

Board of Directors Meeting
Wednesday August 16, 2017

6:10pm check-in | 9:00pm adjourn
Second Shift, 3234 W Diversey Ave

Directors: David Glover, Claudia Richman, Norma Samame, Ally Young, Brian Solem, Sean Shatto, Rebecca Reynolds, Beatriz Beckford (by phone). Absent: Ryan Palma. **Staff:** Sharon Hoyer(GM). **Guests:** Paula Gilbertson (NCG), Tom Pierson (facilitator), Meghann Wilkinson (scribe).

Call to Order & Check-in

Tom Pierson, facilitator

Owner Comments

Claudia Richman

None

Consent Agenda

Tom Pierson, facilitator

Approved:

July Meeting Minutes (with following changes):

- AY will condense the time-check section to keep only: "The remainder of the agenda will be cut in the interest of time with follow-up online and a review of the ends in full. In the future, board members will be prepared to act with expediency."
- AY will add the following language to discussion on hiring commitments: "Diversity in Leadership: The DP ought to have a diversity commitment that not only includes entry level and new staff hires but also includes institutional leadership including board and store managers."

Not approved:

Operations Report (not submitted with packet; added to the agenda.)

Agenda Approval

Tom Pierson, facilitator

Marketing plan will be discussed in brief during Expansion Update

Election Committee discussion minimized to 5 min

Operations Report added, 10min

Operations Update

Sharon Hoyer, GM

GM is struggling to get bookkeeping done in time to submit complete Operations Report in advance of the board meeting. Last month was a challenge because it was end of fiscal year. Past month was challenging with expansion and lots of extra duties laid on the accountant and bookkeeper. Deadline with NCG is to get numbers in by the 15th of the next month- sometimes the 3rd Wednesday board meetings fall very closely to this 15th deadline. In the future, we might want to reconsider when board meetings happen- maybe the last week of the month. Board will address at next meeting how to take care of this timing.

GM presented draft numbers representing sales, personnel, and expenses.

Sales decline for July -5.5% from plan, -3% change from year prior. We've been ticking along right below the prior year in terms of trend and have tightened up gap with regard to the plan.

Staff has been pulled strongly toward preparations for the future location. GM is noticing current store has not been receiving the care and attention it needs. There's a push to "make these last 3 weeks count" in the current store- will be some challenges with regard to selling product down, out of stock issues, moving shelving, etc. Seems to be excitement around shopping at the future store- less excitement around shopping at the current store.

Question: Are the next few weeks of potentially low sales in the current store going to hurt us a lot in the future? GM response: It definitely impacts our cash flow, but the sales decline has been following the trend over the past year- and staying in similar relationship to last year's sales.

GM thinks we should continue to look forward- build up excitement and keep vision up for the new store. Staff is having weekly leadership team meetings (all managers working collaboratively) and planning weekly promotions, etc.

First inventory for audit year went really well.

Have had some good initial trainings with new hires.

Expansion Update

Sharon Hoyer, GM

GM has been very pleased with the General Contractor. We are on track and on schedule to finish by end of August. Health inspection on August 31st.

Issue with refrigeration company- brought bigger fridges than were ordered- GM is going to try to keep them but get a refund. Additional space for dairy, grab- and-go- is a bonus and fits. For soft opening, we will keep half of the beer and wine fridges and swap out the others during an overnight. Produce cases got totaled on delivery- 8 ft of a 16 ft case got crushed. We may have to open with just the 8ft- hopefully all will be replaced by the opening.

Starting to pare down departments and move things. Monday: Wellness will be moving to new store. Next week- putting up all shelving and signage.

Soft Opening: Sept 7th at 11am, Grand Opening: October 8th (10-4)

Soft opening Pickle Parade from the old store to the new store that could result in a ribbon cutting. Can we get board participation? Can we put this at a get-home-from-work hour?

Response from Paula: It is a soft opening, so should take caution about planning something big for the 7th. There will be new workers in a new store and likely some flow issues. The soft opening traditionally has a low-key ribbon cutting- intimate- board members there to do some talking and greeting. Grand Opening is the big hoopla moment- store will have had a month to get kinks out and be functioning at full tilt.

