

Belfast Co-op Board of Directors Meeting

September 26, 2019, 6:15 pm; UU Church, Belfast ME

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

Absent: Ernie Cooper, Alessandra Martinelli (leave of absence)

GM: Doug Johnson

Staff: Emily Berry

Owners: Kate Hanson, Andrew Schindel

Guests: Thane Joyal (joined remotely)

Facilitator / Timekeeper: Heather Selin

Agenda Review

The BOD agreed to move the executive session to the end of the meeting to discuss the BOD appointment. With this adjustment, the BOD approved the agenda by consensus.

Announcements / Check-in

Andrew is hosting a talk about his spring of 2020 bike ride on October 8th at the Belfast Free Library. Both Heather and Crystal will be out of town for the October BOD meeting. Heather will be available to join the meeting remotely, Crystal will be unavailable, and David B. will facilitate.

Minutes of Previous Meeting

The minutes of the August 22, 2019 BOD meeting were approved by consensus.

Owner Comments

Andrew Schindel began his comments by stating how pleased he has been with the changes in *Rootstock*. He appreciates that his previous comments were heard and processed. He stood up at this meeting to offer several suggestions for welcoming new owners: 1) sign ups could be done at the customer service desk exclusively by specifically trained staff; 2) offer new owners a gift packet, which is already being done; 3) have new owners fill out a questionnaire - basic contact info, interests, background, etc. - learning who they are and getting them involved; and 4) host functions for new owners, perhaps monthly in the cafe facilitated by staff. He also would like to see the financial breakdown between administrative and operational wages within the Co-op reported.

BOD Appointment Q&A

The BOD invited Kate Hanson to the table to discuss her relevant experience and interest in a board seat. Kate has a strong belief that you should serve if you care and therefore has a long history of serving on boards and committees. She served on the Boards of Directors of a shelter for survivors of domestic violence and a rape crisis center, she then served as the Chairperson of the UNH President's Commission on the Status of Women, she was also an elected representative on the Kittery ME School Committee, and

she has been a leader or member of many other boards, task forces, and committees. Additionally, she taught non-profit management at the University of New Hampshire.

Kate is relatively new to Belfast, moving to the area a year ago. She opted to join the Owner Engagement Committee in February but declined to run for a BOD seat at the time. Since joining the OEC, she has been trying to organize ways to gather the Belfast Co-op's history. With her interest in organizational development she doesn't want to lose the history of the past 43 years. The OEC expressed that Kate does her share of the work or more, confirming her own claim to being a hard worker.

The BOD asked what governance styles were used on the other boards she served on: different boards have used Collaborative Governance and Robert's Rules of Order. She has not been on a board that uses Policy Governance but she has read a fair amount on the subject and finds that it is simply best practices in board management.

The BOD also asked what past experience Kate has had in food co-ops. She has no experience in food co-ops but she is familiar with complicated financial reports.

Right now Kate does not have enough knowledge around the Co-op's expansion to have an opinion but she does appreciate the process.

When asked about her experience with local food, Kate answered that she is an intimate member of a farming family. Her daughter is owner/operator of an organic farm in Albion where Kate watches her grandson five days a week and gets paid in produce. She has also been a MOFGA member since its beginning and a part of Great Works Regional Land Trust.

Board Administrative Matters

Expansion Committee

The Expansion Committee did not meet in September and the question still stands as to how the committee should be structured and even if it should be a committee. Annie reached out to 10 food co-ops that have expanded or are currently expanding asking if they had an expansion committee, if so how it was structured, and if they had anything to share. She has compiled a Google doc of the information and will share the document with the BOD. An exciting outcome of Annie's discussions with other co-ops was that the Belfast Co-op BOD was invited to meet with the Blue Hill Co-op's relocation committee, GM, and board president. The ExpCom requested and received an extended block of time at the October meeting to discuss the committee's structure.

Finance Committee

The Finance Committee commented on the impressive numbers reported for the month of August and David B. complimented the efficiency of operations.

The FinCom presented options for credit card rewards programs. The Capital One Spark Card seems to offer the best benefits based on the Co-op's spending patterns. The FinCom will also be looking into credit cards offered by local banks and credit unions but they pointed out that these institutions don't actually manage the cards they issue, for example Camden Savings Bank credit cards are managed by Elan Financial Services.

