

Meeting Minutes for Weaver Street Market's Board of Directors

February 2014 Meeting

Monthly Board Meeting, Food House conference room, Hillsborough, NC February 19, 2014, 6:15 pm to 9:30 pm.

Directors present: Ruffin Slater (general manager), Curt Brinkmeyer (chair), David Bright (secretary), Lisa Best (treasurer), Michael Marotta, Jon McDonald, and Linda Stier.

Others attending: Deborah Konneker (facilitator), Brenda Camp (notes), Amy Lorang (worker owner, member of the Elections Committee), Michael Silverberg (consumer owner, member of the Elections Committee), and Karen Silverberg (consumer owner).

1. Preliminaries

Owner Input: There was no owner input.

Agenda: There were no changes to agenda.

Minutes: Minutes from the December meeting and notes from the January retreat were approved.

New Owners: There were no exceptions to the owner lists for November and December 2013: 151 new consumer owner shares, 5 new worker owner shares, and 19 refunded shares.

Decision: The Board approved the December meeting minutes and January retreat notes.

Decision: The Board made no exceptions to new consumer and worker owners.

2. Board Process

New Website Preview

Brenda Camp, Owner Services Coordinator, presented a preview of the new WSM website, which is currently under construction. The website design and architecture is being created by The Splinter Group in Carrboro. The group's portfolio includes websites for Videri Chocolate Factory, Carrboro Coffee Roasters, Piedmont Grown, Fifth Season Gardening, City Grocery Restaurant Co-op, and many other local businesses. The new website will address the types of owners identified at the January retreat:

Co-op Owners Who Use the Co-op: The majority of co-op owners USE the co-op. Co-op Owners use the co-op in three primary ways: to shop, to learn, and to have fun.

Co-op Owners Who Belong to the Co-op: Some co-op owners have an expanded relationship with the co-op beyond simply using it; they have a sense of belonging to the co-op. These owners may invest in the co-op, participate in its work, and/or become advocates for the co-op.

The website content will focus on questions that are significant to potential and existing shoppers and owners while at the same time creating excitement about our products, our stores and facilities, our staff, our activities and our information:

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Content Addresses **Primary** Way People Relate to Co-op: **USE**
(shop, have fun, learn)

- **Product Specials and Product Stories** (*What can I buy today that is better, cheaper, unique?*)
 - Foods we have on sale that you'll want
 - Seasonal Foods
 - Our Unique Foods and Products
- **Healthy Eating** (*How can I learn to eat and prepare tasty food that is healthy?*)
 - How to shop for healthy foods and products
 - Foods that you might not know about
 - How to cook and plan meals around healthy foods
 - Tips for integrating healthy foods in your life
 - Food as community space
- **Events Related to Food and Community** (*How can I have fun this week?*)
 - Healthy food fairs
 - Wine shows
 - Farm tours and dinners
 - Music events (with food and beer)
 - Community dinners
 - Owner appreciation events

The website also provides opportunities for expanded participation beyond USE.

Content Addresses **Expanded** Way People Relate to Co-op:
BELONG (invest, participate, advocate)

- **Investment** (*How can I invest in this business?*)
 - Owner shares
 - Capital loan program
 - Community investments
- **Outreach** (*How can I give back?*)
 - CCF, Wine shows, Hope for the Holidays ...
- **Advocacy** (*How can I share this exciting story?*)
 - Store and Food House tours
 - Social media content
 - Blog content
 - Community talks
- **Governance** (*How can I contribute my skills and interests to co-op leadership?*)
 - Serve on committees
 - Serve on the board
 - Participate in task forces/focus groups
- **Employment** (*How can I become an employee of this co-op?*)

The following expanded structural view has been developed and will now be turned into a wireframe:

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Web Content: A Mix of Static, Dynamic and Interactive Content

- **About**
 - Our Co-op Story
 - Missions and Values
 - Including 2020 goals
 - Contact Us
 - Feedback form
 - Phone numbers and emails
 - Including FAQs, info on becoming vendors, etc.
 - Employment
 - Locations
 - Press Room (**dynamic**)
- **Shop/Food**
 - Specials (**dynamic**)
 - Slider with specials, owner deals...
 - Our Products
 - Click through to 10 key product areas that excite shoppers (linked to recipes, producers)
 - Our Producers
 - Thumbnail view of producers with link to profiles
 - Including breweries, cheese makers and dairies, farmers, meat producers and fisheries, wine-makers, and other artisans.
 - Recipes (**interactive**)
 - Searchable directory of recipes
 - Catering and Online Ordering (**interactive**)
 - Guides and Info for Shopping
 - Including guides on seasonal produce and fish, cooking with bulk ingredients..
- **Co-op Community**
 - Become an Owner
 - Benefits, how to sign up
 - Get Involved
 - Go on a Tour—sign up or go on videotour
 - Volunteer for Our Tour Program
 - Join a Committee
 - Owner Loan Program (**interactive**)
 - Owner Central
 - E-news (links to current issue) (**dynamic**)
 - Owner Docs and Forms (links in pdf)
 - Update Info
 - Owner Feedback (**interactive**)
 - Co-op Governance
 - What Is Policy Governance (link to policies)
 - Board of Directors (link to bios)
 - Meetings (link to minutes)
 - Board Elections
 - Annual Reports
 - Giving Back (overview with links to CCF, School Script Donations)
- **Events (dynamic)**
 - This week's events
 - Side bar with This week's tastings
- **News/Blogs (dynamic and interactive)**
 - Blogs Related to 2020 Goals (Healthy Eating, Local & Sustainable, Environmental Responsibility, Community)
 - Recipes
 - For Owners

