

**Moscow Food Co-op Monthly Board of Directors Meeting**  
**Tuesday, March 8<sup>th</sup>, 2016 6 p.m.**

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

**Facilitator:** Joan Rutkowski

**Guests:** Joe Gilmore, David Nelson

**6 of 6 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.

No guests wished to speak during Public Forum

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

The Board continued a discussion on a Capital Campaign Workbook provided by Food Co-op Initiatives (FCI). The second part of the Workbook contains how to run a Capital Campaign in significant detail.

The Board discussed the Idaho Statute 30-30-905

TITLE 30  
CORPORATIONS  
CHAPTER 30  
IDAHO NONPROFIT CORPORATION ACT  
PART 9  
DISPOSITION OF ASSETS

30-30-905. AUTHORIZED DISTRIBUTIONS. (1) Corporations may make distributions upon dissolution in conformity with section [30-30-1005](#) or [30-30-1006](#), Idaho Code.

(2) *The operations of a corporation that is a cooperative corporation shall be so conducted that all members will, through their membership, furnish capital for the corporation as provided in the corporation's bylaws. No interest or dividends shall be paid or payable by the corporation on any capital furnished by its members. The corporation is obligated to account on a membership basis to all its members for all amounts received and receivable from the furnishing of service and from other sources in excess of operating costs and expenses properly chargeable against the furnishing of service. The corporation is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. In the event of dissolution or liquidation of the corporation, after all outstanding indebtedness of the corporation shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the corporation will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part.*

History:

[30-30-905, added 2015, ch. 243, sec. 82, p. 1000.]

The Board is receiving conflicting information regarding future Co-op lenders needing to be owners. Research needs to be done to find out what specific laws will apply to the Moscow Food Co-op Capital Campaign.

Laurene spoke with David Thompson and he suggested a few different options for the Moscow Food Co-op in moving forward with the Capital Campaign for expansion.

1. Incorporate elsewhere
2. Change the law
3. Research the Job's Act for more information

If the Idaho statutes are not favorable to retail food Co-ops, Colette would like to see the Idaho laws changed. There are four consumer Co-op's in Idaho that could get together in order to back the change of the law that would benefit all of us.

Doing a Capital Campaign on the Job's Act would allow the Co-op to raise up to one million dollars from owners in Washington and Idaho while still offering member loans to owners in Idaho.

**Action: Colette to send Laurene information on the Job's Act.**

The Board discussed different options for moving forward with a Capital Campaign.

- Colette - Investigate options to become incorporated in a different state that would be most beneficial for the Moscow Food Co-op and would also allow all owners to participate in the future Campaign.
  - A concern would be how owners felt about changing the state we are incorporated in?
- Laurene – we could pursue accredited investors to get some big pieces of capital first and then move onto the ownership for member loans.
- Research the option to raise ownership fees based on how many people live in the household that are using the ownership account. David Thompson wrote about this idea as a way to increase annual membership fees.
- Bill would like to hire an attorney before we make any more decisions on how to move forward with expansion. Hiring an attorney would provide us with malpractice insurance and help streamline our next steps to speed up this process.

Colette – requested to add this discussion to the Business Agenda so the Board can take a vote on how to proceed regarding the proposal of outside legal counsel.

**Action: Laurene will contact Craig Lochner at the Boise Co-op to find out what paperwork they had to file in order to get the owner loan approved.**

**Action: Laurene will contact the State Securities Commissioner to find out where they feel this provision fits under our current statute.**

**Action: Laurene to ask David Thompson about a state that has flexibility to do what we want to do for our Capital Campaign.**

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## CONSENT AGENDA

### Minutes:

Motion to delete two paragraphs under the Board Compliance Survey results discussing comments made on questions, seconded, **passed 4-0-2**

Motion to accept the February 2016 BOD meeting minutes as amended, seconded, **passed 6-0**

### GM Compliance Reports:

#### Policy B9: Q4 Financials & Year End Financials

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

Colette asked how financial reporting will change during expansion, referencing Net Income on page 3 of Melinda's report.

Melinda explained that as we expand, each store will have a separate set of financial statements. In addition, the Administration will always have its own set of financial statements.

As we move forward with expansion, Melinda would like to set a target to increase the number of ownership accounts and equity dollars. Melinda discussed the option to offer an incentive for owners to invest in a lifetime ownership. Looking forward, what percentage of those accounts and dollars do we want to specifically get from Pullman?

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

#### Policy B8: Budgeting/ Financial Planning

The General Manager (GM) provided a written and visual report about the 2015 budget and the reasoning behind its projections.

