

Moscow Food Co-op Monthly Board of Directors Meeting
Tuesday, February 9th, 2016 6 p.m.

Present: Bill Beck (Board VP), Kurt Obermayr, Idgi Potter, Alex Lloyd, Laurene Sorensen, (Board); Melinda Schab (GM); Dena Van Hofwegen (Board Administrative Assistant)

Absent: Colette DePhelps (President); Derick Jiwan (Board)

Facilitator: Joan Rutkowski

Guests: Joe Gilmore, Greg Meyer, Diana Armstrong, David Nelson, Kyle Parkins, Scott Fedale

5 of 7 members present, a quorum is present

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.

Greg Meyer – presented the following statement to the Board of Directors.

“I am a lifetime Co-op member/owner, a former co-manager, and a current member of the Owner Engagement Committee. And, as you know, I have been attending board meetings for many months now. I believe it helps me to better understand co-op governance and thereby do a better job as a member of the committee I serve on.

My understanding is that the board is in the process of amending the co-op’s bylaws. Something that was discussed at the January meeting. At the time, my impression was that only some of the bylaws would be addressed. My impression also was that the amended bylaws would be presented to the ownership for a vote at the upcoming general membership meeting. But that owners would not be able to provide input into the revised bylaws before the vote.

That was my impression from the meeting. I have not seen the draft notes from that meeting.

Since then, I have learned that the bylaw revision will likely be more extensive, essentially adopting and adapting a template provided by the CBLD, so-called fresh start bylaws.

There has also been a discussion about sponsoring a forum or session of some kind to discuss these changes, but not necessarily to provide owners with an opportunity to suggest changes or additions.

I encourage the board, if this is in fact the intention, to reconsider and allow the ownership to weigh in on such an important process - in keeping with the co-op’s stated commitment to and support of ~~the~~ International Co-operative Alliance’s [7 Cooperative Principles](#), **the second of which is Democratic Member Control: which states that “co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions.”**

This commitment is also included in Section 1.3 of the co-op bylaws under Democratic Governance.

In addition, I would encourage that technology such as email and the web be used to allow owners to participate in this process, so those who cannot or choose to not attend a forum may also be involved. I understand that this could be challenging.

The discontinuation of the printed Community News and the initiative for a new store in Pullman are two examples where I think everyone agrees a better job could have been done in including members in the decision making process.

This is an opportunity to engage owners on a topic that I hope is of interest to them. It's certainly one that affects us all.

Thank you for your consideration and your service to the Co-op."

Joe Gilmore – would like to thank the Board for doing their best to represent the Co-op and speak on behalf of the ownership. During every election, owners have a choice on who they will vote for to represent their voice as an owner of the Moscow Food Co-op.

Greg Meyer responded to Joe's comment and suggested that the Board change the language of the Co-op principles to reflect that all changes made to the Co-op are decided by the Board of Directors.

Scott Fedale – added that there is a difference from taking owner input and putting every decision to a vote. Offering and accepting owner input will provide a wider purview and varying opinions that will help the Board come to decisions. Scott fully supports Greg Meyer's statement to the Board of Directors.

Joan addressed the speakers of the forum, clarifying that the Board will consider the owners concerns and the Board President will contact them with responses if they have requested follow-up.

STUDY & ENGAGEMENT: Growth Capitalization – Capital Campaign Workbook (Confidential)

Bill led a discussion on the Capital Campaign Workbook as the Study and Engagement topic. The workbook was not included in the owner packet because it is still in the process of being finalized and made available online. Bill feels the workbook is extremely comprehensive and will help immensely as the Co-op approaches the launch of a Capital Campaign.

With the commitment to expand to Pullman, there is a need to raise funds for the additional store. There will be a 12 month period between the time of signing with a developer to build the new location and the doors opening. It is imperative to have the capital campaign ready to launch in order to move forward with expansion.

Melinda shared concern for the "intrastate exemption" explained on page 5 of the Workbook.

