

Belfast Community Co-op Board of Directors Meeting Minutes

September 25, 2024. Public in-person and Zoom meeting commenced at 6:01pm

Directors Present: Charles Sterbach, Collin Thompson, Corinne Burr, Ernie Cooper (Vice President), Jim Miller, John Krueger (Treasurer), Rio Greeley, Susan Cutting (President), Valerie Tate (Secretary)

Directors Absent: Todd Bluhm

Staff: Doug Johnson, Michael Walter, Gina Ferrendo, and Jamie Cermak

Owners: Kevin Cope, Annie Bussiere, Edward Sheridan

Scribe: Valerie Tate

Preliminaries

Welcome

Susan welcomed everyone, declared a quorum, and referred attendees to the Agenda, Ends, and Ground Rules/Working Agreements in the chat.

Agenda Review

Added Annual Meeting date approval.

Announcements

- Co-op tabling September 27 and October 11. Susan will clarify times.
- Board Retreat November 9 at Oak Hall, Northport.
- Next Tea & Talk on October 8.
- CBL101 Board training in person in Keene, NH October 19:
https://columinate.coop/upcoming_events/cbl-101-foundations-for-directors-in-person-3/
- CBL 101 Board training online October 26: https://columinate.coop/upcoming_events/virtual-cbl-101-15/
- The Policy Register has been updated for our binders and online.
<https://belfast.coop/wp-content/uploads/2024/09/Policy-Register-Revised-2024-09-09.pdf>
- Nominations for Belfast Community Co-op's Board of Directors for the 2025 election are open until November 15, 2024. <https://belfast.coop/board-of-directors-2025-nominations/>

Owner Comments

None

Homework Updates

Reviewed homework and updated items.

GM Reporting

Alignment

Doug reported from Minnesota where he is attending the NCG meeting. He noted that, although NCG changes in leadership are coming with imminent retirements, the future looks good.

GM Update Report

Doug noted that there are two pieces that need updating in the project report on renovation expenses.

The common chart of accounts will be launching with the new fiscal year. Ready to roll in time for the October meeting.

There will be something to share on providing Board Admin in the next week or two.

Board Discussion Items & Committee Updates

Finance Committee

John noted that the full, data-rich Finance Committee report is included in the board meeting packet. He gave a verbal report and the Board and the GM discussed the following topics as summarized here.

Data. For the past couple months, the transition to the fractional CFO model had slowed and reduced the amount of data, however the Board was pleased to have received a great deal of data this month: key indicators, balance and income sheets, cash flow report. John Foley, the fractional CFO attended the Finance committee meeting.

B1-Financial Condition and Activities Monitoring Report. We are not meeting the targets as compared to other co-ops. However, other co-ops are not going through a renovation, so comparison is not helpful at the moment. Although the renovation expenses are pretty close to what was expected—with the contingencies, the Co-op's YTD sales are 800K below budget. This is due to the inconveniences the construction caused: during holiday shopping times last fall, the parking lot was getting done, and during the summer, the prepared foods/kitchen wasn't up and running yet. So projections were not met, cash is slimmer than we would like (but above minimum target levels), and the rebound has been slower than anticipated. However, now that the renovation is 99.5% complete, sales have started gaining again. In September, sales were up 13% over last year and prepared foods sales were up 51% from last year. The EBIDAP [earnings before interest, taxes, depreciation, and amortization] improved this month. Doug is confident that the next B1 quarterly report is going to look better.

B2-Planning and Financial Budgeting Monitoring report. The center of focus of this report is the 2024-25 Business Plan submitted by Doug. The Board focused most of its discussion on the budget component of the business plan. It is a very conservative budget projecting a negative net income of \$372,338 for next year. The FC recommends a minor adjustment to the Budget Income Statement to reduce potential confusion. This involves separating the depreciation expense from the "Total Non-Compensation Expense" line. Although depreciation is an expense, it does not affect real cash flow. Given the high depreciation on our new renovation, which will amount to \$491,093 next year, isolating it from "Total Non-Compensation Expense" will allow that a net negative income of \$372,338 actually translates to a higher (and positive) real cash net income by adding back the depreciation expense. From a cash perspective, the Co-op is making money under this plan. Doug anticipates continued growth in sales; the challenge will be in labor as a % of sales and operations is focusing on this.

