

Belfast Co-op Board of Directors Meeting

May 24, 2018, 6:15 pm; UU Church, Belfast ME

Directors Present: David Balicki, Ernie Cooper (treasurer), Shannon Grimes (secretary), Alessandra Martinelli (president), Heather Selin, Andrew Watkins (vice-president), Violet Zerbe

Absent: Betsy Garrold

GM: Doug Johnson

Staff: Emily Berry (scribe)

Owners: David Gibson, Michael Walter, Allen Weagle

Facilitator / Timekeeper: Alessandra Martinelli

Seating New Directors

The BOD formally seated and welcomed Ernie Cooper and Heather Selin to the Belfast Co-op Board of Directors for three-year terms. Although elected, Richard Brown declined the seat.

Agenda Review

The BOD agreed to switch subtopics g. *BOD Appointment* and h. *What Constitutes a Meeting* under *Board Administrative Matters*. The BOD also changed the leader of the *Expansion Update* from Expansion Committee to All. With these adjustments, the BOD approved the agenda by consensus.

Announcements/Check-in

Andrew will be participating in the Trek Across Maine June 15 -17 and his theme this year is *Celebrate Oxygen*. He is currently reading *The Worm Forgives the Plough* which is about farming and working with the land. On his recent trip to Huntington, MA he met a former Co-op owner who was a owner in the '70s and '80s before the Co-op moved to High Street. Andrew has also been thinking about the comparison in square footage of the Co-op versus Hannaford; while most shoppers purchase between 50 and 100 SKUs weekly, it seems a smaller store would be more efficient to most and time is money. Andrew also brought up that larger companies that use cloud based systems have a numeric naming convention that might be useful to our organization.

There were birthdays this week for both Alessandra's daughter and Violet.

Heather invited those interested in weeding for free to her farm during the upcoming weekend.

Minutes of the Previous Meeting

The BOD approved the minutes of the April 26, 2018 meeting by consensus.

Owner Comments

An attending owner responded to an off-handed remark, made by an attending owner during the April meeting, regarding the Co-op's election and Russian interference. He felt that remarks of this nature could be polarizing within the membership which he assumed, and the BOD agreed, was not a positive outcome. The BOD discussed addressing polarizing statements in a way which would clearly state the BOD's culture of inclusivity. The owner and the directors agreed that they support everyone's right to free speech but polarizing comments should not be left unchallenged.

An owner was upset by the policy to charge \$1 to use a bowl from the deli to eat granola purchased from the bulk section. They stated that this policy was in response to one person using the milk provided for coffee in their cereal bowl. The owner feels the Co-op is more corporate than it used to be and would like to see a more human approach.

An owner commented that the Co-op should remember who it is serving - the owners.

Expansion Update

Doug received a quote on a geotech survey, which he shared with Cordelia Pitman of Wright Ryan. She was able to tell him the quote was appropriate, however, she would recommend adding two additional boring sites to the original four which will take into account the parking area. With these additions the quote came to \$6000. It was discussed in the finance committee meeting that there is no line in the budget for expenses related to expansion, such as this survey, and the FY 2019 budget will have to take this into account. Ernie explained that the directors should be prepared to be flexible with the expansion line item and they will probably have to reevaluate the budget mid-year. Doug will be talking to other co-ops about the costs of pre-design.

Adding the boring sites in the parking area does not mean that any decision has been made as to where a new building will be built but rather that it is wise to understand the geology of the entire site to better understand the options. The company which will conduct the geotech survey does not do site surveys which Doug will be getting estimates for as well.

The BOD also discussed the role of Wright Ryan and Doug clarified that, one: he approached them because Rising Tide used them for their expansion project; two: they are organizers, they can do as little or as much of the project as the Co-op wants; and three: the Co-op has not entered into a contract with them and has not been billed for the preliminary advice given.

The BOD agreed to form an Expansion Committee.

Board Administrative Matters

Treasurer's Update

The Finance Committee discussed the possibility of splitting owner accounts and changing the equity structure at the same time. Although there is some indifference about splitting accounts there is a strong desire to increase owner's equity investment and eliminate annual membership fees. Increased equity will help with financing an expansion project and instill an increased sense of ownership in the owners. Doug will be researching what other Maine co-ops require for equity investments with the goal of falling within the existing range. The committee will continue this discussion in their next meeting.

