

## **Belfast Co-op Board of Directors Meeting**

August 22, 2019, 6:15 pm; UU Church, Belfast ME

**Directors Present:** David Balicki (treasurer), Annie Bussiere (secretary), Ernie Cooper, David Gibson, Evans Goff, Crystal Howard-Doliber (vice-president, joined remotely), Heather Selin (president), Edward Sheridan, Andrew Watkins.

**Absent:** Alessandra Martinelli (leave of absence)

**GM:** Doug Johnson

**Staff:** Emily Berry

**Owners:** Jamie Cermak

**Facilitator / Timekeeper:** Heather Selin

### **Agenda Review**

The BOD agreed to add an executive session to the end of the meeting to discuss real estate options for the expansion project. With this addition, the BOD approved the agenda by consensus.

### **Announcements / Check-in**

Annie and Doug both have birthdays in the week following this meeting. Annie brought brownies to celebrate.

Crystal extended a huge thanks to Doug for his support on the ice cream social.

### **Minutes of Previous Meeting**

The minutes of the July 25, 2019 BOD meeting were approved by consensus.

### **Owner Comments**

Jamie told the BOD that they were doing good work and he thought the ice cream social was awesome with a lot of happy people attending.

### **Board Administrative Matters**

#### **Expansion Committee**

The Expansion Committee has drafted a charter but has yet to decide whether to adopt it as they are still discussing if this committee should report directly to the BOD or the GM. According to expansion guidelines set out by Bill Gesner and CDS (now Columinate) anything related to expansion falls under the GM's purview. The ExpCom also discussed if the BOD should be creating policy around expansion for the GM to follow, which they can monitor. Annie is reaching out to other co-ops who have recently expanded to see if they had expansion committees and if so how they were structured. Heather and Crystal will reach out to Thane, the BOD's Columinate consultant, for guidance as well. The ExpCom will continue as a BOD committee until its role is clarified with a goal to have clarification by the November BOD meeting.

#### **Finance Committee**

The Finance Committee reviewed the monthly Co-op financial reports for July and no significant items of concern were noted.

Doug agreed to present the educational piece this month on key indicators. The FinCom will take over in the future.

The FinCom will still need to review the credit card portfolio information before it is presented to the full BOD.

The BOD noticed that the expenses (non-cost of goods) line on the key indicators report were lower than budgeted. Historically the senior discount was reported on this line which could explain the variance.

#### **Board Development Committee**

The Board Development Committee met on Tuesday, August 20 where they discussed the next BOD Annual Retreat. BoDev proposed a tentative date of Saturday, May 16, 2020, which lands between Mother's Day and Memorial Day weekend. BoDev will need to reach out to Thane to see if she is available to facilitate.

#### **C7 – Board Committee Principles**

The BOD discussed compliance regarding the C7.3 and C7.4 subpolicies. The BOD acknowledged that the ExpCom has yet to adopt their charter which is in conflict with C7.3 and that not all committee members have been approved by the full BOD which is in conflict with C7.4. The BOD plans to address non-compliance with C7.3 by conducting the research specified in the ExpCom report above. The BOD expects a decision on whether the ExpCom will remain a BOD committee and adopt their charter or whether the committee will disband in 90 days. The BOD plans to address non-compliance with C7.4 by revising the committee charters to include "committee membership shall be subject to the advice and consent of the full Board". The committees will also submit a list of members who are not directors at the September meeting in order that the full BOD can provide advice and consent.

The BOD agreed by consensus to change the language of C7.1 to read "Committees will reinforce and support Board holism by researching alternatives and bringing back information and recommendations." The BOD accepted by consensus C7 – Board Committee Principles as not in compliance with a plan for compliance.

#### **C8 – Governance Investment**

The BOD read through and discussed policy C8 – Governance Investment which they will be self-monitoring at the September meeting.

The discussion included the suggestion of removing the word "subsequent" from subpolicy C8.5.

The BOD also discussed C8.2a which addresses training and retraining directors. Heather and Crystal have been talking to Thane about this topic.

#### **Owner Engagement Committee**

Andrew has looked into snow date options for the Annual Meeting in 2020. The BOD agreed to his proposed solution of scheduling the snow date for Saturday, March 7, 2020 in the UU Church sanctuary.

The next Owner Forum is scheduled for November 10th at 1pm, the topic has yet to be determined.

The OEC has been discussing ways of acknowledging the staff and brought the idea of anniversary cards to the BOD. The conversation moved from sending a yearly anniversary card to sending one every 5 years, or what would be considered milestones. OEC will continue this discussion at their next meeting.

The OEC has also been discussing an ambassadorial program and Doug mentioned that the Wheatsville Co-op has recently rolled out a similar program which OEC could look into.

#### **Bylaws Committee**

The Bylaws Committee reported that the full BOD reached consensus on all the bylaws recommendations. The Bylaws Com will work with the OEC on packaging the recommendations for presenting to the

owners. They will have one more meeting to finalize the document before disbanding as a committee.

#### **Healthcare Letter**

The BOD approved by consensus the final draft of the healthcare letter. Heather and Doug will sign the letter and send it to Maine's federal representatives and various media outlets.