The BOD agreed by consensus to allow Doug with consultation from the FinCom to make a decision about switching credit cards, with the caveat that Ernie (absent at this meeting) agrees.

C8 - Governance Investment

The BOD's discussion of policy C8 - Governance Investment revolved largely around subpolicy C8.2 and its subsequent points, particularly C8.2a whose wording was deemed nebulous. Doug pointed out that this is

the only policy that addresses how the BOD invests in itself. The BOD requested the Board Development Committee review the language of C8.2 in committee.

The BOD accepted by consensus C8 - Governance Investment as in compliance.

Owner Engagement Committee

The Owner Engagement Committee confirmed Deb Burwell as facilitator for the 2020 Annual Meeting, for both the March 1st meeting date and the March 7th snow date.

The Abbott Room of the Belfast Free Library is scheduled for use by the Belfast Co-op on November 10th. There was a question of who would be using the space, the OEC or operations. Right now that date is set for the fall staff meeting.

Non-Director Committee Members

The BOD agreed by consensus to table this topic until the October meeting.

Education

Managing Conflicts of Interest

The BOD was joined remotely by Thane Joyal, Columinate consultant, to discuss managing conflicts of interest.

Talking about conflicts of interest and managing them is a foundational piece of being on the board of directors. The process used to make decisions regarding conflicts is as important as the decisions themselves. If using a standard agreed upon process, people will be more likely to trust the decisions. The business of conflicts of interest is not personal. Directors are the physical face of democracy and it is their job is to protect the liberty of the board's process.

The perception of the conflict is as important to manage as the conflict itself. If a director has a conflict of interest it should be disclosed and additional steps taken if necessary, such as excusing themselves from conversations that may impede the BOD ability to make the best choices possible. Don't let it be said later that the BOD only made decision 'x' because they wanted to make a board member happy. This requires a lot of self reflection and self facilitation. Sometimes directors don't notice that conflicts that are present or might not realize them, or sometimes conflicts come slowly (example of a director dating the GM, which came about through spending time together and was exposed during a GM compensation conversation). Some conflicts need no action, while others can be pervasive and may require the director to resign from the board. The problematic conflicts are the ones that are not disclosed and not discussed, so talk about everything, think about all the different ways you relate to the co-op (customer, board member, staff member, former staff member, vendor, etc.). It is common for people who are part of cooperatives to have more than one role or more than one relationship to the cooperative.

GM Reporting

Alignment

The timeline for the vestibule project has been pushed back to the end of October. The design needs to be approved by the city's design committee at their next meeting on October 8th. Doug will attend with Belfast Carpentry.

Tracking the sales for September so far show that they are up 9% over last year.

BI - Financial Condition & Activities

This is the first time that Doug has reported full compliance for a BI - Financial Condition & Activities monitoring report in quarter 2 (quarter runs April 1 through June 30).

Thane jumped into the conversation with a few comments and recommendations. She said that reviewing the GM's monitoring reports is the most exciting part of the night in many ways. This is the part where the BOD gets a window into how the policies that they have established affect change. The BOD words have an impact, they make the GM do things.

Thane encouraged the BOD to use the established decision tree. The first line on the tree reads: "Did individual directors receive and read the written report in advance of the meeting and come to the meeting prepared to act?" She urged directors to answer honestly, the BOD will make a decision on your behalf if you did not read the report, but keep in mind the BOD is bound as a whole by the decisions made. It's okay to skip one report but do your best to come prepared so the BOD can make the best decisions for the co-op. She also suggested that directors ask the "stupid" questions. A question a director may feel is too fundamental or too embarrassing to voice may be the question that sheds light on a situation gone wrong that no one else has picked up on, particularly when it comes to the financial reports.

Next on the decision tree: "Is the Operational Definition/Interpretation reasonable?" Thane said to ask yourself if the operational definition makes sense. If it does make sense it is probably reasonable. If it doesn't, talk to others on the board and decide if it is reasonable or not, at which point you can give that feedback to your GM.

