

Belfast Co-op Board of Directors Meeting

September 23, 2021, 6:00 pm; Virtual Meeting via Web Conference

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

Absent: Valerie Tate

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

Owners: Jamie Cermak, David Goldstein, Lynne Silvia O'Connor, Michael Walter, Zafra Whitcomb

Facilitator: Susan **Time Keeper:** Sasha **Vibe Watcher:** Buck

Agenda Review

The BOD agreed to discuss enrollment in CBLD during the Board Development report and continue discussing rebranding under the Expansion report. With these adjustments, the BOD approved the agenda by consensus.

Minutes

The BOD approved by consensus the minutes of the August 26, 2021 meeting.

Announcements

Jamie thanked all the directors who participated in the owner drive tabling events during September and announced that the tabling schedule for Saturday, September 25 was cancelled due to weather. Additionally, the number of new owners to join the Co-op during this owner drive has already surpassed the all-time record set in July, over 80 before the month end.

Owner Comments

Owner and former director, Zafra encouraged the BOD to provide their informational packets to the public prior to the monthly meetings. The Belfast City Council does this and as a attendee to these public meetings, Zafra has found it helpful in being prepared and informed on what is being discussed.

Zafra, who as a director helped to implement policy governance, reminded the BOD that policy governance helps differentiate and clarify the roles of the BOD and GM. The BOD directs the GM, while the GM runs the enterprise. Lynne suggested that ground rules for owners should be stated at the beginning of each meeting and an email address in which to reach out to the full BOD should be provided so attendees can offer feedback or ask questions following the meeting.

Lynne also purchased four copies of *Dignity: Its Essential Role in Resolving Conflict* by Donna Hicks for the BOD, to be read and shared among the directors.

Consent Agenda

The BOD accepted by consensus policy C8 - Governance Investment as in compliance.

GM Reporting

Alignment

The Co-op has partnered with the Belfast YMCA to participate in a "Fill the Bus" food drive to benefit both the No Greater Love Food Pantry and Beacon on the Hill Food Pantry. During the month of October there will be a receptacle at the front of the store to collect donations. The Bus will be parked at the Co-op on October 15 from 1pm - 3pm.

The Shopper Satisfaction Survey began on September 14th. With the survey distributed to roughly 2000 email addresses, the Co-op needed 353 responses for the results to be considered valid. The minimum was met within the

first day, as of this date there were approximately 800 responses and counting. Beyond the 353 responses needed, each additional response will cost \$1 to process, a cost Operations has deemed worthwhile.

Doug met with Dave Blackburn, of the NCG Development Cooperative, to discuss the state of the expansion/remodel project, specifically sheving. Due to supply chain issues, both the Lozier (which the Co-op has used previously) and Madix companies, who supply retailers with shelving units, are fulfilling orders 12 months out. With this timeframe in mind, the Co-op is looking into ordering shelving for the center store in the near future.

GM Update Report

The directors inquired about reinstating a mask mandate in the store. While this is being constantly reevaluated, at this time there is a consensus among management that what is gained from enforcing a mask mandate is not worth the cost of making workers, particularly entry level workers who bear the burden of enforcing the mandate, a target. All workers are required to wear masks while on the sales floor and strongly encouraged to wear them elsewhere, and a vast majority of customers are masking in the store.

B1 - Financial Condition & Activities

Doug reminded the BOD that there are three tools the directors have in order to ascertain if a report is in compliance: rely on the data that the GM provides, the BOD can conduct an investigation themselves, or the BOD can employ a third party to investigate. For the sub-policies that have no data, such as B1.6 - B1.13, if there was a question of veracity, the BOD can make use of those other sources of data.

This BI monitoring report focused on Quarter 2 of 2021. Doug reported partial compliance for Global BI due to the key indicators Margin minus Labor and Sales/Labor Hour falling below the median for similar co-ops in that same period, while Inventory Turnover was at or above the median. He also reported non-compliance for B1.3 due to the key indicators Days of Cash On Hand, Current Ratio, and Quick Ratio all falling below the median for similar co-ops in that same period. It was also noted that prior to Doug's tenure as GM, all or almost all of the Co-op's key indicators fell below the median when compared to co-ops of similar size.

The BOD discussed how Doug has chosen to focus on key indicators that are difficult to manage but their improvement over time has benefited the Co-op. Focusing on those key indicators before the pandemic made a difference during the pandemic and created a turning point for the Co-op's finances, particularly in regards to net income and labor as a percentage of sales.

The BOD accepted by consensus the B1 - Financial Condition & Activities monitoring report as in partial compliance with the Global BI, non-compliance with B1.3, and full compliance with the remainder of the policy.

