

Board of Directors Meeting  
**Monday, December 18, 2017**  
6:00pm check-in | 9:00pm adjourn

**Check-in** (10min)

**Directors:** Sean Shatto, Rebecca Reynolds, Claudia Richman, Norma Samame, Ed Corcoran, Ally Young, Celeste Levitz-Jones, George Langford, Tony Bezsyloko. *All present.* **Staff:** Sharon Hoyer (GM), Paula Gilbertson (NCG), Andy, Audrey, Suz, Maritza. **Owners:** Tom Pierson (facilitator), Meghann Wilkinson (recorder), Sophia Hamilton, Sally Hamman, Jeanette, Em Jacoby & Tella, Alec Hudson, Bhaskar Manda. **Guest:** Christian Diaz (LSNA).

**Consent Agenda** (5min)

November meeting minutes approved.  
New committee work structure adopted.  
C2 board monitoring moved to January meeting.

**Meeting Agenda** (5min)

Add 10 minutes to Owner Comments section for total of 20 minutes in order to hear all voices.

**Owner Comments** (20min)

Claudia Richman, Owner Liaison

- Bhaskar Manda: recommends that DPFC support Milwaukee down-zoning. Would make it possible for the community to have input on development that happens on Milwaukee Ave- in alignment with the values and functioning of the DPFC. We are along that stretch- want to have a voice in its development.
  - Em Jacoby: also in support of the DPFC endorsing down-zoning. Thinks it's critical to have a business come to the table to support it. Has seen a lot of development that has hurt families; displacement affects school enrollment. Ald. Rosa's plan would allow community engagement with development.
  - Audrey Sekendur: collected 23 signatures from staff in support of down-zoning proposal.
  - Sally Hamman: encourages endorsement of down-zoning proposal. Lives in the 1st ward and is glad to see we have an Alderman concerned and active in this issue.
  - Sophia: also encouraging down-zoning. Makes sense with values of the co-op to support a community-driven zoning process.
  - Claudia: many emails received today encouraging DPFC to support the down-zoning.
- [Time remaining in this section added to next item to decide on endorsement request.]*

**Advocacy: Endorsement of Down-Zoning Proposal** (10min)

Ally Young, Secretary

Proposal for the Dill Pickle, as members of LSNA's Member Action Council, to 1) affirmatively respond to LSNA's request for endorsement Ald.Rosa's proposal to down-zone Milwaukee Ave and 2) testify in support at the next meeting of the City Council's zoning committee.

This allows us to lift up our cooperative values, is aligned with Principle 7: concern for community, and speaks to the driving force behind our store expansion of accessibility/affordability. From the marketing

side: it's true that rising income levels will benefit our co-ops sales, but it's also true that being perceived as agent of gentrification is a real threat not just to our core values, but to our market positioning as identified in our most recent SWOT analysis.

Floor turned over to Christian Diaz, LSNA Housing Organizer:

Shared story on immigration, upbringing in the neighborhood, education, work in shifting policy.

The idea behind this policy came from LSNA and Somos in response to the rampant displacement in eastern part of Logan Square. Ald. Rosa adopted recommendation and is bringing it before City Council. Asking for DPFC to lend its voice to the conversation.

What is being proposed is a policy of "inclusionary zoning." - Stretch of Milwaukee between Kimball and Central Park would be designated as level BI - business on ground level and residential units on top. In the future, if someone wants to buy a building- the developer would need to present ideas to the community and a committee (LSNA, Somos, etc) will give a recommendation to the Alderman.

Counterexample: Pierre's Bakery was purchased before down-zoning, and will now be 60 luxury studios-- which might be good for immediate business at DPFC, but has a huge impact on the community in terms of families being able to stay, school enrollment, etc.

Questions/discussion:

- What is the expectation overall in what is wanted from DPFC.
  - [?]: right now: for DPFC to say YES and for someone from board to testify at the city council meeting. In the future: to be involved in the community-driven zoning process as individuals or as an organization.
  - Christian: the ask is for support from DPFC as a business that supports this. Fear that there is an investor class that can donate money to alderman to intervene and say no- want to bring as many community participants and businesses to the table as we can. Also: good for the environment, cuts down on demolition of buildings.
- [?] What is the precedent for co-ops getting involved in these community matters?
  - Paula: Lots of precedent. Just be clear that DPFC supports as entity, not just as individual board members.
- RR: added benefit in self-interest for the DPFC: great for institutional preservation.
- EC: what if the DPFC wanted to make changes to the building that weren't within the new zoning requirements? Would we go through this process?
  - Christian: New proposal doesn't affect this stretch of Milwaukee. But theoretically, yes.

