

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

November 10, 2020, Zoom Meeting

Board Members Attending: Aaron Dority, Cheryl Boulet, Diane Bianco, Edie Dunham, Jennifer Traub, Jerome Lawther, Martha Shepherd (Staff Position), Susan Snider, Tim Tunney.

Absent Board Member(s): Jim Picariello, Deborah Evans.

Others Attending: Julia Klein (Minute Taker), Kevin Gadsby (General Manager), Deborah Wiggs, Phil Norris, Loren Palermo, Kris Deveau, Claire Mortimer, Charlie Hitchens, Trixie Betz (Owners), Deborah Hawkins (Co-operative Fund of New England), Chris Ramsey, (Staff) Robin and Heather.

Julia Klein, minute taker

Diane Bianco, meeting facilitator, timekeeper

Jerome Lawther, task and decision keeper

Open Owner Time: Upon approval of the board, owners commented throughout the meeting.

Approval of Minutes: **Tim moved to accept the October 20, 2020 board meeting minutes with minor edits. Susan seconded the motion. The motion unanimously carries.**

Annual Meeting: Diane introduced the board and read the report. She expressed her pride in the community for coming together to create the new Co-op and in the staff for the many adjustments this year to accommodate COVID 19 precautions maintaining safe shopping. She highlighted the Co-op's generosity in donating meal vouchers to local food pantries helping to feed many in the community.

Kevin opened his report with highlights from 2019 and commented that it seems so far removed from this year's world events. He noted that the Annual Report may be found in the Bits and Bites. He reminisced about his initial doubt of the goal of raising \$2 million from the community and shared his amazement that in the end the Co-op Community actually exceeded the goal. He applauded the Co-op's amazing hardworking staff, the committed Co-op community and the determined and goal-oriented board who pushed through despite disbelief. He commented that considering what's going on in the world and in other Maine co-ops, the Blue Hill Co-op is very fortunate to be in this community.

Annual Report – Kevin presented the Annual Report with the reminder that financial reporting reflects seven months still in the old store. The Co-op moved on July 22, 2019 with grand opening celebrated on August 10. Kevin highlighted August-December in the new store. Sales grew 19% in 2019 with 39 % in the five months on South Street. Sales reached \$90,000 per week, compared to \$65,000 in the old store in August. Total sales for

the year came in a little under projections, however since COVID sales, membership, and paid equity have grown beyond expectations. Charlie Hitchens and Claire Mortimer commented on the timeliness of the new store; that it would be hard to imagine coping with COVID in the old location. Kevin went on to explain that expenses also grew with the new store, but they are being reduced where possible. He noted that a few landscaping projects are underway adding green space to the store front. He reported that the solar array, an incredible donation from a generous owner, produces a substantial amount of electricity bringing the electricity bill lower than it was in the old store. The carbon emission offset is huge!

Election Results – Edie stated that voting ended at 6:00 PM prior to the annual meeting. The vote count and announcement of results will occur on the following Thursday.

### **November Board Meeting**

**GM Monitoring: Susan moved to approve GM monitoring reports B1 and B6 from the October meeting. Tim seconded the motion. The motion unanimously carries.**

B7 - Communication to the Board - Kevin announced that the PPP loan was accepted and forgiven completely as of November 4! He also addressed rumors in the community regarding suspected COVID cases at the Co-op. He shared that while a few staff members took time off work due to flu-like symptoms, to date all tests have come back negative. Also, staff members in contact with a positive case at another local business have not returned to work after exposure until receiving a negative test. Kevin communicated with all staff announcing that masks are now mandatory at all times while in the building and face shields are no longer allowed.

Kevin reported compliance with B7 but acknowledged that for most of 2020 GM monitoring was on hold. He read the policy and gave his interpretations. He noted that the 2021 board calendar has been revised to schedule one GM monitoring report per month. He acknowledged his responsibility to inform the board for good decision making and highlighted his communications this year regarding negative net income, redemptions, and COVID 19. He stated his feeling that the board and the GM have worked well together, and that board has been receptive to changes. **Susan moved to approve policy B7 as in compliance. Jen seconded the motion. The motion unanimously carries.**

B8 - Board Logistical Support – Kevin presented the policy and demonstrated compliance noting that Google Suite has increased administrative support to the board. He also mentioned support provided to the board from staff members Jennifer Coolidge, Kipp Hopkins, and Stan Ritchie. The director’s bulletin board will increase the Co-op community’s access to the board. Archiving will be available on Google Drive. **Susan moved to approve B8 as in compliance. Jen seconded the motion. The motion unanimously carries.**

Google Suite – Kevin will arrange a meeting for the board with Stan to walk through Google Suite and address questions. He mentioned that he has uploaded several documents to Google Drive. He also corrected errors in the annual report and sent it to owners. The board discussed document organization in Google Suite. Cheryl suggested opening a folder for each meeting with a director tasked with archiving the documents post meeting. Susan suggested that the secretary should be responsible for archiving.

