



Policies & Procedures Committee Meeting Minutes – November 7, 2018

Ten Pin Building Conference Room

Board: James Kloor, Colin Fiske, Leah Stamper, James Kloor

Staff: Emily Walter, Laurie Talbert

Members: John Lucas

1. Welcome/Introductions/Agenda review and additions

Meeting commenced at 6:02pm. Leah welcomed everyone.

2. Approval of minutes

September 2018 minutes were approved by consensus.

3. Member comments

None

4. Membership rolls and unclaimed equity – reported by Laurie

Cleaning up the membership rolls is thus far is more successful than anticipated. We are at step 7 out of 14 steps. We've gone through previously returned mail and entered that information into the database. We catalogued all the patronage refunds that have been cashed – this wasn't being done. Then we looked at all memberships and organized them into groups while cleaning up the database.

Group 1: We have resolved all 32 out of state memberships who had returned checks to us in 2013. We have ~\$1,400 to put into escheated shares but we don't know where the value of those returned checks sit in our system.

- James – you should be able to look up the checks to see if they were voided.
- Laurie - we need to mark these members as purged and find a place to put the money on the accounts. Not sure how to do this.

ACTION: James will ask the auditors about this.

Group 2: There are 138 repurchased memberships that still have shares. The majority of them were repurchased in FY16 and then they got a patronage refund put into their membership.

- Colin – they can't own shares. They should be paid out in cash in the future if they get a patronage refund after ending their membership.

Group 3: There are a dozen people with two memberships in the system.

Group 4: Business memberships with no contact name. We have no idea who's entitled to their shares. We contacted them to get a confirmation of who on their membership can vote. A good chunk responded but many did not, and we'll need to do further follow-up.

Group 5: There are 131 out of state members that never closed their memberships. 20 of these have been resolved thus far.

Annual statements and election guides were mailed with updated addresses. We fixed an issue in the database that was keeping some members from being mailed. As a result, we've closed 100 memberships. We need to process all the returned mail from this mailing. This likely won't be completed until the end of the year. We'll have a list of members with no contact for 3 years in February and we'll be able to start the escheatment process for those. We believe there are about 250 deceased members in the system. Based on patronage along, we estimate 13,000 active members.

- John – this is good. Cleaning out members that aren't active will be helpful for elections where we need a certain percentage of member votes.

5. Board correspondence policy – reported by Colin

I think we should consider having an auto responder for the board@northcoast.coop email that includes the policy of how these emails are dealt with.

- James – I like the idea that the person will know what to expect after emailing the board. The autoreply should be signed by the Board President so that the person knows who the President is.

The group drafted a response and added line a. to section 5E.2) in the Board Policy Manual (See attachment A).

Motion: Recommend to the board to accept the auto response and addition to the correspondence policy section 5E.2) in the Board Policy Manual.

Passed by consensus.

6. Bylaws clarification – reported by Leah

Item being tabled until the January meeting.

7. Procurement policy – reported by James

James put the draft policy on the big screen and the group updated it using track changes. A robust conversation was had. The policy was renamed to be an expenditure control policy (See attachment B).

8. GM review

There have been policies in the past for how the General Manager is reviewed. There has never been a policy in the Board Policy Manual (BPM). It seems the board reinvents the wheel on this process annually. A policy could lay out general guidelines.

- James- it could be helpful for employees to have access to this policy in the BPM. It should be general. Input is taken from the General Manager, the management team, and meaningful representation of the staff. We could summarize the general procedures that we most recently used.
- John – I was at the Annual Membership Meeting a year ago and people were concerned about the financial condition of the Co-op and a year later it is worse. As a member I'm wondering what's happening? Is the Co-op being effectively managed? The grocery business has thin margins. It's important for the General Manager to be responsive and do whatever is necessary.
- Colin – holding the General Manager accountable is part of the day to day responsibility of the board. Having a formal annual review is also part of the process. Last year we hired an outside facilitator and she interviewed Melanie and members of the management team with agreed upon questions. A survey was distributed to Department Heads, the ten longest serving employees, and anyone the General Manager directly oversees. We took the feedback and got a summary from the interviews and surveys and based on that we came up with a review with specific goals for the General Manager. Many goals are financially related with benchmarks to bring us back to profitability.
- John – finances are key from my perspective. Employee dissatisfaction with the way the General Manager operates is important too. Financial performance should be the primary criteria.
- Colin – we approached it as a triple bottom line kind of thing, including financial, social and environmental performance. Obviously right now finances are top priority. Anytime we're losing money or low on cash it endangers the organization. Making money is a baseline but it also has to provide a worthwhile service that meets cooperative principles.
- James – the biggest problem from the previous year was that there were no metrics to hold the General Manager accountable to. The review process from this year included benchmarks. The quarterly financials