"Intrastate exemption" applies where an entity conducts most of its business in a single state and accepts investments only from residents of that state. Many states also have a special registration exemption for co-ops under the state securities law. State securities laws vary widely, however, which is one of the many reason why you must consult with a qualified attorney before launching your capital campaign".

Action: Laurene to pursue clarification on "intrastate exemption" and "Co-op subsidiaries".

The Board discussed the importance of hiring a capital campaign manager for the expansion to Pullman. The workload of heading up a capital campaign is extensive and would be too much for the Board to manage along with its regular responsibilities. Although the Board would not be managing the campaign they would still be extremely involved.

Action: Make a timeline for the capital campaign and consider hiring a capital campaign manager.

Discussion of a capital campaign timeline

- Clarify specific state laws
- Decide if preferred shares will be offered as an investment option to owners.
- Build an updated Pro Forma and Capital Campaign goal once the project is determined.
- Start kickoff of Capital Campaign, which takes 6-8 weeks.

Action: Melinda to send Laurene contact information for David Thompson.

Action: Dena to add a discussion regarding the Capital Campaign Workbook to the March Board meeting agenda.

CONSENT AGENDA

Minutes:

Motion to accept the January 2016 BOD meeting minutes as amended, seconded, passed 5-0

GM Compliance Reports:

Policy A1: Ends Policy

The General Manager (GM) provided a written report on Ends Policy.

The Ends Policy Report that Melinda compiled was extremely thorough and indicated how impressive the last year has been for the Co-op. The report can be repurposed and work as a foundational piece for a marketing plan or even a capital campaign.

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

Policy B3: Communication & Counsel 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, seconded, passed 5-0

BOD Policy Compliance Survey

D4: Committee Principles

There was a short discussion regarding Question 2 part 3:

“Committee members are selected on the basis of expertise, interest, and knowledge in the committees’ areas of activity.”

100% selected Moderate extent

Policy D4 comes motioned and seconded, motion to accept Policy D4 and find it in compliance, passed 5-0

D6: Role of the Board Administrative Assistant

Policy D6 comes motioned and seconded, motion to accept Policy D6 and find it is compliance, passed 5-0

D11: Board Members' Code of Conduct

The weighted average for Question 1 part 3 was 3%

"Accepting Board policy or action even when they disagree with the policy or action?"

Comment: "For the most part, yes. My experience is that one board member has a hard time with this. We end up spending a lot of time going round and round covering the same ground. It is hard on the group to have one Director always restating their minority opinion and not allowing us to move on."

The weighted average for Question 2 part 3 was 2.83%

"Acting as a body to discipline anyone with "unexcused" absences (this means providing written notice of potential to be placed on probationary status and/or enforcing the automatic resignation of someone with three unexcused absences)?"

Comments:

"No. But we are reviewing our code of conduct and intend to make it easier to understand and enforce."

"The Board struggles with accountability to each other."

Policy D11 comes motioned and seconded, motion to accept Policy D11 and find it is compliance, passed 5-0

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.

1. Wegner – I signed the contract for Wegner to perform a financial review of our 2015 financials. The engagement letter is attached for your information.
2. Fish Folks Art Installation – Dale, the owner of Fish Folks, approached me about donating a sculpture to be displayed in the parking lot as a thank you for hosting them. I have preliminary sketches to show the Board. This time, I remembered to bring them.
3. Expansion – I have delegated Project Management to Joe Gilmore. He is working with the Boise Co-op to learn from their process. He and I will be working closely together throughout this experience. We have begun meeting with developers in order to determine who might be interested in working with the Co-op, what the costs and services are, and what reasonable timeframes for this project look like.

Bill was happy to see the Wegner contract and that our Financial Review is being completed. Melinda stated that there is no firm date for the completion of the 2016 audit report but that it will be available sometime in 2017.

Melinda will be gone for the Candidate Forum on March 6th and will be taking the week of March 11th – 19th off.

