

Moscow Food Co-op Monthly Board of Directors' Meeting **Tuesday, August 12, 2014, 6 p.m.**

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

Facilitator: Kay Keskinen

Guests: Joe Gilmore, Kelly Moore, Hunt Paddison, Deb Reynolds, Mary Simonsen, and Seth Sjolholm

Public Forum

Owner Kelly Moore addressed the Board. He believes that if the Moscow Food Co-op doesn't take a serious look at capturing the Pullman market, it will lose that market. He said the Co-op isn't the hole in the wall that it used to be; it is now a big business and the only full natural foods store in the area. He said that Pullman is a growing area and he believes the Co-op will lose its Pullman customers to a competitor that locates there. A competitor that sells natural foods but isn't a cooperative won't do the good in the community that we do. They are more focused on making the most profit possible.

The Board thanked Kelly for his comments. Public Forum is a time for the Board to listen to comments; follow-up or taking up the topic for Board discussion later is considered outside of the forum.

STUDY & ENGAGEMENT: Draft Professional Development Plan to address growth

Colette summarized the Professional Development Committee's draft plan for helping the Board consider growth options for the Co-op. The plan is focused on education about growth through various meetings between this summer and January 2015.

The foundational work for the growth discussions would involve finalizing the Strategic Plan and revisiting the Co-op's mission and vision statements. From this foundation, upcoming Study & Engagement sessions would be used for education about growth. Colette said the committee felt that Study & Engagement sessions have been most effective when they've centered on readings that inform discussion. When the session is used for current issues that need more time than the session allows, issues can get drawn out over several meetings and become stagnant. The committee would work with the Co-op's consultant and the General Manager to identify readings, and each Board member would be asked to lead or co-lead a discussion.

The committee also suggests that the Board meet monthly for strategic growth discussions that take place outside of regular Board meetings. These sessions would be confidential executive sessions because of the financial and strategic content. This is where the Board would delve into specific scenarios for how the Co-op might grow. These sessions would include creating alignment on Board and GM responsibilities related to growth. During these sessions the Board also will discuss how and when to bring owners into growth conversations. Some of the sessions would involve the GM, and one or more would not. As recommended by a recent professional development article, it is healthy for a board to meet on its own without the GM from time to time. Also, this separation helps provide clarity for the GM because she is not in the midst of the Board's process for getting aligned for decisions.

The Board agreed that the plan is an excellent foundation for the growth process. The only concern is that the education process could cause the Board to lose sight of the need to act quickly for some

efforts, such as deciding whether to hire market researchers. Market research can take a while, and the Board does not want to lose out on some opportunities during that time. (The Board agreed that it's a Board decision to authorize the GM to use money from the Co-op's savings account for conducting market research. The topic was added to the business agenda.)

The Board agreed to proceed with the growth plan and to keep in mind the need to know what steps are time-sensitive. The Executive Committee will discuss this need with the Board's consultant.

Action: Board members will bring their calendars to each Board meeting so that growth work/executive sessions can be easily scheduled.

CONSENT AGENDA

Minutes:

Motion to accept the July 2014 BOD meeting minutes as amended, seconded, **passed 6-0-0**

Amendments:

- "Approved" will be changed to "approve" (page 4)
- "She" will be changed to "HR Coordinator" to make the reference clearer (page 5)
- "operationalization" will be changed to "operational" (page 7)

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.

- The Board discussed whose decision it is to locate or re-locate the Tuesday Growers Market. Melinda has proposed this for the 2015 season. The Board agreed that the market's location is a GM decision, but directors would greatly appreciate advance knowledge of efforts to relocate. This will help them respond to questions that may arise as a move is pursued. Melinda also was advised to get buy-in from market stakeholders. Melinda said that at this point she has only had tentative conversations about moving the market to Friendship Square.
- The Board discussed what it means to accept a GM compliance report when the report contains proposals or recommendations by the GM. Some may interpret the report's acceptance as tacit approval of the GM's recommendations. The Board agreed that it needs to be mindful of how it responds to compliance reports that contain recommendations. Directors need to speak to specific proposals and make the Board's position clear.

