

**Blue Hill Co-op Board Meeting**  
March 22, 2016 Blue Hill Co-op Cafe

Board Members Attending: Jim Picariello, Diane Bianco, Mia Strong, Susan Snider, Edie Dunham, Aaron Dority, Jerome Lawther, Shawn Fowler (Staff Position)

Absent Board Member(s): No absent Board Members

Others Attending: Mark Deeny (General Manager), Julia Klein (Minute Taker), Tom Reeve (Project Manager)

Julia Klein, minute taker

Edie Dunham, task and decision keeper

Jim Picariello, meeting facilitator, time keeper

Approval of Minutes: **The February 23, 2016 Minutes were approved with no changes.**

**Time Open to Owners:** No owners were present.

**Board Process**

Relocation Update: Tom began the update asking for feedback by Monday on the Business Plan Draft submitted last meeting. He reported on his time at the Up and Coming Conference highlighting that he received good feedback and excitement from consultants regarding the business plan. He affirmed that the Co-op is working with the right people! He spoke with potential lenders who showed interest in the business plan. The pro forma has been adjusted to improve the numbers though it still reflects a loss in the first year. Longer terms will be pushed for from lenders to help offset the potential loss. Tom mentioned that everyone at the conference was in the startup phase and people were excited about Blue Hill Co-op's 40 year history. Everyone is looking for GMs and there is need to train the next generation of GMs.

Tom has been producing regular blog updates and will be printing Membership Equity letters. He invited Board Members to write personal notes on the letters before they go out on Friday. Mark noted that more Owners have been paying up to full equity. Tom went on to the Expense Report stating that the project is a little behind his expectation but still on track. He is anticipating the need to dip into the line of credit when the Patronage Dividend goes out. This is however later than originally expected.

SEC Filing- The Board reviewed papers and clarified phases as presented in the prospectus. Tom explained that this is the silent phase in which those who have pledged or shown interest in investing in the Co-op will be approached with the goal of raising half million before going to the public. People will be met with individually and given packets including the Business Plan Resolution, Prospectus and bylaws. Mia asked whether the full membership will eventually see the packet. Aaron wondered whether more than \$1 million could be raised this year. Tom answered that this year's offering is limited to \$1 million. **Edie moved and the Board approved the SEC Draft Board Resolution as presented for the limited offering.** Tom had a great consultation with Nicole Klimek who will be working with the design to compare it with current trends in

other stores. Susan asked where the carrot sign is as people are asking about the project! Tom explained that a miscommunication had occurred with Jay Peterson and the sign needs revision. Tom stressed that to avoid further confusion he must be the only point person to communicate with Jay. The design will be finalized on Friday.

Board Development Committee: Edie reported on the elections progress. 3 applications were submitted for Board candidacy. **After discussion the Board approved a recommendation from the Committee to open 3 seats, one for Diane's reelection and 2 for new directors creating 10 Board seats. The Board approved applications from Deborah Evens and Tim Tunney.** Allison will communicate with the third applicant recommending that he consider serving on a committee. The Board discussed the process by which Owners are approached for Board candidacy. Mia commented that it will be improved by adhering to a Board calendar under policy governance.

Bylaws/Board Compensation: The Board discussed bylaw changes and procedures. Changes for the ballot need to be finalized by the printing date of May 1<sup>st</sup>. Mia will review the list of suggested changes and make a recommendation to Board. Changes will be approved at the April meeting. Discussion turned to Board compensation through raising the Director discount from 10% to 25%. Jerome expressed concern about the Board receiving a larger discount than staff. The Board quelled his concern stating that staff receives payment in addition to the discount. Mark presented numbers for the discount and the Board discussed the change. Aaron mentioned that this is a large jump in public opinion. The Board responded that many Boards receive cash or gift cards. Jim commented that the change would help to create an attractive Board. **Edie moved and the Board approved that Directors should receive a 25% discount effective on first of April.** Mark will work out details. Susan asked how the staff responded to the raised minimum wage. Mark said several people thanked him.

GM Report: Mark reported that lots of activities are happening. Staff visited the Portland Co-op and benefited greatly to see what other Co-ops are doing. Mark will be taking another group of buyers. Credit card processing has been updated to streamline checkout. The POS will be well updated by the end of March. Sales have been great due to weather with a good customer count. Bulk is down across the board for no apparent reason. A new category, Household and Pets, was created to accommodate new tax categories from the state.

Minutes Taking: Mark explained that in a recent audit by the labor department the Co-op was flagged regarding a couple of sub-contractor arrangements including that of the Board Minute Taker. The Board discussed the situation and affirmed that a Minute Taker is needed and that passing the job to the Co-op staff could create a conflict of interest. After consideration the Board recommended that Mark hire Julia Klein as an employee allowing her to legally continue in the minute taking position.

Board Training: **The Board discussed schedule conflicts and decided to hold a training on Sunday April 3, 2016 from 9 AM to 5 PM.** The location will be finalized off line. Diane offered her home if needed. Jim will confirm with Jade Barker. Mark

noted that the Co-op's annual staff dinner will be held that night at the Brooklin Inn and invited the Board.

GM Search Committee: The report will be given in executive session.

Business Plan: Tom implored the Board to review the Business Plan Draft and submit comments and changes by Monday March, 28<sup>th</sup>. Tom will send a nasty email reminder. Jim requested that the watermark be lightened or removed. Tom will produce the next draft at least 2 weeks before the next Board meeting.

Patronage Refund: Mark noted that Patronage Refund is a more accurate term than dividend. He reported that Bob Sullivan finished the taxes and the Co-op is showing a profit for 2015! Mark ran through the numbers and compared paying out the Refund to paying taxes on it. He explained that 20% could be payed out to members while 80% could be placed in Patronage Equity account. Susan stated that supporting and giving back to the patrons is part of the Co-op's mission. Tom mention that the refund creates the need for explanation about Co-ops with potential donors in that it affects the appearance of the Co-op's profitability on the books. Aaron stated that it encourages more profit in the long run. Tom suggested that after 90 days uncashed checks be given to a non-profit in the community. Tom will look into details. **Susan moved and the Board approved a Patronage Refund for 2015.** Checks will include a cash-by date and the suggestion that buying product from the Co-op is the best way to help relocation.

Board Picnic - Plans for the Board (Annual?) Picnic need to be developed.  
Tennis Tournament – Edie spoke with Bob Christie from At Home Down East about the possibility of the Co-op sponsoring the annual tennis tournament as a good PR opportunity.

Agenda for Next Meeting:

Bylaws  
Business Plan  
Gm Report  
Patronage Refunds (Dividends)  
Housing for Interim GM  
SEC Filing  
Relocation

Meeting Evaluation: Awesome, entertaining, and productive!

Executive Session: Personnel

Due Date for the Board Packet: Items for the Board Packet will be due on Saturday April 2, 2016.

Next Meeting: Tuesday April 12, 2015 6:30- 9:00 PM Blue Hill Co-op Café

Minutes respectfully submitted by Julia Klein