

**Moscow Food Co-op Monthly Board of Directors' Meeting-Approved**  
**Tuesday, June 9, 2015, 6 p.m.**

**Present:** Bill Beck, Glenn Holloway, Kurt Obermayr, Idgi Potter, Colette DePhelps, Charlene Rathbun (Board); Melinda Schab (GM); Sara Miller (Board Administrative Assistant)

**Absent:** Alex Lloyd

**Facilitator:** Kay Keskinen

**Guests:** Dean Pittenger, Kenton Bird, Keely Mooke, Terry, Diana Armstrong, Greg Meyer, David Pierce, Kerry Morsek, Chris Sokol, Donna Mills, Jeanne Leffingwell, Laurene Sorenson, Judith Gordon, Joe Gilmore, Deb Reynolds, Joan Rutkowski

**6 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.

Diana Armstrong

Diana approached the Board with a follow up from May's Board meeting, when she approached the Board with the request to allow employees to serve as Directors. Diana distributed letters of support and requested the Board lift the Bylaw that prevents employees from serving on the Board, stating this is an undemocratic restriction. Diana clarified that there is no conflict of interest in her request because she does not want to serve on the Board, and would like to see a younger employee in that position.

Kenton Bird

Kenton, who addressed the Board at April's BOD meeting, continued his discussion and reiterated his dedication to reinstating the *Community News*. Kenton presented the Board with a petition to support his cause, signed by 59 owners. Kenton would like to see an Ad hoc committee to address the needs and available resources for a printed *Community News*. Kenton developed and distributed a list of questions, including the amount the Co-op spends on news and outreach (for example: the cost of *Rooted*). Kenton spoke on behalf of Judy, a longtime member and Co-op volunteer, who believes the decision to cancel the *Community News* was alienating and disenfranchising. Kenton invited the community to email him with questions, comments, and concerns on this topic at [kentonbird@gmail.com](mailto:kentonbird@gmail.com).

Dean Pittenger

Dean thanked the Board for a well-crafted and thoughtful letter to the editor in the midst of this controversy and thanked them for their service. A community member seconded Dean's recognition.

Jeanne Leffingwell noted she would like to be on a *Community News* committee, if it is created.

Kay addressed the speakers of the forum, clarifying that the Board will consider the owners' concerns and the Board President will contact them with responses.

## **STUDY & ENGAGEMENT: Co-op Financial Equity**

Idgi lead a discussion on Co-op financial equity based on the article *Cooperative Equity and Ownership*. Bill encouraged owners to subscribe to the owner email list in order to receive monthly Study and Engagement articles and topics.

Idgi began the discussion by prompting Board members with any questions they may have. Colette asked if equity must be paid back (not including dissolution). Idgi explained that it depends on the organization's Policies. The Co-op's Bylaws do not allow equity to be paid back; if an owner dissolves their membership, they do not get their money back.

Kurt noted that the chart within the article outlines the key differences in business structures is a simple and easy way to define equity differences in organizations.

The Board discussed how much equity is good for a business, and Idgi explained that there is no outlined target for the Co-op or the Board. Colette suggested the Board discuss whether or not an equity target is necessary to create stability. The Board also discussed the current debt to equity ratio, and Melinda said the Co-op is nowhere near the NCG suggested 3:1 ration. Idgi noted that debt is good for a business because it should increase their income.

Laurene Sorenson addressed the Board, asking how the Board would distribute their assets upon liquidation. The Board discussed the following questions: would an owner who paid \$10 on their membership receive the same amount as an owner who paid \$150 on their membership and would an owner that spent significantly more money at the Co-op receive the same amount as someone who spent very little money? Deb Reynolds, the Co-op's Financial Manager, explained that there is a hierarchy of which owners get paid first, but would need to look at her liquidation documents to clarify. Colette felt that an owner's return on investment should be based on a percentage of how much they spent at the Co-op.

