

**FA Board of Directors Meeting  
Tuesday January 20, 2009**

**Board Members present:** Bettina Schempf, Camille Freitag, Chris Bentley, Fred Heil, Greg Alpert, Larry Plotkin, Liz Kelly, Toni Hoyman

**Board Members absent:** None

**Staff present:** Michele Adams, Donna Kaiser

**Board Advisor:** Marcia Shaw

**Owners present:** Colleen Llewellyn, Tracy Rupp

**Guests & Presenters:** NA

**Scribe:** Cheryl Good

**Handouts:** None

Board Advisor, Marcia Shaw, formally opened the Board meeting at 6:30pm.

**I Owner Comment:**

Tracy Rupp would like to see the co-op stop using deceptive pricing, specifically the practice of all prices ending in 9's. He referenced a portion of the Co-op Mission Statement, "We will act ethically and appropriately in our pricing practices." His concern is that scientific understanding of the human brain has led to using "9's" as a common marketing strategy. And that since many other businesses use this as a psychological game, its easy to think that the Co-op is also doing it for the same reasons. He would rather see the actual number after margin is added, whether it be a 3 or a 6 or a 1. He went on to explain that there is a culture at the Co-op that is partly alternative which expects an alternative lifestyle. The number stands for deception and the Co-op using that model stands for acceptance of this deception.

Mr. Rupp was thanked for bringing the issue to the board's attention and was informed someone will follow-up with him about it. Later in the meeting, Michele Adams was assigned to follow-up with Mr. Rupp.

**II Discussion with Owner Relations Committee (ORC):**

The board is beginning a process of reviewing all board-related committees in an effort to learn: how the committee works, their current tasks, what support the committees need from the board to make their work more effective and in general learn more about the committee scope. The ORC is the first committee being reviewed. Greg Alpert, committee chair for ORC, introduced Colleen Llewellyn and Donna Kaiser from the ORC committee. Donna Kaiser and Colleen explained the following:

The ORC committee tasks and current efforts:

- Plan annual owner meeting
- Plan and coordinate owner survey
- Plan and review content from monthly "Chats with board", which happen instore with owners/shoppers.
- Continually looking for ways to get more owner involvement, though the budget is limited
- Many efforts need to be coordinated with the professional communications services of the marketing department (and thus labor hours).
- The committee has the availability to do more and is planning their annual task calendar, so they request that the board informs them of any special tasks they have for ORC

What would help the ORC committee?

- Would like to have more board director involvement in the annual owner meeting. Suggestion to get this on board calendars. The plan is to do a city club format again where owners discuss issues and create questions to ask managers and board members in a controlled fashion. The by-laws state that new board directors will be announced at the annual owner meeting. Donna will look into changing the date for this year to allow this.
- Would like more topic ideas and input questions for chats with the board. Email them to Donna Kaiser as you think of them. The results are collated and discussed by ORC. Specific operations questions are passed to management, though the committee would like direction on where to route non-operational feedback. ORC will forward to the board if board action is needed.
- Would like some guidance on how the results of the owner survey will be used. There are two surveys being planned: the ORC owner survey and the board's OSU survey. The ORC survey makes the owner packet more engaging and is only for owners but is not a stratified, random sample since the owners can self-select participation. The OSU survey is targeting both non-owner and owner shoppers and will be a random sample, though participation is still optional. The problem is that both surveys will most likely running at the same time.

60 The board explored this issue and the following items were discussed:

- 61 - Concerns: being that the surveys are self-selected participation they probably aren't accurate enough data for L  
62 statement reports; need an acceptable way to get owner input that the General Manager can rely on to use in L-  
63 statements.
- 64 - Suggestions: Make surveys more anecdotal rather than trying to make them fit the scientific model so they can  
65 be used in a story-telling way; good to get input even if not scientific; balance accuracy by also doing random  
66 phone surveys; ORC can review the evaluation/follow-up info from last year's OSU survey to learn more; plan  
67 for similar questions or at least compare data of both surveys to get an idea of how representative the ORC  
68 survey is; the board and ORC needs to work closely on ensuring these surveys complement each other; just do  
69 one survey this year; find another way to get info for the L-statement; run a couple of questions each month and  
70 post answers in the Thymes; be sure there is a plan to use the data to be respectful of the participants time; since  
71 the OSU surveys are instore have OSU do both surveys (one for non-owners and one for owners).
- 72 - Suggestion to ORC to invest time and energy for researching ways to increase owner involvement.

73 Follow-up will occur outside the meeting with Greg (ORC Chair), Toni (Board President) and Michele (General  
74 Manager).

