

**Moscow Food Co-op Monthly Board of Directors' Meeting**  
**Tuesday, October 13, 2015 6 p.m.**

**Present:** Bill Beck, Kurt Obermayr, Idgi Potter, Colette DePhelps, Alex Lloyd (Board); Melinda Schab (GM); Dena Van Hofwegen (Board Administrative Assistant)

**Absent:**

**Facilitator:** Kay Keskinen

**Guests:** Joan Rutkowski, Kyle Parkins, Kerry Morsek (Staff)  
Laurene Sorensen, Derick Jiwan (Board Applicants)

**5 of 7 members present, a quorum is present**

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**PUBLIC FORUM**

Public Forum is a time for the Board to listen to owner and general public comments; follow-up is considered outside of the forum.

There were no comments from any guests. The Board took this time to have Co-op staff at the meeting introduce themselves to the Board Applicant, Derick Jiwan.

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**STUDY & ENGAGEMENT: *Candidate Questions/ Open Forum Reflection***

**Candidate Questions**

There were two candidates present who applied for the open Board positions. The applicants, Laurene Sorensen and Derick Jiwan, came early to the Board meeting to have dinner and meet the other Board members. During Study and Engagement, Colette asked the candidates a couple of questions and invited the Board to ask any questions they might have for Laurene and Derick. The candidates did not have any questions.

Colette – Please explain your relationship with the Coop and what you would bring to the Board?

Laurene – The Co-op is home for me and I like to compare it to the “Cheers Bar” where everybody knows my name. I have been a Co-op member for 13 years and have been very involved in the community. I know how the Board and Co-op have evolved over the years. I bring experience as a mediator and I am comfortable with issues regarding contracts and leases. I have a sense of where the things we talk about fit into a much larger picture.

Derick – I was a student but am not a student anymore. I was once unemployed but am now employed. I currently work for WSU and also have a private business. I enjoy being able to coordinate with international students that come to Washington and help them get plugged into the community. One thing that consistently brings everyone together is food. I bring a variety of viewpoints to the Co-op with my past experience. I look forward to working with local growers, farmers and breeders in the area.

Bill – asked if Derick has had experience with Co-ops before?

Derick – I have experience in establishing a common place for growers to sell their products. The producers previously had to carry their products to all different communities in order to sell.

Colette – The Board hosted an Open Forum on Sunday about expansion. What is your perspective on the Co-op opening a store in Pullman?

Derick – This is a really good idea. Moscow is more of a diverse city and Pullman is more of a college town with a specified age group. There is definitely a need for a store in Pullman.

Laurene – Expanding to Pullman has been a long term discussion in regards to growth. Laurene feels cautiously optimistic about opening a store in Pullman. There are a couple of thoughts that Laurene has in regards to growing into Pullman: Is this store going to be a third place in Pullman? What hole is the Co-op going to fill for the Pullman community? On the other hand, Pullman might have a higher need for a fun place to hang out that isn't a bar.

Melinda noted that we would be able to serve alcohol in the deli when we open a store in Washington because of the different liquor laws.

Colette wanted the candidates to understand that agreeing to serve on the Board is a significant commitment; the hours served range between 8 and 12 hours a month.

### **Open Forum Reflection**

Colette commended Melinda for the amazing job she did in presenting at the Moscow Open Forum and the staff for all their hard work making the event beautiful. During the forum Colette asked for guest feedback and she heard that the environment at the 1912 Center was very welcoming and organized, making guests feel important. She also heard that the board members worked together to answer questions very well, guests felt the Board took the subject matter very seriously and were well prepared.

Other comments and suggestions about the Moscow Open Forum from Board members:

- There was a good turnout for the event with 39 in attendance.
- The General Manager and the Board Members really worked together speaking with one voice.
- Guests felt that we had done some homework and really thought through the presentation.
- People are interested in seeing more information about member loans.
- Look into the option of investing in a simple IRA option.
- Most feedback about expanding to Pullman has been positive.

Some guests felt that the membership didn't have a real chance to weigh in on the decision to expand to Pullman. They weren't even sure when the decision was announced.

Melinda confirmed that there was an article on the front page of the *Daily News* this past spring informing the public of the decision. The Board is empowered to act on behalf of the ownership according to the bylaws.