We've got letters out to the alderman and state reps, LSNA folks, etc. The plan for the soft opening is 11am, ribbon cutting. Ally will post more info on Loomio.

Hiring Update: Super successful job fair. Interviewed 40 people, screened 100 more. All positions have been hired from the hiring fair. Great turn-out, great people. Exceeded our goals in initial hiring with people of color at all levels. Center for Changing Lives will continue to work with staff on anti-oppression training. Onboarding- all staff will do a 4 hour training session orientation.

GM will start reporting to the board weekly on the progress of the capital campaign.

Question: How are we putting our story out about why people should be shopping at the co-op vs. Whole Foods, Mariano's, etc? Seems like the "neighborhood grocery store" is closing. Response from GM: We just sent an op-ed into the Sun Times about the difference between big box chains and co-ops. We are focusing a lot of our efforts around the grand opening- the first few weeks of the new store may be rough, and we want to have our systems down pat when we're getting lots of people in. There will be a big surge in print advertisement, etc for the October grand opening. GM will send Rebecca the op-ed so that she can reach out to some of her media contacts.

Sean will set up a calendar for specific sign ups for tabling leading up to the soft opening. Staff is handling store set-up. Paid staff and brokers and reps- 8 hr days. No board involvement in the set-up.

GM Monitoring

Sean Shatto, President

B2: Business Planning & Financial Budgeting

B2.1: Accepted as compliant.

Interpretation reasonable? Yes

Adequate data? Yes

In compliance? Yes

Discussion: If we had planned for losses, would this policy would be out of compliance? This goes down the similar "rabbit hole" of the B1.1 policy- worth a discussion, but not enough to keep it out of compliance for now.

B2.2: Accepted

Interpretation reasonable? Yes

Adequate data? Yes

Discussion: Policy is loaded with quite a bit of data, and seems lacking in language of how this data was arrived on. GM response- it was based on very fiscally conservative planning. Trying to compare what's in these reports to what is out there in the world and other co-ops.

In compliance: Yes

B2.3: Accepted

Interpretation reasonable?: Yes

Adequate data? Yes

In compliance? Yes

B2.4: Accepted

Interpretation reasonable? Yes

Discussion: A bit of confusion about what is being asked- didn't understand the interpretation. Question: Why are we doing feasibility testing? Response: So that GM isn't making up #'s in a vacuum. What is the market share, how to we make assumptions about our market share? The fact that DP got financing is a test for feasibility.

Adequate data: Yes

In compliance? yes

B2.5: Accepted

Interpretation reasonable? Yes

Adequate data? Yes

In compliance? Yes

B2.6: Accepted

Interpretation reasonable? Yes

Adequate data? Yes

In compliance? No

Discussion: The DSCR is below 2.0- but we are on track to be in compliance in the next 3 years.

Question: Is this acceptable? Should there be a certain timeframe about when changes should be made and we can move forward?

Response: You can accept something in non-compliance as long as there's a plan. It's possible to change the arrangement of the wording- or add some wording. The board can accept something as non-compliant as long as it also accepts the plan. Or board can say it will not be in compliance for a certain timeframe.

Discussion: This doesn't seem like a policy that we want to change. Because it's in noncompliance, maybe some more detail about it would be helpful- ex: GM could report back on this every quarter, etc.

Capital campaign is a major part of our Debt Servicing Plan- might be a good idea to say that we're going to monitor this within the next year?

Question: Cash flow issues- is there adequate cash to meet all of these things?

Response: it's in the B1.

Question: Should we look at it on a monthly basis? Info about cash and having adequate cash every month should be reported to us monthly?

Response: GM is under obligation to notify board immediately if a policy is out of compliance (ex- if there were a cash emergency, the board would be informed in real time). We have a regular running cash flow that we use- GM understands boards wants to have a minute-to-minute understanding.

