

**Blue Hill Co-op Board Meeting**  
February 25, 2020, Blue Hill Co-op Café

Board Members Attending: Aaron Dority, Deborah Evans, Diane Bianco, Jennifer Traub, Jerome Lawther, Jim Picariello, Martha Shepherd (Staff Position), Paul McNulty, Susan Snider, Tim Tunney

Absent Board Member(s): Edie Dunham

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager)

Julia Klein, minute taker

Diane Bianco, meeting facilitator, timekeeper

Jerome Lawther, tasks and decisions

Approval of Minutes: **Susan moved to approve the January 21, 2020 minutes with specified edits. Diane seconded the motion. The motion unanimously carries.**

GM Monitoring: Kevin opened the floor to questions regarding the GM report. He sought board advice regarding member equity requirements and amounts. Discussion ensued regarding the history and bylaws and whether the amount should be recorded in the bylaws if it is determined by board decision. Deborah noted that the process should be in the bylaws, but the amount may be subject to change. Legalities were discussed. Kevin will research processes used by other Co-ops and consult the attorney for clarification if needed. Susan asked Kevin about the department of labor audit. He reported that the audit was completed today, and the small error found was corrected with minimal fees. Susan asked about the final draw of relocation funds. \$190,992.36 remains and must be drawn by March 10<sup>th</sup>. An extension of the draw period is being discussed to avoid rewriting the loan. Lenders need to agree on the procedure and LISC does not release funds without an invoice. Kevin is working out options with the finance committee and the lenders and waiting for a determination. Kevin reported that the produce manager stepped down and a new manager is needed. Kevin is looking for a high level of experience for this important position. Jennifer noted an inconsistency in the wording of policy D. Changes were discussed. **The board determined that board members assigned policy language review each month should also review the GM policy of the month.**

January and February sales are excellent! Tim questioned why the relocation investment account is down. Kevin responded that interest payments were made and currently can only come from this line. Tim noted that expenses are also up and should be attended to. Money spent per customer is up \$2.00. Kevin explained that basket size tends to remain consistent while the number of customers has increased. Jennifer noted the negative number in periodicals and inquired whether positioning magazines by the entrance rather than by registers has decreased sales. Kevin responded that one of the endcaps was intended for magazines but has been successfully selling HABA. Martha reported that magazine sales have increase while newspapers sales have decreased.

Discounts: Kevin examined current discounts in light of the increase in discounted staff and board member shoppers. He found that applying discounts to co-op deal items reduces the price below the Co-op's purchase price. The board suggested exempting co-

op deals from additional discounts as is the case with other low margin merchandise. Jennifer inquired about bonus buys. Kevin will research. **Susan moved to accept the GM monitoring report. Jerome seconded the motion. The motion unanimously carries.**

Finance Committee Update: Tim reported on highlights from the finance committee meeting. Bob Sullivan recommended contracting MS Consultants to work on cost segregation. The committee felt that Kevin has authority to contract without board approval. Regarding the final loan disbursement, the committee recommended that it is critical that Kevin request the full draw. Funds should be designated to create a board restricted sinking fund to address phase 1 investment redemption. Regular investments to this fund are recommended. Kevin will seek board approval.

Finance Committee Charter: Tim reported that the committee decided to delay recruiting outside members until fully established. Charter language is being finalized. Kevin is working with accounting staff to create weekly reporting reflecting current and future cash flow needs. The committee is working with Kevin to create effective reporting for accurate monitoring and anticipation of needs.

Ends: Jerome circulated a draft proposal to formulate an ends statement by breaking the mission statement into segments and rewording it as ends. According to the proposal of Jade from Columinate the proposal simplifies ends by excluding metrics for measuring attainment. Jerome questioned whether ends need to be identified in policy governance or whether they should exist separately. Jennifer will email an NCG document regarding writing ends. Jim and Jerome will continue to formulate ends and report next month.

Patronage Dividend: Kevin reported that the pro forma predicts a net loss for at least the first 3 years after relocation. Income must be sufficient to satisfy debt service and the triage of preferred share investors before patronage dividends can be paid. Kevin recommended that no dividend be paid this year. **Susan moved that the board should not pay the patronage dividend for fiscal year 2019 based on Kevin's recommendation and the Co-op's financial condition. Deborah seconded the motion. The motion unanimously carries.** The board discussed various approaches to dividend payment noted in bylaw 8.5.

Board Retreat: Diane researched a financial training with Jade from Columinate and reported that expenses for 1 day of training total \$3,000. Diane volunteered her home and a meal for the retreat and offered her apartment for Jade. The board reviewed expenses and noted that allocated funds in the board budget are sufficient. Kevin suggested inviting other co-ops to come and share costs. Deborah inquired whether \$3,000 worth of benefit could be expected from the day. The board responded that Jade's financial advice is specific to co-op and relocation finances. Dates were reviewed. Diane will propose Saturday April 4<sup>th</sup> to Jade. Kevin will research other available educational resources and report to Diane by Friday.

C-1 Governing Style: Diane opened discussion regarding her review of C-1. The board reviewed Diane's observations. Discussion focused on the purpose of policy review and how to accomplish it. The board decided that the review process should focus on assessing compliance and error correction rather than wordsmithing. Aaron will resend the current policy register PDF. Jim requested that all documents be emailed as PDFs. **Diane moved that the board is in compliance with policy C-1. Susan seconded the motion. The motion unanimously carries.**

Agenda:

Board Policy C-2, Aaron

GM Policy B8, B, Aaron

Open Board seat

Ends

Executive Session: Personnel.

Meeting Evaluation: Detailed. Good job, Diane!

Due Date for the Board Packet: Items for the Board Packet will be due on Saturday, March 7, 2020.

Next Meeting: Tuesday, March 17, 2020 6:30-9:00 PM, Blue Hill Co-op, Cafe.

Minutes respectfully submitted by Julia Klein