Bill understands that we have done a lot to inform and involve the owners about the decision to expand to Pullman. If there are a few who feel inadequately informed, we can try different things to do a better

job in the future. Bill used the Hanover Co-op's blog as an example on how they communicate and allow voting over decisions in the stores. There is also a blurb in the Hanover blog explaining what was discussed at the monthly board meetings as a way to keep owners more informed.

Melinda agreed that the blog is something we could look into, but that we have to be careful not to pay more attention to the few negative comments that we are getting and instead focus on the many positive comments.

Bill – It is wise of us to listen to the few dissenters. We should listen and learn from the folks who have an alternate point of view on a matter.

Colette – The Co-op does listen to what people say and how they feel on specific matters. As a Board we still need to make decisions, and not everyone is going to agree with those decisions all the time.

Laurene – Expanding to Pullman is not the first growth transition in the history of the Co-op. If owners would like to get involved and know more about the decisions that the Co-op is making, there are many available channels to get that information. Another good option would be running for the Board; only two members ran for the current Board Appointment positions.

Members do not have the option to make business decisions or to override the Co-op. As we move forward with expansion it is important to our integrity that we play by the rules that are outlined in our bylaws. Staying in compliance with our bylaws is a good way to be appealing to lenders and those wishing to invest money with the Co-op.

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## **CONSENT AGENDA**

### **Minutes:**

Motion to accept the September 2015 BOD meeting minutes as amended, seconded, **passed 5-0**

### **GM Compliance Reports:**

#### Policy B3: Communication & Counsel to the Board

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

Colette referred to page 4 of Melinda's report. She would like to provide something that is useful to Melinda with her management responsibilities.

Melinda confirmed that she does need a protocol that is more workable and will address this during her explanation of annual planning.

Kurt referred to page 5 in regards to income percentage of sales.

Melinda said that personnel costs have come down.

Melinda shared that Kerry Morsek has done a lot of work in the Wellness Department to help stock certain items that sell quickly, while not back stocking items that sit on the shelf for longer periods of

time. This helps us free up our cash. Kerry was at the meeting and confirmed that she will continue to look at ways to adopt this method in the Grocery Department, as well. Both Alex and Kurt commended and thanked Kerry for her hard work.

**Action: Melinda to email the Board information about our stores deli department and how it compares to other Co-ops.**

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

#### Policy B7: Member relations

The GM provided a written report about efforts to design and maintain programs that foster involvement and strengthen interaction with Co-op owners.

Joan Rutkowski, the Owner Engagement Coordinator for the Co-op, was in attendance at the meeting. Joan shared that she is currently looking for a volunteer to help in updating the Business Partner Program information. Colette knows of a few items that need updating on the Business Partner Program and will share this information with Joan.

There was a question about if and how often business owners need to reaffirm that they want to keep offering discounts to Co-op owners?

**Action: Colette to send Joan updated information about the Business Partnership Program.**

Motion to accept Policy B7 and find it in compliance, seconded, **passed 5-0**

#### Policy B10: General Manager Stipend

The GM provided a written report about her activities with other organizations and whether she's received any stipends.

Colette doesn't know why we currently have to approve Melinda to volunteer on other Boards. There should be a change in Policy B10 that allows Melinda to volunteer where she would like to. Melinda's responsibility will be to communicate to the Board if any other organization or business is paying her for her services.

**Action: Policy and Bylaw to clean up B10 and make it clear.**

Motion to accept B10 and find it in compliance, seconded, **passed 5-0**

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### **General Manager (GM) FYI Report**

The General Manager (GM) provided an FYI report as an informal opportunity for the GM to update the Board on important Co-op information and for the Board to ask brief, clarifying questions.

Melinda briefly discussed a few of the items included in her FYI report.

- The store will be closed the morning of January 3<sup>rd</sup> for year-end inventory. This will be the first time that a count is done during the day, eliminating the need for employees to stay up all night to complete the inventory.
- We are working with the City to cover the bike racks.

- We purchased two new produce racks to be installed November 30<sup>th</sup>. We received a buy one get one free discount!
- Kombucha on tap will be available mid-October.
- We are updating local signs.

Bill said that the Co-op's Basics Program has been wonderful. There is a direct correlation between larger purchases and lower prices to consumers. Hopefully this program will help reduce any price perception consumers might have.

Melinda agreed that the program has been successful so far even with some brands changing.

Kerry Morsek shared that consumers will still notice lower prices on certain items even if they are not purchasing the item; this will help with price perception. The Basics Program will continue to add more items and ingredients from key categories during the coming months.

