



# peoPle's FOOD CO-OP Board Meeting Minutes

## Tuesday, July 24<sup>th</sup>, 2018; 5:30-8:30 pm

**Attended by:**

Board Members: Rachel Pincus, Kathy Thurow, Jenny Owen, Vishal Dhandia, Naoki Yoneyama, Liz Robertson, Jacob Engstrom, Dave Wadley, Chris Eykamp

CM: Kathryn Kucera, Tyler Rizzo, Christine Denkwalter, Ashley Todd, Gwenn Alvarez

Member-Owners: Peter Siracusa, Miles Uchida, Brad, Christopher

Guests:

**Facilitation:** Andrea

**Minutes:** Tyler

**Vibes:** Jacob & Naoki

**Clean-up:** Kathy & Jenny    **Scribe:** Ashley

**COMMITMENTS:**

	COMMIT MADE	DIRECTOR(S)	DUE DATE	COMMITMENT
1	10/24/17	Rachel M	7/18	Rachel M will ask Padrice to respond to Jacob's question re: how confident CM is of compensation and benefits metrics.
2	11/28/17	Isaac	7/18	Isaac will work on evaluating Policy 2.5 for Board authority and suggest any needed changes.
3	9/26/17	Naoki, Isaac, Kathy	8/18	Review current policies and develop a proposal for updates to guide Board response to email communications.
4	1/2/18	Naoki	8/18	Naoki will look more into 2.1.2 and suggest alternate wording.
5	4/24/18	Kathy	8/18	Kathy will bring the topic of the request to CM back to the Board in 3 months for a check-in.
6	4/24/18	Naoki	8/18	Naoki will bring the Board meeting structure back to the agenda in August.
7	5/22/18	Jacob	8/18	Jacob will follow up with Peter.
8	6/26/18	Pincus, Jacob	8/18	Pincus and Jacob will develop next steps on Board accountability policy.
9	7/24/18	Jacob	8/18	Jacob will follow up with Peter.
10	7/24/18	Jenny	8/18	Jenny will bring a draft of a Grassroots article on what the board did at the Annual Meeting, to the August board meeting.

11	7/24/18	LTPC	8/18	LTPC will share with the board what they were already planning on doing out of the checklist in the minutes.
12	7/24/18	Gayle	8/18	Gayle will add the public version of the packet handed out at the meeting tonight, to the public version of this packet/minutes
13	7/24/18	Jenny	9/1/18	Jenny will write an article for Grassroots by September 1 <sup>st</sup> regarding what the board did at the Annual Meeting.
14	7/24/18	Liz, Kathy	9/18	Liz & Kathy will connect once before the September meeting.
15	7/24/18	Chris, Jacob	9/18	Chris & Jacob will connect before the September meeting.
16	7/24/18	Naoki, Vishal	9/18	Naoki & Vishal will connect before the September meeting.
17	2/27/18	Jenna, Jenny	9/18	Jenna and Jenny will discuss the turnover issue with CM Link. Maybe in a safe space conversation? Might need to be confidential (executive session) since it involves personnel.
18	7/24/18	Naoki	10/18	Naoki will bring the 2.3 policy proposal back in October with amended language.

## **DECISIONS:**

**Decision: Board accepts June minutes as revised.**

**Decision: Board accepts Policy 2.0 report as submitted.**

**Decision: Board does not accept Policy 2.4 report as submitted; requests updated report addressing a plan for coming into compliance be brought to the next meeting .**

## **NEW COMMITMENTS:**

Jacob will follow up with Peter.

Liz & Kathy will connect once before the September meeting.

Chris & Jacob will connect before the September meeting.

Naoki & Vishal will connect before the September meeting.

Naoki will bring the 2.3 policy proposal back in October with amended language.

Jenny will write an article for Grassroots by September 1<sup>st</sup> regarding what the board did at the Annual meeting.

Jenny will have a draft by the August meeting.

