

MINUTES
Brattleboro Food Co-op Board of Directors
Held via Zoom

Monday, May 3, 2021

Directors Present: Judy Fink, Shanta Lee Gander, Joe Giancarlo, Steffen Gillom, Denise Glover, Beth Neher, Tamara Stenn. Directors Absent: Jerelyn Wilson. Staff, Shareholders and Others Present: General Manager Sabine Rhyne, Finance Manager Ken McGee, Store Manager Whitney Field, Board Administrator Sarah Brennan. Shareholders: Sheila Adams, John Hatton, Mark Adams, and Steven K-Brooks.

The meeting was called to order by Vice President Judy Fink at 5:14. Judy noted that the meeting was being recorded for the benefit of Jerelyn, who was unable to attend.

1. **Agenda Review:** There were no proposed changes to the agenda.
2. **Approval of Minutes:** Denise moved and Beth seconded to accept the minutes of the April 5, 2021 meeting. The motion carried unanimously.
3. **Shareholder Input:**
 - A. Guests were invited to share any questions or comments; none had any.
 - B. Monthly feedback stats: Two Board members reported observing a tone of agitation, anxiety, and impatience, that seems related to COVID fatigue.
 - C. Letter to Board from shareholder Emily Shapiro: Judy will ensure that Emily receives a response from the Board, in addition to that which she has received from Sabine (in the packet).
4. **How We Engage with Each Other**
 - A. Background: This discussion is a follow up to a meeting held on April 27 at which Board members discussed how to navigate rough spots and get to a place of feeling comfortable and sharing, even in the midst of conflict. Shanta Lee described how experiencing passive aggressive tones led her to request that the Board address group dynamics head-on. Following that meeting, Joe shared some “guiding principles” used by the Vermont Foodbank (in the packet) to be used as a starting point.
 - B. Discussion: Shanta Lee reported that at the April Community Engagement committee meeting, the committee explored specific ways to operationalize addressing conflict productively: naming tension as it arises, using “I” statements, and responding via asking clarifying questions were all cited as possible additions to norms the Board might wish to consider. Judy and Beth each cited principles 8 (“address conflict and tend to impact”) and 10 (“Vibe in discomfort and non-closure, understanding that change is a process”) as particularly resonant for them. Beth noted that conflict is different from discomfort for her. Guest Steven K-Brooks recommended the work of Marshall Rosenberg on non-violent communication, which focuses on acknowledging needs. Shanta Lee said that she has learned to just be direct: avoidance creates tension. She invited the Board to look at this through the lens of diversity: what some might perceive as being “difficult” can be seen instead as being “efficient”. Joe noted that practicing democracy needs conflict to work. Tamara observed that all groups go through phases (forming, storming, norming, performing) in the course of becoming teams, and this Board is right on track in that process. Steffen, who had been unable to attend the 4/27 discussion, wondered about the very notion of what it means to call an extra meeting to discuss group norms. He referenced the concepts of “the battle for structure” (establishing ground rules) and “the battle for initiative” (in this context, getting the Board’s operational work done), and noted that these conversations do not have to be adversarial. Joe shared his hope for a

process: the Board could start by reviewing the VT Foodbank principles and reflecting on which ones we each want to lean into. Board meetings would close with members sharing observations about their individual experience with observing the principles during the meeting, and follow up with a reflection piece (via online survey) about how the principles could be tailored for the Board's work. Someone (perhaps a committee, or one or two people) would review the results and suggest changes to the principles. Coming up with a way to table items for further discussion would also be helpful. Judy wrapped up, reminding Board members that tonight's meeting closing questions would be "what did you observe about your participation in the meeting in relation to the new list of how we engage with each other?"

