

**Blue Hill Co-op Board Meeting**  
January 21, 2020, Blue Hill Co-op Café

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

Absent Board Member(s):

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager), Mia Strong (assisting Diane), Daniel Wallace (CEI), Deborah Hawkins (CFNE), Ewa Schweitzer (LISC)

Julia Klein, minute taker  
Diane Bianco, meeting facilitator, timekeeper  
Jerome Lawther, tasks and decisions

Approval of Minutes: **Edie moved to approve the December 11, 2019 Board Meeting Minutes. Jennifer seconded the motion. The motion unanimously carries.** Susan corrected the Executive Session minutes to include Edie's attendance.

Executive Session: The Executive Session was tabled for the February meeting due to a delay in receiving surveys.

Open Lender Time: Deborah Hawkins from Cooperative Fund of New England expressed that she and her six colleagues were honored to participate in the Co-op's relocation. She shared the organization's history working with underserved communities, specifically starting food co-ops. She will be attending one Co-op board meeting each year. Aaron asked if the lending groups work together often. Deborah responded that this is their first collaboration with LISC and that collaboration depends on scale. This is CFNE's largest loan to date. Tim inquired whether the Co-op's reporting has been sufficient. Deborah affirmed and emphasized their mission of building relationships with borrowers.

Ewa Schweitzer from LISC explained that her organization holds a similar mission though on a larger scale. They work with rural groups across the country. Aaron inquired about loan monitoring. Ewa explained a monitoring team oversees loans.

Daniel Wallace from Costal Enterprises Incorporated shared his midsized organization's history. He has been following the Co-op's relocation for several years and offered his congratulations on completion. He emphasized that the board should be proud of the project! He noted that CEI works to build Maine's agricultural community and that the Co-op advances their mission. The Board thanked the representatives for attending the meeting.

Open Owner Time: Edie Howland shared literature regarding vertical hydroponic tower gardening and encouraged the board to consider including one in the Co-op. Jerome directed her to Kevin who responded that he is open to the idea but is currently handling

more pressing issues. He thanked her for coming and will continue dialogue over the idea.

GM Monitoring: Kevin opened discussion regarding the GM Monitoring report. He sought board opinion regarding a recommendation from the accountant to consider cost segregation, shifting depreciation of some assets from 39 years to 7 years. Discussion ensued. Jennifer noted that the accelerated depreciation would provide an ample deduction to offset taxes on donations. Tim questioned whether the accountant is qualified to allocate money appropriately for cost segregation, or if an outside firm is needed. Kevin responded that the CPA may hesitate to do the process himself. He continued that a finance committee is needed to research and discuss the option. **Jerome moved and Tim seconded the motion to move the finance committee discussion to this segment of the meeting.** Aaron opened discussion with Kevin regarding his needs from the board and from a finance committee. Kevin responded that more information is needed from the CPA and from the cost segregation company before a decision. Decisions will impact this tax season. The committee will meet monthly no less than one week from board meetings. Once stable, meetings may be held quarterly. The initial mission will be to digest financials and provide information to the board and Kevin for guidance. Future project development may follow. The committee may supply board candidates. Tim noted that the old finance committee was never dissolved and may be revived. **Edie moved that the board will revive the finance committee consisting of the GM, 3 directors, and 2 non-board members to be chosen by the committee with meeting times at their discretion. Jim seconded the motion. The motion unanimously carries.** Tim, Jennifer, and Susan will sit on the committee with Kevin. Tim will serve as chair. Tim took suggestions from the board for names of potential members from the Blue Hill community.