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### 76 **III Approval of Consent Agenda:**

77 Removed executive minutes, GM monitoring report, for additional discussion.

78

79 **Motion 1-2009 (#1) approval of December Board meeting minutes, January Board agenda, calendar and timeline,**  
80 **Finance Committee minutes 1/7/09, Board Development Committee minutes 1/8/09, Owner Relations Committee**  
81 **minutes 1/13/09, GM report Toni, Bettina 8-0-0 Motion passes**

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### 83 **IV Announcements/Board Correspondence/Affirmations**

- 84 • No directors are going to CCMA in Pittsburgh.
- 85 • Marcia will send info out about the April 18<sup>th</sup> NCGA training, as it is available
- 86 • Email address for submitting Thymes Articles – [thymes@firstalt.coop](mailto:thymes@firstalt.coop)
- 87 • Response to owner comment tonight – Michele; Previous comment by Angelica Rose – Chris and Michele
- 88 • The policy governance committee is going to begin meeting again to take care of parking lot issues from the L  
89 statement reviews. It will consist of Liz, Toni and another person and will meet on Sunday mornings. Fred  
90 offered to participate, if Bruce Hansen isn't interested. Meeting to be announced.

91

### 92 **V Survey Results for GM Monitoring report**

93 The board is now receiving a copy of the survey input given to the General Manager from the previous month's  
94 monitoring report. There were no further comments or discussion about this document.

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### 96 **VI Draft of By-Laws Revisions**

97 The board reviewed the handout (pg 56 of board packet) "Summary of suggested bylaws changes." Bruce Hansen  
98 collected 11 suggested changes to the by-laws, reviewed them with the Co-op's attorneys and presented the results in this  
99 handout for the board to review. Some items will not require any further action and legal counsel conferred that the  
100 current by-laws allow the action or the item requested is not allowed per Oregon Revised Statutes. The board will  
101 discuss these items and then a formal proposal will come back to the board to decide on sending recommended by-law  
102 changes to the owners.

103

104 Items Discussed:

- 105 1. Combining patronage from both stores and offering a dividend in the form of a merchandise credit –  
106 a. Both lawyers and CPA are satisfied with current practices, though clarification would be an option  
107 as time allows. Will not pursue at this time.
- 108 2. Reduce Number of Directors to 8 –  
109 a. This was a suggestion from a BDC adhoc committee from research done in response to difficulty  
110 in finding directors. Many benefits of a smaller sized board were then found while doing the  
111 research, such as better board discussions.  
112 b. Reasons to not change: helpful to have multiple board members on the committees; more  
113 diversity; disperses the burden of volunteer tasks; staff positions can't be on executive committee  
114 so it would only leave 3 others to fill future vacancies.  
115 c. Consensus to leave it as it is and not put this item to the owners for a vote.
- 116 3. Increase # employees allowed to fill board positions –  
117 a. Cons – inherit conflict of interest and confuses subordinate/supervisor relationship; might increase  
118 temptation to discuss operational issues;

- 119 b. Pros – provides unique insight and points of view;  
120 c. Consensus to leave it as it is and not put this item to the owners for a vote.  
121 4. Sec 4.9 Proposed change to allow board to appoint person to fill unfilled terms when BOD is between 7-10  
122 members –  
123 a. Cons – could lead to a board stacking its own board; could lead to campaigning and would have to  
124 decide who to consider; the appointed candidate is more likely to get re-elected by owners;  
125 concerned that you can't take a director off without a vote.  
126 b. Suggestions: have their appointment term expire at next election date; consider candidates that  
127 didn't get voted in; Mark Goehring suggested to consider both candidates and others that might fit  
128 the board weaknesses; he also thought the board should do appointment and that stacking could be  
129 benefit the board.  
130 c. ORS law states a board can appoint unfilled terms for the length of that term unless stated  
131 otherwise in bylaws.  
132 d. Current interpretation of bylaws (below 7 directors required to appoint) and ORS (can choose to  
133 appoint any unfilled terms) already allows appointment at 7 or above directors.  
134 e. Consensus to leave it as it is and not put this item to the owners for a vote.  
135 5. Sec 5.4 Proposed change to include language which clarifies the meaning of "consensus".  
136 a. The concerns include that "shall strive" is hard to enforce and that the board may not be following  
137 the process that the bylaws intend because the word "consensus" can mean different things. The  
138 board currently uses Robert Rules and many consider this not to be consensus. Also the board  
139 shows confusion between getting everyone's opinion and getting consensus when deliberating.  
140 b. Suggestions: interpret this through board processes by tightening up board procedures and  
141 policies; add a step in meeting to ask "are we having troubles reaching consensus?" before going  
142 to a vote; find ways to hear from the minority view and decide how much time will be allotted to  
143 trying to include the minority opinion; stick to time frames is one way to balance the time of  
144 including the minority opinion; ensure the minority opinion gets recorded in the minutes.  
145 c. BDC will be bringing in a trainer to help the group define how consensus is used in the group.  
146 BDC will be removing pages from the board manual about consensus and will be replaced by the  
147 decisions the board will make up in the future.  
148 6. Term Limits for Board Advisor and GM –  
149 a. Fred shared that Ray Cihak talked about the biggest threat to a board is having an entrenched  
150 group that tries to get their agenda's met and that Mr. Cihak recommended term limits as a way to  
151 deal with this. Fred was open to hearing other ways to avoid this liability. Larry shared that his  
152 understanding of this Mr. Cihak's reference was for directors and not the GM not board advisors.  
153 b. Suggestion that board member term limits may be an option with a required 1-year break between  
154 terms. Though there is a concern that we already don't have longevity with board members and  
155 putting this out first may discourage candidates from the start.  
156 c. There is already agreement that the Board Advisor and GM need to be evaluated regularly as a  
157 checks and balance system. There is currently not a system for formally evaluating the board  
158 advisor, though plans are being discussed. Marcia currently confers with the board president on  
159 the advisor scope as the position can change depending on the need of the board president.  
160 d. Suggestion to leave it as it is and not put this item to the owners for a vote.