5. **GM Update:** *We are currently open to foot traffic Monday – Sunday from 9 am – 8 pm. We offer next day curbside pickup Monday – Friday from 7 – 10; calls received Friday are for pickup on Monday. Online ordering has been increased to ten pickup slots per day. Discussion highlights:*
 - A. Update: Erik Hansen has been hired as the new IT manager.
 - B. Update: NCG has informed us that our mandated contribution to the joint liability fund, which was established to help NCG survive the failure of any individual member co-op, has been reduced from 19% of our UNFI purchases, to 16%, in light of our recent strong financial performance. Huzzah!
 - C. DEI training: This kicks off in early June with the core and management teams. The Board would get involved around August/September.
 - D. Patronage dividends: Are we in a position to pay them given our strong financial performance, and if so, how and when would that take place? Sabine explained the process: this would come up as a possibility in any given year in September, after we get the auditors' statement for our previous fiscal year (which ends on or about June 30). Dividends are possible when we make a substantial enough profit. We have recently had \$867K of PPP federal loans forgiven. We've used this as an opportunity to reduce our shareholder lender debt load by about a third. This will allow us to pay less interest every month and quarter, which in turn frees up cash for other projects, including a long list of deferred infrastructure investments. One example: installing a new walk-in cooler outside the back room. We are also making adjustments to wages this month after the new Collective Bargaining Agreement is accepted by the staff. At end of the year, it's up to the Board to look at all the numbers in the context of our goals, and decide whether or not to grant a patronage dividend. Typically, co-ops retain 80% and pay out 20%. In recent years, we've had mostly negative bottom lines – when positive, they've ranged from \$8K to \$30K. Sabine and Ken have been working on the assumption that we'd have a goal to budget patronage dividends for two years from now, when we've turned things around, and have raised our wages more. Should the Board decide that that's not the right decision, we should have a long conversation about that.
 - E. Sales trends as compared to the Annual Business Plan: Sabine noted that although we are seeing a slight downtick, we do tend to build sales at the end of the 4th quarter, which brings the average up for the whole quarter.
6. **GM Monitoring Reports:** Beth moved, and Denise seconded to accept the Monitoring Report for QII 2 Financial Conditions and Activities. No concerns were expressed about the interpretation statement or compliance data. Discussion focused on the following:
 - A. Improvements in Ratios: This is due to strong sales as well as the forgiveness of the PPP loan.
 - B. Discounts: These are higher than we'd planned, because sales were higher. In the case of the Food for All (FFA) discount, we want people to take advantage of this discount.
 - C. Shareholder Loans Repayment vs Patronage Dividends: Ken stated that our first priority has been to pay down our shareholder loans: we cleared about a third of them, bringing them down to about \$1.1M. This is both to save on interest payments, and to satisfy our lenders, many of whom have

been waiting for more than ten years to be paid back for loans originally projected to mature in three years. Our next goal is to pay down the second third of them, but we intend to be conservative as the pandemic comes to an end. We'll have a better sense of timing once we have everything in hand to complete the next couple of years' budgets in the three year plan. Ken also commented that unlike many co-ops, we would get no tax advantage for issuing patronage dividends, due to prior losses.

- D. Dottie's: Still continues to make an appearance in income statements, due to some final expenses that trailed into April.
- E. The motion carried unanimously.

7. Board Monitoring Reports:

- A. Beth provided a context for these policies: QIV 6 – Board Job Products sets out our job as a board. We are charged in these policies with creating a shared vision that comes out of our link/relationship with shareholders. Effective linkage is a two-way conversation; it includes listening and asking questions that strengthen the linkage. As a Board, we are charged with writing governing policy so that we can hire/guide/monitor the GM's work, which we do when we monitor the Ends policies, and when we monitor the Means and Executive Limitations policies, so that the GM can work within those boundaries. We monitor the GM's work when we monitor the Board / Management Relations policies, and then we monitor our own processes. QIV 2 – Board Meetings: The main time we do our work is during board meetings, and the policy is fairly complete in listing what is involved.
- B. Beth moved, and Denise seconded to accept the Monitoring Report for QIV 2 Board Meetings.
 - i. Discussion: The comments included in the report, and the discussion, suggest the need to both adjust the policies, and address lapses in implementation. Not accepting the report ensures that the Board deals with both.
 - ii. Vote: In favor: 1 (Tamara). Opposed: 6. Abstained: 0. The motion was defeated.
 - iii. Next steps: The Board will re-assess compliance again, though before next year. The Policy and Bylaws committee will review the policies and suggest changes for the Board to review/accept.
- B. Denise moved and Beth seconded to accept the Monitoring Report for QIV 6 Board Job Products.
 - i. Discussion highlights: Joe noted that effective linkage doesn't necessarily mean high levels of engagement across large swath of shareholders, but rather, intentional relationship building. Beth added that she answered "no" to 6.2 only due to the impact of COVID on interactions with shareholders.
 - ii. Vote: In favor: 6. Opposed: 0. Abstained: 1 (Tamara). The motion carried.