Any concerns with proceeding with this proposal?

- NS: doesn't want us to become involved in political scenarios without thought/clarity.
  - AY: acknowledges concern that this is unprecedented for our board and we don't have a process around how this happens- we are in it now! We don't endorse individual candidates for political office, but this is not a campaign- it's a policy Ald. Rosa is carrying forth from community members.
  - PG: Can see how this fits under our principles and ends.

- TP: co-ops do this all the time. Being involved in politics. Some for 100 years. There's nothing like non-profit law that prevents you from getting involved in politics.
  - SS: good idea for us to create a process around future advocacy and having a path forward for future proposals and how to find consensus on them.
- GL: are we saying we're in support of this because it is in the best interest of the co-op as a business? Long-term success?
  - EC: yes- this would protect us from the potential of a Trader Joe's or Walmart.
  - [?] Success of the community is interrelated with the success of the Co-op.
  - SS: we have a triple bottom line. We have to exist- but we are also tasked with concern for people and our planet outside of profit. This proposal doesn't negatively affect our ability to function as an organization; it creates a more sustainable environment in which we can operate.
  - RR: it's in our principles, it's in our ends, and it's in our own interests.

Decision: The Dill Pickle will endorse Ald. Rosa's proposal to down-zone Milwaukee Ave, and testify in support with LSNA at the next meeting of the City Council's zoning committee.

Follow up items:

- How will representative be chosen? Follow up on Loomio. PG suggestion: Could delegate this to the GM- would be a normal role of the GM to go to the meeting (like a CEO).
- How to start process of undertaking ways of looking at how DPFC would treat these kinds of proposals in the future. SS and AY will work on drafting a proposal around this.
- CR will follow-up with owners who reached out via email about the down zoning to let them know that DPFC is in support.

## **Operations Report (20min)**

Sharon Hoyer, GM

**Weekly sales report:** Week 22. November sales were remarkably in line with projections, ever so slightly above. Seeing same pattern of depts that are doing better and some lagging a bit. Deli is trending in a positive direction week over week. Some really big challenges with the refrigeration system. Confirmation that a compressor has been ordered and should arrive Wed and be installed. There has been a "phenomenally freakishly bad" problem. When deli gets wiped out- it takes days to recover. Hardest blow financially and in terms of morale.

Questions from the board:

- Response to question about equipment: equipment was purchased thru Zone Mechanical. GM had the contract run by legal and had another contractor come look at the ventilation and the roof rack. It's a tough situation to have spent the money and to have the warranty.
- EC: chart at the bottom shows Wellness being 30% down.
  - Numbers were based on historical data and projections from other stores. Wellness is a tiny department- we are putting focus on it- looking at the number of hours we are putting into staffing that section. Wellness is always broken out from grocery because it's not edible items.
- ED: Bulk- what is the thought that gravity bins will boost sales?

- We had a lot of empty bins- now it has been filled out and talking about doing a reset to make it easier to shop. New bulk buyer- making sure it all looks abundant, etc. It's intuitive to some people- but there is work in place to make bulk more intuitive to shoppers.
- [?] Personnel- should they match?
  - Quarter to date vs. month of November.
  - Labor hours being kept pretty well in control- we have 90 day pay increases that are going into effect- this shows that there is space to give those.
- NS: regarding personnel- is it a good thing that we're under budget? How do we interpret this? Are we skimping?
  - Each of our managers is scheduling within dept on a budget. In certain dept we are over- in some, it is low. There is a certain amount of compensation, depending on sales within departments. The goal is not to skimp on anyone- the goal is to be within the plan.
- NS: Are we able to fill all of the positions? Do we need more staff?
  - We've been filling the positions- 3 positions turn over in November, we've hired those positions. Many positions are getting pay increases in this 90 day review.
  - Personnel plus benefits. This is a harder one to report on accurately each month. Trying to make up for all of those days in July and August when we didn't have sales. WSR has a page that tracks that a little more. This is an estimate because not all of the benefits have come in- still a little fuzzy until the end of the quarter. Traditionally- you run extremely high this time of year on personnel. Still playing some catch up.
- [?] A couple of months ago, we were concerned about line of credit, control accounting costs, loans becoming due. Is the accountant aware that they're on notice if they go over budget?
  - Yes.
- [?] How confident is the GM that we can get the 50K line of credit if we don't go with Liberty?
  - We are confident.

**Cash position.** All of this has been approved and is coming through. CCLF has approved. Insurance claim for spoilage was approved- check on the way. Rebate from ComEd is coming- 12K. We have a little over 20K in loans that is working capital. \$100K of working capital. We are not in a cash emergency.