PPP Loan Forgiveness – Kevin explained that in light of the PPP loan being forgiven, he is discussing reallocation of the funds with the finance committee and has removed the funds from short-term liability. Owner Trixie Betz asked whether PPP funds are allocated for employees spending mandatory time in quarantine. Kevin responded that while this is not the specific purpose of the PPP loan there are provisions at the state and federal level to help with covering quarantine-related expenses.

Reciprocity – Charlie Hitchens noted that he receives a small discount from other Co-ops because of his Blue Hill Co-op membership and questioned whether Blue Hill offers a reciprocity discount. Kevin responded that members of Co-ops around New England receive a small discount.

#### Board Monitoring:

Officer Elections – **Officer elections were tabled for the December meeting pending the election results announcement.**

Board Discount – Diane opened discussion of the board discount thanking Tim for his research and survey of the board. Diane commented that an investor had expressed surprise that the level of discount the board receives seems high. Diane shared her hope that the discount would be reduced and thanked Kevin for his due diligence investigating the matter. Tim reported the board's responses to his survey showing around half of the board in favor of a reduction to 15% with a variety of other responses mostly preferring a higher discount. Susan shared that she feels a fiduciary responsibility to the owners to reduce the discount due to its effect on the bottom line. She noted that the increase in 2016 was intended to be temporary and to address the heavy workload related to relocation. She went on to share her feeling that cooperative principles encompass board contribution to members of the Co-op and questioned the fairness and equitability of the discount. She expressed concern that these principles may have been eclipsed by board remuneration priorities. The board entered lengthy discussion of the topic.

Jen reported on her review of archived minutes for board history surrounding the discount discussion. She noted that the discount was also increased to strengthen and increase professionalism and participation in a very small board. She suggested returning to the proposal from March 2020 to reduce the discount to 20% creating parity with the staff discount but maintaining the board's strength and longevity. Jerome spoke to the importance of valuing the board's work and expressed concern that some directors may

not be able to prioritize Co-op work over family responsibilities if the discount lowers. Kevin interjected that the current discount is not necessarily financially detrimental and can remain, but that this should be the board's discussion. Martha shared that staff members feel that for the board to receive a higher discount is unfair because staff also work hard. Cheryl expressed concern over the current discount's financial impact.

Discussion turned to board development. Jen noted that co-ops nationwide utilize diverse approaches to board discount/compensation, and some have observed increased engagement with a higher discount. Tim commented that 2016 financial statements showed sufficient income to pay both the discount and dividends. The Co-op is currently unable to fulfill both, and expenses need to be curtailed. Jen suggested considering a 20% discount as common ground and discussion seeking consensus continued. **Diane moved to reduce the board discount from 25% to 20% with an annual cap of \$2,000 to be reassessed after one year. Jerome seconded the motion. The motion unanimously carries.** It was noted that the cap allows for Kevin to budget the discount. Martha shared that the reduced discount feels better in relation to staff.

D2A - Accountability of the GM – Tim read the policy, shared his assessment that the board is in compliance, and commented that the language is acceptable without revision. He noted that currently no ends are included in the policy register making comparison to the ends difficult. **Susan moved to approved D2A as being in compliance. Edie seconded the motion. The motion unanimously carries.**

GM Compensation Committee – Susan led the formation of the GM compensation committee. She explained that at least 2 directors are needed to serve on the committee. The committee will issue an RFP early in November and the GM will respond. A salary plan will then be created, and the GM review conducted. The review process may be reevaluated by the committee. Susan noted that committee will spend significant time working with Kevin to develop the process. **Susan and Jerome volunteered to sit on the GM Compensation Committee.** Columinate literature assumes all directors will participate in at least one committee.

Board Development Committee – Diane enumerated tasks for the board development committee including reworking the board member handbook and compiling a candidate list. Susan located an old board handbook file from Mark Deeny. Edie commented that currently she is the Board Development Committee and uses materials inherited from Allison Watters. Edie volunteered to continue on the committee and will recruit owners to join. Owners receive the 10% working member discount for committee service. Diane will discuss participation with Deborah. **The board decided to expand the Board Development Committee.**

Note: The board budget should include board training funds.

Agenda:

GM Report and Monitoring Reports  
Officer Elections  
D3  
Store Budget  
Board Budget  
Board Calendar

Meeting Evaluation: Successful! Progress and only 20% stressful. Charlie thanked the board all for their hard work and offered admiration to Martha for working her @\$ off at the Co-op for so long!

Due Date for the Board Packet: Items for the Board Packet will be due on Saturday, December 5, 2020.

Next Board Meeting: Tuesday, December 15, 2020 from 6:30-9:00 PM, Zoom meeting.

Minutes respectfully submitted by Julia Klein