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## **BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP**

Kurt is in Arizona from the 14<sup>th</sup> to the 1<sup>st</sup> of November, then again from the 15<sup>th</sup> of November to the 8<sup>th</sup> of December.

Action items as of October 13, 2015

- Identify potential owner forum topics. *(In process)*
- Create an Ad Hoc Owner Communication/Community News Committee. *(publicized in the last e-newsletter and invited all interested volunteers to attend next meeting) (Done)*
- Owner Engagement Committee will submit to E-newsletter every 10<sup>th</sup> of the month. *(Add to monthly Board Calendar) (Done)*
- The Nominations and Elections Committee will gather more information on staff serving on the Board and report back to the Board. Specifically if this is even legal? *(In process)*
- Nominations and Elections Committee to provide a proposed timeline by September board meeting. *(Kurt to send out email by next week to Board for approval) (Done)*
- Nominations and Elections Committee will be in charge of submitting an article for winter publication, due November 11<sup>th</sup>. *(In process)*
- *Work on verbiage for elections making it clear for voters of how many people they need to vote for. (In Process)*
- Continue to look at B policies (other than B13, B6 and B7) for congruence with the new Ends and the purpose of B policies. *(ongoing)*
- Policy and Bylaw Committee will ask Laurene to review the Co-op's bylaws (using drafted version with member-owner changes), and if she finds anything significant she will put it on the Board's agenda for directors to consider submitting for owner approval at the Annual Meeting in April. *(In process)*
- Policy and Bylaw will move forward with an approach to change current ownership practices. The Committee will consider changing ownership to allow for only one Primary owner, with all other persons having only the right to shop on the account. *(Ongoing)*
- Melinda will review the presentation from the last work session and redact any confidential information before sharing it with the Ad Hoc Committee. *(Done)*
- Colette is working with Dena to find lodging for the Fall Retreat. *(In process)*

- Melinda will gather more information on customer satisfaction surveys and share her findings with Colette. *(Done)*
- Melinda to include what a reasonable time frame is for the multi-year business plan in B3. *(Done)*
- Melinda to compare our deli sales with other Co-ops deli sales to see where we compare. *(Done)*
- Melinda to find out if GM in Boise is available to meet with us? *(In Process)*
- Colette to find out if Art can facilitate spring retreat. *(In Process)*
- Melinda to decide on working with Bill Gessner or DC while she is in Seattle. *(Done)*
- Colette to ask Todd G our attorney, what is the age to be an owner? *(In process)*
- Joan to find out from Insurance what the age to be a volunteer was? *(Done)*
- Colette to draft a paragraph for OE open forum announcement. *(Done)*

#### **Future Action Items**

- The Board will review Growth Policy at their Work Sessions. *(Ongoing)*
  - Melinda will gather the information necessary to prepare for store expansion in Pullman. *(On going)*
  - Laurene will complete pro bono research on member loan options. *(In process)*
- Strategic Plan Timeline (some items duplicate action items above, but here are organized together)*
- Develop talking points to make owners feel heard, specifically related to expansion and growth. Melinda suggested creating these with the management team so everyone can be on the same page; she will touch base with Todd in the future about bringing him out to facilitate discussion around management team/Board talking points. *(Done)*
  - Melinda will look into Campus Christian Center on Greek Row (point of contact: Matt Meyers) at the University of Idaho as a location for Co-op's growth option. *(Done)*
  - Melinda will share what policy she comes up with based on the charitable giving criteria. *(In process)*

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## **CONFIRM AGENDA**

Some additional items were added to the agenda:

- Follow up for spam in Board email accounts
- Addition to Board assignment
- Accept Board Member resignations
- Adding a Board Member to the Nominations and Elections Committee

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## **BUSINESS AGENDA**

### Resignations

We formally accept the resignations of Glenn Holloway on 9/14/15 and Charlene Rathbun on 10/5/15 for personal reasons. The resignations were not due to any conflict with the Board or the Co-op.

A motion to accept Board member resignations, seconded, and **passed 5-0**

### **Annual Planning (Discussion)**

In 2014 Melinda created and distributed a Multi Business Plan for the years 2014-2016. Melinda never received any feedback from the Board about the plan and inquired about the purpose of requiring this document. Melinda asked the Board specifically to clarify if the document was to inform the Board or for internal use.