Kevin took questions regarding the GM report. Jim noted that while the number of customers has increased by 30% the basket price has risen by only \$.01. Kevin responded that this looks inaccurate and he will investigate. Aaron recommended pursuing financial training promptly, perhaps with NCG. Mia commented that Jade recommended requesting to pay for individual classes rather than a package from FAME. The deadline is past for this year's classes but next year is a possibility. Aaron will research other educational resources. Kevin appointed Stan as assistant store manager. Jackie, the new bookkeeper is excellent. The board congratulated Kevin on moving the café grab-and-go case and improving café experience. The café is now licensed to serve wine and beer. Kevin commented that costs incurred by the Bay School cutting trails to the Co-op exceeded the amount set in the Memorandum of Understanding and payment is being discussed. Kevin sought a decision regarding the whether to draw the remaining \$191,000 in available loan funds. Remaining expenditures are around \$178,000. The draw period ends on March 10<sup>th</sup>. Kevin and the finance committee will formulate a decision. Kevin discovered that the architect receives a working owner discount though he no longer works on the committee. Kevin and Jennifer Coolidge will correct this.

Jennifer suggested reviewing owner discounts to check for other inactive committee members. Kevin will send corrected financial information to CEI.

Kevin took questions regarding the 2020 budget proposal. Tim felt it is conservative based on daily sales. Aaron asked about how it compares to the pro forma. Kevin responded that the pro forma sets a bold projection for 2020 and this budget is below the projection with a growth rate set at 43%. Discussion ensued. Susan asked about waste and shrinkage. Kevin responded that it reflects produce lost in refrigeration failure. He is planning to install a backup glycol pump and alarm system. Susan inquired whether Kevin's phone is connected with the coolers to detect failure. Membership and equity are up with 2,100 owners. The percent of fully vested owners is far above average for co-ops. Jim questioned whether other co-ops offer household membership. Kevin affirmed. **Susan moved to accept the monitoring report and that Kevin is in compliance all monitoring items. Edie seconded the motion. The motion unanimously carries.**

### **Board Monitoring:**

Ends: The ends discussion was tabled until the February meeting.

Board Forums: Jennifer emailed a suggestion to invite owners to meet with the board. She proposed reaching out to inactive members to welcome them to the new store. Aaron responded that, as ambassadors to the owners, the board could be more forward about inviting owners to participate in board meetings. Susan noted that directors are elected by the members and should listen to them, but that a negative emphasis should be avoided. She commented that things will settle in time and owner experience in the store is daily improving. Kevin reported that Jennifer Coolidge visited Parker Ridge to build connections and work toward busing residents to the Co-op or delivering groceries. Mia suggested taking a group picture of the board and openly inviting owner participation in meetings in light of the transition. Susan noted that board meeting information and agendas should be posted both online and in the store. Board material will be posted on the wall opposite the bathrooms. Jennifer reiterated to Kevin that the board is available to support him. Aaron will write a piece for the newsletter inviting owners to meetings.

Finance Committee and Board Budget: Question was raised as to whether the new director's discounts are budgeted. Kevin compared draft budgets he and Tim created and noted differences. Kevin explained his method for developing the budget comparing variables from the pro forma against sales trends since relocating. Mia suggested raising the training budget to accommodate new director training. **Susan moved to approve Kevin's version of the board budget for 2020. Edie seconded the motion. The motion unanimously carries.**

C - Global Governance Commitment: Edie read the policy. **Edie moved that the board is in compliance with policy C. Tim seconded the motion. The motion unanimously carries.** Mia suggested assigning monitoring reports to directors for presentation and approval each month. Directors will review the policy and write a report demonstrating

compliance. Reports will be emailed to the board and discussed at the meeting. Diane will develop the list and insert names in the calendar. Diane will report in February. Discussion ensued.

D4 - Monitoring GM Performance: Jennifer read the policy. **The board determined compliance with D-4 a) b) c) d) e)**

Board Training: Diane will research financial trainings. Paul, Jerome, and Jennifer will attend a CBLD event hosted by Rising Tide Co-op on March 21<sup>st</sup>.

Schedule Conflict: Tim noted that he now has a scheduling conflict with Tuesday board meetings and may need to phone in.

Agenda:

Mia's Vacancy

Ends

Executive session

Meeting Evaluation: The lenders were impressed! Very productive meeting!

Due Date for the Board Packet: Items for the Board Packet will be due on Saturday, February 15, 2020.

Next Meeting: Tuesday, February 25, 2020 6:30-9:00 PM, Blue Hill Co-op, Cafe.

Minutes respectfully submitted by Julia Klein