5-0-0**

GM Compliance Reports:

Policy B3: Communication and Counsel to the Board

The GM provided a written report about events and trends affecting store performance and stability.

- One of the items was about the Co-op participating in a research study about cooperatives. A University of Idaho professor and graduate student are conducting the research, and their objective is to better understand the value cooperatives offer their owners and how those values are communicated to owners and the general public. The Board expressed interest in learning about the findings when they are ready, and Melinda was encouraged to invite the researchers to present their findings at a Board meeting.
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- The Board commended staff for dealing with the 15-door freezer when it quit working during the July heat wave and ensuring that no product was lost.

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

Policy A1.5: Community Services: Model Environmental Sustainability

The GM provided a written report about the Co-op's efforts to model environmental sustainability through our activities, facilities, products, and services.

- Melinda was encouraged to consider having Avista conduct an energy audit, especially if the audit is free to businesses. She said the Facilities Manager is looking into what the cost might be.
- Colette wondered about the focus of the soon-to-be formed sustainability committee. Melinda said it would be an employee committee that evaluates and addresses operational sustainability. Colette said that she recalls a facilities-oriented sustainability committee forming in response to the first Strategic Plan. She wondered how this new one would relate to the updated Strategic Plan. If the topic continues to be part of the Co-op's Ends, she would like to talk about how the new committee relates to the Strategic Plan.

Motion to accept A1.5 and find it in compliance, seconded, **passed 5-0-0**

Policy B11: Protection of Physical Assets

The GM provided a written report about the Co-op's methods and processes for protecting and maintaining the physical assets.

- Board members commended Melinda for the report's thoroughness.
- Melinda said that she is considering hiring an outside agency to count Wellness and Grocery department inventories because it will be more efficient to hire professionals. She said that it's taxing on Co-op staff to do inventory at least twice a year. It's an industry best practice to hire the same company each time for efficiency and a consistent margin of error. Staff would still do cycle counting.
- Laurene recommended that the insurance chart use the word "agent" instead of "insurer."
- Idgi said that she continues to be interested in having more of our banking be with credit unions, if that's possible.

Motion to accept B11 and find it in compliance, seconded, **passed 5-0-0**

Policy B13: Community Stewardship

The GM provided a written report about efforts to maintain an environment in which the Co-op and local producers can create mutually beneficial relationships. Melinda reported non-compliance with the top-level policy due to some internal systems that aren't yet aligned with policy. Colette noted that this policy relates to the former Strategic Plan and may need to be reconsidered within the context of the new Strategic Plan.

Action: Policy & Bylaw will reconsider B13's language and any other policies for alignment with the new Strategic Plan.

Motion to accept the B13 monitoring report as presented by the GM, seconded, **passed 5-0-0**

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Ongoing Action Items from June

- Owner Engagement will finalize the draft committee charter for submission to the Board.
- Owner Engagement will develop a draft Communications Plan for owner engagement.
- Owner Engagement will create a call for owners to join the committee.
- Joan will work with Tiffany to produce an announcement for PO openings on the elections committee, basing the announcement on the charter.
- Policy & Bylaw will look for an appropriate place in policy to define how the GM should relate to the Board and how the Board should monitor those expectations.
- As it works on updating the Ends, Policy & Governance will also consider whether any B policies (B6, B7, B13, etc.) are more about vision than GM limitations and should instead be with the Ends to provide more specific detail about expectations.
- Policy & Bylaw will draft policy changes that address what's needed to guide future Strategic Plan processes.
- Professional Development will determine whether any of the Board's goals from the April Study & Engagement need to become action items for the Board or for specific committees.
- If the ad hoc PO Program committee proceeds, Owner Engagement will present non-Board member names to fill the remaining openings on the committee (Idgi would contact Mark W.)
- The PO Program discussion could include whether to seek feedback from POs and/or owners on how the Board's discount should be structured and/or whether to consider Board stipends.
- Committee chairs will let Joan know of how many openings for owners and staff they have. *Elections is done; the rest are needed*
- Committee chairs will figure out a regular monthly meeting time and send the information to Joan ASAP. *Elections and P&B have done this; the rest are needed*
- Directors should email Melinda their ideas for increasing the number of locally made goods/crafts from producers in nearby rural areas.
- Committee chairs will present draft committee work plans for 2014 at the July Board meeting. *Not done; to be done by Aug. 5 for packet for the August meeting.*
- Melinda will work with staff to develop a 2008 Strategic Plan outcomes report and let Strategic Initiatives know if their assistance is needed.
- Melinda will work with the management team to organize a joint Board/Management dinner gathering in October.
- Policy & Bylaw will ask Todd to look through our governance policies for gaps or needs that should be addressed in advance of growth or exploration of growth options.
- In Executive Session at the July Board meeting Melinda will share a preliminary summary of growth options being discussed by management. *To do for August meeting*
- Owner Engagement will consider how to involve owners in the growth conversation/process; this effort will include feedback from the Strategic Plan Update.
- The Board will review its financial indicators after the Strategic Plan update is finalized.