**Equity and loans.** There is an ask for additional phone calling. No loan raising in November. Plan called for \$34K. GM has no excuse for not raising loan in Nov. GM is asking board to assist with phone calling in the new year. GM has a plan to move forward and needs some support from the board.

#### Questions:

- [?] Is it realistic that we can get 2 board members to do this? Or is it better to get professional support? Is the concern that prof support for this doesn't exist? Or that we don't have the budget for this?
  - GM does not know where that money would come from.
  - GM does not think that this is that ambitious of an ask. 1 loan per week per person. 3-4 hrs per week.

- Historically, the best responses for loans have been asks from GM or from other members of the board.
- RR: is it pretty abnormal to bring in outside help around loan raising?
  - -There are people who do it- but more often than not it's more organizational support. Some coops have hired a caller. It's more prevalent that its someone who organizes your loan plan from the beginning.
  - It would be unusual since this is the end of the campaign. Professionals come in for equity campaign. Not unheard of to have people come on.
- [?] Are there board members who have this kind of time to contribute?
  - Ed would volunteer- thinks that 2 volunteers is thin- 4 hours of week adds up a lot. 2 hours with more volunteers?
- [?] Has this been a HOO task in the past?
  - Yes- but they didn't get loans
- [?] What has our track record been in terms of board members and activity? Have we met our goals?
  - This kind of work is really about condensed energy- better to say we're going to accomplish this in 3 months vs. 12 months. Long timeline makes it lose its steam. We have done this successfully in the past- with concentrated effort. 1.07 mil \$ was raised by calls of about 4 board members who were very active and GM.

EC, CLJ, TB, AY are interested in supporting campaign. RR will help with training. [?] will start a Loomio thread to follow up. Consider time on the agenda for this in January.

### **Owner shares**

Three equity refund requests. (One person moved, one person specified.) This is a new process for us. GM used to just issue equity refunds.

Ally suggests this be just part of consent agenda in the future. SH will set it up as a little table: member number, amount of \$\$, and reason for refund (out of maybe 5 reasons). It is in bylaws that board should formally approve these things.

Refund of equity to 3 owners \$270 plus \$250 approved. (?)

November operations report accepted.

### **GM Monitoring [B4: Ownership Rights and Responsibilities] (10min)**

Rebecca Reynolds, VP

**B4.1 on owner equity** accepted as compliant.

**B4.2 on patronage dividends** accepted as compliant.

**B4.3 on owner discounts** accepted as compliant.

- [?] How do we find data around the change in owner discount?
  - We had a certain number budgeted for owner discount- with new coupon- it's more of a marketing tool- gives us control over frequency- can run more or less- flexibility to offer more discounts. Know that we are not giving away more than we can in the new

- store. It was a decision to protect the bottom line. More strategic approach- old discount used to just pop up and owners would be asked at the register.
- [?] Concern: is the physical coupon required?
    - GM has started asking owners walking in the door if they have received the coupon. They will receive a new one and get address updated in the system. SS did not receive a coupon. With this information, data seems complete.
  - [?] Number of coupons used would be a good indicator that this is happening.
    - GM will include coupon usage data in future operations reports, beginning next month.

#### **B4.4 on working discounts** accepted as compliant.

#### **Policy Change [B1: Financial Condition] (20min)**

Sean Shatto, President

Proposal to update B1 language using template from CBLD presented by Paula at our November meeting in order to be sure we're monitoring all key indicators recommended by NCG.

Clarifying questions:

- EC: A few things in the old B1 that are not in this one. B1.1: We are not explicitly stating it- allowing the structure of the policy monitoring to do it for us.
- RR: what's the reason for this vagueness? What would future interpretations look like?
  - SS: the basis of it is talking month to month about what is adequate. What is adequate is following the business plan and staying on track.
  - PG: allows you to interpret things on the certain time. Allows more flexibility and more interpretation. Sales growth is just one piece of it- if you focus too much on any one thing- it's the process of the whole.
  - EC: we might have an annual budget but we can set internal targets.
- (on accountant) PG: We don't need to explicitly say we need to have an accountant- there are yearly requirements that make sure we have an accountant. We don't have to be so prescriptive.
- SS: tracking interpretation- that's board work- finance committee. As we improve at knowledge of financials, we'll have a group of directors who can notice inadequacies.
- 7. Hire or accept owner assistance for financial or sensitive data without receiving signed confidentiality waivers from these parties and notifying the board.
  - A lot of other coops cover this in the business plan. Says what are you doing with your budget and where are you doing it. Less prescriptive. Procurement policy- similarly sometimes boards have advisors or outside policies.