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

Policy A1.7: Community Service/Work Environment

The GM provided a written report about the Co-op's efforts to create a rewarding work environment for staff and provide excellent customer service to owners and customers.

- Bill found the report to be excellent. At some point in the future he would like to have a conversation about what creates a rewarding work environment. He thinks that having employees cooperatively buy in to actions that affect them is part of what makes a rewarding work environment.
- Laurene said she appreciates the data that Melinda provides; this can be more helpful than operational definitions that restate policy language.

Motion to accept A1.7 and find it in compliance, seconded, **passed 5-1-0**

Policy B6: Participating Owner Program

The GM provided a written report about the Co-op's effort to utilize Participating Owners in useful and creative ways that align with the Co-op's mission and Strategic Plan.

- Kurt requested that a proposal to move the Participating Owner Program to a full voucher system be added to the business agenda.
- Idgi asked Melinda for her perspective on the program's reach and its difficulty getting volunteers. Melinda said that she does not feel that the current program is equitable.
- Melinda's report asks the Board to adopt a policy regarding owner participation that encompasses a broader range of participation options. Colette noted that this consideration already is an action item for the Owner Engagement Committee to take up.

Motion to accept B6 and find it in compliance, seconded, **passed 5-1-0**

Policy B9: Current Financial Conditions

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

- Some of the capital budget items that were submitted with the budget were accidentally omitted from this mid-year update.
Action: Melinda will provide the Board with a corrected "Revised Equipment & Improvement Schedule."

Motion to accept B9 and find it in compliance, seconded, **passed 6-0-0**

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Ongoing as of August 12, 2014

- 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.
- 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.
- Policy & Bylaw will reconsider B13's language and other policies for alignment with the new Strategic Plan.
- 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. *This conversation will be on the September agenda*
- 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 [following Owner Engagement analysis of owner participation in general], 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.
- 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.
- Owner Engagement will consider how to involve owners in the growth conversation/process; this effort will include feedback from the Strategic Plan Update.
- Board members will discuss writing a series of articles about the strategic plan priorities, possibly starting with the October issue.
- Committee chairs will let Joan know of how many openings for owners and staff they have. *Policy & Bylaw and Owner Engagement openings info is needed*

- Committee chairs will figure out a regular monthly meeting time and send the information to Joan ASAP. *Owner Engagement info is needed; Professional Development will meet as needed for the next few months*
- 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 for the September meeting. *Owner Engagement and Policy & Bylaw plans are needed.*
- Melinda will work with managers to organize a joint Board/Management dinner gathering in October.
- The Board will review its financial indicators after the Strategic Plan update is finalized.

Done

- ✓ In Executive Session Melinda will share a preliminary summary of growth options being discussed by management. *Melinda's handout was received*
- ✓ 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.
- ✓ Joan will work with Tiffany to produce an announcement for PO openings on the elections committee, basing the announcement on the charter.
- ✓ Melinda will work with staff to develop a 2008 Strategic Plan outcomes report.
- ✓ Joan will put the formal adoption date of July 22, 2014 on the committee charters that need this.
- ✓ 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.
- ✓ The Professional Development plan to address growth will be the focus of Study & Engagement in August.
- ✓ 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.
- ✓ 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.
- ✓ 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.
- ✓ Joan will update the Strategic Plan timeline to reflect details from the August Board meeting

CONFIRM AGENDA

The Board added the following to its agenda:

- Market research (proposal)
- Participating Owner discount (proposal)

BUSINESS AGENDA

Policy B1 (Employee Treatment) policy update for August (proposal)

The Board considered an update of a proposal that Policy & Bylaw first submitted in July. It 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 update changes wording about discrimination and what criteria can be used during employee evaluations. The committee also added that the Board shall have the authority to determine how a grievance against the GM should resolve.

Motion to approve the amended changes to Policy B1, **passed 6-0-0**

Handbook information about grievance process (proposal)

The Board considered a draft of the employee handbook grievance policy. The draft includes details related to grievances against the GM; the Policy & Bylaw Committee suggested the details to provide more guidance than what is in the related governance policy (Policy B1: Staff Treatment).