are tricky around here where some quarters make a lot of profit and others lose and they wash each other out.

- Colin – the General Manager can be held directly accountable for things like payroll as a percentage of sales and inventory management, but can you hold the General Manager accountable for unexpected spikes in healthcare costs or when a competitor opens a store? We need to respond to problems but there are also outside trends that affect us.
- James – you can review the General Managers response to those trends. One thing we haven't figured out is what is our timeline for movement? You don't see effects within your financials until two months following a major change such as a competitor opening.
- Colin – we can plan for a competitor opening a store. How to conduct a General Manager review is going to depend on what is happening.
- ACTION: Colin will draft a general policy about principles for conducting annual evaluations and bring to the next PPC meeting.

- Colin – once a year the board will review directions provided to the manager and reevaluate progress towards meeting them.
- James – I'd like a more structured agenda for executive session. I think we need agendas for executive sessions that could include evaluation of the General Manager.
- Colin – we hold the General Manager accountable during public meetings but review of her can't be done publicly and would need to be done in executive session. If we're setting goals for the General Manager, when are they governance and when are they personnel?

- Laurie – there should be clear contracts that detail how the contract can be broken.
- Colin - annual review is the most forward way of keeping documentation.
- James – we do an annual review with staff

ACTION: Colin will draft as part of the policy that there will be an annual review but there will also be continual documented goal setting and feedback.

9. Hotlist items

- Consider employee longevity incentives to reduce turnover.
- Consider inserting language into the Bylaws about supporting/spinning off other co-ops.
- Establish strong policies and procedures for recruiting a General Manager

10. Agenda items for next meeting:

- General Manager review policy
- Bylaws clarification

11. Next Meeting: January 16 at 6pm

Meeting adjourned 7:46pm by consensus.

Minutes by Emily Walter

Attachment A

Expenditure Control Policy

Approval from the North Coast Co-op Board of Directors shall be required prior to any expenditure that meets one or more of the following criteria:

- It is a single expenditure, or a cumulative set of expenditures related to a single purpose, which exceeds \$150,000.
 - It is an expenditure that deviates from the adopted budget by more than \$10,000, or 10%, whichever is greater.
 - It is an expenditure which would create a real or perceived conflict of interest involving the General Manager, or any member of the Management Team.
 - It is a contract whose value exceeds \$10,000 or whose term is 2 years or longer.
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Auto Correspondence & Updated Policy

Thank you for your correspondence to the North Coast Co-op Board of Directors. The Board has adopted the following policy for responding to correspondence:

When the North Coast Co-op Board receives correspondence on paper, the Administrative Assistant shall forward copies of the letter to the entire board without reading it. When the North Coast Co-op board receives email correspondence, it will be automatically forwarded to each board member's @northcoast.coop email address. In the case of either paper or email correspondence, the following procedures will be followed:

a. An automatic response will be generated notifying the sender of the Board Correspondence Policy.*

b. The President shall respond and/or forward to the General Manager to respond as appropriate.

c. Response letters from the President shall be copied to the entire board.

d. Non-confidential correspondence shall be forwarded to the Administrative Assistant to be included in board packets, unedited. The correspondent's name may be redacted upon request.

I will respond to you with a specific message as soon as I can.

Sincerely,

Colin Fiske
Board President

* Line a. above is what is being proposed to add to section 5E.2) of the Board Policy Manual. Policies b., c. and d. were previously adopted by the board in October 2018.