

MINUTES [FINAL]
Brattleboro Food Co-op Board of Directors
2 Main Street, Room 130, Brattleboro, VT

Monday, February 4, 2019

Directors Present: Jim Barker, Anna Edson, Judy Fink, Skye Morse, Beth Neher, Tamara Stenn, Arion Thiboumery (late), Jerelyn Wilson. Directors Absent: Mary Bené

Staff, Shareholders and Others Present: General Manager Sabine Rhyne; Board Administrator Sarah Brennan; Shareholder Spoon Agave

The meeting was called to order by Chair Beth Neher at 5:15 pm.

1. **Meeting Opening:** The meeting opened with board members introducing themselves and sharing what they'd like for Valentine's Day.
2. **Agenda Review:** No adjustments were proposed.
3. **Approval of Minutes:** Judy moved to accept the minutes of the January 7, 2019 meeting; Anna seconded. The motion to accept the minutes with a minor edit passed unanimously.
4. **Shareholder Input and Board Tabling:**
 - a. Spoon Agave stated that he came to the meeting in response to Kathy Carr's December "Food for Thought" article about her board service. He believes that most people who come work here do not have a background in cooperative values, but rather the values of a capitalistic, competitive world. Co-ops' survival depends upon people carrying with them the knowledge, loyalty, belief, and commitment in the whole concept. He heard "we don't understand how co-operation is being manifested in relationships between management and non-management". He stated that he would like to be a part of this exploration, such as via a study group. Tamara noted that this would be relevant to her business students at Landmark, and she provided some sample discussion questions; Beth asked that Tamara send them to her. Sabine suggested that the Board see the Co-op 101 training we offer to staff as part of Orientation Passport.
 - b. The Board reviewed January tabling notes. *[Arion arrived during this discussion]* Comments: Both old-timers and newcomers cite the co-op as providing a sense of community. There is a continual need to communicate all the benefits of becoming a shareholder: it's not just about the discount. Skye thinks that being able to pick up a grocery order submitted online would be very attractive. Tamara believes that Brattleboro Time Trade participants could do deliveries.
5. **Board Perpetuation:**
 - a. **Policy Update 1:** Jerelyn moved to accept the changes proposed to policies QIV 2 Board Meetings and QIV 3 Code of Conduct as shown in the packet memo. Tamara seconded. Discussion:
 - Jerelyn and Beth provided context for the proposed changes: The policies do not adequately address the confidentiality of issues of a sensitive nature, both for board members and for visitors or non-board committee members. The Code of Conduct contains provisions that more properly belong in the policy on Board Meetings.
 - Jim provided examples of "issues of a sensitive nature" to be incorporated into QIV 2, 3.1. There was consensus that that the Board should not be limited to the examples provided.
 - Several members were interested in keeping provisions under 3.7 related to meeting procedures.
 - It was suggested that these edits be incorporated into the draft revision and brought to the Board for a vote at the March meeting. In light of that suggestion, the motion failed unanimously.

