

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

July 18, 2017

Blue Hill Library, Howard Room

Board Members present: Mia Strong, Susan Snider, Tim Tunney, Jim Picariello, Jerome Lawther, Deborah Evans, Aaron Dority

Absent Board Members: Diane Bianco, Edie Dunham, Staff position (unfilled)

Others present: Kevin Gadsby (General Manager)

Mia Strong, meeting facilitator and time keeper

Jerome Lawther, task and decision keeper

### Changes to meeting agenda:

Table election results to August

Elect new executive team

Tim to give report on new bank account

Jerome to talk about "Ends"

Addition to previous month's minutes: The board made a decision in last month's executive session about pay structure for Kevin and that there would be more structure in place in time for his performance review.

**June board and annual meeting minutes both approved unanimously with changes.**

### **GM Monitoring:**

Relocation Project: Kevin talked about making our first goal of Phase 1. We discussed messaging as we go forward so that we don't lose momentum. A piece hit the Ellsworth-American this week. Jim placed an ad on Facebook about the David's Folly Farm event, which was positively received. Kevin reviewed the decision tree for future investment offering paradigms that was submitted to us from Jeff Spaulding. The board discussed the options, including a crowd-funding mechanism like Kickstarter or a private offering. We need to pick a date to release the investment funds in the impound account and place them into an different interest bearing account. Doing this would actually close this phase of the investment offering of the fundraising round to Maine residents, if we decide on a future offering that only allows out-of-state investors until we reach the next \$500K. We do need to close this round if we want to target out-of-state investments.

Jim said we should close this offering now and then target our summer residents before they leave. This has been the current message, making the \$500K so we can open up investing to out-of-state people. Deborah suggested announcing that the stage ends the first of August so we can bring in summer money while summer people are still here. Kevin explained that with a private offering we can advertise that the offering exists as long as we don't include the actual details. Aaron does not want us to restrict our unaccredited investors at any time. Jim suggested

running the next offerings in cycles, where we focus next on out of state members, then close it off and open up the next for Maine residents. **Kevin will clarify if we can hold private and public offerings simultaneously.**

Susan asked if the board would be willing to meet ASAP with Jeff Spaulding, if necessary. All agreed, but it was decided that we should pose questions to Jeff first and try to resolve questions about the investment decision tree, in lieu of meeting with Jeff if possible. **Board members will submit questions to Kevin, who will then contact our attorney.**

Kevin gave an overview of where the largest numbers of out of state members reside. The highest is Massachusetts with 47, then New York State. From there, numbers drop significantly. He also noted that out-of-state investors must already have a pre-existing, substantive relationship with the Co-op, that they can't just join, then invest. Kevin said that many of our out-of-state members are accredited.

Mia wondered what the difference is between public and private offerings. Kevin said public would be like the "Registered" paradigm (state, regional). She also asked if it was possible to pull up Jeff Spaulding's original information and correspondence about the initial offering. This meeting occurred in 2015.

Kevin pointed out that Rule 506 does not limit us regarding what states we can approach and we aren't required to file paperwork in each state where we are approaching investors. Kevin said, according to Jeff Spaulding, that the paperwork and filing is quick. Jeff also said we cannot talk specifics about another offering until our existing offering has closed.

Aaron asked about a strategy for targeting out-of-state residents in the next phase. Kevin said we will contact those who have already approached us first and then reach out to the rest of these members. Share prices and hold periods will not change.

Tim asked if the board could spend time going over the future store financial projections under the business plan. Some discussion ensued and we agreed to table further discussion until we had a chance to review the latest pro forma. **Kevin will send out latest project pro forma to all board members for review before our next meeting.** It was agreed that Bruce Stahnke should be at our next board meeting.

Financials: Kevin spoke about his recent meeting with the Cafe staff. He is working with management and staff on a strategy to improve Cafe production and bottom line numbers. Cafe display units need to be full all day and sandwiches need to be prepared and out in the case earlier--and consistently on time. While sales are roughly down around 2 percent, this approximates the amount that the Cafe is down. Kevin pointed out membership continues to rise steadily, with 1727 members currently up to date on equity.

**GM report unanimously approved**

Board Monitoring:

C5 - Directors Code of Conduct:

Conflict of interest forms were discussed. **Susan will locate conflict of interest forms for those board members who need to sign new forms.**

**The following changes will be made by Jerome to the Policy Governance register:**

D: "Upon election to the board or upon subsequent re-election, conflict of interest forms must be completed. Any conflicts must be orally reported."

F: Add to read “employment with the Co-op. . .”

G: Add to read “a paid employee of the Co-op. . .”

### **In compliance with C5**

**Kevin will send out latest project pro forma to all board members for review before our next meeting.**

Business checking account: Tim said we don’t have to change our checking account number. As of 7/18/2017 it is switched over to an interest bearing checking account, with backdated interest as of July 1. It is not insured above 250K. There are other options if that becomes important. Tim said that Faye Allen, who is the treasury officer at Bar Harbor Bank & Trust would be the person Kevin should reach out to.

### Election of Officers:

The current slate of officers was unanimously re-elected:

Mia Strong, President

Jim Picariello, Vice President

Tim Tunney, Treasurer

Susan Snider, Secretary

Ends: Jerome talked about the suggestion of making education and environment two separate ends. However, he pointed out that they don’t need to be separate per his matrix. Jim pointed out that ends should be testable, measurable. He said our ends should offer education and then measure the results. **All board members will read our “Ends” statement and discuss in September.**

Deborah asked if Bruce Stahnke can bring along the South Street floor plan and drawings to our next meeting.

Jim noted out that our next board meeting is the day before the last day of the current investment offering. That means we will need to decide what to do with the next offering via email, a special meeting, or at the next board meeting.

### August agenda items:

Relocation financials

Next steps with Bruce

Project pro forma

Managing dividend disbursement

Meeting evaluation: Good communication! Productive!

Next meeting: Tuesday, August 15

Minutes taken by Susan Snider, Board Secretary