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Action items as of February 9th, 2016

Owner Engagement (*internal action items kept separately*)

1. Develop and Plan an Owner Forum topic regarding preferred shares and parking. – (*remove this action item and replace with “Owner Engagement to add “parking” as the next Beer with the Board Topic”*)

Election/Recruitment (*internal action items kept separately*)

2. Work on verbiage for elections making it clear to voters how many people they need to vote for. – (*IP*)

Policy & Bylaw (*internal action items kept separately*) **ON HOLD – PENDING BYLAW REVISION – (IP)**

3. Continue to look at B policies (other than B13, B6 and B7) for congruence with the new Ends and the purpose of B policies.
4. 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.
5. 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.
6. Policy and Bylaw to clean up B10 and make it clear.
7. Policy and Bylaw to remove the annual planning document from B3 and add annual planning document to B8.
8. Policy and Bylaw to merge and combine B6 and B7.
9. Policy and Bylaw to look at the CBLD policy template.
10. The Bylaws need to be updated in order to define what Board member participation needs to be in order to remain on the Board.

Professional Development (*internal action items kept separately*)

Strategic Initiatives (*internal action items kept separately*)

11. Create an Advocacy Committee that will keep the Board informed of topics related to Food policy and democracy in action. – (*IP*)

General

12. Melinda to research food safety in regards to serving food in a self-serve bar. – (*IP, delegated to Kyle Parkins*)
13. Laurene to investigate legal structure of member loans offered in Idaho and Washington. – (*IP*)

14. Melinda to email the Board information about our stores deli department and how it compares to other Co-ops. – (DONE)
15. Colette to send Joan updated information about the business partnership program. – (IP, Joan to follow up with Colette on this action item)
16. Colette to find out if Art can facilitate our spring retreat. – (IP)
17. Melinda to share the Open Forum Presentation online. – (IP)

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

18. Melinda to find out if GM in Boise is available to meet with us? – (remove)
19. Revisit the topic of “staff serving on the Board of Directors” January 2017

CONFIRM AGENDA

Owner Engagement Committee would like to add five minutes to the agenda for discussion of the committees meeting location.

BUSINESS AGENDA

Bylaw Review (P)

Laurene was asked to review the Co-ops bylaws in order to propose changes and updates and identify any potential legal issues, as well as revisit nomenclature.

The brief conclusion to Laurene’s report is as follows.

With respect to the bylaws, I recommend that (1) instead of doing section-by-section amendments to the current bylaws, we adopt a new set modeled on the “fresh Start” bylaws; (2) we revise the household membership language to eliminate the potential of transfer between members; and (3) we revert to the term “member” throughout to denote a person with a common stock interest in the Co-op. With regard to the articles of incorporation, I recommend that we amend and restate them to eliminate errors/anachronisms and authorize the issuance of more than one class of shares.

The Board agreed that it is not feasible to cover and change all of the issues with our current bylaws and inform the owners in enough time before the Annual Meeting.

If the Board decides to use the CBLD template to overhaul the bylaws, they will be customized for the Co-ops best interest. It will be imperative to have an easy and simple set of bylaws set in place prior to starting a capital campaign and looking for financing to fund an additional store in Pullman.

Motion to accept Laurene’s proposal to wholesale overhaul our bylaws adoption rather than amending them to be voted on at a future meeting of members.

Motion passes 5-0

Motion to follow the suggested process as outlined in the Fresh Start Bylaws Template: A Field Guide, seconded, **passed 4-0-1**

Action: The Board to determine a date to start the process of overhauling the bylaws using the “CBLD Fresh Start Bylaw Template” as the guide.

Elections Update (D)

At the next Nominations and Elections Committee meeting they would like to determine the verbiage used in order to make it clear that you can vote for one, two, three, or four candidates during the election.

