

**Moscow Food Co-op Monthly Board of Directors Meeting
Tuesday, January 10, 2017
Fiske Room, 1912 Center, 412 East Third St., Moscow, ID**

Present: Kurt Obermayr (Vice President/Secretary), Laurene Sorensen (Treasurer), David Nelson (Board); Alex Lloyd (Board); Idgi Potter (Board); Tim Kohler (Board), Melinda Schab (GM); Willow Venzke (Board Administrative Assistant)

Absent: Colette DePhelps (President)

Facilitator: Kurt Obermayr

Guests: Heather Nelson, Greg Meyer, Scott Fedale, Tom Newhof, Deb Reynolds, Kelly Moore, Joyce Jolus, David Hall, Tim Nowell-Smith, Emma Liang, Felix Haifeng Liao, Kerry Morsek, Joe Gilmore, Michael Haseltine

6 of 7 directors present, a quorum is reached

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.

Two owners wished to speak. Kurt asked that they introduce themselves and said that they could speak for up to five minutes.

Deb Reynolds shared that she feels she has professional credibility because she grew up working in family business, has a degree in AgEcon with a minor in accounting, has done the accounting for several different businesses, and has done the internal accounting for the Co-op for 16 years. She shared that the Co-op management works hard to be diligent, smart, and to stay informed. She believes that the General Manager (GM) is always compassionate and does her job with integrity. Deb encouraged the Board and owners to appreciate the GM. She showed appreciation for the Board in the way they work hard to be diligent. Deb encouraged the Board to not feel pressured when hearing opinions from people in the community, but to remain fair and deliberate. She shared that the Co-op has an awesome team of the Board, staff, vendors and owners.

Tim Nowell-Smith is no longer a member. He began with a quote: "When you come to a fork in the road, you take it." Tim shared that a month ago, a diverse group of people came to the Board meeting in response to the dismissal of Brennus Moody. He shared that it will likely be the main topic of the meeting, and that he attended because of that. Tim brought two printed documents to the meeting, and explained that one is a compilation of what the Co-op has been involved in over the years, and the other is interim issues. He said that all is meant to be helpful.

STUDY & ENGAGEMENT: Staff serving on the Board

The Board discussed the possibility of allowing staff to serve on the Board. It was found in discussions with other co-ops who do have staff on their Board that their experiences were both positive and negative. It was noted that much depended on the personality of the individual. Legally, a staff member would need to be paid for their time spent on Board activities. Staff burnout also needs to be considered, due to the amount of time a staff member would be spending on Co-op duties, both job and Board.

Kurt shared that he hasn't seen a big groundswell of support for the idea, and other Board members agreed. The Co-op used to have staff on their Board, but that stopped at some point after 2005.

Board members all agreed to keep the structure as it is, with no staff serving on the Board. However, the Board discussed many different options of ways for staff to be involved with the Board, including an ad hoc member, an advisory committee of staff members, staff liaison to the Board, and a Board member regularly available to meet with staff. After exploring the options, the Board felt that a Board liaison to staff could be a valuable way to increase communication.

Action: Policy & Bylaw committee to look at how to get good, honest staff input, including reviewing Policy B6. Discuss the option of a Board liaison to staff.

Action: Willow to look in CBLD documents regarding staff input on a Board of Directors.—done

CONSENT AGENDA

Minutes:

Motion to accept the December 2016 Board of Director meeting minutes with small addition, seconded, passed 6-0-0

GM Monitoring Reports:

Policy B6: Staff Treatment and Compensation

The Board discussed the Co-op's latest employee survey, taken in September 2015. It showed that employees are generally happy. Kurt would like owners to have access to the employee survey, so he will look into making that available.

Regarding the first ever HR Audit that happened in 2014, Melinda shared that HR has been systematically making the recommended changes. An HR Audit will happen roughly every 5 years. David requested a written update of what has been changed since the last one.

Action: Heather Nelson (HR Manager) will provide a written update of changes made since the last HR Audit to the Board before the February meeting.

