

Belfast Co-op Board of Directors  
Minutes of Special Meeting of the Board  
Abbott Room- Belfast Free Library  
January 31, 2015

DIRECTORS PRESENT: Nick Bombardier, Ron Braybrook, Betsy Garrold, Chris Groden, Doug Johnson, Alessandra Martinelli, Bindy Pendleton, Kip Penney, Phil Prince, Janis Stone, Zafra Whitcomb

DIRECTORS NOT PRESENT: Debbi Lasky, Jean Lenderking, Cindy Canavan, Jerry Savitz

GMs: Chris Grigsby, Mylisa Vowles

MEMBERS: Karen Gleeson, Paul Sheridan

FACILITATOR: Thane Joyal, CDS Board Development Consultant

TIMEKEEPER: Janis Stone

The purpose of the meeting was to:

- 1. Discuss and determine the amount of the 2013/2014 Patronage Dividend to be distributed to membership.
- 2. Discuss proposed Bylaw changes to determine which changes will be put on the ballot for the Board election commencing Monday, February 16.

Notes:

The board called this meeting as we were unable to finish these two pieces of business at our regular meeting. Because of deadlines, we could not wait until our February meeting. The board decided to call and hold this special meeting at the end of our Annual Retreat and Workshop already scheduled for this day and place.

The board uses modified consensus decision making in our meetings. Modified consensus decision making is a process by which the input from all stakeholders is considered. This method of decision making helps develop as much agreement as possible. The board also uses a supermajority of 2/3rds to break any impasse on important and time sensitive issues, otherwise consensus is the rule.

Agenda:

assign duties, agenda review, member comment

- Discussion and approval of recommended patronage dividend distribution

- Discussion and action on Bylaw Committee proposals for bylaw additions, changes, and amendments:

Bylaw additions, changes, and amendments:

patronage dividend [preexisting obligation]

board decision making

number of directors on the board

director term limits

Member Comments:

Both members present supported the proposed Patronage Dividend distribution. One member suggested that the presentation of bylaw changes be clear, have comparisons with the previous bylaw wording, and include justification and reasons for the changes.

BUSINESS

- 1. Discussion to determine the amount of the 2013/2014 Patronage Dividend to be distributed to membership.

Action: The board moved that the Co-op allocate 100% of eligible profits to patronage dividends (approx. \$86,500) to members and that 30% of those dividends be distributed to members in the form of store credit, convertible to cash or check upon request of the member, and 70% retained by the Co-op in the members' names according to the rules outlined by IRS Chapter T and applicable state laws. Any distribution that is less than \$2.00 will not be distributed and the related profits not allocated.

Consensus was reached to distribute 30% of patronage dividend to membership.

- 2. Discuss proposed bylaw changes to determine which changes will be put on the ballot for the Board election commencing Monday, February 16.

BYLAW CHANGE ACTIONS:

Addition of Proposed Patronage Dividends bylaw article:

ARTICLE III. Patronage Dividends

3.1 Allocations to members. The Cooperative shall allocate and distribute to members the net profit from business done with them in such a manner as to qualify them as patronage dividends consistent with cooperative principles, applicable state and federal laws and generally accepted accounting principles. The Board shall determine when and how such allocations, retentions and distributions will be made.

3.2 Consent of members. By obtaining or retaining membership in the Cooperative, each member consents to take into account, in the manner and to the extent required by federal and state tax law, any patronage dividend received from the Cooperative.

The addition of this article will bring our bylaws into compliance with state and federal cooperative law and create and establish the Patronage Dividend pre-existing obligation in our bylaws. In addition, we hope to educate and clarify for members the Patronage Dividend policy and practice.

The board agreed [with changes made at meeting] by consensus and approved for action that the Patronage Dividend bylaw article be placed on the 2015 ballot and added to the bylaws if approved by membership.

Change language of board decision-making process method throughout bylaws:

The board discussed and recommended the proposal to amend the bylaw language related to board decision-making from the current majority vote process to a more neutral and less specific language. Any language associated with "voting" will be replaced by "decision making."

We hope to remove bylaw language that limits and specifies a particular method of decision-making and allow the board to make decisions as the board sees fit on varied topics and situations.

The board agreed [with changes made at meeting] by consensus and approved for action that the proposed Decision Making bylaw changes and amendments be placed on the 2015 ballot and amend the bylaws if approved by membership.

Make up of board: Number of directors on the board:

Present bylaw language:

ARTICLE V. Directors

Section 1. Directors: Number, Qualification. The Board will consist of no fewer than nine (9) and no more than seventeen (17) Co-op members in good standing, except during those interim periods during which any Board seat becomes vacant prior to being filled as provided for hereinafter.

The bylaw committee proposed no fewer than nine (9) and no more than eleven (11)

A motion was presented to change the maximum number of directors from 17 to 13.

The bylaw change proposal to maintain the minimum number and decrease the maximum number of directors on the board to 13 (thirteen) was discussed and a motion made to place the bylaw change on the ballot. Reasons cited for the change were the belief that the BOD can more effectively represent members and govern the Co-op with a smaller number of directors. The change would also reflect and be in alignment with generally observed best practices of food co-ops.

In a modified consensus decision process two director blocks [objections] existed, no consensus was reached- but it was agreed that the motion needed action.

As per our process, to break the impasse, a super-majority, 2/3rds vote was taken with 8 yeas- passing the motion and placing the bylaw change on the 2015 ballot for member approval.

Board director term limits:

The current bylaws do not specify any term limits for directors.

Proposed bylaw change:

7. 3 General Board Members: Number, Qualification, Terms. The remaining seven (7) to eleven (13) Directors shall be general board members elected by the membership to serve staggered 3-year terms. No Director may serve more than three (3) consecutive terms.

A motion was presented and seconded to establish a maximum term limit of three (3), consecutive terms. After three years off the board the former director(s) would be eligible to run for and serve another three(3) terms.

This bylaw change would commence in 2016 and would not effect any incumbents on the board. All present directors and those voted to the board in 2016 and would from that point be subject to the term limit.

The question of whether to commence term limit calculations with the 2016 election or to take into consideration terms already served by sitting directors was discussed at length. The decision to commence with the 2016 election was made, in part, to focus the decision on the bylaw change on its merits, rather than on any consideration of sitting members.

The board felt this action would result in a long-term benefit and

better Co-op governance by opening up the board and allowing more members and viewpoints to participate as well as conform with generally observed best practices of food co-ops.

In a modified consensus decision process two director blocks [objections] existed, no consensus was reached- but it was agreed that the motion needed action.

As per our process, to break the impasse, a supermajority, 2/3rds vote was taken with 8 yeas- passing the motion and placing the bylaw change on the 2015 ballot for member approval.

Items for inclusion on 2/26 BOD meeting agenda for further discussion:

- Board Holism
- Staff on board: staff Rep seat, staff at large on board, former staff on board

The meeting was adjourned.

End of minutes. Submitted by Phil Prince, Secretary