

Belfast Community Co-op Board of Directors Meeting

May 19, 2022, Public meeting commenced at 6:00 pm; hybrid meeting at Belfast Community Co-op Administrative Office and via Zoom teleconference

Directors Present: Sasha Breus, Kristin Clements, Ernie Cooper (vice president), Susan Cutting (president), John Krueger (treasurer), Elaine Mack, Charlie Pattavina, Buck Sawyer, Edward Sheridan, Valerie Tate (secretary), Collin Thompson

Absent: Michael D'Amico

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

Owners: Jane Anderson, Becky Bennett, Annie Bussiere, Jamie Cermak, Gina Ferendo, Cris Gil, Alessandra Martinelli, Leslie Miller, Lynne Silvia O'Connor, Michael Walter,

Guests & Community members: Patti McKenna, Sylvan Thorncraft

Working Agreements

The BOD adopted by consensus the proposed changes to the working agreements. Only the working agreements that have been changed are listed below, all changes are shown in red:

- Be concise ... avoid **unnecessarily** repeating what has already been said.
- **Use self-awareness as a resource ... What do I want right now? Am I willing to be influenced? What am I feeling? What am I thinking?**

Agenda Review

Elaine will present her expansion idea at the beginning for the *Board Administrative Matters* section, Patti McKenna will be leading the *Capital Campaign Team Overview*, and Board Development will be tabling item *iv. Communicating Substantial Changes* and replacing that with a consent agenda discussion. With these adjustments, the BOD approved by consensus the May 19, 2022 meeting agenda.

June Meeting Date

The BOD approved by consensus the proposed date change for the June 2022 BOD meeting. The BOD will now meet on June 16, 2022.

Owner Comments

Lynne was glad for the elections and the new board members and was looking forward to sitting in on the meeting. Alessandra was excited to be able to attend this meeting in person and she brought snacks as was the tradition for in person meetings pre-pandemic.

Minutes

With the addition of "The OEC report notified the BOD and management that the monthly informational packets shared at the BOD meetings are downloadable and savable" to the OEC section of the minutes, the BOD approved by consensus the minutes of the April 21, 2022 meeting.

GM Reporting

Alignment

Doug has begun to receive parts of the engineering and hazardous materials analysis on the building. He will compile what has come in thus far and share this information with directors.

GM Update Report

In regards to financing the proposed renovation project, the Co-op has received Letters of Interest from the Cooperative Fund of the Northeast and Coast Enterprises, Inc.. Bangor Savings has submitted a term sheet with the

most attractive rate yet offered. Machias Savings Bank will also be submitting a term sheet sometime next week. The cost of living in Waldo County, according to the MIT livable wage calculator, has increased to \$18.59/hr. The goal of 100% of all workers earning a livable wage is daunting at \$18/hr but the Co-op will keep working toward that. There was an increase in labor as a percentage of sales. The Co-op is meeting the budget in purely wages, however, personnel costs particularly due to health insurance are high. Part of the problem is that the Co-op's budget is adopted in September but healthcare costs are not determined until December and the annual increases have been surprising.

B3 - Asset Protection

The BOD accepted by consensus the B3 - Asset Protection monitoring report as in compliance.

Board Administrative Matters

Expansion Idea

Elaine suggested the Co-op could open an off-site commissary or building that houses a kitchen facility as something else the Co-op could do to expand our ability to produce prepared foods, get food to the community, and support local entrepreneurs.

Committee Assignments

Owner Engagement - Charlie, Buck, Elaine, Kristin. Current non-director member: Cris Gil

Board Development - Sasha, Edward, Susan, Valerie, Michael. Current non-director member: Emily Berry

Finance - John, Ernie, Collin, Doug. Current non-director members: Gina Ferendo, Matt McConnell, Jim Miller

Expansion Committee

The BOD discussed forming an expansion committee which would focus on the construction aspect of the proposed renovation project. The BOD approved by consensus the formation of an ad hoc committee to draft an expansion committee charter. John, Valerie, Ernie, Collin, Buck, and Susan all expressed interest in serving on the ad hoc committee.

Finance Committee

FinCom expressed concern regarding the impact of inflation on margin. They noted that the cost of goods is increasing before the prices can be adjusted and sales are not keeping up with inflation. When the pro forma is updated, inflation will have to be taken into account and the effect it might be having on the markets.

FinCom spent time during their May meeting discussing expansion options. Currently, Doug and the BOD are waiting for engineering and hazmat analysis, and final costs on the proposed renovation project. They emphasized that it is important to realize that the Co-op will be limited on how much it can borrow. The pro forma, which looks toward the future, estimates that a \$10M project shows negative days of cash on hand in two years time, and even a \$8M project has negative cash on hand within seven years, it seems that feasible options are closer to \$5M. FinCom suggested with the engineering and hazmat analysis submitted and a rework of the pro forma with updated costs, June would be a good time to decide whether to order materials (for example, shelving needs to be ordered a year ahead).

The BOD discussed when to make a decision on whether the proposed renovation project makes sense. Purchasing shelving is not the decision that everything hinges on, however, it is the first of many decisions that everything hinges on, for instance refrigeration would follow the purchase of shelving by a couple of months and that is a much more significant step.