Colette shared that the Year End Statements were helpful for looking at the proposed budget for the year and the explanation of how the GM attained those numbers.

**Action: Policy and Bylaw to explore whether Policy B8 or Policy B9 should include an expectation for the GM to present year end actuals.**

#### 2016 Budgets

The Board discussed the 2016 Budget and had some questions for Melinda on the sales growth percentages. Melinda and her staff are working hard to hit 8% sales growth by paying better attention to contribution to margin. In the next few years Melinda is going to focus the Co-op's energy on three themes including customer service, promoting local, and the benefits of cooperative ownership.

**Action: Policy and Bylaw to update Policy B8 under section B8.3, under second bullet point, from the GM reporting to the Board of Directors about the MFC financial conditions monthly to quarterly.**

The Access Discounts are calculated as a % of Net Sales and include the FLOWER Program, Senior Discounts, and Student Discounts. The Co-op has budgeted .7% of sales for the Access Discount programs and this percentage could rise in the future if the programs are successful. The discounts are valuable to the public, but the Co-op also exists to be profitable. Melinda is not sure how high this cost could get and has agreed to keep an eye on it.

Motion to accept Policy B8 and find it in compliance, seconded, **passed 6-0**

#### 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 6-0**

### **BOD Policy Compliance Survey**

#### D5: Board Meetings

Policy D5 comes motioned and seconded,  
motion to accept Policy D5 and find it in compliance, **passed 6-0**

#### D7: Relationship to Members

Policy D7 currently has an outdated mission statement that was reflected in the Survey Monkey questionnaire.

**Action: Policy and Bylaw to update Policy D7 to reflect the Moscow Food Co-op's current mission statement.**

The Board discussed the question on page 4 "To what extent is the Board always acting under the influence of members' commonly-held interests?"

**Action: Professional Development Committee will decide if the topic of whether or not the Board is always acting under the influence of members' commonly held interests is a topic for discussion at a later time.**

Policy D7 comes motioned and seconded,  
motion to accept Policy D7 and find it in compliance, **passed 6-0**

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

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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. NCG Proposed Operating Standards – One of the changes coming out of the NCG is the future adoption of Operating Standards. The NCG describes this change as necessary due to increasingly competitive markets. “The purpose of these operating standards is simple – stronger co-ops with efficient operations.”
2. NCG’s 2016 Marketing Matters Conference – Erica Wagner and I have been selected to present at this year’s Marketing Matters Conference in Chapel Hill, NC. We were selected to speak about making the transition from a monthly newsletter (that primarily served the core shopping group) to a quarterly magazine (intended to appeal to a broader cross-section of the community at large).
3. Melinda’s upcoming schedule:
  - March 11-20 – vacation!
  - April 5-8 – Spring GM Meeting in Chapel Hill, NC
  - June 6-8 – Marketing Matters in Chapel Hill, NC
  - June 9-11 – CCMA in Amherst, MA
4. Tuesday’s Growers Market is being changed. The two seasoned vendors that have participated in the Tuesday’s Growers Market at the 1912 Center find it too labor intensive and not worth their time and effort to continue attending. The Grower’s Market did very well in the Co-op parking lot but caused a lot of problems with parking. We need to be careful not to reintroduce risks that were removed before. Options in moving forward:
  - One or two producers placed right outside the store on Tuesdays could encourage relationship building and consistency to owners.
  - Grower’s Market at Friendship Square once a month

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

Action items as of March 8<sup>th</sup>, 2016

### **Owner Engagement** (*internal action items kept separately*)

1. Owner Engagement to add “parking” as the next Beer with the Board topic. – *In Process*

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

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

2. Continue to look at B policies (other than B13, B6 and B7) for congruence with the new Ends and the purpose of B policies.
3. 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.
4. Policy and Bylaw will move forward with an approach to clarify current ownership practices. The Committee will consider clarifying ownership to clearly specify one Primary owner, with all other persons having only the right to shop on the account.
5. Policy and Bylaw to clean up B10 and make it clear.
6. Policy and Bylaw to remove the annual planning document from B3 and add annual planning document to B8.

7. Policy and Bylaw to merge and combine B6 and B7.
8. Policy and Bylaw to look at the CBLD policy template.
9. The Bylaws need to be updated in order to define what Board member participation needs to be in order to remain on the Board.
10. Policy and Bylaw to update Policy D9:
  1. engagement in activities that ~~will~~ “would” put the Co-op in legal or financial jeopardy.