Gayle will add the public version of the packet handed out at the meeting tonight, to the public version of this packet/minutes

LTPC will share with the board what they were already planning on doing out of the checklist in the minutes.

Jenny will bring a draft of a Grassroots article on what the board did at the Annual Meeting, to the August board meeting.

## **OPEN FORUM:**

- When people leave we lose valuable experience. The reason, we're told, might be wages. If there are other reasons, it could be valuable for MOs and the Board to know why. I recommend that we have exit

interviews or retroactive exit interviews.

- As an owner, looking at expanding or outside growth to me is the best road to take. New directors, nurture the co-op. It is not the role of directors to deal with operations of the co-op, and directors need to take in opinions other than your own. The space is maxed out and we must grow. Any doubts about the skill of workers is misguided. Remember it's the CM's role to guide the management of the co-op.

Jacob will follow up with Peter.

#### **AGENDA REVISIONS:**

- None.

#### **MINUTES APPROVAL:**

- **Decision: Board accepts June minutes as revised.**

#### **AGENDA ITEMS:**

### **1. New Board Welcome and Overview**

Sponsor: Kathy

Purpose: discuss

Welcome new members! Ask questions & for support when needed in adjusting to your roles as directors. Consensus process and facilitation conventions used by the board is explained by facilitator. New director buddies are assigned.

Liz & Kathy will connect once before the September meeting.

Chris & Isaac will connect before the September meeting.

Naoki & Vishal will connect before the September meeting.

### **2. Strategic Article: Oligarchy of Food**

Sponsor: Naoki

Purpose: discuss

- This conversation is to start thinking about who we are and what we're trying to do. Using the Board time to stimulate the future rather than dwell on the past.
- I noticed the power of food corporations and systems pointed out in the article. It's our job as a co-op to bring awareness to that power and draw attention to it and educate on alternatives.
- I can see how this history of top-down control has affected co-ops in what's available to us, our selections, our own understanding, especially considering biodiversity. I don't think it's adequately addressed in our Ends.
- We hold those ideals highly in our Ends. We also talk about social and economic justice, which feels to me like a sticky point: how to bridge economic justice and eating well. As we look at another store in another neighborhood, that seems relevant.
- Wondering if we could be clearer on what is our role in educating. We have somewhere in the policies about keeping an informed membership. Maybe that is an area for more work.
- Food coops had a strong role in the movement to label foods. We could do more in terms of educating and pushing agendas as a food co-op.

### **3. Policy 2.0 Report: Global Executive Constraint**

Sponsor: CM Link

Purpose: decide

- Did the Board come prepared to act? Yes.
- Questions?
  - Re: the seven cooperative principles, is there a policy about political positions? This seemed most relevant to Policy Number 1. A long list of categories in our nondiscrimination policy, including political affiliation.
    - In policy and practice the CM holds decision making around all endorsements. Often endorsements involve faster turnarounds than the board is capable of acting on. The CM will ask for Board opinion and if possible, bring the issue to meetings for maximum amount of support.
  - The CM has both a boycott policy and an endorsement policy. Never would we discriminate against a member or someone becoming a member if they disagreed with our choice to boycott something politically. We have a safer space policy, and if someone were to act in a way that compromised that, we would have grounds to terminate member-ownership. I don't see how a boycott would discriminate against anyone.
  - On #5: The data is really broad. I would like more specific examples of what has been done. Based on the discussion we just had about education, do we want to request more information on this particular topic?
    - Is the data sufficient to support the assertion of compliance? Do you have the information you need to make a decision about this report?
  - Any concerns with the report as submitted? Naoki; as shared above.
  - Link appreciates this feedback, asks the board to reflect on the policy, which says we will not violate the Seven Cooperative Principles. Is there suspicion we have violated them? None shared.
  - Does the board accept the report as submitted? Yes.
- Policy reflection?
  - Represented in the conversation above.