DONE

- ✓ Bill will draft an introductory narrative to the Strategic Plan and bring it to the next P&B meeting as soon as possible. *Done; sent to the full Board*
- ✓ The Executive Committee will talk to Todd about how to structure monitoring the Ends policy in a meaningful way.
- ✓ Melinda will get a copy of the policies other cooperatives had to guide them through expansion. *Melinda sent these to Kurt*
- ✓ Idgi will photocopy for Melinda the CBL 101 materials.
- ✓ The Board will determine whether to let Melinda move forward under Policy B6 instead of forming an ad hoc Participating Owner Program Committee.
- ✓ Professional Development will look into training options in lieu of the July CBL training.
- ✓ Colette will talk to Mark Goehring about difficulties with the July timing for the CBL training.
- ✓ Melinda will distribute the draft priorities, suggested goals, and Board suggestions to managers for their feedback on the goals and explanations as soon as possible.
- ✓ The Nominations & Elections Committee will reach out to the PO who is helping with recruitment and invite her to work with the committee on this.

- ✓ The Elections Committee will develop a recruitment plan to present at the Board's July meeting.
- ✓ The Executive Team will talk to Todd about the differences between mission statements, vision statements, and Ends policies and share that information at the July 22 Board meeting.
- ✓ The draft Nominations & Elections Charter will be updated to reflect any changes made to how special membership meetings and elections are overseen.
- ✓ Joan will change the verbs in B3 points 2 and 3 before distributing the approved policy update.
- ✓ Policy & Bylaw will draft a policy for bringing a grievance against the GM for inclusion in the employee handbook and a separate policy that provides a process for bringing a GM-related concern or complaint to the Board when a formal grievance is not warranted.
- ✓ Policy & Bylaw will propose a revision to the monitoring calendar to make Ends reporting happen once a year, before the Annual Meeting.
- ✓ Kurt draft changes to the at-will article and pass it around for Board feedback.
- ✓ Board members will read Kurt's draft letter of support for the Lewiston co-op effort and let him know of their suggestions or approval.
- ✓ Professional Development will develop a proposal for helping the Board learn what it needs to know for the growth process. This professional development plan should include gaining clarity about accountability and responsibility with respect to the growth process.

CONFIRM AGENDA

Addition: The Board added discussion about employee meal changes to Executive Session.

BUSINESS AGENDA

GM financial report/Monthly update (report)

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

- Melinda shared that Holly O'Neil, a consultant who has worked with the Co-op, suggested that financial reports and committee notes be part of the consent agenda instead of the business agenda so that directors are required to read them in order to vote and so that questions about those reports are asked and answered in advance of the meeting. This will help with efficiency.
- The Board agreed that having the financial reports in the consent agenda is a good idea. There will still be the option to add time to the business agenda for more involved questions about any of the reports. Committee notes aren't on the agenda under the current process; they are included in the electronic packet.
- Bill asked why net profit is considerably lower than it was last year even though sales are up. He noted that the number is still reasonable and meeting industry standards. Melinda said that she learned a lot from her meeting with the NCGA's Chief Financial Officer, and he has recommended that we spend more money on store infrastructure. Deb Reynolds, the Co-op's Finance Manager, said that capital equipment investments won't show up on income statements.

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

A1 & D10 policy update drafts re: Ends reporting (proposal)

The Board considered proposals from Policy & Bylaw for having the GM report on the Ends together, two meetings in advance of the Annual Meeting. This change would be reflected in the Ends policy (A1) and the monitoring calendar (D10).

Motion to approve the proposed Policy A1 and Policy D10 changes **passed 5-0-0**

Policy B1 (Employee Treatment) policy update (proposal)

The Board considered a proposal from Policy & Bylaw that amends the Employee Treatment policy to add that employees can file with the Board a grievance against the GM in order to appeal an in-store grievance decision, and employees can bypass the in-store grievance process to take to the Board allegations about illegality or gross misconduct on the part of the GM. The proposal also states that the Board would have access to any file information relevant to the grievance as determined by the in-house grievance committee that advised on the initial grievance.

