

**Moscow Food Co-op Monthly Board of Directors' Meeting-DRAFT**  
**Tuesday, May 12, 2015, 6 p.m.**

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

**Absent:** Glenn Holloway

**Facilitator:** Kay Keskinen

**Guests:** Diana Armstrong, Terri Harber (Daily News), Dean Pittinger, Andrea Chosch-Pittenger, Gerri Saylor, Chris Norden, Leontina Hormel, Ellen Theim, Theresa Beaver, BJ Swanson, Greg Meyer, Sharon Kielty, Rebecca Rod, Joe Gilmore, Joan Rutkowski, Misty Amarena.

---

## **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.

### Dean Pittinger

Dean would like the Board to reconsider the Co-op's position on no longer publishing the *Community News*. Dean also requested the Board remain non-discriminatory in all facets of their dealings with owners, Board members, and employees.

### Diana Armstrong

Diana proposed the Board change Policy B9: Board Member Nomination and Election Process. Diana would like the Board to allow a Co-op employee to serve on the Board of Directors (currently, Bylaws prohibit employees serving on the Board). Diana passed out to each Board member a copy of her reasoning, the Policy, emails from other Co-op's who do not have this Policy, and informed the Board she will return at June's meeting to discuss her request.

### Chris Norden

Chris addressed the Board as a 20+ year member and a previous Director of the Co-op's Board. Chris reiterated the value of both Diana Armstrong's and Dean Pittinger's claims. If the *Community News* is re-published, Chris requested each Director be listed on the front page to ensure transparency, particularly during election campaigns. Chris explained his concern's with national trends that protect and formalize the ability to discriminate based on claims to religious freedom. In order to protect the Co-op from these trends, Chris suggested strengthening the language of the Co-op's governing documents. Chris would like the Board to spend more time evaluating the International Cooperative Alliance's Principles and Values to ensure they are reflected properly in the Co-op's governing documents (Chris gave the following example: the Co-op's Policies should protect the reproductive health benefits for all employees even when encumbered by the state of Idaho).

### Rebecca Rod

Rebecca introduced herself and her wife, Theresa, as long-term members of the Co-op. Rebecca explained the community value of continuing the Co-op's history of being a diverse, inclusive, and welcoming organization. For Rebecca and her wife, the Co-op has always been a safe space to gather. Rebecca explained that there has been a recent backlash of organizations not being inclusive, and would like to Board to analyze their Policies to ensure they continue to provide a safe gathering space for people like she and Theresa. Rebecca requested the Board ensure their Policies are firm and clear, and

are followed by each Director, despite personal feelings or values. With these firm Policies, the Board should continue to value and support their owners.

#### Gerri Saylor

Gerri asked the Board for clarification on its classification as a corporation in the state of Idaho. Based on her research, Gerri found the Co-op to be classified as a Subchapter S Corporation, and asked the Board when this changed. Gerri was concerned that based on this classification, a maximum of 75 shareholders are allowed. The Board responded to briefly clarify Gerri's questions. Colette explained that since the Co-op is a retail food cooperative in the state of Idaho, it falls under a strange classification because the state does not have a specific designation for retail cooperatives. This does not mean the Moscow Food Co-op is not a member owned cooperative. Bill clarified that the Co-op has always been a full corporation, and their federal tax designation is a Subchapter T, not a Subchapter S. Therefore, the minimum of 75 shareholder's does not apply.

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

---

### **STUDY & ENGAGEMENT: ICA Cooperative Values and Principles**

Bill led the discussion surrounding the International Cooperative Alliance Values and Principles, a continued discussion from April's Board meeting. Bill has advocated for a deeper look into the ICA values and their practical application, and asked the Board to consider how important adherence to these values are at the Moscow Food Co-op. Colette felt the ICA values and principles have laid the foundation for the Co-op, and noted that non-discriminatory practices are in the Bylaws. Colette explained that the Co-op has always been a welcoming organization that advocates for human rights and social justice. The Co-op has put these values into practice by providing benefits to same-sex couples. Colette focused on the importance of reassuring Co-op owners, stating that the Board won't discriminate against any personal beliefs, but will still uphold non-discriminatory Bylaws and Policies. Overall, the Board felt that although the Co-op has made it their intent and practice to support social justice and human rights, it has not been made explicitly clear in the Board's Code of Conduct Policy (which all Board members sign each year).

