

Moscow Food Co-op Monthly Board of Directors' Meeting
Tuesday, August 11, 2015, 6 p.m.

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

Absent: Alex Lloyd

Facilitator: Kay Keskinen

Guests: Joan Rutkowski, Joe Gilmore, Dean Pittenger, Kenton Bird, Diana Armstrong, Greg Meyer, Jeanne Leffingwell, Chris Norden

6 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.

Kenton Bird

Kenton spoke in regards to an ongoing discussion involving Owner Engagement Ad Hoc Committee clarifications. He would like to see the Board waive any need to sign a confidentiality agreement in order to volunteer for the Committee. Kenton feels that the confidentiality agreement is not necessary to sign and that requiring so would deter owner participation. Kenton knows of three participating members that are unwilling to sign the confidentiality agreement in order to be on the committee.

Chris Norden

Chris greeted the Board and introduced himself as a former board member and current member of the Co-op. Chris complimented the current magazine "Rooted" published quarterly by the Co-op, but feels it contains mostly MFC advertising. Chris would like to have a way to communicate with other members of the Co-op and felt that the printed Community News was a great way of achieving that. Chris originally became acquainted with the Co-op through the Community News and feels that the rug was pulled out from under him when management made the decision to cancel the newsletter without owners being involved in the decision.

Jeanne Leffingwell

Jeanne has been a Co-op member since 1980 and brought up some concerns with the cancellation of the printed Community News. Jeanne and her husband find it difficult to communicate little things that could be improved with the Co-op without the avenue of the newsletter. She disagrees with the process that has her go online to find out current information and believes the printed newsletter is the best way to communicate with members of the Co-op. Jeanne would like to be added to the Owner Engagement Committee but does not agree to sign the confidentiality agreement required to volunteer on the Committee. She feels it would limit her ability to talk about the Committee advancements.

Diana Armstrong

Diana wanted to thank everyone involved in the staff meeting that was held the Monday prior on August 3rd and felt it was a fantastic meeting. Diana thanked Joan Rutkowski for her detailed presentation on the history of the Co-op and thanked Melinda Schab for her presentation as well. Diana went on to mention that during Joan's presentation she made the statement two times that anyone can

run for the board. Diana noted that this statement was inaccurate because everyone in the staff meeting couldn't run for the board since they are employees of the Co-op. Diana would like to see this policy changed to allow employees to serve on the Moscow Food Co-op Board of Directors.

In response to Kenton's statement, Colette commented that the Board did not meet in July and they will clarify the required confidentiality agreement during this meeting. Colette also stated that the role of the Owner Engagement Committee would be clarified.

In regards to Diana's request for allowing staff to serve on the Board, Colette confirmed that there is an action item from the last board meeting. The Board will continue to look at the possibility of employees holding a director position. She also noted that allowing staff to serve on the Board would require a MFC Bylaws change and owner vote. The soonest this would happen would be April 2016 at the next MFC Annual Meeting.

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: *The Importance of Retail Purchasing Policies*

The Board and GM discussed what they found most interesting and useful from the reading: [The Importance of Retail Purchasing Policies.](#)

Colette asked Melinda to share what the Co-op's current purchasing policies are in regards to labeling Genetically Modified Organisms (GMOs). Melinda responded that there is no current policy in place requiring the labeling of GMOs sold at the Co-op. The grocery department has an unofficial policy that they don't bring in any new items that potentially contain GMOs and they prioritize products labeled as non-GMO verified.

Melinda went on to explain that Kerry has taken on the position of Merchandising Manager and that her role will involve developing and maintaining purchasing policies. The Co-op is also looking to provide educational tools for shoppers.

Melinda handed out a copy of the Co-op's current (updated in 2012) product policies, a copy of the Mississippi Market Co-op's product policies, and the Whole Foods' policies.

Melinda explained that the Co-op serves over 7,500 owners and that it will be hard for all members to agree on one set of purchasing policies. Melinda wants the Co-op to serve all types of shoppers and owners that come to the Co-op. While prioritizing local and certified organic products is important to the Co-op and core shoppers, we want to meet the needs and interests of the diverse people we serve.

Melinda agreed with Colette in stating that shoppers do believe that the Co-op does provide a quality product and might assume the Co-op is GMO free.

Glenn asked how we define what is natural? What really makes the Co-op different? When people don't prioritize organic food it is easy to buy somewhere else if you are only comparing by price. He also added that many people have come up to him and commented that they entrust the Co-op to do the leg work on making sure all products they sell are good.

