

BELFAST FOOD COOP BOARD MEETING – September 25, 2008

PRESENT: Richard Brown, Allen Ginsberg, Scott Giroux, Wayne Kraeger, Debbi Lasky, Susan Lauchlan, Mike Marino, Bindy Pendleton, Kip Penney, Jerry Savitz, Paul Sheridan, Peri Tobin, Zafra Whitcomb. Staff: Erica Buswell, Pepper Bush, Goldy Goldstein.

FACILITATOR: Bindy. Scribe: Paul. Timekeeper: Debbi. Vibewatcher: Susan.

ANNOUNCEMENTS: We are in the Sept. 1-Nov.1 period for the board to consider people who we think might be good potential board candidates, and to encourage them to attend some meetings. Election Committee will begin to meet shortly in November. The Maine Association of Non-Profits is having a “Building Boards” workshop, November 7, at Augusta Civic Center, \$135. Susan can give details. Fedco is having a sale of surplus bulbs, October 8.

MINUTES: of August 28, 2008 were accepted (10 Yes, 0 No, 2 Abs) as corrected: in the GM Team Report, change to: “...usually about ... ON A REGULAR SAT OR SUN.” Also in that section, change to : “...staff should not have to work to make this EVENT happen.” Proposal: that for web posting of minutes we remove all dollar amounts, and substitute wording as appropriate. Accepted (11 Yes, 2 No, 1 Abs). Therefore, August minutes accepted for web posting with all dollar figures removed, except leave in, under Budget: “How much of patronage dividend is unclaimed? About \$20K, accumulated.”

GM TEAM REPORT: written report was received.

- We suggested that the national news about irradiation of organic products be highlighted on our website and in newsletter.
- Thanks to the writers of the Republican Journal cooperative article.
- Questions on “spending down” to avoid taxes—seems we suffer from famine in March and feast in Sept. Could we not find ways to moderate spending/costs to avoid this swing? Move fiscal year to December? But, inventory is difficult to do then. Our profit margin is slim. Finance Committee was asked to discuss fiscal year change, and bring it back as a proposal, as appropriate. Only some of our income will be taxed if we do the patronage dividend correctly....segue into...

FINANCE COMMITTEE: on subject of the patronage dividend, we could offer 2-3% return to members, or we could lower prices; but non-member sales get us taxable income. Kip suggested all profit from member sales could become non-taxable using the 80/20 rule: Co-op retains 80% of profit, members get 20% of profits, the individual pays 100% of taxes on their profit. This will need research and work to go forward, possibly including some good advice from Laddie Lushin.

MEMBER COMMENTS: the co-op was represented at the Common Ground Fair, as part of a display of a number and a variety of Maine cooperatives at the tables shared by Cooperative Maine along with the Cooperative Development Institute (CDI) and the Cooperative Fund of New England (CFNE). Good contacts were made, and there are possibilities of growth in the co-op economy in the state, as the national economy declines.

2009 BUDGET: circulated by e-mail. High points, answers to questions:

- extra money allocated for health insurance
- wages are moving towards the Living Wage model
- no projection of any big increase in sales
- re: theft numbers—still working with dept managers to get a clearer picture of actual theft. If an item is not in inventory, or listed as broken or spoiled, should be listed as stolen. We do have oversight of the HABA area, but it is not perfect. A number of recent thieves were caught, mostly with food or alcohol.
- on health insurance, we self-insure towards the deductible; employees pay the first portion. However, if Dirigo Health was to go out of business, we would have to revisit.

- typically other co-ops make a profit of 1-2%. Why do we budget so low? Better to assume worst-case scenario, so as to be conservative.
- last year (2008) sales figures went up a lot, but mostly because food prices went up a lot.
- in reality we have two different budgets here: 1. theoretical profit/loss; 2. management of cash flow.
- no major capital improvements are planned (e.g. parking lot), but we will seek to pay down debt.
- preference for future is to receive a narrative of the Finance Committee recommendations, along with an explanation of the assumptions made.

Voted to accept the 2009 Budget: 11 Yes, 0 No, 1 Abs. Thanks to all those who worked on the budget.

BUSINESS PLAN: First, thanks also to all those who worked on the Business Plan. Second, perhaps next year we should reverse the order in which we discuss these: the Business Plan first, followed by the Budget. Highlights, answers to questions:

- Deli has now been included in the Plan—goal for that area is to compost more, and recycle more packaging/provide more recyclable packaging, all at lower cost.
- tools and equipment needs are expanded—perhaps including a lockable cabinet.
- possibility of new flooring co-op wide in future
- there is no strict dollar amount on what is a capital expense; e.g. much of what is spent on tools and equipment came from members' annual fees.

Voted to accept Business Plan: 13 Yes, 0 No, 0 Abs.

DISCUSSION on POLICY GOVERNANCE and ENDS POLICIES: following up on documents distributed by Erica. It seems time to get serious about the policy governance model, and adopt specific tools and programs. Several years ago board was not ready to head that way, not ready for the learning curve. Board had steered the co-op through some difficult patches. At that point, this model seemed too formal; we tended to be a “hands on” board. As the board is the employer of the GMs, with a non-policy relationship it is hard for our employees to say “back off...board is stepping on toes.” By monitoring ourselves in a more formal way, we can determine if we are paying sufficient attention to our board business. Possibly re-evaluating and relearning our roles; maybe modifying board handbooks. As board homework, please read the full packet; item was tabled to next month.

BOARD DEVELOPMENT COMMITTEE: committee presented the tally of board votes, from the summer questionnaire on choices for board training, and for possible topics. Consensus was for a retreat, with these two topics: 1. “policy governance--clarifying roles of board and management team--ends policies” and membership concerns. Chosen date was Saturday, November 1st, 8:30 AM to 12:30 PM at the Troy Howard Middle School.

ENVIRONMENT COMMITTEE: Grocery shelving project is continuing. Replacement of the deli kitchen floor is required by Health Dept.-- for tiles, new subflooring and labor. We are researching costs for a walk-in freezer. Would yield probably no real gains on energy efficiency, but would return on employee efficiency and better use of floor space. On the rear stairs to the city parking lot, we need to submit a set of drawings to city of Belfast as these stairs cross three different property lines; we approved spending on an architect to prepare these drawings, possibly finding a qualified member for the drawings. An estimate for replacing the front of store sheet glass with Low-E glass was received, with a potential savings in heat in winter and cooling costs in summer. Also forthcoming is an estimate to raise/lower the wall in which this glass is mounted, to further reduce heat loss/gain. This glass would have a 4-year payback, and probably be able to be reused if we do choose at a later date to “bump out” the front end of store towards the parking lot. The front-end customer service/education area is still coming, any day now. Fence between our store and the laundromat might possibly be removed or lowered.

HOMEWORK: Please read packet of articles from Erica; we are asked to begin thinking about potential new board candidates, and invite them to meetings. There will be five members up for re-election, or vacating their seats: Rich, Susan, Paul, Wayne, Scott, and an additional 4 seats

available to fill, one of which is reserved for a staff rep.

NEXT MEETING: Thursday, October 23, 6:30 pm at Waterfall Arts, Kip facilitating.