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## **CONSENT AGENDA**

### **Minutes:**

Motion to accept June 9, 2015 minutes. Motion seconded, passed 5-0-1

### **GM Compliance Reports:**

#### **Policy B3: Monthly Communication and Council to the Board**

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

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

#### Policy B5: Customer Service as a Value

The General Manager (GM) provided a written report on the store's efforts to reach 100% customer satisfaction.

- Colette asked how the Co-op tracks owner questions and timely responses. Melinda clarified that Joan has a spreadsheet that tracks all questions with dates and summaries, including whether or not an owner has received a response.
- Bill noted that people appreciate these comments and feels the Co-op is responding quickly and thoroughly.

Motion to accept Policy B5 and find it in compliance. Motion seconded, **passed 6-0**

#### Policy B9: Quarterly Financial Conditions/GM Update

The General Manager (GM) provided a written report, per Policy B9, about the Co-op's financial activities.

- Bill asked why the Profit and Loss summary indicates the Co-op is budgeted to lose a significant amount of money in the first quarter of the year. Melinda explained that these are budgeted guesses based on previous years that were created in quick books. Deb Reynolds said that certain operational costs are more expensive in the first of the year, and profit and loss should be analyzed on a bigger picture.
- Bill noted he was happy with the number of owners utilizing Co-op discounts, which indicates how the store is successfully increasing access to good, healthy foods.
- Melinda and the Board clarified that having a quarterly financial report in June is a good time.

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

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

The 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 clarified that the Co-op will provide both the Dime and Time and Cooperative Community programs to owners so they have a choice. If an owner does not want to support the organization chosen in the Dime and Time program, they have an alternative.

Melinda updated the Board on the current conditions of the bakery ovens. The fire marshal approved the bakery's current oven hoods, which will save the Co-op thousands of dollars. The bakery will order the ovens soon, and once they are ordered they should be delivered in 10 days.

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

Colette informed the Board that Alex's absence is excused, as he is celebrating his 25<sup>th</sup> wedding anniversary.

## Action items as of June 9, 2015

- Deliberate ideas for a forum that allows owners to actively participate in their roles at the Co-op.
- Create an Owner Communication/Community News Committee.
- Review and update next year's application process to make sure application is clear, specifically outlining that incomplete applications will deem applicant ineligible.
- Continue to look at B policies (other than B13, B6 and B7) for congruence with the new Ends and the purpose of B policies.
- Melinda will make changes to B9, number 1 to reflect important financial indicators/NCG targets.
- Laurene will 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.
- Clarify Policy B3 to state which months of the year the GM will provide financial quarterly reports.
- Idgi will explain action item "Melinda will make changes to B9, number 1 to reflect important financial indicators/NCG targets" to Melinda.
- Review the Code of Conduct Policy so its content specifically references upholding the Co-op's bylaws and refer back to the Board at June's Board meeting.
- Discuss suggestions for Policy C3 and report to Policy & Bylaw Committee.
- Melinda will gather the information necessary to prepare for store expansion in Pullman.
- Committee chairs will contact Committee members to organize any scheduling changes.
- Melinda will gather more information on customer satisfaction surveys and share her findings with Colette.
- Committee chairs will discuss methods to improve owner involvement in their Committees.
- Sara will reserve seating area in Deli for the Owner Engagement Committee meeting.
- Melinda will create poster of ground rules.
- The Board will review growth Policy at their Work Session.
- Laurene will complete pro bono research on member loan options.
- *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.
- Melinda will look into Campus Christian on Greek Row (point of contact: Matt Meyers) at the University of Idaho as a location for Co-op's growth option.
- Melinda will share what policy she comes up with based on the charitable giving criteria.

## DONE

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- ✓ Colette will consider adding "staff participation on the Board" to June's agenda.
  - ✓ Sara will Email the Owner Engagement action item to Glenn.
  - ✓ Sara will email Erica with the next Beer with the Board date.
  - ✓ Sara will add to the June Agenda: The Board will discuss if a quorum can be held in July and adjust the July Agenda as needed.
  - ✓ Colette will ask Todd if he and Art are available the last weekend in September or the first weekend in October for the fall retreat.