7. Preparation for Upcoming Monitoring: Coming in June: GM's Q2 I – Financial Planning, the compliance data for which will be the three year plan. On the Board side: QIV 4 - Cost of Governance and QIV 5 - Records Policy. Sarah described where to find approved minutes: on the bulletin board at Shareholder Services and in a fire proof safe in the offices.

8. Board Budget.

- A. Steffen moved, and Beth seconded, a motion to approve the FY22 budget. Discussion: Annual Meeting: we do not yet know if this will be in person or virtual. Board development: bear in mind that we'll have two to five new board members next year (depending on whether Jerelyn, Judy, and Tamara run/win, and the status of the currently-vacant seat). Annual Report: will likely continue

to be mostly digital. Board meetings: we might reasonably expect a combination of in-person and virtual meetings in the coming year.

B. The motion carried unanimously.

9. Board Committees:

A. Community Engagement: the Committee had put forth two questions for Board discussion:

- i. Are incentives possible for this committee's outreach/listening activities participants? Answer: Yes! Recommendations: Food is always a good vehicle to both draw people in and appreciate them. Also: BFC coupons/gift certificates. These can be budgeted for. Also, we could create a Board fund for donated shareholder hours for participants, or even shareholder memberships themselves (where that makes sense, especially at the institution level). Steffen has researched community engagement at other co-ops, which he will upload to the CE committee Google Drive folder.
- ii. What do other committees do for creating institutional memory of their work? Discussions: interviews (including video) of outgoing board members for institutional memory keeping. The CE committee has done a thorough job documenting its work. Going forward, we'll have to find a place to store the results of their listening sessions. Steffen noted that we have a real opportunity here: we could find our niche as a co-op around our community engagement.

B. Board Member Recruitment: Judy requested that Board members provide feedback on the proposed timeline of recruitment activities via email. She urged everyone to continue to reach out to potential candidates. Steffen recommends reaching out to any organizations we've developed a relationship with for their suggestions for candidates. Sabine will share a list of such organizations.

C. Policy and Bylaws Committee: Did not meet in April; no news to report.

D. Ends: The packet includes two months of meeting notes. The next step is to continue to work with Sabine and Sarah to make sure that the proposed ends can be reported on in a credible way.

10. What would you tell a shareholder? Board members shared what they would tell a shareholder about this meeting. These are shared in the staff newsletter and in *Food for Thought*.

11. Executive Session: The purpose of Executive Session is to discuss whether and how to fill the vacant seat. Board members, Sabine, and Sarah were present during Executive Session, which was administered through Zoom breakout rooms. Guests John, Sheila and Steven rejoined the full meeting at the conclusion of Executive Session.

A. At 7:29 pm Denise moved and Joe seconded to go into Executive Session. The motion carried unanimously.

B. At 7:46 pm Beth moved to leave Executive Session and Joe seconded. The motion carried unanimously.

C. Beth stated that the Board will continue its conversation, and will table making a decision until the next Board meeting.

12. Meeting Closing: Board members shared their responses to the question "what did you observe about your participation in the meeting in relation to the new list of how we engage with each other".

The meeting was adjourned at 7:52 pm.

Respectfully submitted,
Sarah Brennan, Board Administrator