B2.6 shouldn't disappear from this policy because B2 is forward looking, B1 is backward looking.

There will be a cash flow statement in September as well- because GM reports on B1 in September.

Proposal: GM recommendation that we check it on a quarterly basis so that we stay on track. It would be part of the B1 report in general. PASSED. Next time will be in October. Board meeting will occur before the Annual Meeting in October.

B9: GM Succession

B9.1: Accepted

Interpretation? Yes

Adequate data? Yes

In compliance? Yes

Comment: This is the first time this policy has been in excellent compliance. It's great to have so many folks sharing in the knowledge and ready to step in if need be.

Board Monitoring

Sean Shatto, President

Review of comments submitted online, assessment of actions to take to gain compliance.

C4: Board Meetings

C4.1: Non-compliant

Should be a clause for "except when appropriate" for discussion operations, committee issues. Is this language necessary? Board will always be struggling with this.

Sometimes we get into long rumination sessions about policy when we that could get pushed into a committee. First, we have to be clear about which committees are active and expecting those updates. Everything is due for the board meeting packet by the monday of the week before the meeting. Policy, elections, finance. Part of this is getting committee meetings on everyone's calendars and getting those deadlines to committee chairs. Committee chairs will make a report for the packet for next meeting. SS will get these dates on the board calendar.

C4.2: Compliant.

C4.3: Compliant, flagged for review.

"Building United Judgement" is outdated. Do we need a guiding document? What if we just changed the policy to "decision making by consensus."

Consensus does not have one definition and can fall apart pretty easily if we don't have language about working towards a common goal.

Time on next month's agenda for Consensus decision-making decision-making! BS has spoken with Joel from CBLD and will bring lots of resources.

C4.4: Compliant, flagged for review.

Unclear about president/secretary role on developing agenda.

C4.5: Non-compliant.

Some fuzziness about systems surrounding where minutes are kept, etc- could stem a lot from the shifting from Dropbox to Google Drive. AY and SS have been setting up some files in Drive. Before the packet system was in place, minutes were available one week out- that should be re-implemented. Get some of the follow-up items to be delegated to the secretary (in by-laws there is specific language about the secretary and the keeping of records). Should look across all documents to make sure they are not at odds with regard to the role of the secretary. Officer descriptions- something to consider if we update this policy.

AY will complete migration of minutes to Drive and close Basecamp.

Loomio system will be kept for minutes to be disbursed by the secretary a week after the meeting.

Question: How are we capturing GM monitoring in the minutes? Response: Right now, the minutes simply reflect "accepted or not accepted" and the discussion/notes, and there is a specific spreadsheet in addition to that.

Question: Some of the specifics of this reporting might be nice to be reflected in the minutes. Board should fill out same basic form we are filling out in triads- at the meeting itself. Seems like Secretary and President will continue to flesh this system out.

Policy committee will draft the new norms into the C4 policy.

Policy committee will draft additional language about explicit roles to be filled: facilitation, minutes, guest/owner liaison.

C5: Directors' Code of Conduct

C5.1: Compliant.

C5.2: Compliant.

Comment- are all directors comfortable enough with expressing concern about possible conflict?

Sean will look into whether or not Norma and Rebecca have signed conflict of interest forms- recommendation that it should be a yearly form.

C5.3: Compliant.

Comments- this kind of conflicts with how we do the board monitoring. Where does the data piece fit? This seems like the most difficult one to prove- could be done: surveying GM, etc. There is a code of conduct. Is there a mechanism in place for the GM to report transgression- how do you prove absence? Usually, GM would talk to board president.

This is the type of policy that functions for the board to air issues- it is not there to get analytical and academic.

C5.4: Compliant.

C5.5: Non-compliant.

Comments- attendance issues and on-time arrivals have been difficult this year. Meetings will begin once there is quorum.