Directors were excited that website development was underway and appreciated the planning and consideration taking place. Suggestions offered included:

- In addition to showing how individuals can participate in the co-op, show that there is value in what we are, what we stand for—that individuals can engage with us on that level. To do that, include information about how we operate but also include information about co-ops as a business model and why it matters that we have chosen that. Include links to information about the international cooperative movement.
- Frame policy governance as being important yet secondary to us being a co-op. Show it as the way we do the cooperative business model. Emphasize why ownership is important in this model.

Elections Timeline

The OSC reviewed the timeline for the Elections. She identified two changes to this year's timeline:

- Applications will be available two weeks earlier to encourage attendance at more Board meetings prior to the application deadline.
- Applications are due one week sooner to give the EC time to review applications and communicate with the candidates.

The OSC also identified new opportunities within the timeline for educating owners and potential candidates about the work of the Board and the role of policy governance in that work:

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- An article in the owner e-news and Market Messenger in early April about the work of the Board and its use of policy governance with an invitation to the April Board meeting. (This sets the stage for the call for candidates in the May owner e-news and Market Messenger.)
- An invitation to candidates (and interested owners) to the July or August meeting with an educational section on Board processes, co-op financial structure, etc.

One of the Directors noted the length of time from the receipt of a candidate's application until the appointment began.

Elections Committee Appointment

The Board discussed the need to appoint a chair to the Elections Committee and to recruit additional members to replace the three members who were not returning for the 2014 elections. Two Elections Committee members were present and participated in the discussion. The Directors discussed whether the Board member on the committee needed to be one of the two appointed Directors, or if the member could be any Director not running for reelection in the current year. Four Directors were identified as being qualified for the 2014 Elections Committee: Linda Stier, David Bright, Curt Brinkmeyer, and Lisa Best.

Amy Lorang observed that most recently the Board Director had functioned in an advisory role as a liaison rather than a participating committee member. The Directors agreed that the current policy states that a Board Director is one of the members of the committee and that the Board either appoints the EC Chair or empowers the committee to do so. The Board appointed Linda Stier as the Board member on the EC and as the EC Chair for the 2014 Elections.

The group discussed the need to appoint two additional members to carry on the work of the EC, including the tabling events. The Directors and EC members were tasked with recruiting two new members to be appointed at the March meeting.

Decision: The Board appointed Linda Stier as a member and chair of the Elections Committee for 2014.

Task: The Elections Committee and the Board Directors will recruit Elections Committee candidates for the Board to approve at the March meeting.

Updates on Elections Committee Charter

The Board discussed a proposed Elections Committee Charter that would replace the existing Elections Committee Policy. The proposed revision to policy C-7: Board Committee Principles, which was discussed at the Board retreat in January, requires that the board establish a Charter for the Elections Committee. The existing policy will continue in place with the discussion focused on how (or if) this charter could be modified to be an effective replacement.

The charter is based on a template furnished by the co-op's consultant Mark Goehring and is used by many other co-ops. The GM pointed out that the proposed charter (see figure below) is written from the global down: starting with the Board and its responsibilities for perpetuating Board leadership, moving into the Board's specific responsibilities in establishing an environment in which fair elections can occur, and ending with the delegation of specific responsibilities to the EC for implementing the elections. He pointed out that the charter has a similar structure to other Board policies:

- a) It establishes desired outcomes for the elections (called "criteria").
- b) It establishes a structure for the Committee.

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- c) It leaves it up to the committee to decide how to implement the elections.
- d) It requires the committee to report back on the results.

ELECTIONS COMMITTEE CHARTER (Draft Feb 18)

The Board, which bears ultimate responsibility for the affairs of the co-op, must ensure the perpetuation of strong and effective board leadership.