Colette proposed changes be made to the Board Code of Conduct to make non-discriminatory practices explicitly clear, referring these changes to the Policy and Bylaw Committee. Idgi noted the Code of Conduct is already dense, and the Board should consider an overhaul of this Policy rather than simply adding another bullet point; both Charlene and Kurt agreed with Idgi's proposal.

The Board discussed the democratic member control piece of the ICA principles. The *Community News* was a place where members could actively take a role in their Co-op membership. With the loss of the *Community News*, the Co-op has lost its forum for owners to discuss matters related to their Co-op. The Board feels the Co-op needs a method for owners to discuss and share their values that is easy to engage in and allows the Board to respond to owners. Kurt felt that because the *Community News* only came out once a month, it wasn't a practical way to exchange ideas. Kurt recognized the Co-op is lacking a good forum for these exchanges, and explained that electronic communication is a more cost-effective method that doesn't constrain users by time and space.

Colette noted that the Board does not have the time to create a solution for this issue in this evening's meeting, and referred it to the Owner Engagement Committee.

**Action:** Sara will reserve seating area in Deli for the Owner Engagement Committee meeting.

The Board discussed the importance of incorporating the ICA values into the Bylaws. Overall, the Board felt the Bylaws were adopted many years ago as a blueprint from other Co-ops, and should be updated to reflect the ICA values and the Moscow Food Co-op's values.

The Board considered reviewing the Bylaw that prevents having a staff serve as a Board member. Kurt expressed concern with creating Bylaws that prevent smooth Co-op operations, and suggested the Board take a considerable amount of time to review Bylaws before any changes are made.

Idgi made a final addition to the ICA values discussion, stating that to her knowledge, no one on the Co-op's Board has actively discriminated against anyone.

---

## **CONSENT AGENDA**

### **Minutes:**

The Board made the following amendments to the April, 2015 minutes:

- Page two, first paragraph of Study & Engagement: change "lead" to "led"
- Page eight: adjust paragraph formatting

Motion to accept April, 2015 minutes as amended. Motion seconded, **passed 6-0**

### **GM Compliance Reports:**

#### **Policy B3: Communication and Counsel to the Board**

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

Colette asked Melinda where in the B3 report the financial impact of the FLOWER program will be reflected. Melinda explained that this discount is reported with senior and student discounts as "Access Discounts" under Marketing and Outreach on the P&L. Melinda said she could separate the numbers individually upon the Board's request, and they will be included in the Ends report and in the annual report.

Melinda and the Board discussed the timing of the quarterly reports. Melinda clarified that quarterly financial statements are due to the NCG no later than the 45<sup>th</sup> day after the end of the quarter. The Board will receive their quarterly financial reports the following month.

**Action:** Policy & Bylaw will clarify Policy B3 to state which months of the year the GM will provide financial quarterly reports.

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

#### **Policy B4: Emergency Management Succession**

The General Manager (GM) provided a written report on the store's plan in case of emergencies.

- Melinda passed out an updated organizational chart for the Deli, Bakery, Meat, and Produce departments as an addition to the report and noted this is the same report she presented last month, and no major changes have occurred.

Motion to accept B4 and find it in compliance. Motion seconded, passed 6-0

---

## 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.

### Tuesday Grower's Market

Melinda informed the Board that the City denied the Co-op use of Friendship Square stating that one of the intents of current policy is to prevent any organization profiting off public land (the Farmer's Market is exempt because it is city-run). The only exemptions to this are Hemp Fest, Renaissance Fair, and Rendezvous in the Park. Colette commended Melinda and Misty for portraying the community benefits of the Tuesday Market and clearing up misconceptions. Melinda asked the city to reconsider and is waiting on a response. In the meantime, the Co-op will be working with the 1912 Center to evaluate logistics of hosting the Tuesday Market in the Plaza. The 1912 Center has not quoted Melinda a price, which will influence what the Co-op will charge in vendor fees in order to pay for the Market Manager.

### Store Operations

The kitchen will be extending the self-serve hot bar in place of the broken salad case. Overall, this change is benefitting the store's labor costs.

Currently, the bakery ovens are operating at 50-70% daily efficiency. Purchasing walk-in rack ovens as replacements would save the store 40 hours of labor weekly and would cost only slightly more than replacing the current ovens, but would not meet code for the bakery's current space. In order to purchase rack ovens, the entire bakery would have to be remodeled. Melinda is still investigating options.

