

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

Monday, June 3, 2019

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

Staff, Shareholders and Others Present: General Manager Sabine Rhyne; Board Administrator Sarah Brennan; Shareholders Tyler Morris, Rosamond Blake, and Sheila Adams.

The meeting was called to order by Treasurer Skye Morse at 5:16 pm.

1. **Meeting Opening:** The meeting opened with board members and guests introducing themselves, and sharing what the summer solstice means to them.
2. **Agenda Review:** Skye walked through the agenda for the benefit of guests.
3. **Approval of Minutes:** Judy moved to accept the minutes of the May 6, 2019 meeting; Jim seconded. The motion to accept the minutes with no changes passed unanimously. (*Note: Arion and Tamara not yet present.*)
4. **Shareholder Input and Board Tabling:** The Board reviewed May tabling notes and other shareholder input provided in the board packet. Discussion:
 - a. Jim shared feedback he'd received from a River Valley Market shopper who said she'd shop here instead "because the parking is easy." Hilarity ensued.
 - b. Sabine reported that we'll have a new all-paper wrap available in seafood soon. Jon was commended for his thoughtful response to the shareholder who suggested it.
 - c. The plastic film collection container in the vestibule could be made more prominent, as could the fact that we are now offering commercially compostable produce bags.
 - d. Sabine noted that our signs explaining palm oil's origins keep disappearing off the shelves; we keep replenishing them. Our policy is to inform, not boycott, products; that said, we could further publicize this via an article in the e-newsletter.
 - e. Sheila shared that she hears a lot of feedback from customers, both praise from tourists, and concerns from shoppers about the parking lot and the activity on the Whetstone Pathway. She fills out feedback forms on occasion.
5. **GM Report:** Sabine reported that although we are making progress over the last couple of weeks, it will be a tall order to meet our Q4 goal. The store looks really good, and the staff is doing an incredible job prioritizing appropriately with promotions. It makes it harder to not see enough results in sales. External factors are impeding us beyond our ability to rise above them. She's received excellent feedback on the store from NCG visitors. Skye noted that the cash position has turned back upwards, as planned, after the shareholder lender interest payouts in December.
6. **GM Monitoring Report:** Mary moved, and Tamara seconded, to accept the QII I Financial Planning monitoring report. Skye reviewed the history: this was originally reviewed at the January meeting, and was tabled until now because Board members preferred to conduct the monitoring once the Annual Business Plan was available to be discussed. Discussion highlights:
 - a. Sabine noted that the ABP is still incomplete. The packet contains two sets of financials. This is due to very late-breaking news from Blue Cross Blue Shield that our renewal rates are going up by 20%, "based on experience" (our employees made significant use of their benefits last year). We requested that our policy be put out to bid with no success: we aren't large enough to be of interest to other insurers, coupled with a high "experience" factor. We are therefore stuck with BCBS and have been

- exploring alternatives with them. Upshot: Sabine is waiting to hear back from BCBS. She'll then review options with the LMC to help pick the best alternative. She will resubmit the financial targets once the budget is finalized.
- b. The second set of numbers reflects reduced equipment and board training expenditures, as well as changes to the schedules/positions. Sabine stated that we may do better on gross margin: it will depend on whether we get into the next level of spending with UNFI.
 - c. How to bring health insurance costs down? We already offer wellness programs. Partnering with other co-ops might help in the future, but it's too late for the upcoming plan year. Sabine will follow up with Arion about his experience with another broker.
 - d. Can the Board approve the monitoring report given the ABP status? Upshot: yes. The ABP is one exhibit among many demonstrating compliance with required financial planning activities (Sabine); the Board's responsibility is to ensure that the appropriate steps have been taken, and not to approve the budget per se (Skye).
 - e. Suggestion: Check hourly sales reports to see if sales are flagging in the evenings: per Sheila, the scene outside – perceived or not – feels slower in the evenings. Sabine will follow up on this.
 - f. The group discussed the nuances of how to communicate the Co-op's financial situation to shareholders to obtain their support for changes to the discount structure. Themes: admitting vulnerability (but without triggering the "rats fleeing a sinking ship" phenomenon), connecting it to tangible results (such as raising wages), and generosity (e.g., asking people to give up a discount, rather than simply taking it away).
 - g. The motion carried unanimously.