Board Monitoring Reports:

Policy C2: The Board's Job

Policy C6: Officers' Roles

Motion to accept the Consent Agenda as a whole, seconded, passed 6-0-0

GENERAL MANAGER FYI REPORT

January 2017 FYI Report -
No action needed

1. As of December 30th, we have our state alcohol license in hand. Applications for both the county and the city have been submitted (and the required inspection by the fire marshal has been completed). We expect to receive our city and county licenses well before the January 31st deadline.
2. Inventory (January 2) went smoothly and quickly this year. The CPA present from Hayden Ross was happy with our counts. Auditors from Wegner CPAs will be here in May to conduct on-site work for our financial audit.
3. Love Your Farmer event, sponsored by the Moscow Food Co-op, is scheduled for Friday, February 10th from 5-7pm at City Hall. The intention of the event is to bring producers and consumers together, providing producers with an opportunity to give more detailed information about what they do and why to the public.
4. Expansion Work (related to Tim's article and our Proposal for Growth Project Presentations) – what we're working on right now:
 - Organizational Capacity
 - i. Strengthen management and staff; improve motivation, morale, and performance. Increase accountability.
 - ii. Implement appropriate training programs
 - iii. Strengthen visibility, image, promotions, and customer service
 - iv. Develop & implement programs for improved community relations
 - Financial feasibility
 - i. Build and maintain profitability from the operation of our current store. EBITDAP goal of 4% or higher
 - ii. Increase wages in Idaho and be ready to pay Washington's wages (\$11/hour as of 1/1/2017, \$11.50 as of 1/1/2018)
 - iii. Increase MML (margin-minus-labor) by managing key indicators to be above 16% by adapting systems and increasing efficiency
 - We have no formal timeline for a Pullman expansion because we cannot predict how soon we will reach our financial feasibility goals.
5. Melinda's upcoming schedule and other events:
 - January 27 – PCFC Food Summit 2017
 - February 4-12 – Owners Week!
 - February 7-9 – NCG Winter Meeting in Sacramento, CA
 - February 10 – Love Your Farmer
 - March 11-19 – Vacation

Melinda stated that the January 2nd inventory was the smoothest one thus far, and she thanked Joe Gilmore for organizing it.

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP
BOARD Action Items— 1.10.2017

Owner Engagement (*internal action items kept separately*)

Nominations and Elections (*internal action items kept separately*)

Policy & Bylaw (*internal action items kept separately*)

1. Laurene to talk to Thain Joyal regarding bylaws on special meetings.— *In process*

Executive Committee (*internal action items kept separately*)

Strategic Initiatives (*internal action items kept separately*)

General

1. Melinda will provide the Board with a document that specifies NCG and DC targets for expansion readiness.— *In process*
2. Melinda and Joe to go through FAQs on website and update as needed.— *In process*
3. Laurene to research statutory obligations and boundaries regarding disclosing a Pro Forma to owners.— *In process*
4. Colette to put together Farm Bill information for Study and Engagement.— *No update. Colette not present.*

Future Action Items (These items are in process and ongoing)

1. Melinda to verify that the ownership form aligns with new bylaws when they're adopted.
2. Create an Advocacy Committee that will keep the Board informed of topics related to Food policy and democracy in action. (This item is on hold until further notice.)
3. Make a timeline for the capital campaign and consider hiring a capital campaign manager. (This item is on hold.)
4. Go over in Board orientation:
 - a. What does it mean to be a fiduciary? What is our responsibility?
 - b. The difference between business and personal finance.
 - c. Where we are in the expansion process.

DONE

- ✓ Owner Engagement to discuss bringing in a guest speaker for the Annual Meeting.
- ✓ Nominations & Elections committee to confirm publicity for the upcoming election.
- ✓ Board to look at policies of expansion.
- ✓ Colette to find email regarding Armory Board room price quote.
- ✓ Colette to contact Steve Peterson and ask him to be the speaker at the Annual Meeting.
- ✓ Policy & Bylaw to revise policy C5.
- ✓ Revisit the topic of "staff serving on the Board of Directors" January 2017.—*Added to January 2017 Agenda as Study and Engagement topic.*

CONFIRM AGENDA

BUSINESS AGENDA

Board response to owner concerns voiced at December Board meeting (R)

Kurt read the following statement:

“The Moscow Food Co-op Board hired a third-party to assist with the investigation into circumstances surrounding Brennus’ termination. The Board found that the General Manager acted within her authority and within established Moscow Food Co-op employment procedures.”

Policy C5 (P)

Idgi explained that this is a newly created policy for owners to call a special meeting. Owners have a right to some form of access to membership role. Since the Co-op can’t give out members’ contact info, a policy was created to bridge that gap. Idgi read Policy C5, and clarified certain points.

Call to vote, approved 6-0-0

Management structure changes, turnover, plans for management development (R)

Owner Scott Fedale thanked Melinda for providing data he requested at the December Board meeting. He expressed that he didn’t know if the turnover rate shown is normal.

It was clarified that turnover occurs for varying reasons. Also, turnover doesn’t happen in each department, and it sometimes happens multiple times in one department. Melinda had previously sent a document discussing industry turnover standards to the Board, and she resent it. Owner Scott Fedale asked why that wasn’t included in the owner packet. The Board reminded owners that the public forum period was over, and asked owners to refrain from having a discussion during the Board meeting.