As stated in Policy C-2: The Boards Job: "On an ongoing basis, the board is responsible for creating a foundation for effective elections by:

1. Ensuring that owners understand the role of the board: The process that it uses to lead the co-op, the ongoing work in which it is engaged, and the current issues facing the Co-op.
2. Creating opportunities for owners to engage with the board in a way that will encourage and educate future board members."

In addition to this ongoing role, each election cycle the board is responsible to ensure excellent elections, as defined by these criteria:

1. Qualified candidates. Elections present owners with enough qualified candidates to provide choice for the voters. Candidates must have been a WSM owner for at least one year at the date of application and agree to abide by Board Policy C5 – Directors' Code of Conduct.
2. Informed electorate. Voters have accurate information to assess the candidates' qualifications.
3. Fair and open voting. Voting is easily-understood. Ballots are secret and secure. There is a clear set of election procedures that are monitored by the Elections Committee.
4. An outcome that owners have confidence in and are able to support regardless of personal views.
5. Continuous improvement by having the committee supervising the election to report on how the process met these criteria and how it could be improved.

To assist the board in conducting excellent elections, the Board established an Elections Committee:

1. The Committee is a standing committee. The board appoints or re-appoints between five and seven owners at the start of each year. The committee includes at least one board member (who can't be up for election); at least one worker owner, and at least one consumer owner.
2. The Committee is responsible for implementing elections in a manner that is consistent with the board's criteria for excellent elections.
3. The Committee is responsible for maintaining an election Procedures Manual that is relevant, up to date, in compliance with the Bylaws and Board Policies and approved by the Board.

In the ensuing discussion, Linda Stier, who has been acting as the Board liaison to the EC, emphasized that the Board is responsible for the two upper parts of the charter. She observed that the EC has by default taken on the brunt of those responsibilities because the Board had not. She clarified that the Board is delegating specific authority to the EC: the implementation of a fair election. She characterized the EC role as being procedural; whereas, the Board provides the environment that allows their process to work. She also noted that when there has not been a mechanism for taking action, the actions have defaulted to the OSC.

The Elections Committee members attending the meeting made the following observations:

- Amy Lorang observed that in recent elections there have been times when only one candidate ran for a position, and she noted that those instances did not meet the first criteria of an excellent election including "enough qualified candidates to provide choice for the voters."
- Michael Silverberg asked where specifically does the EC start to act for the Board. He expressed that the EC had succeeded in meeting criteria 3, 4, and 5 (in the above charter),

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and he observed that the EC was not involved with the two foundational responsibilities at the beginning of the charter. He asked the Board to communicate more specifically what the Board would do to achieve these and identify clearly the EC responsibilities in those areas.

The GM responded that 1 through 5, the criteria for excellent elections, indicate where we all want to be, and suggested the approach of continuing to get better and better. Sometimes, he observed, there will only be candidate. A Director added that the Board needs to assess how it performs on these elements and continue to work to improve the performance.

The Directors identified the need for a pool of owners who understand the Board and its work, that this is the beginning entrance to a leadership role, rather than running for a seat on the Board. A Director asked how the Board might organize itself so that building Board leadership was a recurring item on the agenda. Suggestions included:

- forming a list of co-op leaders comprised of owners who participate in various co-op activities
- developing engaging but basic information for the new website
- developing a process for candidate orientation
- creating more opportunities for owners to participate at a lesser commitment than being a Board Director

For the March meeting, each Director agreed to identify two owners who would be potential qualified candidates for the upcoming elections. A topic was also identified for future consideration: In the past, the EC has brought up the issue of whether WSM should have a more formal nominating process rather than just waiting to see who applies, and/or should candidates be vetted rather than automatically being placed on the ballot. This topic may be one that the Board wants to take up at a future retreat.

Task: Each Director will identify two owners as potential candidates for the 2014 Elections.

Board Process Policy Revisions

The Board continued the work it began at the January retreat on revisions to Board Process policies. It looked at two groups of policies:

Group 1: Policies Ready to Test for Approval

Group 2: Policies That Require Additional Work for the March Meeting.

A Director raised the question of changing policies that are working, specifically why they were using the templates and making them fit broadly with existing policies. The Director expressed a preference for using the templates as a point of comparison rather than as a reference. The Board Chair responded that the Board would benefit from the experience of the consulting firm whose work focuses on Board policy. Two Directors indicated that they like simplifying the language and refocusing on the strategic aspects. The Directors agreed that as part of the policy revision process there would be a careful comparison of new policies with current policies.

Group 1: Policies Ready to Test for Approval

The policies that the group agreed were ready to test for approval (with minor changes indicated) included the following.