#### **GM Reporting**

##### **Alignment**

The Co-op broke its all time sales record last week with \$241,000, which is a 12% growth over the same week in 2018. So far nine weeks this year have been over \$200K in sales.

The automatic doors are scheduled for installation the second week in September and the plans now include a 3-foot bump out from the current placement.

##### **GM Update Report**

A director noticed the number of CORE participants has been dropping. Doug assured the BOD that staff have been informing customers of the program and speculated that stricter government regulations on assistance programs might affect eligibility.

Doug expects the July margin performance to be better than estimated.

Due to the record sales in the past couple of months, the Co-op will have better pricing through UNFI for the next quarter starting September 1st, which is good news for the beginning of the Co-op's fiscal year.

##### **B7 – Communication to the Board**

The BOD accepted by consensus the B7 – Communication to the Board monitoring report as in compliance.

##### **B8 – Board Logistical Support**

The BOD accepted by consensus the B8 – Board Logistical Support monitoring report as in compliance.

#### **Education**

##### **Introduction to Key Financial Indicators**

Doug led the BOD through the first few rows of the key indicators report for July and Ernie explained what each column was referencing.

##### Rows

*Sales/Income*: the total revenues, all sources of income for the Co-op during the period reported. This line would include departmental sales, interest on loans, patronage dividends, and annual membership fee (before the equity structure was changed).

*Cost of Goods*: purchasing the product and supplies

*Gross Profit*: sales minus cost of goods

*Gross margin*: gross profit divided by sales income.

##### Columns

*Current month activity*: actual numbers for month reporting on

*Current month budget*: budgeted numbers for month reporting on

*Budget variance*: how actual differed from the budget, reported in percentage

*Previous month activity*: actual number for the month before period reporting on

*Previous month variance*: variation between the current month and the previous month, reported in percentage

*Prior Year Activity*: compares this month to the same month the year before

*Prior Year Variance*: difference between this month and the same month the year before, reported in percentage

*YTD*: October (start of fiscal year) through current month

*YTD Budget*: what was budgeted for October through current month

*Budget Variance*: difference in actual versus budgeted, reported in percentage

*YTD Prior Year*: October of the previous year through current month of previous year

*Prior Year Variance*: October through current month compared to October of the previous year through current month of previous year, reported in percentage

#### Additional areas of note

If you look at the Prior Year Variance for Sales/Income and Cost of Goods you can see margin maintenance.

The key indicators that Doug looks at to tell the story of a co-op's financial health are sales growth, personnel costs (personnel as a percentage of sales), net income, inventory turns, days of cash on hand, and debt-to-equity.

The BI – Financial Condition & Activities monitoring report compares the Belfast Co-op to other co-ops of similar size and is reported on quarterly.

### **Next Meeting Agenda - September 26, 2019**

BI – Financial Condition & Activities

B2 – Business Planning & Financial Budgeting

C8 – Governance Investment

DI – Unity of Control

Advise & Consent non-director committee members

### **Homework**

Full BOD

1. Take C8 poll
2. Review & add to [Board Guidelines](#)
3. Send Evans admin tasks for the board clerk
4. Think about potential BOD members
5. Send owner comments to Emily for compilation
6. Think about *Rootstock* article topics

Doug

1. Gather 3 proposals for engineering analysis of current building
2. Address the community dinners idea
3. GM Report financials reported in a more reader-friendly format
4. Send out lists of who is on each committee email group
5. Look into future events on FB and website
6. Copy the BOD filing cabinet key, give copy to secretary

Heather

1. Revise agenda for time
2. Reach out to Thane re: expansion committee

3. Schedule final bylaws committee meeting
4. Send out healthcare letter to reps and media
5. Contact Alessandra/Shannon re: online voting platform
6. Create poll for Co-op Cafe attendance
  - a. Send results to Doug

David B.

1. Review the Co-op's credit card portfolio

Annie

1. Look through BOD filing cabinet

Board Development Committee

1. Review & recommend changes to candidate requirements
2. Fill out ORF re: admin tasks for the board clerk
3. Brainstorm strategies for board recruitment
4. Create C8 poll
5. Revisit / take action on stated priorities from Annual Retreat (recap document / calendar)
6. Create Retreat topics document
7. Schedule Annual Retreat date / location

Expansion Committee

1. Figure out what to do with comment cards

Owner Engagement Committee

1. Discuss equity follow-up / retention
2. Discuss/plan/collaborate with member services a member drive
3. Continue staff anniversary card discussion

Finance Committee

1. Develop training on key indicators

All Committees

1. Revise charter to include C7.4
2. Compile list of non-director members
3. Report present & absent members on monthly report

**Debrief**

Heather commented that it was a quiet meeting, but the other directors felt it was efficient and the work got done.

Annie was grateful to Doug for stepping in to do an introduction to key indicators but doesn't want to see the BOD lean on him too heavily for the education piece.

Crystal told the BOD that Thane would be willing to Skype into a meeting to present something for the educational piece; policy governance was one topic mentioned.

The BOD adjourned to executive session to discuss real estate options for the expansion project. No decisions to report.

End of minutes. Submitted by Emily Berry, scribe.