

Belfast Co-op Board of Directors Meeting

June 22, 2017 6:00pm Waterfall Arts Building, Belfast ME

Directors Present: Betsy Garrold, Shannon Grimes, Violet Jastram, Alessandra Martinelli (president), Lindsey Schortz (treasurer), Andrew Watkins, Zafra Whitcomb (secretary)

Absent: David Balicki, Ron Braybrook (vice president), Justin Howard

GM: Doug Johnson

Staff: Emily Berry (scribe)

Owners: Ernie Cooper

Facilitator: Alessandra

Time-keeper: Lindsey

Vibe Watcher: All

Agenda Review

The BOD approved the agenda by consensus.

Announcements

The Farwell General Store in Thorndike opened June 2 for business.

Gov. Paul LePage signed LD 725, An Act to Recognize Local Control Regarding Food Systems, June 16, 2017, legitimizing the authority of towns and communities to enact ordinances regulating local food distribution free from state regulatory control.

Doug ruptured his distal tendon during a store reset, surgery to reattach the tendon took place on June 20.

Minutes of Previous Meeting

The minutes of the May 25, 2017 BOD meeting were approved by consensus.

Owner Comments

A director received several comments from owners on how much they liked the changes in the store, noting the brightness and the wider aisles.

One owner wanted the Co-op to be careful not to lose its charm and to make it clear that charm does not equal dirt.

Board Administrative Matters

Interim BOD Appointment – Ernie Cooper

Ernie approached Alessandra after this year's Annual Meeting where it was announced that although there were five candidates there were seven open seats. He had been considering running for a BOD seat in the future but with open seats decided to pursue an interim appointment and run in the next election. Ernie has a background as both a college administrator in California and lawyer in Washington DC and is decidedly pro net neutrality. As a college administrator, he developed skills in resolving problems and achieving group goals as he chaired and participated in institutional policy, budget, and governance committees. As an attorney, he honed his communication and analytical skills, and learned again the importance of considering all aspects of an issue before acting.

Treasurer's Update

The Finance Committee has been researching how better to invest the Co-op's money. A committee member met with Bangor Savings Bank to discuss option for investing through them. Additionally, the committee has a meeting scheduled with the Cooperative Fund of New England (CFNE) to discuss debt consolidation. The Finance Committee will continue its research and present a recommendation to the BOD. The committee also discussed the number of senior discounts per household and funding a scholarship. Recommendations on these topics will be handed down to the BOD at a later date.

Wegner CPA Financial Report

The financial report for Fiscal Year Ending September 30, 2016 (FY2016) was presented by Bruce Myers, of Wegner CPAs, via conference call. Bruce touched on several key areas where the Co-op's numbers were either strong or on the appropriate side of a given threshold. Although there are areas for the Co-op to focus on such as gross profit and personnel percentage, the Co-op did end FY2016 with a profit which has been allocated and distributed to owners. When questioned about moving the end of the fiscal year from September 30 to June 30, the only concern Bruce raised was that it is can be more difficult to complete end of year administrative tasks during a busy quarter; due to the Co-op's seasonality July 1 – September 30 is historically its busiest quarter.

Board Development Committee

The BOD agreed by consensus to table the discussions of policies D3 – Delegation to the GM and D4 – Monitoring GM Performance until the July 27 meeting, due to only receiving five responses to the compliance survey. The survey will stay open for another month to receive the remaining responses.

Election of Officers

The BOD agreed by consensus to table the election of officers until the July 27 meeting.

Committee Appointments

The BOD agreed by consensus to table the appointment of directors to committees until the July 27 meeting.

GM Reporting

Alignment

The BOD discussed the Amazon acquisition of Whole Foods. Doug believes it has the potential to change the way business is done in the cooperative world, in food retail, and in all retail. UNFI plays a role in this because Whole Foods is UNFI's number one client, while NCG is number two. This has two foreseeable outcomes: 1. UNFI loses Whole Foods as a client and potentially folds or 2.

Amazon/Whole Foods buys out UNFI. As it stands NCG has a contract with UNFI through 2025 even if it is bought out. This allows us time to examine why and how we do things and how we can differentiate ourselves. Directors discussed focusing on fresh and local products, highlighting the cooperative model, and providing awesome customer service.

Operations Update

Research is ongoing for the new flooring plans. The flooring from Home Depot, although an economical choice, has no contractor that will install it without first pouring a concrete layer on top of the current floor. Another option may be to go with a local contractor who can install a cork core product with a fifteen year commercial warranty. The cost plus labor estimate is approximately \$37,500.

On the financial end, May resulted in a small sales growth. The outstanding member loans carried over from the 1990s were turned over to the state, which added \$19,000 to the Co-op's bottom line.

BI – Financial Condition and Activities

Doug discussed how with over a year experience as GM he feels better prepared for the coming winter and will have a greater ability to redirect. For this FY he had budgeted for 3.5% sales growth,

it looks like this quarter will end with around 2% and if the FY finishes with 2% sales growth that will be satisfactory.

The BOD discussed how this monitoring report was the only report consistently out of compliance and strategies for dealing with that, whether it be to see specific plans for compliance or to adjust the operational definition of the policy to create achievable goals. Another route would be for directors to make a thorough examination of the proposed FY2018 budget in September. In the past GMs or GMTs have not broken down the labor budget seasonally but that will be addressed going forward. Although the GM reported non-compliance for policy BI – Financial Condition and Activities, non-compliance was reported for only the global statement and sections 1 & 2 and compliance was reported for sections 3 – 12.

The BOD accepted by consensus the BI – Financial Condition and Activities monitoring report as out of compliance with a plan for compliance. The BOD requests definite timelines for plans for compliance in the future.

Homework

Board Development Committee

- Resend D3 & D4 surveys
- Send C6 survey
- Explain to new directors policy governance
- Distribute BOD Handbooks to new directors
- Calendar review

CCMA Attendees

- Send email to BOD re: sessions

Committees

- Send FY2018 committee budgets to finance committee

Next Meeting July 27, 2017 – Agenda

D3 – Delegation to the GM

D4 – Monitoring GM Performance

C6 – Officers Roles

A – Global Ends

Election of Officers

Committee Appointments

The BOD adjourned to executive session for a discussion of Ernie Cooper's BOD interim appointment.

Reconvening to regular session the BOD decided by consensus to appoint Ernie Cooper as an interim director through the next election cycle, in the spring of 2018.

End of minutes.

Submitted by Emily Berry, scribe, 6/26/17.

Reviewed by Zafra Whitcomb, secretary, 7/10/17.