161  
162 Only bylaws change that the board will recommend to the owners will be Sec 4.8 regarding process for removal of a  
163 board member in order to be compliant with Oregon Revised Statutes.  
164

165 BREAK

## 166 VII Items Removed From Consent Agenda

167 GM Monitoring Report on L-1 –

- 168 • Suggestion to not include outdated data or data that was included in past years.
- 169 • PG 31 – there is duplicate info about pay raises. Michele stated that 5 out of 5 on the rating for pay raises is  
170 incorrect. The correct one, 3 out of 5, is already there.
- 171 • PG 20 safety data, letter A – note that this item is in compliance according to the data, though the interpretation  
172 says it is not.
- 173 • A question was raised about whether offering a mediation option for grievances is needed for employees who  
174 are owners, since mediation is required for owners in the bylaws. Several board members stated contrary  
175 opinions as the employee is now in a different relationship with the Co-op. Michele will find our more info.

- Fred Heil stated that the current grievance policy does not serve the co-op, owners, and directors. He feels it exposes us to financial liability. He would prefer to have an outside party make the decision on resolving the grievance.
- It was noted that only an arbitrator can make such a decision. Bettina commented that mediators do not make decisions but only help parties to communicate. Michele stated that mediation is used frequently at the Co-op.
- The grievance policy is rated a 4 out of 5. Michele would like the board to state in advance if a 4 will be unacceptable, as her understanding from the consultant was that a 3 was acceptable and she was choosing to improve all the 3's.
- Management has decided that an HR audit will now be conducted after the 1<sup>st</sup> year of a new HR Manager, in addition to occurring every 5 years. Carolee Colter is scheduled to come back in March 2009.

Michele will add an N/A option to the monitoring report feedback in order to allow more accurate feedback on monitoring reports.

**Motion 1-2009 (#2) accept the GM report on L-1 Toni, Chris passed 7-1-0 Fred Heil voted no, see point above.**

- **Executive Meeting Minutes**

Marcia was incorrectly quoted in the minutes regarding the timing of the board advisor evaluation. She corrected it stating her preference is to evaluate the board advisor at the same time as the committees are evaluated.

**Motion 1-2009 (#3) moved to accept executive minutes as corrected. Toni, Greg 7-0-1**

### **VIII Discussion of Board Evaluation**

Camille Freitag, chair of the Board Development Committee, introduced the topic as the BDC is charged with doing board evaluations. She would like to find out if the board would see this as a valuable process. Mark Goehring had some suggestions about it: not doing this now as the board is currently reviewing the committees; using an outside consultant to compile the data; and ensuring directors are informed of performance criteria before being evaluated.

Comments included: use a similar format to what was done at the board retreat which reviewed strengths and weaknesses; include a self assessment and ways to identify training needs; ensure criteria for board advisors are appropriate; present the new expectations and criteria and then evaluate the board later; ensure the process gets started before a new board comes in so that the process doesn't get delayed yet again.

The BDC will bring suggested criteria back to the board for discussion/approval. Then, once the criteria is set, they will conduct the actual evaluation after the board retreat in the fall so that directors have a chance to work with the new criteria. At the February board meeting a process review will be done, as has been done before.

### **IX Review of Budget Process**

The Finance committee is seeking input about what changes to make, if any, regarding future budgeting processes. They are suggesting to move all budget prep items back one month (start in Sept) so that the board is approving the budget in December. It would allow more time to test scenarios and more consideration of the numbers.

The board's responsibility in the budget process is: that the board approves the budget assumptions and then approves the budget according to those assumptions because the final numbers are used as criteria to evaluate the GM.

### **X Outreach Budget**

There is a presentation by Donna Kaiser, Marketing Manager about how the outreach budget is being planned. This will be scheduled for February's board meeting

**Meeting Adjourned: 9:38pm**

### **Policy Governance parking lot.**

*Policy L-9: Look at item #4.*

*Review L-5, item #2 to perhaps incorporate the concept of timeliness.*

*Look at G-11 for any potential changes*

### **Agenda for February:**

*Finance Committee members invited for dinner and discussion*

*Donna Kaiser presentation on Outreach Budget*

*Criteria back from BDC on board evals*

*Bylaws recommendation*