**Decision: Board accepts Policy 2.0 report as submitted.**

#### **4. Policy 2.4 Report: Planning & Budgeting**

Sponsor: CM Link

Purpose: decide

- Did the Board come prepared to act? Yes.
- Questions?
  - What are restricted funds?
    - We interpret that to mean that our cash reserves will not fall below operating on 14 days cash-- the NCG standard for staying afloat.
    - Occasionally the co-op got grants and grants have restrictions on spending.
    - The last time we dealt with restricted funds was when the co-op received a large gift from a MO, which went into the capital account.
  - Numbered points 1-6: What is board policy and what is CM interpretation of board policy? Black is board policy, and it will always have a qualifier. Such as "The CM shall not... The financial plan shall not...". Operational definition is the interpretation that the CM sets for itself, what we do to ensure that we will comply with the policy. The board then considers if that is a reasonable interpretation of the policy.
  - Because we submit this report two weeks before the meeting, sometimes things will happen after the reporting period.

- The data shows me 2018, 2019, yet we say we are providing a 3 year financial projection.
- When I look at net income it is 0%. How is that in compliance with 2.3?
  - This report demonstrates how the CM is approaching this year considering our financial situation and the long-term future of the co-op to meet 2.3 around financial. Another intention of the reports is about planning generally.
  - There was a surprise element in that this report required a 3-year projection. We compromised to offer 2016 as a supplement to compare to, and 2017 projection compared to actual numbers, then 2018 and 2019. We will strive to meet compliance. Many factors working against us being able to confidently say we can do that based on the nature of our performance the past two years. We are constantly adapting to meet the changing marketplace and ensure profitability. It's difficult to answer why we're not in compliance when some of things are out of our control.
- The CM may decide that operational definition is obsolete and change it. CM may change the operational definitions but will always share that & context with the board so they can comment on it.
- Much talk of CDS as our consultant. Why not hire local consultants to do this work?
  - We employ CDS often because co-ops are their specific expertise— and they are a co-op. Criteria for choosing consultants includes considering other co-ops to work with. CDS consults with us for free and we have built a relationship with them. They know Peoples, so their advice is valuable. They cut us deals in terms of rates.
- Concerns with the report as submitted?
  - Assertion of compliance on #1 is not correct because the co-op is expecting to not generate any net income for 2018 and 2019. There should be a plan that demonstrates what will be done this and next year to get back to compliance with 2.3.
    - Given that concern, I see the CM has worked really hard to make this balance out.
    - I think key to running a business is generating sufficient revenue to stay afloat. I would like to see a plan of action for how we will get back into compliance.
    - If we approve this report it means we agree that we are in compliance.
    - Facilitator proposes the board fail to accept the report as submitted and request the report come back to the board by the next board meeting in August.
- Policy reflection?
  - Policy includes phrase 'risk of financial jeopardy.' I would like the board to be more clear about the language and tightening of the expectation.
    - Reports take our policy and splice in CM operational definitions, which can result in losing sight of what board has said. It's always good to go back and look at the policy itself without it being in context.

**Decision: Board does not accept Policy 2.4 report as submitted; requests updated report addressing a plan for coming into compliance be brought to the next meeting .**

## **5. Update Policy 2.3: Financial Conditions & Activities**

Sponsor: Naoki

Purpose: decide

- Did the Board come prepared to act? Yes.
- Proposal to clarify that we say "the CM will not enter into long term real estate leases."
  - Divergence of perspectives on what is considered long term.
  - Every word you add is something that must be interpreted and words can be expensive.
  - The co-op rents offsite storage spaces, and that is a logistical constraint that I offer up for consideration. Does the board want to be consulted every time the PPM moves something into

storage?