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- **C3 – Agenda Planning** (Needs to have added the specifics about when things happen in the calendar year. Changed to read that the “Chair” rather than the “Chair and GM” are responsible for agenda planning.)
- **C5 – Directors’ Code of Conduct** (Deleted “all” from “Directors will prepare for, attend, and participate fully in all Board meetings and trainings.”)
- **C6 – Officers’ Roles** (Ask Mark the purpose of 3a: “The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.”)
- **C7 – Board Committee Principles** (Ask Mark where committee charters go—are they a part of Board policies? Is there a separate policy for each committee?)
- **C8 – Governance Investment**

Group 2: Policies That Require Additional Work for the March Meeting

The following policies were identified as needing additional work and were assigned to a team of Directors for further revisions: :

- **C1 – Governing Style** (This was identified as needing more work at the retreat.)
- **C2 – The Board’s Job** (This policy was moved to the group 2 bucket. It needs to be revised to identify the unique role of the Board versus management.)
- **C4 – Board Meetings** (This was identified as needing more work at the retreat.)
- **C – Global Governance Commitment Global** (This was identified as needing more work at the retreat.)

Task: Ruffin will check with Mark on the reason 3a is included in C6-Officers’ Roles.

Task: Ruffin will check with Mark on where charters go and how they are handled in relationship to policies.

Task: Directors were assigned to continue work on policies from Group 2 and to come back with another revision: Curt and Jon, C4 - Board Meetings; Lisa and Michael, C1 – Governing Style ; Dave and Linda, C2 – The Board’s Job.

In a closing discussion, concerns were voiced about policy revisions:

- A Director commented on “not yet owning” the policies that are replacing the existing policies—“what we’ve worked on for 20 years to get it right.” The Director observed that it was not necessarily the new policies but understanding why the change in directions were made. The Director said the missing piece is that they’re different and that they need to know what is different and why.
- Another Director acknowledged the value in simplifying policies, but asked whether this is the highest and best use of our time as opposed to looking at other things that may be higher in priority, something that might do more to advance our work. The Director also observed that the new system of policies is built on the “four pillars,” a concept the Directors had not yet accepted.
- The Chair suggested that it was good practice to look at the policies to be sure that “we know them.”

Board Emails

The Chair reported that there were no Board emails this period.

3. General Manager Reports

General Manager's Report

The General Manager answered questions on his monthly *General Manager's Report*. The report included a number of highlights for the past month:

- Sales growth bounced back to 7% over last year in Q2 after decreasing in Q1 due to the Carrboro remodel.
- The Panzanella closing is complete. 12 Panzanella staff moved to other jobs at WSM and 15 (mostly waits) took the severance package. We have vacated the space and sold the equipment. The financial impact was recorded in the Q2 financial statements (see 2-6 Financial Condition monitoring report.)
- We are planning to remodel the Carrboro deli and café in late March or April. The engineering for the kitchen area has taken longer than expected.
- We have made a \$25,000 loan to Sevananda co-op in Atlanta as mentioned at the retreat. It will be paid back in monthly payments over the next two years.

A Director asked how the GM felt about the bounce back. The GM expressed satisfaction and noted that sales are up in bulk and produce, which was the desired outcome. He noted that he was looking at other areas of impact that would make a difference once the remodel is completed, such as increased sales in prepared foods.

2-6 : Financial Condition Report

The General Manager presented his financial report, which included YTD FY 2014 Income Statement and Balance Sheet and a revised 2014 Quarterly Budget that reflects the closing of Panzanella. The Treasurer asked about the governance line item being over. The GM said he would investigate and report back.

The GM provided the following explanation the next day:

The Year-to-date income statement, which was attached to monitoring report 2-6 Financial Condition, had an error in the budget column. The error created the mistaken impression that we were over-budget on board expense for the six-month period when in fact we were under budget.

There was a mistake in the budget column in two line items: "Governance" budget was understated and "Other expenses" budget was overstated by the same amount. The budget total was reported correctly.

The Chair asked about the 18% of accounts overdue. The GM reported that 95% of that figure is attributed to the co-ops reported previously—Chatham Marketplace, Company Shops, and Deep Roots.

Decision: The Board accepted 2-6: Financial Condition Report.

The GM also asked for approval of a request for \$300k line of credit with BB&T to replace the one in place with the old bank.

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Decision: Board approved a Bank Resolution to authorize a line of credit for \$300,000 with the new bank, BB&T.

4. Closings

Tasks and Decisions: The Board reviewed and confirmed its tasks and decisions.

March Agenda Items:

- Policy Revisions
- Candidate Recruitment

Meeting Evaluation:

The Directors identified a number of ways in which the meeting moved the Board forward on one or more areas:

- Clarified the Board interface with the Elections Committee
- Introduced new ways for the Board to connect with owners

The Directors crafted a headline for owners:

- New website coming soon, Summer 2014! (We need a trailer!)

5. Executive Session: GM Evaluation