- b. End #3 and GM Monitoring QII 3 Relationship to Employees:
Beth provided some context and history for End #3 and Policy QII 3 Relationship to Employees. They are not the same. Both frame and define the Co-op as a work environment. Beth will allot an hour at the March board meeting for a strategic conversation to contribute, as a board, to Sabine's work in monitoring these policies.
- Policy QII 3 – Relationship with Employees: falls into the “Means/Executive Limitations” quadrant of our policies, and came into being in 2000 when we adopted policy governance. Monitoring reports on QII 3 have traditionally included data from an annual staff survey, but also include additional information, such as turnover rates and number of grievances.
 - End #3 comes from the first quadrant of our policies. They are monitored via the annual monitoring report on all Ends. Sabine reviewed the various events that precipitated the development of this End in 2014.
 - Sabine has proposed the formation of a committee, to include members of the Labor Management Committee and the management team, to develop an employee survey. The downside of using our own survey is that we will lose the ability to compare results with previous years, as well as other co-ops.
 - Last year's survey was not well received by staff: The CDS consultant who administers and summarizes it made some ill-advised comments that the union took issue with. It was challenging to get people to take it, despite incentives being offered and the fact that it was anonymous and double-blind.
 - Jerelyn moved, and Anna seconded, to move the monitoring of QII 3 from March to July. Discussion: Sabine will update the board on any developments in her GM Reports. The motion carried unanimously.
- c. CBL 101: In the interest of time, this was not discussed in depth.
- d. Board Monitoring Reports:
QIII 3 GM Job Contribution: Sarah was asked to draft language to guide new board members on whether/how to respond to monitoring survey questions when they have not yet had the opportunity to observe the situation being monitored. Arion moved, and Jerelyn seconded, to accept the QIII 3 GM Job Contribution Monitoring Report. Discussion: none. The motion carried unanimously.
QIII 4 Monitoring Management Performance: Arion moved, and Jim seconded, to accept the QIII 4 Monitoring Management Performance Monitoring Report. Discussion: Jim's comment re: 4.2 was accepted by other board members: going forward, the survey question will be changed to "In the past 12 months, have (all) policies been monitored using only internal report, external report, and/or direct board inspection?" Beth speculated that a future agenda item might be a bigger conversation about what “reasonable” means. The motion carried unanimously.
- e. Food for Thought: Anna will write the April article and is open to ideas on the topic. Anna and Beth will table next Monday, and Mary and Judy are tabling in March.
6. **GM Report:** Discussion focused on the following: Jim Barker applied for and was given the IT Manager job, how being no trespassed works, and tabling during MLK Day.
7. **GM Monitoring Report:** Jerelyn moved, and Arion seconded, to accept the QII 2 Financial Condition and Activities Monitoring Report. Discussion:
- a. In a nutshell: our sales were awful, and our expenses weren't quite as awful. Our margins were pretty good.
 - b. Inventory: Sabine and Ken believe that the March inventory will confirm if we are on track with margins. We continue to try and keep inventory low.

- c. Expenses: Health care expenses reflect our decision to self-insure for a portion of employees' deductibles, and are therefore impossible to predict.
- d. Non-capital equipment: This is anything under \$2,000; in this case, a series of new computers.
- e. Occupancy expenses, repairs and maintenance: sometimes projects are deferred because we can't get the contractors in when we hoped to; in this case, the grease trap in the downstairs scullery was repaired three months later than originally anticipated.
- f. Utilities: We were 8K under budget simply because we had budgeted it too high.
- g. Discounts: It is not sustainable to have senior discounts rising as they have; Sabine hopes to attenuate the discount program over time following plenty of discussion. Most discounts fall under Marketing, while staff discounts fall under Personnel as a benefit. The rise in senior discounts is somewhat offset by a reduction in working member discounts, but it continues to rise.
- h. Overall ambitiousness: Sabine reminded the Board that this year she took managers' projections at face value, resulting in a soft sales projection and high expense projection, which she believes we should beat. Market32 and the downtown panhandling situation have dampened our ambitions. We are cautiously optimistic about the beginning of this quarter. We are not (yet) losing money, and will be tightening up in the second half of the year.
- i. Craft beer: This trend is flattening a bit.
- j. Note: The Flash Report was revised; the updated version has a line for operating expenses and appears in the updated packet on the Board's website.
- k. Debt Service Coverage Ratio: Our covenants with our major lenders restricted our indebtedness; we have since been given us more leeway. DSCR fell because we had less cash at the end of the quarter.
- l. Restricted accounts: One is for payroll, and one is for our contribution to employees' 401(k) plans.
- m. Cash on hand: Our target is three weeks' worth of sales, typical for this kind of business.
- n. The motion to approve the QII 2 Financial Conditions and Activities Monitoring Report carried unanimously.

8. Board Committees: Jerelyn moved, and Tamara seconded, to accept the charters as proposed in the packet. Discussion:

- Board Recruitment: No changes were proposed to what was presented in the packet. All board members voted in favor of the charter as worded.
- Policy and Bylaws: No changes were proposed to what was presented in the packet. All board members voted in favor of the charter as worded.
- Shareholder Engagement: There may be a more current version of this charter in Mary's possession that focuses the committee more on direct communication and less on contact with other boards. The board voted unanimously to table a vote on this charter until Mary can weigh in.

9. Meeting Outcomes: Board members shared what they would tell a shareholder about this meeting.

10. Closing: There was consensus that having Beth point out the focal point of each meeting was helpful in keeping the board on track during the meeting. Beth will highlight these areas on agendas going forward.

The meeting was adjourned at 8:00 pm.

Sarah Brennan, Board Administrator