- Useful to turn to bylaws about this space being the headquarters of the co-op if we're going to lease more real estate to be part of the business that makes us money. Is this about the term of the lease or rental, or more about how it impacts our financial conditions?
- Proposal to maintain language as it appears in packet around real estate. The definition of a long-term lease is between 1-5-10 years depending on the asset being leased. We need to look at salvaging deliveries and we may have to encumber ourselves with a 3-month rental of a cooling unit. That's not materially the same as a long-term lease. The impacts board members are concerned about around this language are important to differentiate.
- Taking 'long-term' out will create ambiguity, and as a result, having things come back to the board more often will create cumbersome process.
- On 'allowing sales growth to be inadequate': I want the board to better understand the drivers of net income and consider how adding 'adequate sales growth' may not influence 'adequate net income.' Which is why I included SPLH (sales per labor hour). I'm willing to approve as long as we can understand we can have adequate sales growth and a negative net income.
- For business planning, when we talk about labor hour, do we include benefits or hold them as separate? No-- in light of that I would strongly encourage the EBITDA option.
- The board will not be able to decide on this in this meeting due to time.

Naoki will bring the 2.3 policy proposal back in October with amended language.

#### **ANNOUNCEMENTS:**

- Share feedback on the CET proposal to support the BDS movement by boycotting Israel ideally by tonight, Thursday at latest. Email Tyler & Gabi directly.

#### **6. Board Preparation for Future Decisions on Real Estate Acquisition/Lease**

Sponsor: Naoki/LTPC

Purpose: discuss

- With signing MOU we know the board will need to decide on a long term lease. Goal of this time is to be clear on what do we need to know to make a decision like that. One idea was to create a checklist of criteria for this decision. Working in small groups of 3 to ask ourselves what information we need to make a decision on a long-term lease when it is proposed to us.
- Small groups report back on what board members need to make said decision:
  - Mission statement
  - Determining what constitutes internal readiness
  - Defining tasks required for the CM/board, assess CM/board capacity to perform those tasks
  - Consideration of project manager scope
  - Proposed budget & pro forma
    - Funding: loans, nonvoting shares
    - Hiring: training, structure, process,
    - Capital campaign process
    - Timeline
    - Using existing reserves
    - Balance of risk vs reward, ROI
  - Demonstration of support by people in Lents
  - MO engagement plan
  - LTPC/BOD communication plan
  - Plan B/exit strategy
  - Product selection

- MO engagement
    - Alignment with our values
  - “Amenities”
  - Plan for current location
  - Marketing plan- brand image
- In framing this as a checklist for criteria for a decision, many of these things are broad operational things that I do not need 100% info on to approve in order to be informed enough to sign a lease.
  - The board has already said a lot of these things in policy. What *isn't* in policy that need to be clarified?
  - NCG requires that if we are to expand, we put it before their risk management team. They require us to detail a contingency plan, how much of our reserves to use, and exit strategy. This is conveniently built into our process.
  - Board consultant feels these are the questions we need to flush out now for our own process and for the community's process.
  - Proposal that LTPC shares with the board what they were already planning on doing out of this list
  - If couple people can take list + what's already been said (bylaws, policy) to see what is already captured in
  - MOU has not been signed yet as of today, so the period has not begun yet.

Gayle will add the public version of the packet handed out at the meeting tonight, to the public version of this packet/minutes

Dave & Kathryn & Naoki & Jenny will tease out what is already captured in policy to hone in on a more specific request for information from the LTPC necessary to inform future decision on any long term real estate leasing.

LTPC will share with the board what they were already planning on doing out of the checklist in the minutes.

## **7. Fall Grassroots Article**

Sponsor: Naoki

Purpose: discuss

Jenny will bring a draft of a Grassroots article on what the board did at the Annual Meeting, to the August board meeting.