EC: if we pass this new proposal, would like to refer to the policy committee and EC (or finance committee) if we are already covering the things that the new B1 is not: B1.7, B1.8. Thinks these things are important but not necessarily need to be in B1. Should they be updates to other policies.

AY: the reason we're voting on this B1 now is so GM can report on it at Feb's meeting. And gives GM parameters.

Decision to adopt CBLD template as new B1 policy language. (See meeting packet for full proposal.)

SS will get the conflict of interest form electronically set up and will work on the confidentiality agreement. will also start an online discussion about scanning and posting them online so that we can

see all of the info and know that we are all on the same page. It's a standard practice- keep updating throughout the year. If you mentioned a conflict- everyone can review that conflict?

## **Policy Change: B10: Product Selection (20min)**

Ally Young, Secretary

Board referred the B10 policy to committee for review in October because it's overly prescriptive and incongruent with current good/better/best product selection strategy underway in expanded store to open our doors wider. Proposal to amend the B10 policy from dictating product selection to "The GM shall not operate without Product Selection Guidelines in place" with interpretation up to operations.

Discussion:

- CR: Concerned that this policy update doesn't help address current owner concerns about product selection.
  - EC: comments from owners not so happy with the current product selection, but also- there are many comments that are positive around product selection. Owners saying that "the co-op is for him now". smaller store- all products are for you. In a larger store, that's impossible- compared it to being vegetarian.
  - AY: marketing plan is written with the mid-level shopper in mind. Someone stepping into coop for the first time? Unfamiliar with organics? Concerns about Pepsi, Fabulosa: decisions will be made within departments regarding these items. Trading values for value: good/better/best selection allows access and movement across spectrum.
  - RR: Is it inherent that executive limitations policies refer back to the ends policies? Would like to see "in alignment with our Ends" added as a descriptor of product selection guidelines.
  - AY: Yes, this is implied-- language would be redundant.
  - CR: guidelines would have to be in compliance with the ends- but that is not written in the policy; we need this language in the policy.
  - PG: you'll monitor this policy like all others; GM will submit interpretation and data. Everything is "per your Ends" --you'd then be tacking this on to the end of every line.
- CR: The board would not be writing the product selection policies?
  - EC: right now, if we passed this, there will be a set of guidelines that operations will create- the board will not approve it as its own document, but as part of our overall policy review.
  - AY: given that our Ends are in flux, we could move to separately approve the adoption of an initial set of updated guidelines that reflect our current marketing plan.
  - [?]: the overall goal is to take product selection guidelines out of hands of board and give the to GM? This rewrite does not make that explicit.
  - EC: If there's a problem, we step in- instead of going thru and voting on each guideline.
- SS: Owner concerns offer an opportunity to connect-- at the annual meeting, people were saying that they wanted to have a say in these guidelines.
  - AY: product selection in our new store have been made based both on past owner input regarding affordability and inclusion in the co-op model and on our market study. The board's role now has a lot more to do with continued communication around our expansion goals and engaging with feedback/concerns than with soliciting additional input after we've changed course.

- CLJ: would it still be our role to take in owner comments and then pass them on to Sharon to influence guidelines?
  - RR: how we engage owners around product selection is a huge issue- but this is not the conversation we are having right now because we haven't passed this policy proposal. We could pick this up on Loomio or possibly as an item at upcoming retreat.
- TP: is there a policy around owner communication around guidelines?
  - RR: B5.1- policy covers this- board is to actively solicit and consider product selection
  - NS: guidelines does not say anything about community input in constructing the guidelines. Maybe this needs to be tied into the product selection policy itself?
  - TP: follow ups: weave these policies together (TP: if staff are using member input in making the Product guidelines- then state that.)
- EC: how time sensitive is this?
  - SH: this comes up again in October. We are already operating in a way that reflects this proposed rewrite. Having this clarified and codified will be a catalyst to better communicate this direction through the creation of updated guidelines. SH will have draft of new product selection guidelines for the January meeting.
  - PG: This is due to be reviewed in March, a short timeframe to ask for GM report. Could consider saying, "write the report as though it were on *this*" in the interim-- but we're going to get tied in a knot if we wait too long to move forward on this.

Policy Committee will review with these concerns in mind and bring updated draft to January meeting.

### **Board Monitoring: C1: Governance Style (20min)**

Claudia Richman

Overall, responses are very similar to last year.

**C1.1 on vision** accepted as (??) with following notes:

- SH: a store expansion *is* a strategic plan for the future- remember this as you consider compliance over the last year.
- RR: project calendar at last year's retreat was the most forward-looking thing. Board has done good work on shifting policies, but too much time spent on backward looking process matters.