- ✓ Sara will email amended Ground Rules to Melinda.
- ✓ Bill will develop an agenda for Committee members before their next meeting on Wednesday, May 20th.
- ✓ Find a place to insert Board Email use into the Board handbook.
- ✓ As chair, Bill will add Owner Equity as a Study and Engagement topic.
- ✓ Joan and Melinda will work to develop problems/scenarios that may come up based on current Owner Policy relating to death/divorce.

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## **CONFIRM AGENDA**

Bill proposed adding 15 minutes before the Board Affirmation of Non-Discrimination for a Board Resolution that the Moscow Food Co-op Board of Directors endorse adding the words sexual orientation and gender identity to the Idaho Civil Rights Act.

### Discussion

Bill, in favor of this resolution, felt that this needs to be discussed to send a good message to the LGBTQ community. Bill said that the Board has taken a clear stance on reaffirming equality, social justice, and civil rights within the Co-op and greater community, and should therefore support adding sexual orientation and gender identity to state legislation.

Glenn, in apposition of this resolution, felt the Board was making an assumption on all owner's beliefs, and is representing/providing special consideration to a specific group of people. Glenn also felt the Board is stepping out of its role by getting involved in state legislation.

Colette noted she is in support of this resolution because it is directly connected to the Co-op's bylaws.

Motion to add Board Resolution to the agenda. Motion Seconded, **passed 3-2-1**

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## **BUSINESS AGENDA**

### **C1 Survey Results**

Colette addressed the Board with a process questions: Should Board Policies be in the consent agenda rather than the business agenda, since Directors have reviewed them, voted, and the summary of results come seconded? The Board agreed to add future Board Policies to the consent agenda in the future.

**Action:** Sara will move future Board Policy compliances to the consent agenda.

All in favor to accept Policy C1 and find it in compliance, **passed 6-0**

### **Policy Draft Proposals**

#### B1: Employee Treatment

Policy B1 came motioned and seconded.

All in favor of adoption Policy B1, **passed 6-0**

#### B7: Member Relations

The Board made the following edits to Policy B7:

- Replace “member” with “owner” throughout the document.

Idgi explained that the only change to the Policy was bullet 5.

All in favor of adopting Policy B7 as amended, **passed 6-0**

Idgi informed the Board that the Policy and Bylaw Committee would like the Code of Conduct be arranged in paragraph form rather than its current bullet point form. The Board felt this was a good idea, and would like to see an overhaul of the entire Policy. Colette would like the new Policy to solve accountability issues with simple and straightforward rules, and include non-discrimination.

### **Board Affirmation of Non-Discrimination**

The Board made the following affirmation of non-discrimination:

Dear Moscow Food Co-op Owners and Community:

On behalf of the Moscow Food Co-op and its Board of Directors, I am writing to assure all of the Palouse-Clearwater community that the Co-op is an open and welcoming business that does not discriminate on the basis of race, nationality, religion, age, gender, sexual orientation, disability, political affiliation, or otherwise.

Our Cooperative is committed to the International Cooperative Alliance (ICA) values and principles. Voluntary and open membership is the first of seven stated principles. Non-discrimination is included in Section 1.4 of our bylaws and each of the Co-op’s seven Board members has publically affirmed his/her commitment to upholding the ICA values and principles and our bylaws.

The Moscow Food Co-op’s mission is to “nourish and nurture our community.” Our unique business is owned by over 7000 community members and operates for the benefit of the community as a whole. Everyone can shop at the Co-op and anyone can join. In becoming a member-owner of the Co-op, individuals are ensuring that our community has access to healthy, nutritious food and are supporting the Co-op’s triple bottom line of People, Place and Profit.

Throughout our 42 year history, we have been committed to upholding the rights and dignity of all People. We are dismayed by opinions printed in the Daily News that imply otherwise. We urge all members of this Place, our wonderful community, to practice respect and tolerance and to understand that the opinions and perspectives shared by individuals and printed in the Daily News, are their own – they do not represent or speak for the Moscow Food Co-op. Finally, the Co-op will continue to share its Profits with the entire community through extraordinary programs like FLOWER, Mamas & Papas, the Dime in Time community giving program and our Good Food Film Series.