7. Board Perpetuation:

- a. QIV 4 Cost of Governance Monitoring Report: Jim moved, and Judy seconded, to approve the monitoring report. Discussion: For the benefit of guests, Jim described the training that board members go through. Skye noted Beth's comments on 4.1.2 re: the board arranging for outside monitoring and on 4.2, governance costs. The motion carried unanimously.
- b. QIV 5 Records Policy Monitoring Report: Arion moved, and Mary seconded, to approve the monitoring report. Discussion: None. The motion carried unanimously.
- c. Preparation for July: Skye called Board members' attention to the policies being monitored in July: for the GM, QII 3 Relationship to Employees; for the Board, QIV 7 Board Officers, QIV 9 Board Relationship to Shareholders, and QIV 10 Board Committees. Skye mentioned that the July packet will include reading related to the evaluation of the General Manager (coming up in August). Sabine explained the process: it includes a review of the monitoring reports; there is also a discussion that results in the Board writing her a letter. Compensation is discussed every other year and this is an off-year for that.
- d. Proposed Bylaw Changes: Jim described the process leading up to today's anticipated votes. Proposed changes to the bylaws are indicated in red, either crossed out (to be deleted) or underlined (to be added) in each of the following three motions:
 - Judy moved, and Tamara seconded, to present for shareholder approval, the following changes to Bylaw 5.3: *Bylaw 5.3 – ~~Qualifications Eligibility~~: To be ~~qualified eligible~~ as a director, a person shall be a shareholder of the Co-op, at least eighteen years of age, and shall not be associated with interests adverse to the Co-op. No person ~~regularly~~ employed by the Co-op shall be ~~qualified eligible~~ to serve as a patron director. Staff shareholders who report directly to the GM are not eligible to serve as directors.* Discussion: none. The motion carried unanimously.
 - Jim moved, and Mary seconded, to present for shareholder approval, the following changes to Bylaw 5.1: *Section 5.1 - Powers and Duties. Except as to matters reserved to shareholder by law or by these by-laws, the business and affairs of the Co-op shall be directed and controlled in the interests of shareholders by a Board of Directors (sometimes referred to in these by-laws as "the Board"). The powers and duties of the Board shall include, but not be limited to, engaging a general manager and monitoring*

and evaluating the general manager's performance, ~~overseeing in the execution of~~ the operations of the Co-op, establishing budgets and fiscal controls, securing good conditions of employment and assuring that the purpose, mission and principles of the Co-op are properly carried out. Discussion: None. The motion carried unanimously.

- Jim moved, and Judy seconded, to present for shareholder approval, the following addition to Bylaw 5.1: Section 5.1a - Fiduciary responsibility. Every board member's fiduciary responsibility is to all shareholders. Discussion: "Fiduciary responsibility" is a technical term; is it what we mean? Is it a necessary qualifier? Sarah read out a definition of fiduciary. The motion carried unanimously.
- e. Upcoming Food for Thought articles: Arion and Jerelyn have written the July FFT article. Mary will write the August article, to be based on interviewing senior shareholders (deadline: Friday, July 5). June tabling: Mary and Judy on the 12th. Sarah distributed the ice cream social sign-up sheet.

8. Committees: Reports/Q&A: Comments and discussion on the committee notes:

- a. Recruitment: Board members shared their experiences speaking to shareholders about running for the board. Judy will continue to approach younger people. Tamara raised the possibility of recruiting youth to serve on the board. Sabine will get in touch with the high school business students who do a unit on cooperatives. Note: shareholders and hence prospective Board members must be at least 18 years old.
- b. Shareholder Engagement. The committee is meeting next week and will have more to report shortly. Judy is the new Chair.
- c. Policy and Bylaws: Jim outlined the committee's thoughts on how to prepare shareholders for voting on bylaw changes. The next print edition of FFT is September – Arion is writing that article – it can focus on bylaw changes. Since he just wrote an article, it was suggested he work with Jerelyn on it.

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

10: Closing: Board members shared how they were feeling at the end of the meeting and noted where they thought things could have been handled differently. Note: Sarah was too jammed with the last-minute room change to have packets available for guests to look at during the meeting.

The meeting was adjourned at 8:11 pm.

Sarah Brennan, Board Administrator