The budget (and pro-forma) now includes the additional line of credit approved by the Board in the spring to guarantee cash should it be needed. The board discussed how the line of credit does not need to be taken out all at once—only drawn in part, when and if a specific amount of cash is needed.

Board Action Items

B1 – Financial Conditions & Activities

Accepted in partial compliance.

B2 – Business Planning & Financial Budgeting

Accepted in partial compliance with the agreement that the GM will: a) Take the depreciation expense out from “Total Non-Compensation Expense” and create a separate line for it; and b) Recast the budget and submit it to the Board in 6 months.

C8 – Governance Investment

Review postponed until next month.

Columinate Contract Renewal

Concern was expressed about the expense of the Columinate contract and if we are getting enough out of its services. Many trainings are available, but only a few Board members have taken them this year. Direct support from our assigned consultant Thane Joyal is more in evidence to officers than other Board members, so not all value her services as a consultant.

Members commented that they have benefitted from Columinate classes in finance, governance, and facilitation; we received significant help from Thane when we really needed it during very hard times; in certain years we used more services than other years, even more than our contract allowed.

We can ask ourselves how else can we use Columinate. New members will be added soon who will benefit from Columinate training. On demand training will be available. Perhaps we need to set an expectation that Board members will complete certain Columinate courses annually. What is missing? What else do we need to request from Columinate? What do we need to do to make sure we use the services? What about getting together in person with other Maine co-ops for Columinate training in finance, policy governance, and facilitation. How do we maximize the value of the Columinate contract, along with an actual commitment to use the services?

We postponed the decision until next month so that Board Development can look at ways to make it more useful and discuss the questions with Thane.

Consent Agenda

Approval of August Board Meeting Minutes

Tabled until October meeting with the addition of this owner comment, at the end of the meeting, via chat by Annie Bussiere: “Please just try to remember one big purpose of a co-op board is to represent the owners. That includes folks that don't understand board work yet, are single issue, don't have "desirable" professional skills, etc. Hopefully that's not everyone but that's what training is for. Thane has great insight into this that she talked about when I was on the board. Also, if people are problem causers then they can be held accountable to the code of conduct and dealt with that way. In my personal opinion, I think you should try to fill 13 spots because people seem to drop out every year anyway. Thanks for reading!”

Annual Meeting Date

The Board approved the date of the next Annual Meeting as Sunday, March 2, 2025.

Board Discussion Items & Committee Updates continued

Owner Engagement Committee

Corrine referred the Board to the notes in the packet.

Board Development Committee

Ernie referred the Board to the notes in the packet.

Strategic Work Committee

Valerie referred the Board to detailed notes in the packet and gave a verbal summary of the committee's recent meeting with Scott Nash, the founder and CEO of MOM's Organic Market, who started an organic produce company in 1987 out of his mom's garage. MOM's has two-dozen stores in six states plus DC, with more than 1,000 employees. Its sole named purpose is "To protect and restore the environment."

Before Scott arrived, we had a conversation with Doug about incorporating environmental sustainability into our Ends and/or policy governance.

Scott addressed walking the talk; two biggest issues facing humanity are climate chaos and plastics pollution, especially climate chaos; MOM's analyzes what is impactful, not just what feels good; a strong focus is on organic only (v. local); reducing food waste; clean, renewable energy; extensive recycling program; eliminating plastic rather than recycling it; donating money to lobbying efforts and effective, well-run, competent nonprofits; advocating for raising the minimum wage and raising taxes on the wealthy to eliminate poverty; bans over 250 ingredients and carries only 100% sustainable seafood, including canned tuna.

My Organic Market is rooting for us. MOM's offers to be a resource. MOM's coordinates with PCC Community Markets out west. <https://www.pccmarkets.com/about/>

NCG Report

Ernie referred the Board to the report in the packet with its charts. It's a co-op of 150 member co-ops. Over the years, we've received \$36K in dividends from them. We've saved about \$338K in volume discounts on groceries in one year by going through them rather than another food supplier. There are training opportunities. We're getting our new accounting system from them. They are the purveyors of Field Day products – the lower-priced house brand for co-ops. The NCG materials in the packet would be great for board member training.