D2 - Accountability of the GM

There was one comment that the language of policy D2 - Accountability of the GM is confusing. Taking this into consideration, the Board Development Committee reviewed the policy and had no recommendation for change to bring to the BOD. There was another concern regarding directors instructing employees other than the GM, however, the concern stemmed from a former director and the current directors feel they are compliant with this section of the policy.

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

Board Development Committee

The Board Development Committee presented the BOD with a *Request for Reimbursement of Expenses* form based on policy C8.3 "We will reimburse reasonable expenses incurred in the execution of Board duties". As with all board expenses these will be reviewed quarterly by the GM and Treasurer.

Owner Engagement Committee

The Owner Engagement Committee will be looking into the cost of editing the video taken at the Co-op 101 Forum. The Committee is also researching alternative venues for future forums since the Abbott Room of the Belfast Free Library is now available free of charge and the already high demand for this space is likely to increase. A change of venue for the owner socials was also discussed, as well as increasing incentives for participation. The next owner social is June 5th, hosted by David and Ernie with Andrew as a backup. Shannon developed documents for owner socials, elections, and annual meetings, which include guidelines, requests from operations, and lessons learned from past events.

Board of Directors' Code of Conduct / Conflict of Interest

Annually, directors sign the form which states they will uphold the code of conduct as detailed in policy C5 - Directors' Code of Conduct. During this process directors disclosed any conflicts of interest.

Shannon manages the Farm Fresh Rewards program for Maine Farmland Trust, which is being implemented at the Belfast Co-op as well as other stores around the state. Additionally, Maine Farmland Trust is a Common Cents recipient.

Andrew belongs to a household that participates in the CORE program and will not join in any future discussions of the CORE program.

Violet is an employee of Sundog Solar, which has entered into a contract with the Co-op for heat pumps. She will not participate in discussion of Sundog Solar and their products with the BOD and will not participate in the sale of goods to the Co-op as a Sundog employee.

Ernie is on the board of the Belfast Bay Watershed Coalition which is a Common Cents recipient.

Alessandra is a good friend of the GM's wife and cares deeply about her well being.

At this point, the BOD agreed to take their stretch break and when they reconvene switch subtopics e. *Election of Officers* and f. *Committee Appointments*.

Election of Officers

The BOD accepted by consensus the appointment of *Alessandra Martinelli* to the office of president; *Andrew Watkins* to the office of vice-president; *Ernie Cooper* to the office of treasurer; and *Shannon Grimes* to the office of secretary, for the 2018 term.

What Constitutes a Meeting

This discussion was continued from the April 26th meeting and aired a variety of opinions. One of the directors pointed out that opening informal gatherings to owners makes the discussions behind the decisions transparent, which can aid in building a better trust in the directors. Another director stated that tradition has defined meetings of the BOD as a gathering where decisions are made or intended to be made. There is a large gray area where board business is discussed but no decisions are made, including potlucks, annual retreats, and even email. There was also the thought that conversations outside of a meeting allows for the bigger picture discussions to happen in the boardroom. The BOD agreed that this topic required more research and the Bylaws Committee was tasked with doing so.

At this point, the BOD agreed to extend the meeting.

BOD Appointment Q&A

The BOD invited David Gibson to the table to discuss his relevant experience and interest in a board seat. David has a wide range of experience from organic farming in Fryeburg, to creating an energy efficiency and sustainability curriculum for middle and high school students in Reno, NV, to managing energy efficiency programs statewide in Nevada. He has served on the board of directors for organizations including the US Green Building Council - Nevada Chapter, Sierra Club Toiyabe (Nevada) Chapter, and Envirolution.

Additionally, he has experience in grant writing and lobbying.

As a director, David believes he can help the Co-op through his experience with sustainability. He also envisions the Co-op differentiating itself by focusing on organic, local, and high quality products. He specifically sees the community being served by increasing access to local products.

GM Reporting

Alignment

Jamie, from the Co-op's marketing team, has put together a tentative schedule for *Rootstock* which ties each issue together with a theme based on the 7 Cooperative Principles. Doug presented this tentative schedule to the BOD.