Kurt believes that we need good written standards in place and that people need to be informed, but that the consumer is ultimately responsible to know what they are buying. Kurt added that it is not an easy step to expand customer base with prices higher for products.

Colette agreed that it is important to provide education to inform shoppers of the decisions they are making in their food purchases. She would like to be transparent to the consumers in what we provide in regards to GMOs and what we are striving to provide.

Idgi agreed with previous comments and thinks we should have a paragraph description of what we are screening for in our food.

Charlene thinks that the GMO label is important along with education so that consumers can make their own choice.

Bill views himself as a core shopper and thinks it is his responsibility to know what is in his food. He never assumed that there were no GMOs in the store and wouldn't be surprised if there were. Providing organic food is what has differentiated us from other stores. He likes to have items labeled but doesn't know what it would take to label our store as GMO free.

Colette asked the question: Do we take a stand on issues involving GMOs?

Glenn thinks we should take a stand on what we are providing to our consumers in regards to GMOs, especially if we take a stand on other important social issues.

Bill would like to issue a press release in regards to supporting the labeling of GMOs at the Co-op, especially since October is Non GMO month.

Idgi says we should communicate with our legislators and issue a press release regarding legislative issues and which way the Co-op would like them to vote.

Colette reminded the board about the bi-monthly newsletter and Facebook page where owners can receive information and educational tools.

CONSENT AGENDA

Minutes:

Motion to accept the June 2015 BOD meeting minutes as amended, 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.

Melinda clarified what was included in the reports and why.

Motion to accept Policy B3 and find it in compliance, seconded, **passed 5-0-1**

Policy B6: Participating Owner Program

The GM provided a written report about the Co-op's effort to utilize Participating Owners in useful and creative ways that align with the Co-op's mission and Strategic Plan.

There was a discussion regarding the reward structure for the current Participating Owner (PO) Program. Two documents were referenced in Melinda's review of the current PO Program including: an attached letter that was recently mailed to current Participating Owners on July 31, 2015, and the third bullet point on page 5 of Melinda's written report.

The objective of the recent letter mailed out to all POs was to encourage current volunteers that are receiving the month long discount to switch over to the voucher system. While this switch is not required and is just an option, it would help the Co-op achieve better equity among all volunteers. All new volunteers who joined the PO Program in the last year have automatically been added to the voucher system instead of the month long 18% discount. The month long discount brings into question the work volunteers are doing and whether the work is subject to minimum-wage laws and payroll taxes.

Melinda explained how the voucher system works. Current POs who volunteer will receive vouchers good for an 18% discount for one shopping trip at the Co-op, the vouchers expire in one year. The voucher system is more flexible and allows the Co-op to reward volunteers with vouchers for volunteering.

Idgi and Bill both stated that using vouchers would be very difficult for them and not as beneficial as the month long 18% discount because they tend to shop daily or several times a week, rather than making larger purchases once a week. Kurt had concerns of the Board staying on the monthly discount when most other POs would be on the voucher system, he wants to make sure things stay equal between Board members and owners.

There was a question as to whether a voucher that would be good for the entire week would be possible with the current operating system. Joe Gilmore was going to look into that possibility.

The Board recalled past discussion on this topic as an Action Item. Idgi remembered volunteering to take over the Action item for Julia but the Board said no. Although Colette disagrees with just deleting action items, the goal of dropping the Action item was to empower and entrust Melinda and staff to make transitions in a way that are best for the Co-op.

Motion to accept Policy B6 and find it in compliance, seconded, **passed 4-1-1**

Policy B8: Budgeting/ Financial Planning (mid-year update)

The General Manager (GM) provided a written report, per Policy B8, about the Co-op's financial activities.

Bill stated it is the responsibility of the Board to make sure a financial audit is completed, there is currently no audit scheduled.

Motion to accept Policy B8 and find it in compliance, seconded, **passed 5-0-1**

Policy B11: Protection of Physical Assets

The General Manager (GM) provided a written report, per Policy B11, about the Co-op's methods and processes for protecting and maintaining the physical assets.

In the Center Store reorganization, Kerry has taken on the role of Merchandising Manager. This position currently focuses only on merchandising in the center store but will eventually expand to the whole store.

Motion to accept Policy B11 and find it in compliance, seconded, passed 4-0-2

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.

Colette asked Melinda to share in more detail what the FLSA changes entailed in her FYI report and how they would affect the Co-op. Melinda explained that the FLSA proposal will most likely be accepted and the changes will take place in 2016. The changes would include switching some salaried employees to hourly pay based on the new rules. The health and retirement benefits for these specific employees would not be altered in any way and Melinda believes this change would benefit the well-being and production of staff moving from salary to hourly pay.