Sincerely,

Moscow Food Co-op Board of Directors  
Colette DePhelps, President  
Bill Beck, Vice-President / Secretary  
Idgi Potter, Treasurer  
Charlene Rathbun

Kurt (Sam) Obermayr  
Alex Lloyd  
Glenn Holloway

This statement was submitted to the Moscow-Pullman Daily News as a Letter to the Editor on June 3, 2015.

### **Board Resolution**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOSCOW FOOD CO-OP

It is deemed to be in the best interests of the corporation and its members that the Moscow Food Co-op Board of Directors adopts the following resolution;

Now, therefore be it:

RESOLVED, that the Moscow Food Co-op Board of Directors endorses adding the words sexual orientation and gender identity to the Idaho Civil Rights Act. This will provide Idaho residents protection from discrimination on the basis of sexual orientation and gender identity. The Moscow Food Co-op Bylaws already provides these protections and we believe these protections should become legal requirements in the State of Idaho.

### Discussion

Bill explained that he appreciated the importance of having a variety of Board members with different backgrounds and values, and understands the reluctance to support this resolution. He also explained that the Co-op is part of a larger and connected community that values social responsibility. Since the city government supports equality regardless of sexual orientation and gender identity, and these values are included in the Co-op's Bylaws, it is important to extend this organization into the global world.

Glenn felt the Board does not have a right to speak in the best interest of the Co-op's owners, explaining he knows numerous owners who support the Defense of Marriage Act and do not believe in civil rights extending to sexual orientation or gender identity. Glenn believes this resolution violates certain owner's rights. Glenn said he would like to see owners vote on this matter. Overall, Glenn felt it was inappropriate for the Board to support this controversial topic on a state level.

Colette advocated for the resolution, stating that these values are in the Co-op Bylaws. She gave the example of GMO labeling, explaining that some owners do not support GMO labeling, but the Co-op still supported it in Washington State Legislation. The decision to support this resolution aligns with current Co-op Policy, therefor is not inappropriate.

Idgi explained that in general she does not support the idea of legislative morality, but the reality is that Idaho does have a civil rights act that includes some people and not others. Idgi felt that because this act exists, it should include everyone, therefore will vote in support of the Board resolution.

Kurt asked if this resolution allows for Board members to choose whether or not to sign. Colette clarified that this violates the Policy that the Board speaks as one voice, but the resolution will include a roll call vote so Director's votes will be publicly noted. Glenn clarified that although he is in support of this value and affords all people their respect and rights regardless of sexual orientation and gender identity, he is concerned that the Board is making a big decision without consulting the owners.

### Roll Call Vote

Bill Beck – yes  
Colette DePhelps – yes  
Glenn Holloway – no  
Kurt Obermayr – Yes  
Idgi Potter – yes  
Charlene Rathbun – no

Board Resolution passed 4-2

As this resolution has been passed by the Board, it can be published by the Co-op immediately.

**Action:** Sara will send the Board resolution to Joan to go on the website.

### **Co-op Staff Serving on the Board**

Colette would like the Board to begin a discussion to consider Diana Armstrong's request to allow Co-op employees to serve on the Board.

Overall, the Board felt this could create certain conflicts of interest, and if implemented, would need to be clearly and carefully outlined in the Bylaws to prevent possible issues. These issues could include having a GM's employee acting also as the GM's boss (GM would evaluate employee's performance and in turn be evaluated by that employee). The Board feels that a limit of 1 seat on the Board reserved for a Co-op employee would be necessary.

Bill felt adding a seat for an employee would be a democratic opportunity, and does not see any big picture harm, considering many Co-ops allow for this. Glenn added that it may be useful to have a staff member on the Board to gain a better understanding of day to day Co-op operations, but is concerned with confidentiality in executive sessions.

