

## **Blue Hill Co-op Board Meeting**

July 21, 2020, Zoom Call

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

Absent Board Member(s): Jerome Lawther

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

Julia Klein, minute taker

Diane Bianco, meeting facilitator, timekeeper

Aaron Dority, tasks and decisions

Open Owner Time: Deborah shared enthusiastic praise from Alex, a Co-op owner and food service manager at Parker Ridge. Alex described the Co-op as a miracle for her to have right down the road in Blue Hill. The Co-op supplies food options for many residents restricted by special diets. She highlighted her love of the bulk section, appreciation for variety she can't find elsewhere, and thankfulness for the enrichment of resident's lives which are otherwise minimalized.

Approval of Minutes: **Susan moved to approve the June 24, 2020 board meeting minutes as amended on July 2, 2020. Edie seconded the motion. The motion unanimously carries.**

### GM Monitoring:

B1 Financial Condition and Activities – Kevin presented the first full B1 report of the year using the format established by the Finance Committee. Kevin assessed the Co-op to be in compliance with B1 using a debt to equity ratio which assumes forgiveness of the PPP loan. Kevin has submitted loan forgiveness paperwork. Discussion ensued. Tim expressed confidence that the forgiveness will be honored barring governmental change. Kevin explained ratios. Jim questioned how long the Co-op is expected to be out of compliance for negative net income. Kevin responded that the proforma predicts net loss for 3 years. He is creating a key indicator to report on cash position. He noted that July is looking off the charts above the proforma projections. August is traditionally the highest month. The net loss is shrinking due to July's profitability. Kevin is considering moving another \$25,000 to savings. Jen inquired whether the cost segregation analysis has been completed. Kevin affirmed that it is complete, and a necessary financial review will be completed in September.

Kevin went on to explain sales growth focusing on the café for which 2<sup>nd</sup> quarter sales are 50% below last year. He noted that in mid-April the café was essentially shut down but has grown weekly since. The past week was highest in sales and lowest in labor cost since last November. The staff team has pulled the café out of a dire place. All other departments are soaring, and the café is recovering even under limited conditions.

Diane commented that Max is looking for feedback from the board on his proposed menu. Staff is divided in their opinion though many feel the menu is similar to other local restaurants with a brew pub feel. The board emphasized the importance of bringing back the classic co-op salads and vegan options with a strong health food feel. Kevin will forward the menu to the board for review and feedback.

Kevin took additional questions and asked for board feedback on the new reporting format. The board appreciated the clarity. Aaron requested that the balance sheet include the previous year. **Tim moved to accept the B1 financial report. Susan seconded the motion. The motion unanimously carries.**

Google vs. Zoom Update - Kevin and Stan are making progress in creating a Google Suite for board use.

#### Board Monitoring:

1<sup>st</sup> Anniversary Celebration – Diane inquired about Kevin’s plans for celebrating the Co-op’s first year on South Street on August 10<sup>th</sup>. Kevin responded that owners are appreciative of limited shopping and extensive cleaning and would shy away from gathering. Susan suggested that promotional items and new member incentives could be used to thank customers. Discussion ensued. Kevin will develop a celebration plan from the board’s suggestions. Kevin noted that new member signups have far exceeded projections for the year!

Finance Committee – Tim reported on the nuanced topic of upcoming investment redemption as discussed by the finance committee. Tim drafted a worksheet to determine funds legally available for redemption. Two covenants must be fulfilled in order to meet redemption requirements, a debt service coverage covenant, and a liquidity test requiring \$250,000 in available balance or on a line of credit. Approval is needed from the senior lending group before approval from the board and Kevin in order to proceed with redemption. Redemption periods occur in August and November. In each period the Co-op has 60 days to proceed through the worksheet, and request approval from the senior lenders.

The board entered discussion. The PPP loan remains a contingency and will impact cash available if forgiveness is not procured and the loan converts to debt. Tim stated that he expects not to meet the debt service covenant, but to remain in excellent position for the liquidity covenant. It is unknown how the lenders will respond to the request to offer redemptions. The distribution for redemptions would come from cash available and may or may not meet requirements for a waiver on failing to satisfy the debt service. The board emphasized the need to communicate with member investors prior to August 16<sup>th</sup>. The board affirmed the feeling that redeeming the investments is a priority and moral obligation. Jen noted that delayed redemption could cause a snowball of investments due in the future. The lawyer advised that members wishing to donate their investment to the Co-op must first redeem, and then donate back to the Co-op. There is no direct way to roll the investment into a donation. Kevin and the finance committee

will discuss investment redemption payment with the lenders, and craft communication with members regarding redemption options. A decision will be presented at the August board meeting.

Policy Governance –

C5 Director’s Code of Conduct: Deborah’s report was tabled for the August meeting. Diane will email the current policy register as last amended by Aaron. She noted that reports are due a week prior to the meeting.

C6 Officer’s Roles: Jerome’s report was tabled for the August meeting. Diane will resend Jerome’s report to the whole board for review. The board noted that Google Suite will consolidate communications and eliminate missed emails. Susan noted that the policy register needs additional copy editing.

Current Event Statement – Jen opened discussion stating that she had received feedback from most of the board and requested additional feedback. Deborah suggested adjusting wording to support principles of the BLM movement but avoid the stating solidarity with the official Black Lives Matter organization. Discussion ensued. Jim raised concern that adjustment could dilute the message. **Susan moved to approve the Black Lives Matter statement as is. Edie seconded the motion. The motion carries.** The board added their names to the statement. Kevin will publish and distribute.

Jen noted that the letter promised to establish this issue as an ongoing board meeting agenda item. Discussion ensue regarding how to accomplish this. Edie noted that policy governance may preclude regular discussion of social issues in the agenda. Jim suggested a seminar on the issue for the board and the community. The board expressed interest in training regarding board leadership.

Agenda:

GM Report

C5 Director’s Code of Conduct - Deborah

C6 Officer’s Roles - Jerome

Investment Redemption

Meeting Evaluation: No break. Socially distant.

Executive Session: Personnel

Due Date for the Board Packet: Items for the Board Packet will be due on Saturday, August 8, 2020.

Next Meeting: Tuesday, August 18, 2020 6:30-9:00 PM, Zoom Meeting.

Minutes respectfully submitted by Julia Klein