Directors discussed whether any employee handbook grievance details are in its domain to approve. The Board agreed that it should approve the employee handbook language that pertains to the Board grievance process. The Board agreed that the proposed employee handbook grievance language should be amended for the following:

- The filing period for grievances against the GM should be changed from 30 days to 10 days.
- The wording about the Board's response to a grievance should be changed so that it reads: "The Board can determine an alternate remedy." "When appropriate" will be deleted so that the Board doesn't end up in the position of having its final decision challenged by someone who tries to argue the definition of appropriate. This amended wording better aligns with the recent update to Policy B1.

Motion to approve the GM grievance details as amended, **passed 6-0-0**

The Board discussed the employee handbook information about in-store grievances, which managers helped finalize based on a grievance model suggested by Cooperative Development Services and Cooperative Board Leadership Development. Colette expressed concern that the allowable grievance categories would preclude an employee from being able to grieve a situation in which she or he is written up for violating a policy, even though the employee's action followed a cultural norm that management had established. There is concern that employees can be unfairly reprimanded for something that they did not realize was no longer acceptable, and this grievance policy may not provide a way for them to bring their concern forward.

- To address this concern, the Board suggests that the 3rd allowable grievance category be expanded with the phrase 'or its application' to instead say: "A claim that a management decision duly following Co-op policy creates an unfair situation because the policy itself or its application is inherently unfair or discriminatory."

(Also, the Board requires that the Co-op treat all employees fairly, and so this scenario could be a violation of that policy. This means the scenario could be grievable under the 1st category: "A claim that a management decision violates existing Co-op policies.")

- Laurene suggests moving "Grievances are filed through the HR Office" to the beginning of the entire section and modifying it to: "Grievances, other than those against the GM, are filed through the HR Office."

Action: Joan will communicate to the HR Coordinator the Board's grievance changes made by vote and its two recommendations regarding the general grievance policy.

Policy C1 (Delegation to General Manager) policy update (proposal)

The Policy & Bylaw Committee suggests adding the sentence "The relationship between the Board and GM will be conducted in a humane, fair, and dignified manner." The committee proposes this because there isn't anything in policy expressing that the Board should treat the GM in the same way that it expects the GM to treat employees. This change would shift the policy monitoring statement, as well.

The committee is not recommending that this addition be expanded to require that the Board follow the employee handbook; this is because the Board may need more latitude than the handbook provides. Also, the employee handbook is not in the Board's domain and it does not approve the handbook; it would not make sense for the Board to follow this operations-based document.

Motion to approve the Policy C1 update, passed 6-0-0

Ends policy (proposal)

On behalf of the Policy & Bylaw Committee, Idgi drafted an update of the Ends policy so that it aligns with the new Strategic Plan priorities:

Building on the foundation of the Seven Cooperative Principles, the MFC shall:

- promote the local, sustainable, and organic foods economy.
- be a workplace of choice for all employees.
- increase economic and cultural accessibility for all community members.
- educate our owners, customers, and the wider community about food and food systems.
- model environmental sustainability through our activities, facilities, products, and services.
- grow and expand to further our mission.

Motion to accept the proposed update to the Ends policy, passed 6-0-0

Strategic Plan: Sustainability priority & goals from managers (proposal)

Managers proposed three goal statements to support the Strategic Plan priority about modeling environmental sustainability. Bill noted that in the past there has been a sustainability committee that involved both employees and owners. He said that owners were vital to the committee. At some point it became an employee-only committee. While the managers' goal statement about maintaining a sustainability committee doesn't preclude owner involvement, Bill said that he hopes the committee doesn't become exclusive, as it did last time. Melinda said that this is not the managers' intention.

Motion to accept the Strategic Plan with the goals and priorities as presented on August 12th, 2014, passed 6-0-0

Review Strategic Plan timeline & schedule upcoming work session (discussion)

The Board reviewed and updated its timeline for finalizing and publishing the Strategic Plan.