Closings

Homework Items

Officers

1. Officers will develop a recommendation for a worker appreciation event.

Full Board

1. Recruit owners to run for the Board.
2. Introduce ourselves to workers while we are in the store and say how much we appreciate them.
3. Email ideas for BOD retreat to Board Development Committee.
4. Email ideas for Common Cents celebration/meet and greet to OEC.
5. Sign up for activities on BOD Google Drive, including tabling; and at least 2 Tea & Talk in the coming year.
6. Respond to all policy polls

Owner Engagement Committee

1. Offer a possible framework for a Common Cents celebration that BOD members can consider and respond with ideas.
2. Look into optional event/meet and greet with the BOD.
3. Learn about intersection of Marketing and OEC roles and responsibilities
4. Implement process for Board member calls to new Owners who express interest in serving on the Board and/or committees.
5. Evaluate how Owners and broader community view the current Ends Statement and share with Strategic Work Committee

Board Development Committee

1. Develop a plan in discussion with Thane to better utilize Columinate.
2. Plan November Board retreat, including topics such as the number of Board members, and challenges of gray areas related to Operations responsibilities and Board relevance (as in C7).
3. Continue evaluation and drafting of a revised D-3 policy, especially as it relates to monitoring GM's compliance with proposed revised policy
4. Continue evaluation and drafting of a revised B-5 policy, incorporating GM feedback, evaluating monitoring issues, and defining terms like "significant number of member/owners"

Strategic Work Committee

1. Stay on track with environmental sustainability and climate change as our first strategic initiative; review statements and policies from other Co-ops; consider recommending a clear commitment within our Ends and/or our policy register
2. Meet with Doug for conversation about goals and process; and his thoughts about incorporating environmental sustainability into our Ends and/or policy governance.
3. Find a grocery store leader in environmental sustainability and/or local food systems we could invite as a speaker, possibly for the retreat and/or future owner forums. Check with Thane and Doug.
4. Communicate reference in our BOD documents to our triple bottom line and share it with the committee.
5. Review the state plan for resilience and survey that John shared with us.
6. Discuss Todd's points about promoting strategic thinking among the Board v. looking at a particular vision
7. Discuss whether or not Board needs multi year plan

Valerie

1. Send homework reminders
2. Make sure BOD calendar includes a line for the Strategic Work Committee with dates.
3. Work with Doug on next month's Board Packet
4. Present Capital Campaign debrief to Board
5. Work with admin to organize Board Google Drive folders and files

Ernie

1. Send strike-through of policy changes by email to the Board.

Doug

1. Make sure we recast the budget in 6 months. Add the row for depreciation.
2. Provide basic training in Beekeeper functions at next BOD meeting and set up access for Charles and Todd.
3. Reframe BOD admin role in an effort to recruit.

4. Follow up on concerns about safety and related proximity of parking spaces to Café window and possible need for barrier
5. Ensure monitoring summaries are continually compiled into a spreadsheet
6. Work with Valerie on Board packet until a new admin is hired

Susan

1. Send Monitoring Report reminders if Board members have not responded.
2. Follow up with Alessandra about dates and times of tabling.
3. Check with Board members whose terms are ending about their plans to run again.
4. Show Corinne where to find contact info for new owners.
5. Talk to Thane about organizing local training

Charles

1. Monitor MOFGA, NCG, and NFCA for their assessments of the farm bill

John

1. Summarize NCG financial terms into one learning document for the Board.

Owner Comments

Edward Sheridan – By the next board meeting, he'd like to have a sense of how much the Co-op borrowed, how long it will take us to repay that debt, what's the monthly or yearly freight of payback, and how that affects our long term financial picture. He said he would send a written request. For his second concern, he said the board doesn't have the authority to decide how many members run for the board. He sees this as a bylaw change to be decided by the owners. What's the deadline for candidates to run for the board? [Note, the Board has not discussed limiting the number of owners who can run for seats. The deadline for nominations is November 15.]

Debrief / Evaluate Meeting

Rio said there were good thought provoking conversations on important topics.

Public Meeting Adjourned at 8:08pm