The shopper survey will be going from May 29th through June 8th. There will be a kiosk set up in store for shoppers to participate. The survey is lengthy and the kiosk will serve only one person at a time. For owners who have provided the Co-op with a current email address, the survey will be emailed. The directors are invited in the store to help encourage shoppers to participate.

Carisa Carney, marketing manager, and Alex Cobbs, meat and cheese manager, will be traveling to New Hampshire in June to take part in NCG's audit of the Littleton Food Co-op. The Belfast Co-op has not been audited since 2012 when NCG accepted its application to join. The BOD would be interested in an updated audit but must decide what they would like the audit to focus on; one suggestion was to gage internal readiness for an expansion. These audits are part of NCG's Eastern Corridor budget and so NCG would cover the cost.

GM Update Report

In early May, the compressor for the condenser unit attached to the dairy walk-in cooler died resulting in the loss of approximately \$4300 of product and the purchase of a new condenser unit. An insurance claim was filed for the loss of product, unfortunately it is unlikely the new condenser unit will be covered considering the age of the failed unit, 40+ years. There are three other condenser units of similar age and condition that Kienow Refrigeration recommended be replaced in the near future. A plan is being compiled to follow through with this recommendation.

Doug is accepting bids to replace the front doors.

The Co-op's IT systems will from now on be managed remotely by the local IT management firm Techsource. Naya, the Co-op's HR Manager will be attending the NCG HR Conference in June held in Minneapolis, MN. This will be the first time an HR manager from the Belfast Co-op will attend. The BOD is looking forward to Naya's feedback.

The financial numbers reflected the shift in IT management, through a decrease in administrative costs and an increase in professional services. Ernie once again pointed out the the Co-op's overall numbers are good but the cost of occupancy is offsetting that.

B3 - Asset Protection

The finance committee has been looking into putting a portion of the Co-op's savings into a CD through Down East Federal Credit Union where it will be insured and retains its liquidity. Should that portion be invested in the Cooperative Fund of New England it would not be insured and not be as liquid.

The Co-op also has an equity investment in several co-ops including NCG. NCG has recently decided to reach out to the BOD of its member co-ops. Our BOD will be issued a report by NCG specifically dealing with the Co-op's financials and how much is gained/saved by being a NCG member.

The Co-op also has an investment in the Gardiner Co-op, which prompted a discussion of what to do with that investment, who will be the representative acting on the Co-op's behalf, should investments be made in all the Maine co-ops, etc. The BOD asked the finance committee to review this matter.

It was suggested that the views of vendors be taken into account in future monitoring cycles when interpreting B3.8 *The GM will not: Allow damage to the Cooperative's public image.*

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

Next Meeting Agenda - June 28, 2018

D3 - Delegation to the GM

D4 - Monitoring GM Performance

B1 - Financial Condition and Activities

Executive Session - BOD Appointment

Homework

Doug

- Models (Larason), Define Internal Readiness, What do we need in a new store
- Cost of UU sanctuary room for future forums
- Share staff feedback from the cooperative service training
- Estimates for site survey
- Research what other co-ops are doing for low income owners re: equity
- Share the 2012 audit results with full BOD

Andrew

- 6 stages pro forma

Ernie

- City council contact, general financing proposals

Betsy

- CFNE outreach, Reach out to previous directors re: expansion memories

Violet

- Historical memory from board minutes re: expansion

Alessandra

- Send expansion documents to Heather
- Update the BOD calendar re: election process
- Send committee member names to Doug to create email groups

Full BOD / GM

- Brainstorm goal for NCG audit

Expansion / Finance Committees

- Discuss equity structure and polling owners

Finance Committee

- Discuss equity investments in Maine co-ops

Board Development Committee

- Add turnover language to B6 policy
- More detailed minutes from June meeting
- Review B3.2 language
- Create polls for D3 & D4

Owner Engagement Committee

- Talk about the Co-op 101 video
- Discuss what to do with volunteers

Bylaws Committee

- Discuss what constitutes a meeting

Scribe

- Send SWOT analysis results to full BOD
- Set up BOD photos

End of minutes. Submitted by Emily Berry, scribe.