On August 18th, from 4 p.m. to 6 p.m., the Board and Melinda will meet to discuss the Co-op's mission and vision statements and Bill's Strategic Plan introduction. The Board also will look at examples of Strategic Plan formats, such as the one from Port Townsend.

Action: At the September Board meeting directors will discuss whether any B policies need modification for alignment with the new Ends and/or the new Strategic Plan priorities.

Action: Joan will update the Strategic Plan timeline with information from the August Board meeting.

Public Forum guidelines (question)

Board members considered a change to the Member Forum guidelines and description. Because anyone is welcome to speak, not just owners, it could be changed to "Public Forum." Then, the guidelines could say that the time will be divided first among owners, if any are present. If time remains available, or is added, it will be open to the general public. Board members endorsed the name and guideline changes.

Participating Owner discount (proposal)

- Motion to authorize management to switch the Participating Owner Program completely over to a voucher system, seconded.

Discussion: The Board discussed whether it's appropriate to use the term "authorize." Colette said the wording communicates that the Board is in charge of the program, which is not accurate; expressing support may be better. Motion withdrawn without objection.

- Motion to support management if they choose to move the Participating Owner Program completely over to a voucher system, seconded.

Discussion: "Support" may be too broad and can just mean the Board thinks an idea is nice. "Endorse" expresses the appropriate level of approval.

Motion to amend the motion on the floor to change the word "support" to "endorse," seconded, passed 5-0-1

Amended motion now reads as follows: to endorse management if they choose to move the Participating Owner Program completely over to a voucher system.

Discussion: Bill expressed concern that changing to a per-visit discount voucher made out of concern about labor laws will reduce what some Participating Owners save on groceries, especially those who shop frequently. He also wondered if the Board should include itself in the changes. A week-long discount for all Participating Owners was suggested as a way to better serve the needs of people who walk or bike to the Co-op multiple times per week to shop; Melinda and the Board liked this idea. (The idea of a week-long discount was a suggestion, not a Board directive.) An action item already exists to ensure that Owner Engagement Committee discussion about the program includes consideration about how the Board's discount should be structured.

Motion to endorse management if they choose to move the Participating Owner Program completely over to a voucher system **passed 5-1-0**

Market research (proposal)

Motion to authorize the GM to spend up to \$20,000 from the savings account for up to two market research studies, seconded, **passed 6-0-0**

Committees: Reports/Work Plans (Report)

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

Nominations & Elections: The Board opening is being advertised and the application question has been streamlined for clarity. Bill is actively recruiting. Those who want to be considered first must apply by August 31st.

Policy & Bylaw: The committee has prioritized its action items and is addressing them accordingly.

Professional Development/Executive Committee: Professional Development's education plan was the subject of tonight's Study & Engagement. The Executive Committee will soon have its monthly call with the Board's consultant.

Owner Engagement: Laurene will be the new chair of the committee.

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

Action: Joan will provide Laurene with all of the other committee’s charters to use an example for Owner Engagement.

BOARD ASSIGNMENTS AND MEETING REVIEW

Newsletter assignments

Due August 15:

- Idgi: Tuesday market article (Idgi will look at past newsletters for an example of how to word the change from Breakfast with the Board to the Board visiting Co-op community gatherings.)
- Bill: Governance/recruitment article

Melinda said that Idgi and Bill could have a couple of extra days for these articles, which the Board needs to vet articles (via email) before they are submitted to the newsletter.

Due September 15:

- Colette: Strategic Plan & inviting owners to talk to the Board about growth. (These two topics may be together in one article, with the Strategic Plan topic as the context.)

Board Outreach assignments

The Board is currently too busy to do more outreach beyond what’s already being done.

Other upcoming meetings

On September 8th the Board will meet from 4 p.m. to 6 p.m. for a professional development meeting about growth.

Action: Joan R. will put “planning the Board-Mgmt. dinner” on the September agenda.

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

Regular meeting adjourned at 7:50 p.m.

Notes taken by Joan Rutkowski

The Executive Session topic was “growth”

The next meeting will be Tuesday, September 9, 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