The Board suggests that Policy & Bylaw consider the following wording changes:

- Item #1 could be shortened so that it only states that the GM must “protect against discrimination among employees.” Even though the word ‘discrimination’ is being used in its truest sense, its negative connotation communicates unfairness and something illegal and so it would be best to not state instances when discrimination is allowed even though the point is to discriminate, or parse, which criteria are allowed for performance evaluations.
- The points about business-related criteria, qualifications, and individual performance from item #1 should be integrated into point #5 to state what is allowed in performance evaluations.
- The Board and Melinda agreed that the proposed language about grievances against the GM is acceptable.

Motion to refer the Policy B1 proposal back to Policy & Bylaw for work on items 1 and 5 for the August Board meeting **passed 5-0-0**

The Board also discussed the committee’s suggestions about how the Board grievance process could be described in the staff handbook. The committee proposes that grievers must suggest a remedy to their grievances, and the Board discussed what its options should be in response. Optional responses could be to accept or reject a griever’s suggestion, suggest an alternative remedy, and determine an alternate remedy. Because a suggestion does not have any teeth and the Board’s process is supposed to be the final step outside of anything in the legal arena, the Board agreed that the process details should state that the Board has the option to determine how a grievance should resolve.

Action: Policy & Bylaw will use notes from the July 22 meeting to work on B1 items 1 &5 and add in wording about the Board having the option to determine how grievances against the GM should resolve. Due August 5.

Action: Joan will send the HR Coordinator Policy & Bylaw’s suggestions for how the process for grievances against the GM could be described in the staff handbook. The Coordinator should modify the suggestions to reflect that the Board will have the option to determine how grievances should resolve. Due for the Board packet on August 5.

The HR Coordinator expressed support for the quick turnaround because an attorney has just reviewed a draft update of the staff handbook and the coordinator is hoping to have it published soon.

PO Program – moving forward (discussion)

This topic is on the agenda as a result of concern expressed at the June meeting about whether the Board is overreaching with its attempt to form an ad hoc committee to evaluate whether the Participating Owner Program needs to be redesigned.

Colette said that she would like the discussion about the Participating Owner Program to be had within a broader examination of “owner participation” in general. She would like to see relevant policy be broader than the PO Program, and this discussion would include consideration of the member relations policy (B7). This broader approach would take into consideration what was learned by directors who recently attended the Cooperative Board Leadership Development (CBLD) Café about owner engagement. Kurt and Bill agreed that looking at the program within a broader context is a good idea, and it would make sense for the process to be led by the Owner Engagement Committee.

Action: The Owner Engagement Committee will prioritize looking at how policy should guide owner engagement in general and how that outcome should shape 1) whether an ad hoc committee is needed to analyze the PO Program and 2) how staff proceeds with the Participating Owner Program.

Board resignation (discussion)

The Board accepted Julia Parker’s resignation, submitted in June, and expressed their thanks for her participation. Julia resigned due to changes in her work responsibilities and the need to spend more time with family.

Elections recruitment (proposal)

The elections committee recommends that the Board decide to fill the open seat by appointment rather than leave it open until the 2015 election. Bill said that even though there is some concern that an appointment is not as democratic as an election, there is a need to make sure that the Board has the numbers needed to do its work. An appointment process checklist is in place to guide the effort, and it aligns with the elections policy. The committee would like to revise the application packet questions so that they are more general and open-ended and less confusing and time-consuming. Committee members also will be using the recruitment list to help find quality candidates.

Motion to fill by appointment the vacancy left by Julia Parker’s resignation, seconded, **passed 4-1-0**

Action: The elections committee will work via email to update the application question(s) in time for the packet to be ready for distribution on August 1. The seat is open until filled and applications in by August 30 will be considered first for an interview and for an appointment by October at the latest.

Mission, vision, and ends & next steps (discussion/proposal)

Colette summarized the Executive Committee’s conversation with consultant Todd Wallace. He said that there was agreement at the Spring Retreat that the updated strategic priorities would make a good set of new ends for the organization. He thought that the different proposal that later came from the Policy & Bylaw Committee reflected a struggle with letting go and embracing change. He suggested that specific, focused work, such as updating ends, may not be suited for committees because that environment can lead to overthinking and a loss of alignment. He suggested instead having one or two people work on focused tasks that already have an identified outcome.

Laurene Sorensen left the meeting at 7:22 p.m.

