

Belfast Co-op Board of Directors Meeting

December 17, 2020, 6:00 pm; Virtual Meeting via Web Conference

Directors Present: David Balicki (treasurer), Annie Bussiere (secretary), Evans Goff, Kate Hanson, Crystal Howard-Doliber (vice- president), John Krueger, Buck Sawyer, Heather Selin, Edward Sheridan (president).

Absent: Matt McConnell

GM: Doug Johnson

Staff: Emily Berry

Owners: Susan Cutting, Katie McKy, Joanne Moesswilde, Valerie Tate, Michael Walter

Facilitator / Timekeeper: Edward

Agenda

The BOD approved the agenda by consensus.

Minutes of the Previous Meeting

The BOD approved by consensus the minutes of the November 19, 2020 meeting.

Announcements

Edward attended a workshop on Member-Centric Management in Governance through St. Mary's University in Halifax via Zoom; this same workshop will be held again in February. He felt that the workshop was very worthwhile. The primary focus was on theory as opposed to practical applications and it underscored the importance of continually reaching out, engaging the membership, and educating the membership.

Owners in attendance, gave a brief overview of who they are, their background, and their personal draw to the Co-op.

GM Reporting

Alignment

Doug signed a three year lease on an off-site office space, effectively January 1, 2021.

Jamie, the Marketing Manager, and Doug had a Zoom meeting with Pica to discuss the Co-op's rebranding process and timeline. They will have a follow-up meeting in the coming week.

Jamie and Doug will also meet this weekend to begin work on the Annual Meeting by outlining the expectations and needs for the meeting and the report.

GM Update Report

Directors were impressed with the number of fully vested owners.

Doug reported that Shop for Me produces approximately 10% of weekly sales, and expressed that this department saved the Co-op in a number of ways during the pandemic.

Co-op shoppers have been donating to the Employee Appreciation Fund which is distributed to employees monthly.

Directors asked, although the Co-op's numbers are good, are there any cautionary tales? Doug talked about how the Co-op applied for the PPP loan, not knowing that the Co-op would be profitable without those additional funds. He is still working out how to speak to the owners about this.

The Co-op will be closing early at 5 pm on Christmas Eve.

BI - Financial Condition & Activities

In the BI - Financial Conditions and Activities monitoring report, Doug determines compliance by comparing the Belfast Co-op's key financial indicators to the same key indicators of co-ops across the nation within a certain size range using NCG's CoMetrics platform. NCG recently changed the structure of CoMetrics and the Belfast Co-op now falls into the "large" category with 23 other co-ops which range somewhere between \$8.5M to \$20M in annual net sales.

Doug reported full compliance for a majority of the BI sub-policies with the following exceptions: non-compliance for BI.1 due to sales growth; non-compliance for BI.5 due to owner equity; and partial compliance for the Global BI policy due to the sales per labor hour. The aforementioned key indicators all fell below the median for the industry, as indicated by the CoMetrics data.

Doug addressed sales per labor hour by reiterating that there are inefficiencies in the way the Co-op operates caused by the physical building, namely moving backstock from the basement to the sales floor. However, other inefficiencies can and have been addressed and the BOD should see the improvement in the next BI report.

Staff benefits are not included in the sales per labor hour, these would be seen in total labor as a percentage of sales.

The BOD accepted by consensus the BI - Financial Condition and Activities monitoring report as in partial compliance with the global BI statement, full compliance with sections BI.2 - BI.4, and BI.6 - BI.13, and non-compliance with BI.1, BI.5.

Patronage Dividends

The BOD discussed the distribution of patronage dividends. In order to determine what is eligible for dispersal through patronage dividends, the Co-op's accountants figure out what percentage of the net income comes from owner sales, which was 65% or roughly \$331K for FY 2019-20. If the BOD opts to disperse at least 20% of the \$331K, the Co-op will not have to pay taxes on that whole amount. The Finance Committee recommended dispersing 20% or \$66K and retaining 80% or \$265K. With this dispersal, dividends would be distributed to 2605 owners; the average dividend would be \$25.24; the median dividend would be \$14.11; and the maximum dividend would be roughly \$300. In past years, owners have had the option of taking the dividend as cash or donating it to the capital improvement fund or the equity assistance fund. This year the BOD would like to add the option of putting it toward equity. Annie noted that she would like a higher than 20% dispersal but would not block consensus.

The BOD was also reminded that any portion that is retained is reinvested in the Co-op.

The BOD agreed by consensus to distribute 20% of Belfast Co-op owner net sales for FY 2019-20 as patronage dividends.

Board Administrative Matters

Officers' Meeting

The Officers discussed the kinds of strategic conversations they want to introduce. First and foremost is a conversation around the Co-op's product mix, beginning with the current product mix of the store, what is conventional versus organic versus local, etc., followed by the expected product mix in a renovated store.

C5 - Directors' Code of Conduct

The Board Development Committee recommended that the BOD accept policy C5 as in partial compliance due to sub-policy C5.5 which addresses attendance and preparation for monthly meetings. The BOD suggested that BoDev discuss C5.5 to determine if the language of the sub-policy accurately reflects BOD expectations.

