

Belfast Co-op Board of Directors Meeting

June 24, 2021, 6:00 pm; Virtual Meeting via Web Conference

Directors Present: Sasha Breus, Stephen Brimley, Susan Cutting (vice president), John Krueger (treasurer), Matt McConnell, Buck Sawyer, Heather Selin (secretary), Edward Sheridan (president), Valerie Tate.

Absent: Kate Hanson, Charlie Pattavina

Staff: Doug Johnson (GM), Emily Berry (scribe)

Owners: Jamie Cermak, Patty Duffy, Naya Flanzala, Michael Walter

Agenda

The BOD agreed to add an executive session to discuss expansion following the end of the public meeting. With this adjustment the BOD approved the agenda by consensus.

Minutes

The BOD approved by consensus the minutes of the May 27, 2021 meeting.

Owner Comments

Patty attended this meeting as a Co-op member to more familiarize herself with Co-op. She is also a staff member of Maine Harvest Federal Credit Union, which appreciates the relationship they have with the Belfast Co-op and the spotlight in *Rootstock*.

Jamie asked how decisions in the executive session are conveyed since it will be held once the public meeting is adjourned. The directors will come out of executive session to form consensus on their decisions and these will be relayed to the scribe for inclusion in the minutes. Minutes are made available to the public following their approval at the next month's BOD meeting.

Consent Agenda

The Board Development Committee recommended that policies D3 and D4 be accepted as in compliance based on the feedback from directors, however, they also recommended that these policies be reviewed for revisions.

The BOD accepted by consensus policy D3 - Delegation to the GM as in compliance.

The BOD accepted by consensus policy D4 - Monitoring GM Performance as in compliance.

GM Reporting

Alignment

The Co-op's Operations Manager will be taking a 4 week leave of absence. The administrative management team is working on strategies to keep things moving forward.

A small delivery that has to do with the new freezers was due on Monday, unfortunately this overlaps with the store's quarterly inventory and has therefore been pushed back to coincide with the larger delivery scheduled for the end of July.

Over 400 hearts have been sold so far this month to support Out Maine and LGBTQ Pride Month.

GM Update Report

It was noted that net income was above budget and kudos were given to Doug and his team!

A majority of feedback, including responses to the e-newsletter, comments on the Facebook post, and snail mail directly to Doug, regarding the updated face covering policy has been positive.

BI - Financial Condition & Activities

This BI - Financial Condition & Activities monitoring report addresses Q1 of 2021. The report showed partial compliance with global BI, due to margin minus labor; non-compliance with section BI.2, due to net income; and full compliance with the remaining sections. Compliance is determined by comparing the Co-op's key indicators with

those of similarly sized co-ops within NCG. Key indicators must meet the median to qualify as compliant. Some directors expressed an unfairness to being in the group of co-ops in the \$10M - \$20M range, as the Belfast Co-op is at the lower end. Others felt that comparing metrics with larger co-ops was aspirational and could show us where the Co-op is headed. Realistically most of the Co-op's key indicators are consistently above the median so this grouping is most likely adequate.

Doug spoke to the fact that the Co-op's inventory turnover rate is consistently in the upper quartile due to the fact that there is not a lot of space in the store for product to sit. The Wellness department has also been working on reducing its inventory on hand and increasing its frequency of ordering.

Doug also talked about the increase in income and the decrease in spending. There has been a significant amount of forced efficiency in the Co-op's labor pool due to the pandemic. While this is good for the Co-op's profitability, it is not great for staff burn-out. It has shown, however, that the Co-op can run much tighter and that can only help moving forward.

The Finance Committee recommended the BOD accept the BI monitoring report as submitted.

The BOD accepted by consensus the BI - Financial Condition and Activities monitoring report as in partial compliance with the Global BI, non-compliance with BI.2, and full compliance with the remainder of the policy.

Board Administrative Matters

Finance Committee

The Finance Committee authorized Doug to pay down the existing line of credit (\$25K) and the note (\$12.5K) with Bangor Savings.

The FC will be getting together in July to conduct "stress tests" on the expansion pro forma. By adjusting variables in the pro forma, the FC should have a better understanding of the short and long term effects on many of the Co-op's key indicators.

Board Development Committee

The BD committee proposed combing through the policy register and recommending policy revisions en masse. It is generally felt among directors that the policies are mostly adequate but not for expansion. The attempt to move forward with the Co-op's expansion project has strained the relationship between the BOD and the GM, ambiguity in the policies was cited. The BOD would like to have a handle on governance in a way that when decisions are made, everyone is on the same side of the table. It was suggested that faith in a GM will not necessarily come from creating more policies or making policies more specific, it will come through understanding policies and being rigorous with reporting. The BOD agreed by consensus to delegate the review of the policy register to BD with recommendations presented at the end of August.

A BOD retreat is tentatively scheduled for Saturday, September 11.

Owner Engagement Committee

Currently, OE is getting up to speed in understanding its role as a committee. They are talking to the Marketing Dept regarding a calendar of events and will be submitting an article for *Rootstock*.

The Co-op, with the University of Wisconsin at River Falls, conducts a shopper satisfaction survey every 3 years and this year's survey is scheduled for October. OE hoped to piggy-back on this survey, however, they have been dissuaded from adding additional questions because this survey is designed to be generalized and not specific to an individual co-op. By adding or changing the questions the Co-op risks losing comparative data. Additionally, by having set questions over an extended period of time, builds a story and reveals trends.

OE will be discussing how to get to know owners and develop connections through other means, perhaps more targeted surveys or focus groups. Staying in touch with the ownership is the primary goal.

Expansion

The bulk of the Expansion report was tabled until the executive session.

The BOD assured Doug that they will be clarifying their position, where the BOD should be weighing in, and

providing a direction forward within a reasonable timeline.

Doug reminded the BOD that \$70K has already been spent preparing for the expansion project over the past 5 years and re-laying that groundwork may not result in a different option.

Homework

Ongoing full BOD

1. Take C6 survey
2. Review & add to [Board Guidelines](#)
3. Review/edit the [2021 monitoring calendar](#)
4. Suggest topics for strategic discussions
5. Review monitoring reports using the [decision tree](#)

Officers

1. Strategic conversation topic: Role of BOD vs operations
2. Discuss in-person meeting opportunities
3. Discuss parameters re: GM contracts

Edward

1. Contact Thane re:
 - a. Mini policy governance trainings

b. Monthly meeting with officers

All Committees

1. Discuss ways your committee can lead/contribute to a strategic direction discussion
2. Discuss in-person meeting opportunities
3. Review/prepare committee budgets

Board Development Committee

1. Review strategies for board recruitment
2. Include C2 in discussion of role clarity
3. Discuss definition of multi-year workplan from C3.I
4. Start to build [2022 monitoring calendar](#)
5. Begin review of policy register, due in August

Finance Committee

1. Send full BOD date of pro forma stress test

Debrief

Directors were given the opportunity to share comments, concerns, gratitude, and insights regarding the meeting.

Executive Session

The BOD adjourned to executive session to discuss the expansion project.

Upon reconvening, with great respect, gratitude and appreciation for the work that Doug had done thus far to get us to this point in expansion, the Board agreed by consensus to:

1. Direct the GM to postpone signing of the Warren Construction, Caleb Johnson and NCGDC contracts until the Board and GM are aligned on a path forward.
2. Ask the GM to postpone further actions on rebranding until the Board and GM are aligned on a path forward.

End of minutes. Submitted by Emily Berry, scribe.