## **MEETING EVALUATION**

### **Celebrate!**

- New board members here & read the packet
- Miles' presence
- Chocolate
- Board unafraid to reject a report, solution oriented
- Food Front board feedback
- Good movement on LTP item
- Everyone talked
- Facilitation

### **Opportunity for change:**

- Too many items
- Too hot

## **NEXT MEETING: Tuesday, August 28, 2018, 5:30-8:30 pm**

### **Next meeting agenda brainstorm:**

- LTPC check-in
- Orientation logistics check-in
- Leadership roles overview
- LTPC decision checklist

### **BIKE RACK/FUTURE MEETING TOPICS:**

- Revisit policy 2.7.1 Compensation and Benefits
- Accountability loop between CM and BOD– how is it actualized? – Refer to policy 3.4 Monitoring CM Performance
- Revisit whether or not to change Patronage Refund to Patronage Dividend in the bylaws
- Creating a policy for when new directors can vote
- 5-10 year planning on patronage trends and opportunities
- Discussion of how to communicate the Meeting Guidelines other than just having them
- The “staggering” clause of Article 4.3
- Further developing the “CM nominates/Ownership elects” proposal
- Look into 80% insurance issue within 3 months (2.5.1.1)
- Submit a more developed Share Cost policy to the agenda committee (4/23/13)



Timeline of assessing Lents development opportunity feasibility

July	August	September	October
<ul style="list-style-type: none"> <li>— <b>Annual Meeting: inform M-O's</b></li> <li>- Work with realtor to assess MOU, broker with developer</li> <li>- Start pro forma</li> <li>- Contact NCG's development consultancy to advise on leasing</li> <li>- Contact NCG's Risk Management Committee - introduce project and get feedback on what they'll need us to present</li> <li>- Start market study</li> <li>- Community Engagement (Lents!)               <ul style="list-style-type: none"> <li>- Social media/blog</li> <li>- Attend Lents community events</li> </ul> </li> <li>- Initiate Root Building Revival working group on the collective</li> <li>- Request team meeting items re: internal readiness for expansion</li> <li>- Living wage!               <ul style="list-style-type: none"> <li>- Strategy &amp; timeline</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Community engagement in Lents               <ul style="list-style-type: none"> <li>- With developers                   <ul style="list-style-type: none"> <li>- Focus groups</li> <li>- Cross-org mtg(neighborhood associations, etc.)</li> </ul> </li> <li>- People's-only                   <ul style="list-style-type: none"> <li>- Lents Fair</li> <li>— Zenger Hoedown</li> <li>- Door-to-door</li> <li>- blog/website/social media</li> </ul> </li> </ul> </li> <li>- Feasibility research underway               <ul style="list-style-type: none"> <li>- Pro forma</li> <li>- Market study</li> </ul> </li> <li>- LTPC processing/compiling info</li> <li>- Consider CM structure!</li> <li>- LTPC find/train back ups for M&amp;M and some of DM</li> <li>- Research Financing!               <ul style="list-style-type: none"> <li>- Bank loans?</li> <li>- Non-voting shares?</li> </ul> </li> <li>- Create implementation plan for capital campaign</li> </ul>	<ul style="list-style-type: none"> <li>- Community engagement in Lents               <ul style="list-style-type: none"> <li>- With developers                   <ul style="list-style-type: none"> <li>- Open house meeting in Lents</li> </ul> </li> <li>- People's-only                   <ul style="list-style-type: none"> <li>- Table at Lents Int'l Farmers Market</li> </ul> </li> </ul> </li> <li>- <b>Special election materials done</b></li> <li>- Member-Owner engagement (events, surveys, strawpoll?)</li> <li>- Present feasibility info to:               <ul style="list-style-type: none"> <li>- <b>Board</b></li> <li>- CM</li> <li>- NCG Risk mgmt committee</li> </ul> </li> <li>- <b>Harvest Fest! (engage MOs)</b></li> <li>- <b>CM &amp; Board decide! Proceed with LOI and sign the lease?</b></li> </ul>	<ul style="list-style-type: none"> <li>- MOU period ends</li> <li>- <b>Member-Owner engagement: inform about decision</b></li> <li>- <b>Special election</b> <ul style="list-style-type: none"> <li>- <b>Ends!</b></li> <li>- <b>Bylaws change:</b> <ul style="list-style-type: none"> <li>- <b>Non-voting shares</b></li> </ul> </li> </ul> </li> </ul>