Bill asked if the Board was invited to the All-Staff Meeting held on Monday August 3rd. Melinda did not invite Board members to the meeting in hopes of not disrupting their summer vacations. Melinda offered to print a report from the meeting and leave it in the Directors boxes.

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Colette informed the Board that Alex is absent from tonight's meeting because he is helping a friend harvest.

Action items as of August 11, 2015

- Deliberate ideas for a forum that allows owners to actively participate in their roles at the Co-op. *(In process)*
- Create an Owner Communication/Community News Committee. *(In process)*
- Review and update next year's application process to make sure application is clear, specifically outlining that incomplete applications will deem applicant ineligible. *(In process)*
- The Nominations and Elections Committee will gather more information on staff serving on a board and report back to the Board. Specifically if this is even legal? *(In process)*
- Continue to look at B policies (other than B13, B6 and B7) for congruence with the new Ends and the purpose of B policies. *(In process)*
- Melinda will make changes to B9, number 1 to reflect important financial indicators/NCG targets. *(Done)*
- 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. *(In process)*

- Clarify Policy B3 to state which months of the year the GM will provide financial quarterly reports. *(In process)*
- Idgi will explain action item “Melinda will make changes to B9, number 1 to reflect important financial indicators/NCG targets” to Melinda. *(Done)*
- 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. *(In process)*
- 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. *(In process)*
- Discuss suggestions for Policy C3 and report to Policy & Bylaw Committee. *(Done)*
- Colette will send an outreach email to interested committee participants.
- Sara will move future Board Policy compliances in the consent agenda. *(Done)*
- Sara (Dena) will obtain deadlines for e-newsletter and Rooted deadlines for the Board. *(Done)*
- Sara will send the Board resolution to Joan to go on the website.
- Dena will post a sign-up sheet for Owner Packet email list to the Board's cork board. *(In process)*
- Melinda will gather the information necessary to prepare for store expansion in Pullman. *(This process is ongoing for Melinda)*
- Melinda will gather more information on customer satisfaction surveys and share her findings with Colette. *(In process)*
- Committee chairs will contact Committee members to organize any scheduling changes. *(Done)*
- Committee chairs will discuss methods to improve owner involvement in their Committees. *(Done)*
- Sara will reserve seating area in Deli for the Owner Engagement Committee meeting. *(Done)*
- Melinda will create poster of ground rules. *(Done)*
- The Board will review growth Policy at their Work Session. *(In process)*

Future Action Items

- 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.

CONFIRM AGENDA

A discussion regarding GMO Activism was added to the Agenda following E-Newsletter submissions.

BUSINESS AGENDA

Resolutions re: safe deposit box and checking account access (proposal)

Passing this resolution would remove former signers from the checking account and safe deposit box. Melinda Schab and Deborah Reynolds would be the current signers on the safe deposit box.

Motion to update signatures on checking account and safe deposit box **passed 6-0**

401 K Plan Resolutions (proposal)

Passing this resolution would consent to the changes of the management company that the 401K is under. Kurt had some concerns on the safety of this decision and Melinda reassured him that we can trust Sandy on her decision to make the changes.

Motion to accept the resolutions on the 401K Plan **passed 6-0**

Fall Retreat date and Location (discussion)

The Board discussed dates for the Fall Retreat and agreed that the first weekend in October would be the best time to travel to Bellingham.

If the Board is unable to travel to Bellingham the Co-op would have to pay for Art and his family to travel to Moscow. If the Board went to Bellingham we would have the benefit of viewing the Bellingham Co-op and their operations.

Action: Colette is working with Dena to book lodging for the Fall Retreat.

Action: Colette would like the Board to have a meeting with Bill Gessner and will send out a doodle poll to schedule a meeting.

Owner Engagement Ad Hoc Committee Clarifications (discussion)

Colette explained the purpose of Ad Hoc committees to Charlene since she is newer to the Board. Committees are built when needed and dissolved when no longer necessary. In referring to page 8 of the May minutes, the intention of the Ad Hoc Committee was to explore ways for owners to communicate with one another.

The Board members and Melinda shared thoughts and concerns regarding the Clarifications:

- Kurt understands that one of the functions of the Community News was to provide a way for owners to communicate with one another and the Ad Hoc Committee is trying to find a replacement for that.
- Idgi understands that the committee is supposed to come up with different options and pros and cons to each of those options.