The hazardous materials analysis will be finalized soon and once the electrical, plumbing, civil, and mechanical engineers bring the architects and builders their estimates, Doug and the BOD will make sure that it all fits into the plan that Peter Warren put together, which was used to build out the pro forma. As long as all of that aligns and nothing is dramatically different from what is expected then the updated pro forma can be brought to the banks. Currently the Co-op has two pro forma models, one is borrowing \$3M senior debt from banks, the other \$2M. Both pro formas use the same metrics for equipment and construction. If all the final estimates come back and everything

on the uses side still fits into one of those two pro forma models, the uses and sources add up to the same thing, that is a viable project.

Shortly, Doug and the BOD will have new estimates that they will have confidence in, they will have word from banks that the project is financially feasible with a capital campaign, then they can call the decision into question. All the information needed to make that decision should be in by the June meeting. The BOD will schedule a time to review the final estimates once they are in, most likely early June.

FinCom would like to review policy B3 - Asset Protection annually going forward. The BOD approved this proposal by consensus.

D2 - Accountability of the GM

The BOD accepted by consensus policy D2 - Accountability of the GM as in compliance.

Board Development

BoDev proposed revisions to policy C5.2b and C5.5 which the BOD accepted by consensus:

C5.2b At a new director's first board meeting, they will complete the "Code of Conduct" form, and will ~~verbally-report~~ **disclose** to the whole board the potential conflicts. Any subsequent potential conflicts will be reported to the whole board immediately.

C5.5 Directors will prepare for, attend, and participate fully in all Board meetings and trainings. It is the director's responsibility to communicate to the Board if they are unable to do so.

BoDev will continue to work on the C5.2d revision.

BoDev will also discuss a process for dealing with violations of the code of conduct.

BoDev provided information on using consent agenda and asked committees to send agenda items to the officers that could be placed on a consent agenda.

Owner Engagement Committee

There was a question as to whether to make the BOD packet public or create a public packet, however, there does not seem to be much demand for a public packet at this time. The issue has been tabled.

The OEC would like to institute a BOD Meet & Greet program, where directors would stand outside the Co-op to introduce themselves and answer questions. They would work with the Marketing Dept who would post times and director bios on social media. The BOD adopted by consensus this Meet & Greet program and approved the submission of an ORF for a kit containing a name tag, clipboard, brochures, and a sign. Directors also discussed prepping for challenging or uncomfortable questions during meet & greet times.

The OEC tabled the remainder of their items until the June BOD meeting.

Capital Campaign Team Overview

The BOD was introduced to Patti McKenna, a campaign coordinator recommended by Ben Sandel and Assabet Co-op Market. Patti has been a professional fundraiser for 27 years and has a good deal of experience and success fundraising for co-ops. Her perspective is that people want to invest because the values of the co-op match their values. Her past campaigns have worked well because everyone participating was in lock step with what they were communicating to the owners. During a campaign there is a quiet phase where the bulk of the money would come in from a smaller number of owners, followed by a public phase. For the Co-op to run a successful campaign, the BOD has to be completely on board with the way the campaign is laid out, the way it is going to be structured, and what their role is. Patti explained that if she were to coordinate the Co-op's capital campaign she and Ben would strategize on what to communicate to owners and then a small team of roughly 12 trained and dedicated callers would work the phones. If construction were planned for October/November, the quiet phase could happen over the summer and then the public phase could be launched closer to the store opening, it would depend on demographics and timing. She expects a campaign to run approximately 12 weeks or less.

Homework

Full BOD

1. Take D3 & D4 policy polls
2. Consider consultant vs consultants
3. Schedule additional June meeting to review final estimates
4. Read the consent agenda information

Doug

1. Submit a broad project management plan
2. Follow up with BOD on how Common Cent recipients are assigned months
3. Look into the effects of parking on income from pro forma or early market study
4. Look into cause for rise in March occupancy costs

All Committees

1. Send items for consent agenda to officers

Officers

1. Discuss expenditure parameters
2. Discuss in-person meeting opportunities
3. Discuss capital campaign team

Board Development Committee

1. Revise C5.2d re: staff rep vs staff on BOD
2. Process for violations to the code of conduct
3. Review BOD guidelines & policies re:
 - a. Responding to employees
 - b. Communication norms (esp. email)

Owner Engagement Committee

1. Plan BOD work for the 2023 Annual Meeting

Ad Hoc Committee

1. Schedule a time to meet
2. Draft an expansion committee charter
3. Choose a committee chair

Emily

1. Update the C5 policy

Debrief

Valerie expressed that it was great to be in a room with other directors. She encouraged all to attend in-person. During this first hybrid meeting there were some issues with the volume that several directors commented on.

Public Session Adjourned

Executive Session

The Board heard from the GM on a confidential organizational matter. The Board appointed three ad hoc committees: Review Board Member Matter #1 – Ernie, Buck, and Kristin; Review Board Member Matter #2 - Charlie, Sasha, and Susan; Review Policies Related to the Code of Conduct - Charlie, Susan, and Ernie.

End of minutes. Respectfully submitted by Emily Berry, scribe.