**Professional Development** (*internal action items kept separately*)

**Strategic Initiatives** (*internal action items kept separately*)

11. Strategic Initiatives Committee to plan the Annual Meeting and report on a suggested plan during the March Board meeting. – *In Process*
12. Create an Advocacy Committee that will keep the Board informed of topics related to Food policy and democracy in action. – *In Process*

**General**

13. Laurene to pursue clarification on “intrastate exemption” and “Co-op subsidiaries”. – *In Process*
14. Make a timeline for the capital campaign and consider hiring a capital campaign manager. – *In Process*
15. The Board to determine a date to start the process of overhauling the bylaws using the “CBLD Fresh Start Bylaw Template” as the guide. – *Done/ has been added to the Board Spring Retreat Agenda*
16. Melinda to research food safety in regards to serving food in a self-serve bar. – *In Process*
17. Laurene to investigate legal structure of member loans offered in Idaho and Washington. – *In Process*
18. Colette to send Joan updated information about the business partnership program. – *Remove/ currently we have PO’s working on this.*
19. Colette to find out if Art can facilitate our spring retreat. – *Done*
20. Melinda to share the Open Forum Presentation online. – *Done/ a FAQ regarding expansion was posted last month*

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

Revisit the topic of “staff serving on the Board of Directors” January 2017

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**CONFIRM AGENDA**

Discussion on retaining legal counsel for growth process (10 minutes)

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## **BUSINESS AGENDA**

As of Friday, March 4th 2016, the Board of Directors formally accepts the resignation of Derick Jiwan and thanks him for his service.

### **Election Process Update and Table Scheduling (D)**

Joe Gilmore gave an update on the electronic voting election process. There is currently a total of 216 votes that have been collected with an additional 75 owners starting the voting process but not submitting their final vote yet. There have been no complaints or requests submitted to Joe.

Throughout the year Joe would like to acquire more owner email addresses in order to increase voter turnout for next year. Owners who receive a direct email from the Co-op with a link encouraging them to vote find it easier to take a few minutes to cast their vote.

If there is an uncontested election next year Joe would like to suggest including an abstain option for the candidates instead of just a yes or no vote.

### **Annual Meeting Planning (D)**

Idgi asked if Melinda could present at the Annual Meeting and report on the accomplishments of the Strategic Plan throughout the last year.

Idgi will give a treasurer report containing specific details of the Strategic Plan implementation at the Co-op.

**Action: Idgi and Melinda will work together to coordinate the Annual Meeting Presentation.**

**Action: Strategic Initiatives Committee to meet this week to finalize the agenda for the Annual Meeting.**

### **Spring Retreat Focus and Update (D)**

The Spring Board Retreat is scheduled for Friday, April 15<sup>th</sup> – Sunday, April 17<sup>th</sup> at Reflections Inn in Kooskia, ID. The Board will be working for most of the weekend, but is encouraged to bring hiking shoes and a bathing suit in order to enjoy the amenities of Reflections Inn.

Colette wants to finalize the agenda for the retreat so we can move forward with travel plans for our coordinator. There was a discussion on whether Moscow Food Co-op Policies or Bylaws were more important to revise first at the Spring Retreat.

Motion that the agenda for the Spring Board Retreat will focus on the Policy revision with the development of a timeline for the Bylaw revision, **passed 6-0**

The Board approved hiring Todd Wallace to facilitate the Policy revision for the Board Retreat.

Action: Each Board member will inform Colette of when they will be arriving at *Reflections Inn* for the Board Retreat.

### **Follow up on Owner Packet Contents (D)**

Email from Todd Wallace regarding this discussion:

*Essentially, the board must always balance the desire to provide reasonable access to owners of operational and financial affairs of the co-op, with the legal responsibility of keeping sensitive information confidential. This is not as difficult as it may sound.*

- *Know and operative consistently with your bylaws.*
- *Monitoring reports contain all kinds of data and information designed to empower the board to make the decisions they need to make in on behalf of all the owners of the co-op. This data might shift and change as the co-ops systems evolve and the board's needs evolve and it may or may not be sensitive or confidential information. Because of this, I do NOT recommend that boards make monitoring reports publicly available to member-owners. (As a side note, if I were a GM I would definitely write these reports differently if I felt my audience were trustees to the co-op (bound by a code of conduct and legal duties), versus an audience of thousands of member-owners. I would feel freer in the former situation, and more guarded in the latter.)*
- *However, this does not mean that you can never share any information, either. If an owner approaches the co-op with an inquiry that is reasonable and in good faith, than I would do my best to satisfy that inquiry. Ask yourselves this question "what is reasonable?" Can you provide someone with a summary of the information that has been checked for sensitive data? Does the person have specific questions that can be answered by someone who knows? Ends Reports are generally filled with great info - is there a plan to translate some of this data into the Annual Report - something that is specifically shaped and produced with an audience of thousands in mind. Another key aspect of creating "transparency" is not just data and information, but context. Reports without any context or information about the big picture can be as illuminating as mud.*

*Anyway, those are some general thoughts. Don't make it about the "report." Make it about how to communicate reasonably and effectively, with meaning and context.*

Colette would like to be able to provide a definitive answer to owners when there is a request made for information from the Board that could be confidential.