The Board gave Melinda a few reasons for this report:

- The report was to act as a tool for Melinda as a new General Manager
- Expansion readiness
- A Business Plan is needed in order to get approved for a business loan
- The Boards needs are met if Melinda shares the report with them, no need to evaluate

Action: Policy and Bylaw to remove the annual planning document from B3 and add annual planning document to B8.

### **CBLD Contract (Discussion)**

It is time to renew our annual contract with Todd Wallace for the fiscal year.

Motion to renew our annual contract for a total cost of \$6,850, seconded, and passed 5-0

### **Policy B6 (Proposal)**

During the Boards Fall Retreat Todd Wallace is going to recommend that we do a full scale policy overhaul. Our policy manual has served its purpose, but it is time for a fresh start.

Melinda would like to suggest merging B6 with B7.

Colette suggested that Policy and Bylaw read the CBLD policy template and hold off on making too many changes to the current policy manual.

In regards to the 2016 Elections, the current Code of Conduct will be used.

Action: Policy and Bylaw to merge and combine B6 and B7.

Action: Policy and Bylaw to look at the CBLD policy template.

There was no motion to update the proposed policy B6, still in process.

### **Policy D11 (Proposal)**

Policy and Bylaw proposed that Policy D11 be compressed and simplified by removing some bullet points, specifically residing in the code of conduct section. There were a couple of topics in Code of Conduct that were discussed.

- Speaking with one voice – When a decision has been made as a Board, it is every individual's role to speak positively of the decision that was made even if you disagree about the said

decision. It is important that the Board always be moving forward and not keep talking about past decisions that we disagree with and can't be changed.

- Attendance – It is important that every Board representative be in regular attendance to meetings and events. There is a certain level of commitment that we all agree to when we accept a Board position. It is not acceptable to continually notify the Board that you will be absent and missing meetings, it is expected you participate and contribute.
  - The current bylaws state under Article IV Section 4.8 that each Board member should not miss more than 3 Board meetings and 4 regular meetings.
    - *Section 4.8 - Termination. The term of office of a director may be terminated prior to its expiration in any of the following ways: (i) voluntarily by a director upon notice to the President; (ii) automatically upon termination of membership in the Co-op; (iii) without cause by action at a meeting of members, provided that such proposed action is stated in the notice of the meeting. A director who is absent from three consecutive Board meetings or four meetings in any one-year period shall, unless excused by the Board for good cause, be presumed to have resigned.*
  - Attendance will be discussed at the fall retreat in order to figure out what the bar of participation should be.
- The last bullet point under Code of Conduct states:
  - *“Resign my board position if convicted of a crime that would jeopardize any Co-op licenses or permits.”*
  - There was a discussion of changing the verbiage to “knowingly engaging in something that would endanger the Co-op”
  - The law states that a pending felony charge is a conflict of interest and the member would be removed immediately. However, we can't ask individuals to divulge private information that could possibly be considered as illegal. This is a breach of confidentiality.

Colette suggested that Policy and Bylaw read the CBLD policy template and hold off on making too many changes to the current policy manual since this will all be addressed during the fall retreat.

There was no motion to update the proposed policy D11, still in process.

### **Election Process Approval (Proposal)**

#### **Application Packet**

Kurt led a discussion on the updated Board Application packet. There were a few questions and changes made to the application packet:

- Should it be a requirement that applicants attend a board meeting prior to elections?
  - The reasoning behind this would be to show applicants what they would be doing if elected, and to see if it is something they are interested in.
  - Kurt thought it would be better to leave the decision up to the candidate if they should attend a Board meeting or not. This would be a good question to ask at the Candidate Forum.
- The Mission statement needs to be updated. Dena to complete this
- Addition on page 13: application is available online as well as the customer service desk.
- Addition on page 14 under candidate statement questions:

- Please describe what personal skills and experience you have that will help you be an effective Director. *For example: any skills obtained from working with a non-profit or for profit business, management experience and/or leadership experience.*
- This action was taken in response to a comment card that we received from an owner requesting more specific information be shared from the candidates in regards to business experience.
- Candidates will have the option of having their picture taken by the Visual Media Coordinator, Erica Wagner by appointment.

### Electronic Voting

Colette lead a discussion in regards to electronic voting for the 2016 Election. The Co-op currently has 600 accounts that need updating in order to clarify the primary owner for the account. Moving forward with electronic voting would offer us an incentive to get these accounts cleaned up, also making the Co-op prepared for any future audits. Colette would like to move forward with the 2016 elections by offering electronic voting and in store ballots for owners to cast their vote.