**C1.2 on policy governance principles** accepted as noncompliant with following notes:

- SS will lead a board education item on 10 policy governance principles during January meeting.
- [?] Consider posting these up on the wall!

**C1.3 on group discipline** accepted as noncompliant with following notes:

**C1.4 on board/GM roles** accepted as noncompliant with following notes:

**C1.5 on diverse viewpoints** accepted as compliant with following notes:

- [?] Re-run skills assessment survey to learn what skills/experience new directors are bringing and get an updated picture of our collective strengths/weaknesses to focus recruitment efforts.
- AY: election committee adopted a statement on recruitment of directors representing neighborhood diversity.
- AY: recently moved to formal consensus decision-making process in which individuals bring forth concerns for the group to address, strengthening the final outcome. It's easier to lift up

such concerns that often push our org forward with good facilitation-- so we've decided to schedule an outside facilitator for all meetings; the report should reflect this intention.

**C1.6 on key documents:** accepted as compliant.

**C1.7 on legal compliance** accepted as noncompliant with following notes:

- AY: this year's annual meeting program included year-end financials, and we've started listing board meetings on our website.
- [?] Open question on action without a meeting: TP advises that we do want to have this ability. All online decisions will be added to the consent agenda for formal approval. Policy Committee will review C3.3 and add language around decisions made outside of meetings.
- [?] Distribution of share certificates: to date, owner numbers have acted as "certificate." New owner cards will be rolling out in January!

CR will revise and redistribute the final report.

**Annual Retreat (10min)**

Sean Shatto, President

Looking for alignment on overall goals of retreat that were shaped in online discussion and on recent call with RR, SS, and Joel (CDS).

Overall goals:

1. Understanding the board's role in our organization - Knowing what our job is and what it isn't. Getting a good handle on this will help us streamline our work and give us clear priorities.
2. Updating our ends policies as a way to help us get a clear picture of where we are going as an organization and what our values are.
3. Using part of the retreat time to meet with some staff to develop shared understanding of our financial condition.

Discussion:

- SH has not asked any staff to attend. Invitation or a requirement? (Sunday is day off for many on management team.)
  - SS: By "staff" means "management team." Will nail down exactly what timeframe looks like. Understand it is short notice.
  - RR: seems like it would probably be optional.
  - SH: request for it to fall in early afternoon, 2hr timeslot between 1-4pm.
- RR: Ends policies and visioning seems more correct for involving staff than financial training.
  - PG: Agreed, management team would like to have some vehicle of input and connection with this. Ends exercises could be 2-4hrs max.
- RR: What makes this retreat successful?
  - [?] Full board feels confident in reading and evaluating financial reports.
  - [?] Visionary re-evaluation of our Ends policies, action prescribed for year to come.
  - [?] Draft new Ends with plan for moving forward with feedback from staff and owners.

- AY: Gathering feedback around new policy language is a significant task and needs to be reinforced with lots of edu/communication-- want to be clear about how we plan to steward any process we undertake.
  - [?] Explicit discussion and shared understanding of board's role.

RR and SS will chat with Joel on Thursday. If there needs to be a process around gathering input for Ends revision, they will present an updated plan.

### **Wrap up (5min)**

Ally Young, Secretary

January agenda to include:

- GM Monitoring: B7, B8
- Board monitoring: C3 + decision to add C2 dropped today.

Calendar revisions:

- Move scheduled decision to pass new Ends policy to February.
- Coffee with the board moved to February, second Saturday.
  - GL, NS, TB, AY commit to attend.
  - GL: would like to see more clarity and better communication around this series-- is there a topic, what follow-ups can owners expected?
  - AY: Next date falls after our retreat, so we can share draft of Ends revision and promote as opportunity for visioning input.

CR will continue conversation about changing Owner Liaison role on online. RR: aim for role to cleanly transfer before Feb Coffee with the Board event.

SH: announcement on director stipends: going forward, there will be a credit on your account of \$75 monthly instead of recharging gift card.

Decision to set monthly meeting date for 3rd Mondays, starting in January: 1/15/2018, 6pm.

### **Meeting Evaluation (5min)**

Excited to see so many members of the Dill Pickle community attend to share viewpoints.

Adding time to advocacy item helped folks feel like the issue got a full discussion, but we could have checked temperature, tested for consensus earlier to save time.

Hope that the energy continues in getting people interested in the work of governance!

### **Executive Session (20min)**

Sean Shatto, HR Committee

Discussion on GM annual review process.