---

## BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Action items as of May 12, 2015:

- Joan and Melinda will work to develop problems/scenarios that may come up based on current Owner Policy relating to death/divorce.
- 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.
- As chair, Bill will add Owner Equity as a Study and Engagement topic.

- The Professional Development Committee will discuss suggestions for Policy C3 and report to Policy & Bylaw Committee.
- Melinda will gather the information necessary to explore options for opening a store 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.
- Laurene will complete some 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

- ✓ Idgi & Melinda will come up with written documentation outlining Board/GM relationship structure.
- ✓ Kurt will create guidelines for Board email use.
- ✓ Idgi will write a paragraph about new Board members and the upcoming retreat.
- ✓ Alex will send Sara his Biography to go up in the Co-op and on the website.
- ✓ The Board will vote on expansion at the next Board meeting.
- ✓ Review the budget language and budget policy.
- ✓ Policy & Bylaw Committee will make changes to Policy B9 language: group all positive requirements together (move number 12 to 7).
- ✓ Sara will create a reserved sign that includes the event name for future Beer with the Board gatherings.

**Action:** Idgi will explain action item "Melinda will make changes to B9, number 1 to reflect important financial indicators/NCG targets" to Melinda.

---

#### CONFIRM AGENDA

Colette proposed two additions to the business agenda:

- 5 minutes to vote on expansion.
- 10 minutes to instruct Policy & Bylaw on the Code of Conduct review and instruct Owner Engagement to consider *Community News* alternate options.

---

#### BUSINESS AGENDA

##### Expansion

Colette made the following motion:

The Board authorizes Melinda to investigate options for Moscow Food Co-op expansion including opening a store in Pullman, Washington. Motion seconded.

#### Discussion

Bill would like the Board and GM to look closely at other Co-ops' growth scenarios for reference while moving forward, to gather timelines and Pro Forma budgets, and to evaluate internal readiness in order to fully understand what expansion would mean for this Co-op. Colette clarified that the Board and GM have been in this process for some time, have been following the correct steps, and feels it is time to open up a dialogue with owners.

All in favor or to accept motion, passed 6-0

#### **Board Policy Compliance**

Colette explained that each Board Policy completed by online surveys comes to the Board as a motion that has been seconded (each Director has already voted separately on each Policy).

#### C2: Monitoring Management Performance

Colette clarified to the Board that there are three ways a Policy can be monitored: external reports (reports completed by someone outside the Co-op), internal reports (from within the Co-op), and direct Board inspection (completed when something has come to the Board that requires more in depth investigation by the Board). Colette gave the following examples of reports used for Policy monitoring: internal report – Melinda's monthly compliance reports; external report – NCG audit and readiness assessment provided the Board with feedback on C and D Policies.

All in favor to accept Policy C2 and find it in compliance, passed 6-0

#### D8: Relationships to Other Co-ops

Colette clarified that the GM has assisted other Co-ops by helping with a store reset, providing a letter of support for a start-up Co-op in Lewiston, and by banking with community credit unions.

All in favor to accept Policy D8 and find it in compliance, passed 6-0

#### D9: Board Nomination & Elections Process

Colette suggested the Board strengthen their democratic elections process by having twice as many candidates as open seats.

All in favor to accept Policy D9 and find it in compliance, passed 6-0

#### **Ground Rules:**

The Board and GM reviewed a list of ground rules compiled during the spring retreat to aid in productive discussions and foster forward movement of the Top Leadership Team.

The Board made the following changes to the document:

- The Board changed the document title from "Rules of Engagement" to "Ground Rules."
- Colette amended the confidentiality statement to clarify that only executive sessions are confidential.

- Idgi removed the last bullet point and amended bullet four to state “Let one person speak at a time, refrain from interrupting, and make sure everyone gets a chance to speak.”
- The Board moved “Work for the best interest of the Moscow Food Co-op” to the end of the document.

Motion to accept Ground rules as amended. Motion seconded, passed 6-0

**Action:** Sara will email amended Ground Rules to Melinda.

**Action:** Melinda will create a poster of Ground Rules.

### **CCMA Clarification**

Colette informed the Board that their CDS Consulting Advisor does not recommend sending new Directors to CCMA, but should consider sending them in future years. Currently, Glenn, Kurt, Bill, and Colette are registered to attend. Idgi will not be attending due to her farm commitments, Charlene confirmed she was okay with not attending, and Alex left it up to the discretion of the Board President.

Colette invited all attendees who are available during CCMA to attend a face-to-face meeting she will set up with Todd.