Policy Committee: Ends Review

Ally Young, Secretary

Coming out of last month's meeting- and within the AORTA and CBLD trainings, we've had a want to re-write the ends to better reflect our growth and direction. There was a lot of urgency around this last month because the board as a group reviewed these policies and felt the need for revisions. Recent conversations Ally has had with Paula and Joel have changed her ideas about the urgency of this need. The Ends are not marketing materials; we don't need to use our mission statement externally until we write one that we feel really good about. We can carve out serious time for ends revision during our next board retreat.

Question: What are the actionable next steps? Response: Reviewing work of policy committee, looking at other co-ops, pausing the process so that it receives full leadership attention after store expansion.

Question: So- what is the suggested time frame? Response: We can only ask GM to report on Ends that they've had time to perform toward-- so we want some alignment with the end of the fiscal year or the end of the quarter because so many processes happen on those cycles.

We could use the Annual Meeting as a benchmark to engage owners on a draft of Ends that we feel good about-- they've already provided lots of input around economic, social, environmental priorities.

Question: Where are the Ends located for the general public to look at? Response: Front and center on the website. The mission statement seems to be the most problematic in language.

Decision to defer Ends revision, with the Policy Committee to lead work on whether this becomes an Annual Meeting item.

Board Communication

Claudia Richman

With the opening of the new store, there is a big potential for a spike in owner concerns. We need to ensure that owners know where to go with their inputs to the board, make it easy for them to interact with the board, and make sure that all owner comments are sufficiently addressed and acknowledged in a timely manner.

Summary of owner liaison role: Appoint one director as owner liaison (to coincide with officer appointments after initial partial year). This person will be the guest liaison at board meetings. The owner liaison is responsible for ensuring that all communication that comes into the board@dillpickle.coop is acted upon and responded to in a timely manner. The owner liaison will also facilitate board/owner activities such as picnics and happy hours. Again, they are not solely responsible for coordinating these events, but for enlisting other board members in planning and execution.

Decision to appoint Claudia as owner liaison through remaining board year.

Election Committee

Brian Solem, Vice President

Text that was approved will be included in the e-newsletter. Election is about 2 months out.

Important dates: Nominations open from August 17th-Sept. 17th. Board meeting: Sept. 20th all nominees and interested parties attending- board should be ready to accept a roster of delegates.

Question: How long should we have the ballot open? 3 weeks seems to be a bit long- if it's a concentrated period of time, you can put more focus into it, especially at the front of the store. Time constraints can make people be more productive.

Question: Do we have a requirement for # of ballots cast? Response: Yes

Because Election Committee is handling this process, the conversation will be moved online. BS will start a thread online where he posts updates about the election committee- everyone can bring concerns/questions.

Annual Meeting

Sean Shatto, President

Date set for 10/23. More board engagement and planning around the Annual Meeting will lead to a better event. Last year, there were a lot of stations where people could engage- there was a reimagining of what the annual meeting could look like. SS wants to put out a call for engagement right now to get some momentum going.

Comment: All of this can be strategically tied- think about being “on a ride” from September all the way through AM

Decision to form an ad hoc Annual Meeting planning committee: should have a few planning meetings- Sean (chair), Rebecca, Norma, Beatriz, Sharon & Ally. Sean will coordinate with Brian about the continuity and duties with regard to the Election Committee.

CBLD Program: Strategic Goals

Brian Solem, Vice President

Board oriented social activity coming up. Rebecca will put out a new call for availability for the Board social activity via Loomio with new information gathered.

Board calendar and sticking to it- Sean will be sending out a draft, grabbing highlights of what each committee does and plugging it into that.

Starting to recruit new board candidates based on inclusion.

Started process of refining ends.

Rebecca will partner with Brian on developing a robust system of accountability and will be prepped for taking over when Brian's term is over.

Closing

Ally Young, Secretary

Revisions to annual calendar: decision to bump board monitoring forward one month.

Next board meeting is Wednesday 9/20, 6-9pm. Location: basement of the new store. Claudia will facilitate.

Submission deadline for materials to be included in agenda packet is Monday 9/11. Packet to be compiled and distributed by Wednesday 9/13, a week prior to meeting.

Check-out

Tom Pierson, facilitator

Appreciations shared.