The Board tasked the Nominations and Elections Committee with looking into other Co-ops that have employees on their Board (including successes and failures) and provide their results and recommendations to the Co-op Board.

**Action:** The Nominations and Elections Committee will gather more information on staff serving on a Board and report back to the Board.

### **Community News Committee Discussion**

Colette clarified that the Co-op is creating an Ad hoc committee to consider the future of the *Community News*, bring forward staff, owners, and community questions and concerns, and make suggestions for moving forward. The committee will not make decisions but will investigate options.

**Action:** Colette will send an outreach email to interested committee participants.

### **Board Communication Options**

Joan Rutkowski, Owner Engagement Coordinator, distributed a pamphlet outlining Board communication options for owners. Options included: Board webpage, e-newsletter (reaching 2,700 people twice monthly), *Rooted*, Facebook (15,000 views per week), and the Board's email list via the



Board Admin. Melinda noted there is also a staff email list that can be utilized by the Board. Bill felt that these communication avenues are great for informing the community, but does not create a space for dialogue. Colette would like to see an option that allows owners to express opinions to each other, not just the Board.

**Action:** Sara will obtain deadlines for e-newsletter and *Rooted* deadlines for the Board.

**Action:** Sara will post a sign-up sheet for Owner Packet email list to the Board's cork Board.

### **Owner Account and Bylaw Review**

Colette explained that the Board has asked Laurene Sorenson to look into Bylaw issues that have risen related to the identity of ownership.

Laurene summarized the following logistics related to the legality of ownership.

- There is a complex structure for a primary owner to transfer ownership to the secondary Owner.
- Security Exchange Act 12G2F: this act summarizes that a successor in interest would take on all legal interest. However, this primarily relates to two spouses owning the same thing (for example: spouses owning a house). The Co-op is different in that there are primary and secondary owners of a membership, where there is no legal relationship between the two. In the Co-op's case, a transfer of equity cannot be allowed.
- Laurene explained that current Co-op procedure is not a best practice. Joan explained that currently, owner number one must close their account for owner number two to receive the equity (per Policy 2.8).
- Laurene recommended removing the primary and secondary structure to allow all owners on an account equal rights. Colette felt this is a complex approach, and suggested each account have only one primary owner who is the only one allowed to vote. Members of a household may be added but only on the basis that they have a right to shop on the account but have no ownership rights.
- When asked how complicated the implementation of this change to only one primary owner would be, Joe Gilmore explained it would be far less complex than continuing with current practices, especially during expansion.

**Action:** 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.

### **July Agenda**

The Board discussed who will be present at July's Board meeting, and whether or not the Board will have a quorum to vote (both Colette and Kurt will be absent). With two Board members missing, the Board should still have five members to allow for a quorum. If other Board members cannot attend, the Agenda will be developed without any decisions to vote on. Idgi noted that the Policy and Bylaw Committee will have proposals to bring to the agenda, but will hold them until August so all Board members can vote.

**Action:** Sara will email Alex and ask if he will be present at the July 14<sup>th</sup> meeting.

### **Committees: Reports/Work Plans Progress (R)**

Policy and Bylaw: the biggest item on their agenda is overhauling the Code of Conduct. The Committee will not meet this month.

Owner and Engagement: received an application for owner participation on this Committee, which will be discussed during executive session, as it is a personnel topic.

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## **BOARD ASSIGNMENTS AND MEETING REVIEW**

### Newsletter assignments

Colette noted that when the Board received deadline dates, they will begin assigning topics again.

### Upcoming dates to remember:

Beer With the Board – August 6

CBL Café – October 17

Fall Retreat – Late October/Early September

Meeting review – overall the Board felt the meeting went well

Meeting adjourned at 8:30

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## **EXECUTIVE SESSION**

Motion to approve Greg Meyer as Owner Engagement Committee member, **passed 6-0**

Executive session ended at 9:30

*Notes taken by Sara Miller*

*Meeting adjourned at 9:30 p.m.*

The next meeting will be July 14th 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