The BOD accepted by consensus C5 - Directors' Code of Conduct as in partial compliance.

Finance Committee

In addition to discussing the BI monitoring report, the Finance Committee also talked about how important it is for them to begin focusing on the pro forma and tackling the questions that come up around how a finance committee would look at expansion. There were several suggestions of how to provide a structured approach to expansion and one of the directors has already taken up the task of melding all of the expansion guides the BOD has into a step by step process which other directors will add to.

Board Development Committee

BoDev recommended amending sub-policy C5.7 to conform to the updated Bylaws. It would read: "Any director who does not follow the code of conduct policy can be removed from the Board by a ~~modified~~ ~~consensus~~ decision of **2/3 of** the remaining Board."

The BOD accepted by consensus the amended version of policy C5.7.

BoDev proposed that after each of their committee meetings they would send out their recommendation regarding compliance on the relevant self-monitored policy. Depending on the responses they receive back, they can then choose to allocate time during the BOD meeting to discuss the policy, or not.

The BOD agreed by consensus to adopt this proposed method for the January and February meetings and then reassess.

BoDev will combine their January meeting with the Owner Engagement Committee.

Owner Engagement Committee

The OEC has scheduled two meet and greets with prospective directors in January.

Annie will be sending out a push for directors to record short videos which can be shared on social media.

Strategic Conversation Starter

This portion of the meeting was to frame up the upcoming strategic conversation around directionally, where the Co-op is heading and product mix.

Doug was asked for facts about the product mix of the store, historically and currently. The BOD was asked to look around the store at the product mix and see what is organic, local but not organic, local and organic, conventional, etc., to help inform the conversation. The officers would like the BOD to be prepared to have this conversation in the next couple of months.

Putting the BOD on a defined plan for expansion also is a strategic and tactical conversation. Crystal will be setting a schedule of when discussions are going to happen so that the BOD as a whole, individual committees, and Doug can be prepared, consultants engaged as needed, and the BOD can have a strategy around the whole process in a forward looking way.

The BOD recognizes that food and product choices are not a board decision but based on the emotional reaction elicited from this cross-section of owners, the directors, it warranted discussion. The following is a list of questions from the BOD to be used in the upcoming discussion:

- Where does the product mix decision come from and how do we manage it in a way where we can all embrace what is decided? What does the decision mean?

- What is the Co-op's raison d'être? How do the owners, including the directors, feel about the identity of the Co-op? Does that prevent us from moving toward more conventional? What are the other considerations (affordability, accessibility)? How does it tie into our branding?
- What does conventional mean?
- Do our ends reflect this topic to the degree they should?
- What owners are we not pulling into the fold by not offering what they want to buy?
- Who is excluded from the conversation, the shopping experience, the Co-op experience?
- How do we engage the owners around this?
- Do we already have data on owner opinions around product mix?
- Are we building barriers to people engaging in a cooperative economy?
- Are we unintentionally making food co-op inaccessible for some people? If so, are we choosing to do that?
- How do we engage members of the community who aren't part of the Co-op? What will bring them into the fold?

Homework

Full BOD

1. Take global C & global D surveys
2. Review & add to [Board Guidelines](#)
3. Send owner comments to Emily for compilation
4. Think about *Rootstock* article topics
5. Review/edit the [2021 monitoring calendar](#)
6. Brainstorm themes for the Annual Meeting
7. Look at the store's product mix
8. Suggest topics for strategic discussions
9. Think more about the product mix discussion and prepare to open your mind and heart.

Doug

1. Share previous dividend letters with the BOD
2. Look through owner surveys for data on product mix
3. Provide the BOD with a fact based historic and current perspective on product mix

Heather

1. Draft article re: expansion

Kate

1. Address C4 at the January meeting

Annie

1. Update the nomination form

Committee Chairs, President, & Treasurer

1. End of year reports ASAP

Finance Committee

1. Draft the patronage dividend message

Board Development Committee

1. Review strategies for board recruitment
2. Clarify D1.1 language
3. Discuss C5.5

Emily

1. Print the updated Bylaws for distribution
2. Update C5.7 in the Policy Register

Debrief

Annie shared her announcements: she signed up for a demo with a webinar company that is not Zoom, to determine if the BOD would like to use it for the annual meeting; and there will be a "Thank you from your Officers" snack pack waiting for all the directors at the Co-op.

Kate thanked Edward for a great job facilitating, keeping everyone going and making sure everyone got a chance to speak.

Buck found it exciting and encouraging to have potential BOD candidates at the meeting.

Edward found the background noise during the meeting made it difficult to hear and stay focused on the discussions. He thought there was great participation this meeting.

Crystal thanked everyone for their work behind the scenes which is moving everything forward. Particularly, thank you to those that lead these efforts.

David expressed his gratitude to the BOD as a whole. He reflected back to when he joined the BOD and there were only a couple of people who led the meetings, now it seems well balanced. Thanks for all the work!

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The BOD adjourned to executive session to discuss board recruitment. No decisions to record.

End of minutes. Submitted by Emily Berry, scribe.