Todd suggested that the Board adopt the new priorities as ends and consider carrying over the current end about environmental sustainability to satisfy concern about losing that emphasis. The Board should look at whether environmental sustainability is adequately covered in existing policy. If it’s not, the Board should consider if there is a way to make it work alongside the new ends. He said that economic sustainability is covered in the ‘B’ policies.

Action: Idgi will craft the new priorities as ends and consider how the current environmental sustainability end would work alongside the new ends. Due Aug. 5 for the Board packet.

Strategic Plan Goals (discussion)

The Board discussed the management team's goal statements for the new priorities. Some of the statements are the same as what was proposed by the Strategic Plan update work group and a few are slightly different. Managers have not yet formally considered measurable ways to achieve the goals because focus was needed to get aligned on the goal statements. Melinda said that she also would like to get operational ideas from department staff.

Board members said they liked the managers' goal statements. If environmental sustainability is retained as an end/priority in addition to it being a part of the Co-op's mission, it would fit best before the priority about growth (as a new #5). Melinda said that if this end is incorporated in the update, she would like the wording to be more succinct, so that it's instead "model environmental sustainability," which is more in line with the level of detail in the other priorities.

The Board discussed how much detail to publish and how much should be kept internal. They agreed that the published document will involve the priorities and goals with their respective explanations, and it will be framed by an introduction that includes the mission statement and overview of the history of the Co-op's strategic planning efforts. Specific targets and strategies will remain internal because that information should be kept confidential from competition.

The following timeline emerged:

1. After managers incorporate a sustainability priority and draft related goal statements, the goal statements will be ready for the Board's formal consideration at the August 12th meeting (due August 5th). Managers will also need to review the explanations for the priorities and goal statements and adjust where desired before the document goes to the Board.
2. At the August Board meeting Board members should be prepared to set a date for a work session before the September 9th Board meeting. The work session will involve considering any work needed on the mission statement and finalizing the publishable document for proposed adoption at the September Board meeting.
3. If the plan is adopted at the September Board meeting it would then go to the Advancement department for layout and design.

Action: Joan will update the Strategic Plan timeline to reflect details from the August Board meeting.

Committees: Reports/Work Plans (Report) & Charter Adoption (proposal)

Committee members shared information about their activities following the last Board meeting.

Nominations & Elections: Its work related to the appointment was discussed earlier.

Policy & Bylaw: Its recent work was discussed earlier.

Professional Development/Executive Committee: The group has mapped out a process for how the Board could approach its work around growth, and Glenn should have a summary ready for next month. They also talked to Todd about the Winter Retreat and having him lead it with Art Sherwood. Todd is talking to Art about this possibility, which may work out better if the retreat is held in January. We'll know by the August meeting whether Art is able to help with the retreat. Colette said that Mark

Goerhing appreciated learning why directors are not attending this year's CBLD training, and he will take the timing issue into consideration next year.

Strategic Initiatives: The Strategic Plan work was discussed earlier in the agenda.

Owner Engagement: The committee has not been meeting and it needs a chair. Colette said that she will formally ask Laurene to chair the committee; there is a tacit agreement they each director will chair one committee.

Idgi noted that because Executive Committee members also constitute the Professional Development Committee, this grouping of directors works together more frequently and there is less diversity in interactions. The Professional Development charter does not state that it has to be populated by the Executive Committee. The Strategic Initiatives charter states that it will "generally consist" of the Executive Committee. Bill noted that he has felt left out of the process for strategic thinking, and he thinks this work is the task of the entire Board. Colette suggested that Board members keep these observations in mind for possible changes in the future.

Idgi rejoined the Policy & Bylaw Committee.

Charter Adoption

Action: Joan will put the formal adoption date of July 22, 2014 on the committee charters that need this.

BOARD ASSIGNMENTS AND MEETING REVIEW

Newsletter assignments

Due August 15: Committee recruitment (Bill)

Action: Board members will discuss writing a series of articles about the strategic plan priorities, possibly starting with the October issue.

Outreach & Engagement assignments

Idgi will attend an upcoming Tuesday Grower's Market and will write about the experience for the newsletter.

The regular meeting concluded with an evaluation of how the meeting went.

Regular meeting adjourned at 7:59 p.m.

Notes taken by Joan Rutkowski

The Executive Session topic was "GM Check-In."

The next meeting will be Tuesday, August 12, at 6 p.m. (with dinner beginning at 5:30 p.m.) in the Fiske Room of the 1912 Center.

Signature of the Board President

Date