Melinda suggested including a copy of the policy that is being reported on in the owner packet. She is also happy to write the FYI report in such a way that owners can receive that information in their owner packet as well.

If owners make requests to the Board for information outside of that included in the owner packet that might be confidential due to fiduciary, strategic positioning, legal or personnel reasons, Colette suggests the Board discuss the requests in Executive Session and a timely response be given.

Owners will not be provided with Melinda's compliance reports.

Motion that future owner packets for Board meetings include copies of the policies that are being reported on for compliance and the GM's FYI report, seconded, **passed 6-0**

Motion to make GM Compliance Reports available to owners during the Board meeting for their review, **motion not seconded.**



### **Retaining legal counsel for our Capital campaign**

The Board added 10 minutes to the Business Agenda for continuing discussion on the topic of retaining legal counsel for the growth process.

Laurene affirmed the Board that there are protocols for vetting research and making sure that it is being done correctly.

Kurt is concerned that Laurene has a lot on her plate and hasn't provided specific results to the Board as of yet. Kurt asked Laurene to let the Board know if she is feeling too overwhelmed with her task load.

Laurene indicated she has been waiting for clear direction from the Board as to her next steps and that she does have time to complete the necessary legal research.

Motion to continue to use Laurene as a resource for legal research into corporate governance until she decides it's time to hand off to a law firm that she will recommend. **Passed 5-1-0**

### **Bylaw Amendment Process and Timeline (P)**

The Bylaw Amendment Process and Timeline will be completed at the Spring Board Retreat.

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

**Nominations & Elections** – Action: Kurt would like to propose to create a Nominations and Elections procedure timeline.

**Policy & Bylaw** – work on hold until spring Board retreat.

**Professional Development** – Bill updated the Board of Directors Handbook

Action: Dena to leave an old BOD Handbook along with an updated BOD Handbook upstairs for Board members to review prior to March 22<sup>nd</sup>. (Board members are encouraged to leave their binders on Dena's desk for updating on March 23rd).

**Owner Engagement** – will not be meeting in March.

Action: Owner Engagement Committee to discuss the time and location of monthly meetings during April Board Meeting.

**Strategic Initiatives** –

**Executive Session** –

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## **BOARD ASSIGNMENTS AND MEETING REVIEW**

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

May 13 – owner forums regarding bylaw revision  
August 12 – Election Timeline?

**Action: Owner Engagement Committee will regularly submit a statement, 80 words or less, for the Rooted “Looking Forward” publication.**

E-newsletter brief assignments – 200 words or less:

March 10<sup>th</sup> due date/15<sup>th</sup> publication – Annual Meeting and election results  
March 20<sup>th</sup> due date/April 1<sup>st</sup> publication – Annual Meeting  
April 10<sup>th</sup> due date/ 15<sup>th</sup> publication –  
April 20<sup>th</sup> due date/ May 1<sup>st</sup> publication –

Rooted Article – 600 words for single page; 1200 words for double page:

May 13 –  
August 12 –

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

March 25<sup>th</sup> - Idgi Potter  
April 25<sup>th</sup> - Idgi Potter  
May 25<sup>th</sup> - Idgi Potter

Upcoming dates to remember:

**Elections week:** March 5-13  
**New Director Training:** March 24<sup>th</sup> @ 5  
**Work Session:** March 29<sup>th</sup> 5-7  
**Annual Meeting:** April 10<sup>th</sup> 3-5  
**Board Meeting:** April 12<sup>th</sup>  
**Spring Retreat:** April 15-17  
**Work Session:** April 19<sup>th</sup> 5-7  
**CCMA:** June 9-11 (Massachusetts)

Meeting review – The meeting went a little long.

Melinda would have liked to discuss the operations, budgeting, and annual planning in more detail.

Action: Directors will inform Dena if they would like to run for an officer position and Dena will have a paper ballot for the April Board Meeting where voting will take place.

Meeting motioned to adjourn at 9:23 p.m.

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## EXECUTIVE SESSION

The Board discussed growth

*Notes taken by Dena Van Hofwegen*

*Meeting adjourned at 10 p.m.*

The next meeting will be Tuesday, April 12<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