The Candidate Forum will not be filmed and posted on the website this year because one candidate does not wish to be filmed. Nominations and Elections will include information about filming the Candidate Forum in the 2017 election packet.

Electronic Voting (D)

Joe gave an update on the 2016 Board Election and confirmed that he is on track with his timeline for implementing electronic voting. He had a great response from the primary owner letters that were sent to a specific group of owners asking for clarification on accounts. There was an Owner Forum held for recipients of the primary owner letter to discuss any questions or concerns but there were no attendees.

Joe has secured a contract with Votenet and is moving forward with the Premium Version Package at a cost of \$3,100 which provides all access and phone support. The cost for electronic voting in the future will be minimal once Joe understands how the electronic voting system operates.

The Board supports initially investing more money up front in order to have full access and phone support to ensure this election will go smoothly.

Annual Meeting Planning (D)

Melinda announced that the 2016 Annual Meeting is scheduled for Sunday, April 10th from 3-5 pm and that she would like to hand off the planning process to the Owner Engagement Committee. It is important that the Board determines what the Co-op owners need to hear at the Annual Meeting. The Board provides finances and content for the Annual Meeting and the staff will provide event planning and advertising.

Motion to request Owner Engagement Committee to plan the Annual Meeting and report a suggested plan during the March Board meeting, seconded, **passed 2-1-2 (Motion does not pass)**

Motion to request Strategic Initiatives Committee to plan the Annual Meeting and report a suggested plan during the March Board meeting, seconded, **passed 5-0**

Action: Strategic Initiatives Committee to plan the Annual Meeting and report on a suggested plan during the March Board meeting.

Action: Invite Greg Meyer to join the Strategic Initiatives Committee to help in planning the Annual Meeting

Spring Board Timeline (D)

The Board decided to start working on the bylaw review during the next scheduled Work Session on Tuesday, the 16th.

March Work Session - growth timeline reviewed by Todd and Art

April – 16th tentative policy revision workshop, draft the policies that will be refined within a month.

May - Develop planning process for capital campaign & process for full-scale revision of the by-laws.

June-Aug complete bylaw revision.

Action: Dena to email all election candidates with upcoming events and meeting dates in order to mark their calendars.

Committee Meetings – public

As Chair of the Owner Engagement Committee, Laurene does not feel that the Co-op Mezzanine is a great place to hold committee meetings that are open to the public. When the Committee met last week they discussed multiple meeting locations and felt that One World Café was the best option for owners attending monthly meetings.

The Board of Directors support and approve the Owner Engagement Committee meeting at One World Café for monthly Committee meetings.

Committees: Reports/Work Plans progress (report)

Nominations & Elections –

Policy & Bylaw –

Professional Development – The monthly meeting start time has been changed from 4 pm to 5 pm.

Owner Engagement – Moving meeting venue.

Strategic Initiatives –

Executive Session –

BOARD ASSIGNMENTS AND MEETING REVIEW

Rooted submission:

February 11th - Annual Meeting – Melinda and Dena

May 18 –

E-newsletter assignments:

February 10 – an article on the fish sculpture that is being donated from “Fish Folks”

February 20 – Elections

March 10 –

March 20 –

Community News submission:

February 25th - Idgi Potter

March 25th - Idgi Potter

April 25th - Idgi Potter

May 25th - Idgi Potter

Upcoming dates to remember:

Work Session: February 16th 5-7

Candidate Forum: March 6th

Elections week: March 5-13

Work Session: March 29th 5-7

Annual Meeting: April 10th

Board Spring Retreat: April 15th – 17th

Meeting review – Joan did an amazing job at facilitating the meeting!

Meeting motioned to adjourn at 8:06 pm

EXECUTIVE SESSION

Notes taken by Dena Van Hofwegen

Meeting adjourned at 8:06 p.m.

The next meeting will be Tuesday, March 8th at 6:00 p.m. (with dinner beginning at 5:30 p.m.) in the Fiske Room of the 1912 Center.

Signature of the Board President

Date