

Blue Hill Co-op Board Meeting
July 29, 2021, Blue Hill Co-op Cafe

Board Members Attending: Jo Barrett, Cheryl Boulet, Aaron Dority, Deborah Evans, Jerome Lawther, Jennifer Traub, Tim Tunney.

Absent Board Member(s): Diane Bianco, Jenny Brillhart.

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager), Greg Paulmier (Owner).

Julia Klein, minute taker

Aaron Dority, meeting facilitator, timekeeper

Jerome Lawther, tasks and decisions

Open Owner Time: Greg Paulmier introduced himself as a resident of Philadelphia in winter and a Sedgwick-based organic blueberry farmer and Co-op supplier in summer. He invited the board to visit his farm on Christy Hill. Greg expressed his enthusiasm for the Co-op model and shared a suggestion from Weaver's Way Co-op in Philadelphia which offers EZ Pay to expedite checkout lines. Owners place money in their EZ Pay account and give their number as they check out. Incentives are offered for higher account balances. EZ Pay also supplies extra funds to the Co-op. Greg went on to state that other summer people in this area may be interested in sharing the Co-op's debt load. Jen inquired whether these individuals would be interested in giving charitably or through investment offering. Greg responded that situations vary. Kevin will ask the Co-op's IT to reach out to Weaver's Way regarding EZ Pay infrastructure. Jo shared enthusiasm from a vacationer who gushed that Co-op staff is so cheerfully helpful!

Approval of Minutes: **Jerome moved to approve the June 24, 2021 board meeting minutes. Cheryl seconded the motion. The motion unanimously carries.**

GM Monitoring:

B2 Executive Limitations/GM spending limits - Tim and Kevin reported on their research regarding GM spending limits. Feedback from Columinate and other Co-ops unanimously questioned why a GM should be put under more limitations than already set forth in policy B1 and B2. Kevin reviewed the policies and confirmed that limitations are in place ensuring that Co-op remains financially healthy. Exorbitant spending is always presented to the board. Tim commented that a GM has incentive to ensure the Co-op's financial health and that excessive spending would merit a change in GM personnel.

GM Monitoring Report - B1 Financial Conditions 2Q – Kevin reported that the Café is daily outdoing sales records and that the whole store has been swamped through July with some days over \$30,000 in sales! While weekly sales records are continually broken, Kevin noted that he's focused on quarterly results and erratic expenses due to supply shortages and price increases. Kevin reported gross profit at 56% in the trailing 12-month report and explained wages and other

numbers. He went on to explain the newly adopted and highly sensitive perpetual inventory system and challenges created as the Co-op has implemented the system. Kevin expects the sales and cash position to improve in the 3rd quarter with the summer influx of cash. He compared this year to summer 2020 in which the PPE grant preserved financial stability. This year he drew \$60,000 on the line of credit but paid it down this July as well as placing \$45,000 in savings. The trailing 12 month shows over \$7 million in sales! He noted that labor rates are also improving. **Jo moved to approve the GM report. Deborah seconded the motion. The motion unanimously carries.**

Finance Committee – Tim and Cheryl shared five-year cash flow projections noting that the Co-op may have the ability to pay dividends in 2023. Discussion turned to whether the Co-op should pursue another investment offering to reduce long term debt. Tim shared that the draft RFP is ready to circulate and asked for the board’s approval to proceed as soon as possible. Tim will move the document to Google drive for the board to view. He explained the proposal to refinance commercial debt on the building and move to a single lender with 25-year amortization. The longest fixed rate will be sought as well as a line of credit. The lending bank is likely to require a full deposit relationship and associated fees will be reviewed and compared. Tim expects to find interest rates significantly reduced from the original 6.5% for an expected yearly reduction of around \$93,000 debt service. **Deborah moved to approve the finance committee to issue the RFP to local banks. Jo seconded the motion. The motion unanimously carries.** The RFP will be forwarded to Daniel Wallace and Deborah Hawkins of CFNE for potential involvement in the refinance. Deborah noted that all area farmer’s markets are selling out weekly with the boom in local food demand.

Board Monitoring

Board Emails – Deborah requested that emails related to the board meeting be sent prior to meeting day due to being unable to read them in time. Aaron suggested holding emails until the following meeting rather than emailing the day of.

C6 – Officer Roles – the board read Jenny’s assessment of policy C6 and discussed whether to change wording at her suggestion. **Tim moved to accept Jenny’s report on C6 as in compliance in its original wording. Deborah seconded the motion. The motion unanimously carries.**

Board Seats and Lawyer’s Response – Jo reported on her consultation with the lawyer regarding proposed bylaw changes. The lawyer approved much of the current language and suggested a few changes. The board reviewed suggestions and discussion ensued. Discussion turned to bylaw 4.2 regarding the employee board seat. Kevin affirmed that his research regarding best practice showed that the staff seat creates conflict of interest and is not recommended. The board discussed whether to include 4.2 on this year’s ballot. **Deborah moved to accept the suggested revisions to bylaws 3.1, 3.8, and 5.5 as codified language for the ballot. Jen seconded the motion. The motion unanimously carries.** Jo requested a motion to adjust bylaw 4.2 to eliminate the staff seat and to send changes to the lawyer for review. **Jen moved to authorize Jo**

to modify bylaw 4.2 for the ballot. Tim seconded the motion. The motion unanimously carries. Jo will forward the revised bylaw to the board.

Member Equity in Case of Death – Kevin consulted the lawyer regarding owner equity upon death. He has received four requests for divestment of equity this month. He noted that bylaw 2.6, ownership rights and responsibilities, speaks about non-transferability of equity. Bylaws from other Co-ops address this issue. Discussion ensued. The board expressed concern regarding the Co-op’s ability to offer divestment to everyone, and regarding the fact that this would be a distribution and not allowed at this time. They suggested that wording about divestment of equity upon death should be included in ownership enrollment documents. The board suggested paying out equity to those who have requested it. **Tim moved that Kevin should craft language to address owner equity upon death. Deborah seconded the motion. The motion unanimously carries.**

Annual Meeting: Kevin commented that plans for the Annual Meeting may be reconsidered with a virtual or outdoor option according to the COVID circumstances. Kevin noted that annual reports are in progress. The board will weigh in on reporting as well.

Strategic Planning: Jerome referenced an article he sent to the board and opened a discussion regarding establishing a strategic planning committee. The committee would work with the GM to generate ideas, create a multi-year plan, and brainstorm ways to meet the Co-op’s ends. He requested approval to draft a charter for the Strategic Leadership Committee. Cheryl raised concern about how the committee would work within policy governance. Jerome clarified that the Committee would not give directives or sidestep the GM but would create an opportunity for strategic brainstorming that could lead to action. Any decisions would require approval from either Kevin or the Board. The board will review the article and Jerome will draft a charter.

Agenda:

GM Report

Finance Committee

C7 Board Committee Principles - Deborah

Strategic Leadership Committee Charter - Jerome

Annual Meeting

Meeting Evaluation: Well run!

Due Date for the Board Packet: Items for the Board Packet will be due on Monday, August 16, 2021.

Next Board Meeting: Thursday, August 26, 2021, 6:30-8:30 PM, Blue Hill Co-op, Café.

Minutes respectfully submitted by Julia Klein