Melinda stated that historically, managers were hired and then trained. Currently, the Co-op is committed to developing qualified internal candidates by training employees in preparation for getting hired as managers. She acknowledged that although they have made great strides in management training and development, there is always more to be done.

Action: Kurt to send Industry Standard to Willow to share with interested owners.—done

Bylaw review Dorsey & Whitney (R)

This item has been deferred to the Board’s work session on January 17th.

Term of Board member before applying to be President (D)

This item has been postponed until February due to Colette being absent.

Bylaw Revision & Vote Timeline (D)

The Bylaw review has been completed and returned by Dorsey & Whitney, and after the Board reviews it, owners will have time to look it over before voting during the Board of Directors election in March.

Election update and presentation of candidate slate (R)

Melinda congratulated the Nominations & Elections committee on its success of receiving 8 applications.

David read the names of the 8 candidates and explained that the Board will review their applications and eligibility criteria during Executive session.

The following people have applied to be on the Board: Kurt Obermayr, Tim Kohler, Barbara Gordon, Ashley Hamlin, Carol McFarland, David Sutherland, Joni Hay-Smith and Thomas Bitterwolf.

David reminded owners that the Board has been expanded to 9 seats, so there are 4 open seats. He explained that Candidate Orientation will be January 25th at 6pm in the Fiske room of the 1912 Center. Orientation can be open to owners. Co-op history and culture and policy governance will be discussed. The Candidate Forum will be held March 5th from 4-6pm in the Great room of the 1912 Center.

Expansion Readiness Update & Timeline (R)

Melinda and Joe explained that there is no formal timeline for expansion, since it's difficult to predict when the Co-op will reach their financial target. Joe discussed the article that was recently on the front page of the Moscow-Pullman Daily News, and explained that they are working on expansion every day.

Timing of March Board meeting and committee meetings (D)

March's Board meeting and two committee meetings fall during Spring Break, so the Board agreed to move March's meeting to the 21st. Committees will reschedule their meetings at a later date.

Action: Nominations & Elections committee to verify Board's role after the election.

Finalizing Annual Meeting date and time (P)

The Co-op's Annual Meeting will take place April 9th from 3-5pm in the Great room of the 1912 Center.

"Rooted in Community news"— discussion of the potential for a quarterly owner-produced newsletter (D)

Colette had discussed with Melinda the concept of a quarterly publication 100% created by owners. If no owners could do the layout and design, the Co-op staff would provide that.

Action: Owner Engagement committee to discuss the idea of a quarterly print publication.

Banking Resolution

This item has been postponed due to Colette being absent.

Committees: Reports/Work Plans progress (R)

Kurt suggested finding a place to announce committee meeting times.

- Bulletin board
- E-newsletter

Action: Committee chairs will add meeting times into the e-newsletter.

Nominations & Elections – Introduced slate of 2017 candidates earlier in the meeting.

Policy & Bylaw – The Board voted on Policy C5 tonight. Committee received a new Action item regarding getting staff input.

Owner Engagement – Currently working on editing their charter. Committee discussed the upcoming Annual Meeting. It was clarified that Owner Engagement committee is responsible for the content of the Annual Meeting, and staff will take care of logistics.

Strategic Initiatives – Has not met.

Executive Committee – Did not meet this month.

BOARD ASSIGNMENTS AND MEETING REVIEW

E-newsletter brief-200 words or less

Due the 10th and 20th of each month

- (10th) Owner Engagement—Willow
- (20th) Elections—David

Community News online/printed: “Board News” – 800 words or less

Due the 15th of each month

Action: Idgi to communicate with Colette regarding writing the Community News article.—done

Rooted “Looking Forward” event submission – 80 words or less

February 2017—Willow

- Board meetings
- Beer with the Board
- Elections events

Rooted article – 600 words for single page; – 1200 words for double page

February 2017— Colette

- Bylaw revision
- Annual Meeting
- Elections

Upcoming dates to remember:

Board Candidate Orientations: January 25th, 2017

February Board meeting: Monday, February 13th, 2017

February Work session: February 21st, 2017

Board Candidate Forum: March 5th, 2017

Meeting review

Board was happy with the amount of material covered, and felt that Kurt did a good job facilitating.

Notes taken by Willow Venzke

Meeting adjourned at 7:49pm

The next meeting will be Monday, February 13th at 6pm in the Fiske Room at the 1912 Center.

Executive Session: Board discussed the election candidates, and determined that David Sutherland was ineligible to run because he had applied for a management position within the last year.

Signature of the Board President

Date