B2 - Business Planning & Financial Budgeting

The BOD discussed whether three years of budget projections represents a multiyear plan as referenced in Global B2; *"The General Management must not cause or allow business planning and budgeting to... c) fail to be derived from a multiyear plan"*. The multiyear plan that Doug has built into the business plan is based on the pro forma which projects ten years out, which directors from the Finance Committee agreed was helpful and noted that as the pro forma changes the business plan will change with it. They also agreed that it was good that Doug was able to come up with a plan given the uncertainties that exist right now due to the pandemic. Other directors were looking for what the numbers mean in the context of what Operations is doing in terms of growing the Co-op, managing the store and actions that are taken. Directors also made the point that once the expansion/remodel project begins there will be much more information and projections to digest.

The BOD accepted by consensus the B2 - Business Planning & Financial Budgeting monitoring report as in compliance.

Board Administrative Matters

Finance Committee

The Finance Committee spent a fair amount of their meeting time discussing labor and noted that Margin minus Labor exceeded the median in only one of the last five quarters and tied the median in one other, looking at this key

indicator annually the Co-op has been below the median for the last three years. The pandemic has caused significant changes in operations, most notably in Prepared Foods. They were rather impressed with how well the Co-op has been doing.

The Co-op is carrying a higher than normal amount of cash and FinCom looked at how other organizations manage their cash in their discussion of whether action should be taken: investments, etc.. Doug pointed out that not quite half the cash on hand is owner equity and probably should not be invested. Recently some of the Co-op's savings have been moved to a money market account. FinCom will continue this conversation in their upcoming meetings. The expansion/remodel will most likely not begin until the next fiscal year, and FinCom would like to start preparing for a capital campaign soon. Doug and John spoke with Ben Sandel from Columinate who submitted a proposal for consulting support for the planning and implementation of a capital campaign. This is a preparation step that would lay the groundwork to begin a capital campaign when the time is right, it could also help to refine the plan and improve communication around the expansion/remodel. Directors expressed concern about raising funds before there is an expansion/remodel plan, hiring someone who may push for action faster than the BOD is ready to commit to, and not working with someone within the community. Doug understands the desire to and thinks the BOD should work with someone locally. Additionally, he believes that it is as or more important that we engage someone who understands co-ops and what the Co-op might have access to by being a cooperative (preferred shares, member loans, terms, etc.). The Co-op's best chance at being successful is working with someone who understands co-op financing, co-op capital campaigns for expansion projects, and then having a local connection to partner with. Although there was still the prevailing thought among directors that raising money is easier when you know what you are raising it for, the BOD agreed by consensus to meet with Ben Sandel of Columinate for a discussion or presentation regarding his proposal.

Board Development Committee

The BOD agreed by consensus to reenroll in Columinate's Cooperative Development Leadership program.

Owner Engagement Committee

OEC did not hold a September meeting but did thank all directors who participated in the owner drive tabling events.

Expansion

The BOD continued their discussion of rebranding. During September, the BOD and Doug met with Pica regarding its rebranding work. Doug's takeaway from that meeting was that the BOD would like 'organic' to be identified as a distinction in Pica's positioning statements. Doug requested the rebranding work be allowed to continue with Pica taking action on this feedback. Continuing with the rebranding process through Pica was approved by consensus with three of the directors present expressing reservations but not blocking the decision.

It was also suggested that the BOD meet with Doug and Joel Kopischke, a co-op consultant with the seven roots group, to align on issues regarding Co-op name change, inclusion of organic, and introduction of conventional products, which are bigger picture than the work with Pica.

Homework

Ongoing full BOD

1. Take C8 survey
2. Review & add to [Board Guidelines](#)
3. Discuss ways your committee can lead/contribute to a strategic direction discussion

Officers

1. Strategic conversation topic: Role of BOD vs operations

2. Discuss in-person meeting opportunities
3. Look into dates for a fall retreat
4. Discuss capital campaign team

Edward

1. Contact Thane re: assistance with policy governance
2. Contact Ben Sandel to schedule a meeting

Board Development Committee

1. Review strategies for board recruitment
2. Review/edit the [2022 monitoring calendar](#)
3. Continue review of policy register

4. Develop plan for reviewing the Ends policy (October & November)

Owner Engagement Committee

1. Contract with online voting

Debrief

Directors were given the opportunity to share comments, concerns, gratitude, and insights regarding the meeting. Stephen sees that the BOD has reached a point where it has so many items on its plate that it would be good to conquer and divide, for example 3-4 directors look at marketing, 3-4 directors focus on expansion, 3-4 directors look at branding issues. This way it could ease the burden of all directors having to be involved in every issue.

John liked Sasha's consensus tool, thumbs up for no objection, sideways thumb for hesitation but not blocking, thumbs down to block the decision. He appreciated that everyone had a voice in the vote.

Sasha expressed that there are relatively easy things the BOD could do to improve their processes and has begun to share such suggestions through email.

Edward thanked FinCom for the heavy lifting this month, Doug for the extensive reports, and Susan for facilitating the meeting.

End of minutes. Submitted by Emily Berry, scribe.