- Melinda wants to know what specifically people feel like they are missing from the physical newsletter.
- Bill commented that we violated the no surprise rule with owners and that we need to increase the level of communication with owners in regards to management decisions. Bill would like to see the members of the committee empowered to work out a charter format for the committee as long as they are not dictating what the GM can and cannot do.
- Colette agreed that the Ad Hoc committee was starting to move in a direction that was beyond the original charge by the Board in that it was proposing to evaluate all of the Co-op's marketing and communication channels. Colette said the committee needs more clarity from the Board as to its charge.
- Glenn agreed that the committee needs to make a charter including steps and direction. Glenn believes that the members on the committee not wanting to sign the confidentiality agreement shouldn't be on the committee.

The Board asked a present member Greg Meyer how he feels about the confidentiality agreement requested to be signed by Ad Hoc Committee members. Greg feels that the description of a confidentiality agreement is very vague and there needs to be clarification on what can and cannot be shared with other members. He currently feels the confidentiality agreement restricts the ability for him to share decisions and process with other members.

Colette and Melinda clarified that certain requests made in June by Kenton Bird to see financial information was beyond the scope of what the Committee needs to know.

Kurt asked if the communications strategy document shared with the Board needs to remain confidential or if it could be shared with the committee.

Action: Melinda will review the communication document and redact any confidential information before sharing it with the Ad Hoc Committee.

Action: Colette and Melinda will review the code of conduct for committees and clarify that it is clear and up to date.

Action: Colette will draft a clear charge for the Ad Hoc committee and send it out for Board review. Once it is approved by the Board, it will be sent to the Owner Engagement Committee to guide their recruitment for the Ad Hoc Owner Communications committee.

BWB schedule for September and December (discussion)

Colette shared that the week of September 13th -19th is Moscow's local food week. It would be good to schedule a BWB during that time.

Action: Dena will speak with Lucas at the Moscow Brewing Company to check availability for BWB in September on Monday the 14th or Tuesday the 15th from 5-7.

For the December BWB Colette offered to host a happy hour with the Board in the Art Room at the 1912 Center on December 8th.

Action: Dena will speak with Lucas about providing beer under his permit for December 8th BWB in the Art room at the 1912 Center.

Election Date and Timeline (discussion)

Action: Nominations and Elections Committee to provide a proposed timeline by September board meeting.

Rooted Submission (discussion)

Colette has asked for a page to be set aside in each Rooted publication where the Board can submit an article. Colette will be submitting an article for the fall publication about GMO Labeling on behalf of the Board.

Action: Nominations and Elections Committee will be in charge of submitting an article for winter publication, due November 11th.

Colette would like the Board to have a presence in all E-newsletter publications and will sign up for submitting a two sentence blurb. Submissions are due the 10th and 20th of every month.

Action: Colette to submit Board publication for August 20 in regards to BWB.

Action: Owner Engagement Committee will submit to E-newsletter every 10th of the month.

Action: Joan will add all Board members to the E-newsletter publications.

Action: Dena to find publication submission deadlines for Rooted in 2016.

GMO Activism

Melinda will actively engage in GMO labeling, transparency about GMOs and provide information to the owners.

Motion to actively engage in GMO labeling passed 6-0

Committees: Reports/Work Plans progress (report)

Policy and Bylaw confirmed they meet every third Thursday of the month at 4 pm in the Mezzanine. Idgi asked Dena to please reserve the meeting room.

Action: Dena to reserve the Mezzanine for 4 pm every third Thursday of the month for Policy and Bylaw Committee meeting.

During the month of August, Owner Engagement Committee will be meeting the second Thursday of the month at 6 pm. Starting in September the Committee will resume meeting at 4 pm every second Thursday of the month.

BOARD ASSIGNMENTS AND MEETING REVIEW

Rooted submission:

November 11 – Kurt (Elections)

E-newsletter assignments:

August 20 – Colette

September 10 – OE Committee

September 20 – Bill

October 10 – OE Committee

October 20 – Kurt (Elections)

November 10 – OE Committee

November 20 – Kurt (Elections)

December 10 – OE Committee

December 20 - Glenn

Upcoming dates to remember:

August 17 – Work Session 4-6 pm

August 21 – Call with Bill Gessner 2-3 pm

September 8 – Board Meeting

September – BWB date TBD

October 2-4 – Fall Retreat in Bellingham

October 13 –Board Meeting

Meeting review – overall the Board felt the meeting went well

Meeting adjourned at 8:40 pm

EXECUTIVE SESSION

Executive session ended at 9:30

Notes taken by Dena Van Hofwegen

Meeting adjourned at 9:30 p.m.

The next meeting will be September 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

MFC Board of Directors' August 11, 2015