A director asked about the margin minus labor trend and Doug's theory has to do with how margin was handled from 2012 until recently. When the Belfast Co-op joined NCG in 2012, it started getting better pricing on the products coming in from UNFI, however, retail prices were not adjusted at that time which meant the Co-op was making lots of money on the products. For many years following 2012, operations did not stay on top of their pricing strategy and as the cost of goods went up margin was chipped away. When operations started paying more attention they began adjusting prices, doing more margin analysis, and they started to see margin come back up again. Margin minus labor goes up by making incremental changes in margin so that you are getting a higher achieved margin without blowing up price perception and controlling labor so people are paid good wages and benefits but working more efficiently with people already employed without adding many more.

Gross margin % is not a reflection of increased sales. It shows the Co-op is getting more out of the product.

The BOD accepted by consensus the BI - Financial Condition & Activities monitoring report as in compliance.

B2 - Planning & Financial Budgeting

Thane began the discussion by talking about the belief Dr. John Carver held around boards and budgets, summarizing that boards should not be in the business of putting line items in budgets but rather should be comparing budgets and business plans to pre-established criteria. She then noted that this BOD has excellence in governance because they have a policy with pre-established criteria which they are then able to match.

Andrew wondered about the intersection between owners and the business plan. Doug pointed to increased basket size and increased transaction count as specific metrics. He believes as long as the Co-op

continues to grow, has people who want its services, and has people that are coming and looking for its services-- that is a positive affirmation that the Co-op is moving in the right direction.

Regarding the triple bottom line, particularly the environmental side, David G. would love to see emphasis on organic and sustainable practices with education for the community around these topics and why they matter. In response, Doug talked about his realization that the substantial amount of poverty in our county means that if the Co-op is truly looking to serve our community we have to think broader. When we talk about a community, it can't just be people who put premiums on organic, even if as an agricultural option we know that that is the most sustainable way to go. If we want to meet the needs of our community, we need to meet them where they are, which means try to get them interested in the cooperative model and then use that opportunity to do the education piece about what sustainability means. David suggested making goal of spending more locally; having a target of spending a specific percentage on local goods within a certain number of years. That would be more dollars going into and boosting the local community. Thane pointed out that this is the intersection of the Ends Policy with the business plan. The BOD has empowered Doug to create this business plan and the BOD's role is now to decide if the business plan represents a reasonable interpretation of the expectations that were set in the B2 policy (which takes into account the Board's Ends priorities), supported by adequate data. This conversation is helpful in reflecting on whether the Ends should be revisited.

The BOD accepted by consensus the B2 - Planning & Financial Budgeting monitoring report as in compliance.

Next Meeting Agenda - October 24, 2019

A - Global Ends

DI - Unity of Control

Advise & Consent non-director committee members

Expansion Committee - 30 minutes

Homework

Full BOD

1. Take DI poll
2. Review & add to [Board Guidelines](#)
3. Send Evans admin tasks for the board clerk before Oct. BOD meeting
4. Think about potential BOD members
5. Send owner comments to Emily for compilation
6. Think about *Rootstock* article topics
7. Contemplate ways and means re: strategic discussion of Ends

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

Heather

1. Reach out to Thane re: expansion committee
2. Send BOD noted points from the expansion toolkit
3. Invite Alessandra to Oct 9th *Understanding Cooperative Governance*

David B.

1. Review local banks & credit unions' cc reward programs

David G.

1. Send out poll for ExpCom meeting date

Annie

1. Share expansion google doc with BOD
2. Connect with Andrew re: meeting space contract

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 DI 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
8. Review C8.2 subpolicies for language revisions

All Committees

1. Revise charter to include C7.4
2. Report present & absent members on monthly report

Miscellaneous

Cooperative Maine Business Alliance is hosting *Understanding Cooperative Governance*, a discussion and workshop centered on the role that governance plays in our cooperatives, facilitated by Thane Joyal, on October 9th at the UU Church. All BOD members were strongly encouraged to attend.

Annie brought up that the owner comments which directors gather between monthly meetings are now being recorded on a google document and since they are not talked about at the meeting they should not be in the minutes.

The BOD adjourned to executive session to discuss the interim appointment of Kate Hanson to the BOD.

BOD Appointment

Reconvening to regular session the BOD decided by consensus to appoint Kate Hanson as an interim director through the next election cycle, in the spring of 2020.

Meeting adjourned at 9:15pm

End of Minutes. Submitted by Emily Berry, scribe.