Kurt shared his concern with the timeline being too tight to get electronic voting in the procedures before applications go out in two days. He would like to wait until next year to use electronic voting.

Colette believes that using Votenet to run our elections will offer more accessibility and interest for owners. Votenet is a trusted source that has been used by other Co-ops to attract more interest and accessibility from owners. The total cost to hire Votenet for our upcoming elections would be right around \$1,200 for 8,000 potential voters.

Colette made a motion to allow Melinda approval to clean up primary accounts for voting and any future audits.

Motion for Melinda to clean up primary account, seconded, **passed 5-0**

Colette made a motion to move forward with hiring Votenet for the 2016 Elections.

Motion to conduct the 2016 election with electronic and paper ballots, seconded, **passed 4-1**

### **November Open Forum on Growth & Expansion (Discussion)**

The Pullman Open Forum will be a similar format to the Moscow Open Forum with a slight change in presentation content from Melinda. Colette asked if there were any suggestions to change the Pullman Open Forum format in anyway.

Kurt would like to anticipate non-members attending the Open Forum in Pullman and that we be prepared to sell ownerships.

Bill agreed with the format for the Moscow Open Forum, people really appreciated the dialogue and Q & A time. A thought would be to ask owners how they liked the forum in order to promote active participation with owners.

### **Fall Board Retreat – expected discussion and outcome (Discussion)**

Colette reminded the Board that the Fall Retreat is scheduled for Saturday, December 12<sup>th</sup> from 9-5 and will take place in the Moscow area. The retreat will include a conversation with Todd about streamlining our policies.

There is still no location decided for the retreat since the WSU graduation event has made it difficult to find an available location.

Alex and Bill both offered their homes to host the retreat. Alex will host since the Board has already met at Bill's home.

### **Meeting Facilitation (Discussion)**

Kay Keskinen has given her notice of retirement after the December 2015 Board meeting. Colette and Melinda would like to follow the strategic planning process to hire a professional facilitator with a three month trial. This position requires a very discrete skill set and we need to pay the facilitator for their time.

### **PRIME Act, H.R. 3187 (Discussion)**

The PRIME Act is a great subject that would be very important to research and educate ourselves on. A topic like this would take a lot of time and hours to investigate and the Board just doesn't have time. Colette would like to propose that the Strategic Initiatives Committee finds a time to meet and discuss setting up a committee focused on issues like the PRIME Act. The discussed committee would only meet when certain issues were brought to their attention, and then report back to the Board.

**Action: Strategic Initiatives Committee to schedule a meeting time to discuss different initiatives that could be discussed and researched with owner collaboration.**

### **Junk Mail (Discussion)**

Colette wanted to clarify from Idgi if the press releases she was receiving are the junk mail she is talking about. Idgi confirmed she doesn't want to be receiving these press releases as it makes it difficult to see the important emails. Other Board members confirmed they didn't want to be receiving press releases as well.

**Action: Melinda to remove Board members from Book People press release recipients list.**

### **Committees: Reports/Work Plans progress (report)**

Nomination and Elections Committee needs another Board member. Colette will volunteer to fill the seat.

Owner Engagement Committee met and clarified action items.

Strategic Initiatives Committee to schedule a meeting, Colette to send email in next couple of weeks.

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## BOARD ASSIGNMENTS AND MEETING REVIEW

### Rooted submission:

November 11 – Kurt (Elections)  
February – (Annual Meeting)

### E-newsletter assignments:

October 20 – Kurt (Elections) Colette – (Open Forum)  
November 10 – Kurt (Elections)  
November 20 – Kurt (Elections)  
December 10 – OE Committee  
December 20 -

### Upcoming dates to remember:

Work Session: October 19<sup>th</sup> 4-6  
Open Forum: November 8<sup>th</sup> 4-6 at Bell Tower in Pullman  
Work Session: November 16<sup>th</sup> 4-6  
Beer with Board: December 8<sup>th</sup> 5-6:30  
Fall Retreat – Dec. 12<sup>th</sup> location TBD

Meeting review –

Meeting adjourned at 8:38

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## EXECUTIVE SESSION

Motion to appoint Laurene Sorensen and Derick Jivan to fill the Board vacancies, seconded, **passed 5-0**

*Executive session ended at 9:19*

*Notes taken by Dena Van Hofwegen  
Meeting adjourned at 9:19*

The next meeting will be November 10<sup>th</sup> at 6:00 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