### **Fall Retreat**

In order to plan the fall retreat with both Art Sherwood and Todd Wallace, the Board and GM discussed their availability this fall. Kurt will not be available September 11-13 and the Latah County Fair will be September 17-20. The Board and GM decided the last weekend in September or an early October are good dates for the fall retreat.

**Action:** Colette will ask Todd if he and Art are available the last weekend in September or early in October for the fall retreat .

### **Policy C3 Draft Proposal**

Idgi introduced the amended proposal of Policy C3: General Manager Performance Evaluation and Compensation Review. The only addition the Policy and Bylaw Committee made to the proposal was Colette’s suggestion to incorporate the use of specific GM evaluation forms. Colette noted that the Board-established GM wage equity salary rate was not carried over into the new draft. The wage equity ratio was established by the Board to ensure that the highest paid employee wage cannot be five times greater than the lowest paid employee.

The following amendment was made to Policy C3:

Number two paragraph one will include “the compensation request will not exceed the Board established 5:1 equity ratio.”

Motion to accept Policy C3 as amended. Motion seconded, passed 6-0

### **Board Email Use**

Kurt presented guidelines for Board email use. Kurt explained that although email is a quick and easy method of communication, it is easy to misunderstand. Any grievances and criticisms should be discussed in person or over the phone to avoid these misunderstandings. Kurt also explained that emails

can be subpoenaed in legal situations. If there are ever any legal concerns discussed via email, always Cc the Co-op's lawyer so it becomes attorney client privilege.

The Board@moscowfood.coop email address does not include Sara or Melinda, who should always be Cc'd, unless there is a specific reason not to.

The Board decided to place the Board Email Guidelines as a reference in the handbook.

**Action:** The Professional Development Committee will find a place to insert Board Email use into the Board handbook.

### **July Board Meeting Date**

The Board and GM discussed setting a date for the July Board meeting. Colette will be out of town the second Tuesday of the month, and Melinda will be out of town the third Tuesday of the month. Colette felt that priority should go Melinda, who will be presenting her GM reports. The Board decided to meet on July 14<sup>th</sup>, the second Tuesday of the month.

**Action:** 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.

### **Code of Conduct**

Colette proposed the Board revisit the Code of Conduct to review its content so it specifically references upholding the Co-op's bylaws.

Motion to refer Code of Conduct review to Policy & Bylaw Committee. Motion seconded, **passed 6-0**

**Action:** Policy & Bylaw Committee will 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.

Colette proposed the Owner Engagement Committee create an *Owner Communication/Community News* Committee (Co-op owners Kenton Bird and Laurene Sorensen have already offered to be active members in a *Community News* Committee).

**Action:** The Owner Engagement Committee will create an *Owner Communication/Community News* Committee.

**Action:** Sara will Email the Owner Engagement action item to Glenn.

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

Nominations & Elections: The Committee is working on recruitment strategies.

Policy & Bylaw: The only item on Policy & Bylaws agenda is reviewing the Code of Conduct Policy. Policy & Bylaw is working on developing a growth Policy, but would like to discuss this Policy when all Board members are present

**Action:** The Board will review growth Policy at their Work Session.



Professional Development: This Committee did not meet last month.

**Action:** Bill will develop an agenda for Committee members before their next meeting on Wednesday, May 20<sup>th</sup>.

Owner Engagement: Glenn was out of town so the Committee did not meet last month. The Board decided the next Beer with the Board will be Thursday, August 6th.

**Action:** Sara will email Erica with the next Beer with the Board date.

---

## **BOARD ASSIGNMENTS AND MEETING REVIEW**

### News assignments

All assignments are due on the 15<sup>th</sup> of the month .

### Upcoming dates to remember:

June 10-13: CCMA

August 6: Beer with the Board

Fall Retreat: TBA – Tentatively the end of September or early October

Meeting evaluation – The Board felt the meeting was productive and all went well. Bill noted that although their presence is appreciated, welcomed, and encouraged, owners can leave anytime they would like during the Board meeting. An owner commended the Board for how organized and efficient the meeting was.

Meeting adjourned at 7:47 p.m.

**Action:** Colette will consider adding “staff participation on the Board” to June’s agenda.

---

## **EXECUTIVE SESSION**

Executive session ended at 9:30 p.m.

*Notes taken by Sara Miller*

*Meeting adjourned at 7:30 p.m.*

The next meeting will be June 9<sup>th</sup>, 2015 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